

DRAFT RED HERRING PROSPECTUS

Dated July 31, 2008

Please read Section 60B of the Companies Act, 1956

(To be updated upon ROC filing)

100% Book Building Issue

(The Company was originally incorporated as Excel Infoways Private Limited on 7th January, 2003 by Registrar of Companies, Maharashtra, Mumbai vide Registration No.138568. The Company subsequently became a public limited Company and the name of the Company was changed to Excel Infoways Limited and the fresh certificate of incorporation was granted to the Company on 9th August, 2006. CIN No of the Company is U72900MH2003PLC138568)

Registered Office: 31-A, Laxmi Industrial Estate, New Link Road, Andheri (West), Mumbai – 400 053,

Tel: +91-22-40309898, **Fax:** +91-22-26394248,

Email: ipo@excel-infoways.com, **Website:** www.excel-infoways.com

Contact person: Ms. Bhavana D Shah, Company Secretary & Compliance Officer

PUBLIC ISSUE OF 57,00,000 EQUITY SHARES OF RS.10 EACH FOR CASH AT A PRICE OF Rs. [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF RS. [●] PER EQUITY SHARE) AGGREGATING Rs. [●] LACS (HEREINAFTER REFERRED TO AS THE "ISSUE") BY EXCEL INFOWAYS LIMITED ("THE COMPANY" OR "ISSUER" OR "EIL"). THE ISSUE WILL CONSTITUTE 26.93 % OF THE FULLY DILUTED POST ISSUE PAID UP CAPITAL OF THE COMPANY.

The Company is considering a Pre-IPO placement with various investors ("Pre-IPO Placement"). The Pre-IPO Placement is at the discretion of the Company. The Pre-IPO placement, if any, will be completed before filing the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed the Issue would be reduced to the extent of such Pre-IPO Placement, subject to a minimum Issue of 25% of the post-Issue paid up Equity Share capital being offered to the public.

PRICE BAND: Rs. [●] TO Rs. [●] PER EQUITY SHARES OF FACE VALUE Rs.10 EACH.

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

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional working days after revision of the 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 Bombay Stock Exchange Ltd. ("BSE") and the National Stock Exchange of India Limited ("NSE"), by issuing a press release and also by indicating the change on the website of the Book Running Lead Manager ("BRLM") and at the terminals of the Syndicate.

The Issue is being made through the 100% Book Building Process wherein up to 50% of the Issue to the public shall be allocated on a proportionate basis to Qualified Institutional Buyers, out of which 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the 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, at least 15% of the Issue to the public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 35% of the Issue to the public 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.

RISKS IN RELATION TO FIRST ISSUE

This being the first issue of Equity shares of Excel Infoways Limited there has been no formal market for the Equity Shares of the Company. **The face value of the Equity Shares is Rs.10 and issue price is [●] times of the face value.** The Issue price (as determined and justified by the Company in consultation with Book Running Lead Manager ("BRLM") on the basis of assessment of market demand for the Equity Shares 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

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The Equity Shares offered in the issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Draft Red Herring Prospectus. **Specific attention of the investors is invited to the section titled "Risk factors" on page viii of this Draft Red Herring Prospectus.**

ISSUER'S ABSOLUTE RESPONSIBILITY

The Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to the Company and the Issue which is material in the context of the issue, that the information contained in this 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 omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity shares offered through this Draft Red Herring Prospectus are proposed to be listed on Bombay Stock Exchange Ltd (BSE) (Designated Stock Exchange) and the National Stock Exchange of India Ltd (NSE). The Company has received in-principle approval from BSE & NSE for the listing of the Equity Shares pursuant to their letter dated [●] and [●] respectively.

IPO GRADING

This Issue has been graded by CARE as [●], indicating [●]. For details see "General Information" beginning on page 6 of this Draft Red Herring Prospectus.

BOOK RUNNING LEAD MANAGER



Chartered Capital And Investment Limited
711, Mahakant, Opp V.S. Hospital, Ellisbridge,
Ahmedabad-380 006
Tel: +91-79-2657 5337, 2657 7571
Fax: +91-79-2657 5731
E-mail: excelipo@charteredcapital.net
Website: www.charteredcapital.net
Contact Person: Mr. Manoj Kumar Ramrakhyani



REGISTRAR TO THE ISSUE

Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West), Mumbai 400 078
Tel: +91-22 - 2596 0320
Toll Free No: 1800 22 0320
Fax : +91-22 - 2596 0328/29
Email: eil.ipo@intimespectrum.com
Website: www.intimespectrum.com
Contact Person: Mr. Sachin Achar

ISSUE PROGRAMME

BID / ISSUE OPENS ON : [●] 2008

BID / ISSUE CLOSURES ON : [●] 2008

TABLE OF CONTENTS	Page No.
SECTION I – DEFINITIONS AND ABBREVIATIONS	i
Conventional/ General Terms.....	i
Issue Related Terms	ii
Company and Industry Related Terms	v
Abbreviations.....	v
SECTION II - RISK FACTORS	vi
Certain Conventions - Use of Market Data.....	vi
Forward Looking Statements.....	vii
Risk Factors.....	viii
SECTION III – INTRODUCTION	1
Summary.....	1
Summary Financial Information.....	3
The Issue.....	5
General Information.....	6
Capital Structure.....	12
Objects of the Issue.....	19
Basis For Issue Price.....	24
Statement of Tax Benefits.....	26
SECTION IV – ABOUT THE ISSUER COMPANY	33
Industry Overview.....	33
Business Overview	39
Regulations and Policies.....	47
History and Certain Corporate Matters	50
Our Management.....	52
Our Promoters And Promoter Group.....	60
Related Party Transactions.....	67
Currency of Presentation.....	68
Dividend Policy.....	69
SECTION V – FINANCIAL INFORMATION	70
Financial Information of the Company.....	70
Changes In The Accounting Policies In The Last Three Years	101
Management’s Discussion And Analysis Of Financial Condition And Results Of Operations	102
SECTION VI – LEGAL AND OTHER INFORMATION	108
Outstanding Litigations and Material Developments.....	108
Government Approvals / Licensing Arrangements.....	110
SECTION VII – OTHER REGULATORY AND STATUTORY DISCLOSURES	114
SECTION VIII – ISSUE RELATED INFORMATION	123
Terms of the Issue.....	123
Issue Structure.....	126
Issue Procedure.....	129
SECTION IX – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION	152
SECTION X – OTHER INFORMATION	177
Material Contracts And Documents For Inspection.....	177
Declaration.....	179

SECTION I- DEFINITIONS AND ABBREVIATIONS

CONVENTIONAL/ GENERAL TERMS

“Issuer” or “Company” or “EIL” or “We” or “us” or “our”, unless the context otherwise requires, refers to Excel Infoways Limited, a Company incorporated under the Companies Act, 1956 with its registered office at 31-A, Laxmi Industrial Estate, New Link Road, Andheri (West), Mumbai – 400 053,

Term	Description
Articles/ Articles of Association	The Articles of Association of Excel Infoways Limited.
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India.
BSE	Bombay Stock Exchange Limited
Companies Act	The Companies Act, 1956, as amended from time to time.
Depository	A body corporate registered under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depositories Act	Depositories Act, 1996, as amended from time to time
Depository Participant	A depository participant as defined under the Depositories Act.
FCNR Account	Foreign Currency Non Resident Account.
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the rules and regulations framed thereunder.
Financial Year /fiscal year/FY/ fiscal	Period of twelve months ended March 31 of that particular year, unless otherwise stated.
Government/ GOI	The Government of India.
GAAP	Generally Accepted Accounting Principles
HUF	Hindu Undivided Family.
Memorandum/Memorandum of Association	The Memorandum of Association of Excel Infoways Limited
Mn, mn	Million
NAV	Net asset value.
Non Residents	Non-Resident is a Person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
NRE Account	Non-Resident External Account.
NRO Account	Non-Resident Ordinary Account.
NRI/Non-Resident Indian	Non-Resident Indian, is a Person resident outside India, who is a citizen of India or a Person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
NSE	National Stock Exchange of India Ltd
OCB/ Overseas Corporate Body	A company, partnership firm, society and other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trust in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Deposit) Regulations, 2000. OCBs are not allowed to invest in this Issue.
P/E Ratio	Price/Earnings Ratio.
PAT	Profit After Tax
PBT	Profit Before Tax
Person/Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires.
PIO/ Person of Indian Origin	Shall have the same meaning as is ascribed to such term in the Foreign Exchange Management (Investment in Firm or Proprietary Concern in India) Regulations, 2000.
RONW	Return on Network

SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI (DIP) Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000, issued by SEBI, 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 from time to time.

ISSUE RELATED TERMS

Term	Description
Allotment	Unless the context otherwise requires, the allotment of Equity Shares pursuant to the Issue.
Allottee	The successful Bidder to whom the Equity Shares are being/ or have been issued or transferred.
Bankers to the Issue.	[•]
Bid	An indication to make an offer during the Bidding/Issue Period by a Bidder to subscribe to the Company's Equity Shares at a price within the Price Band including all revisions and modifications thereto.
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.
Bid Opening Date/Issue Opening Date	The date on which the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in an English national newspaper, a Hindi national newspaper and a regional language newspaper with wide circulation.
Bid/Issue Closing Date	The date after which the Members of the Syndicate will not accept any Bids for the Issue, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper and a regional language newspaper with wide circulation.
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares and which will be considered as the application for the Issue of the Equity Shares in terms of this Draft Red Herring Prospectus.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Draft Red Herring Prospectus and the Bid cum Application Form.
Bidding Period/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 route as provided in Chapter XI of the SEBI Guidelines, in terms of which this Issue is made.
Book Running Lead Manager	Chartered Capital And Investment 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 which no bids will be accepted.
Cut off Price	Any price within the Price Band finalized by the company in consultation with the BRLM. A Bid submitted at Cut-off is a valid Bid at all price levels within the Price Band.
Designated date	The date on which funds are transferred from the Escrow Account to the Public Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall allot Equity Shares to successful bidders.
Designated Stock Exchange	Bombay Stock Exchange Ltd
Director(s)	Director(s) of Excel Infoways Limited, unless otherwise specified.
Draft Red Herring Prospectus	The Draft Red Herring Prospectus filed with the SEBI, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Issue.
ECS	Electronic Clearing Services.
Equity Shares	Equity shares of the Company of Rs.10 each unless otherwise specified in the context thereof.

Escrow Account	Account opened with Escrow Collection Bank(s) 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 amongst the Company, the Registrar, the Escrow Collection Banks(s), the BRLM and the Syndicate Members for collection of the Bid Amounts and for remitting refunds, if any, of the amounts collected, to the Bidders
Escrow Collection Banks	The banks, which are clearing members and registered with SEBI as Banker to the Issue at which the Escrow Account for the Issue will be opened.
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.
IPO	Initial Public Offer.
Issue	Public Issue of 57,00,000 Equity Shares Of Rs.10 Each For Cash At A Price Of Rs.[●] Per Equity Share (Including A Share Premium Of Rs.[●] Per Equity Share) Aggregating Rs.[●] Lacs
Issue Price	The final price at which Equity Shares will be allotted in terms of the Prospectus, as determined by the Company in consultation with the BRLM, on the Pricing Date.
Issue Period	The Issuer period shall be [●], the issue opening date, to [●], the issue closing date.
Issue size	Public Issue of 57,00,000 Equity Shares by Excel Infoways Limited.
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, being 10% to 100% of the Bid Amount.
Mutual Fund	A fund established in the form of a trust to raise monies through the sale of units to the public or a section of the public under one or more schemes for investing in securities, including money market instrument and registered with the SEBI under the SEBI(Mutual Funds) Regulations, 1996.
Mutual Fund Portion	5% of the QIB Portion being 1,42,500 Equity Shares of Rs.10 each for cash at a price of Rs.[●] per equity share aggregating to Rs.[●] lacs, available for allocation to Mutual Funds only, out of QIB Portion.
Non-Institutional Bidders	All Bidders that are not Qualified Institutional Buyers for this Issue or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 100,000.
Non-Institutional Portion	The portion of the Issue being at least 15% of the Issue i.e. 8,55,000 Equity Shares of Rs.10 each for cash at a price of Rs.[●] per equity share aggregating to Rs.[●] lacs, available for allocation to Non Institutional Bidders.
Pay-in Date	Bid/Issue Closing Date or the last date specified in the CAN sent to Bidders receiving allocation who pay less than 100% margin money at the time of bidding, as applicable.
Pay-in Period	This term means (i) 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 (ii) with respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date, as specified in the CAN.
Price Band	Price band with a minimum price (floor of the price band) of Rs.[●] and the maximum price (cap of the price band) of Rs.[●] and includes revisions thereof.
Pricing Date	The date on which Company in consultation with the BRLM finalize the Issue Price.
Promoters	Promoters shall mean jointly Mr. Lakhmendra Khurana and Mrs. Ranjana Khurana.
Promoter Group	Promoter Group Entities and Promoter Group Individuals
Promoter Group Entities	Tista Impex Private Limited, Param Satya Constructions Private Limited, Ritz Shopping Mall Private Limited, Raj HR Solutation Private Limited, Ranjana Construction Private Limited, Gargi Overseas (Sole Proprietorship Concern), Krishna Garments (Sole Proprietorship Concern), Lakhmendra Khurana & Sons (HUF)

Promoter Group Individuals	Mrs. Kartardevi Khurana, Dr. Ravindra Kumar, Mr Deepak Khurana, Mr. Rupak Khurana, Mr. Rajiv Khurana, Mrs. Sonia Dahuja, Mr. Arpit Khurana, Ms. Isha Khurana, Ms. Gargi Khurana, Mr. Praduman Taneja and Mrs. Santosh Rani
Promoter Group Companies	Unless the context otherwise requires, refers to those companies mentioned in the section titled “Our Promoters And Promoter Group” on page 60 of this Draft Red Herring Prospectus.
Prospectus	The Prospectus, to be filed with the RoC 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.
Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account for the Issue on the Designated Date.
Qualified QIBs	public financial institution as defined in section 4A of the Companies Act, 1956; scheduled commercial banks; mutual funds; foreign institutional investor 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 the Insurance Regulatory and Development Authority (IRDA); provident funds with minimum corpus of Rs. 25 crores; pension funds with minimum corpus of Rs. 25 crores); National Investment Fund set up by resolution no. F. No. 2/3/2005-DD-II dated November 23, 2005 of Government of India published in the Gazette of India.
QIB Margin	An amount representing 10% of the Bid Amount that QIBs are required to pay at the time of submitting their Bid.
QIB Portion	The portion of this Issue being up to 50% of the Issue, i.e 28,50,000 Equity Shares of Rs.10 each for cash at a price of Rs.[●] per equity share aggregating to Rs.[●] lacs, available for allocation to QIBs, of which 5% shall be reserved for Mutual Funds.
Registrar/Registrar to the Issue	Registrar & Transfer Agent, Viz. Intime Spectrum Registry Limited
Red Herring Prospectus or RHP	Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are issued and the size of the Issue. The Red Herring Prospectus will become the Prospectus after filing with the RoC after the pricing date.
Retail Individual Bidder	Individual Bidders (including HUFs and NRIs) who have Bid for Equity Shares for an amount less than or equal to Rs.100,000, in any of the bidding options in the Issue.
Retail Portion	The portion of the Issue being at least 35% of the Issue i.e. 19,95,000 Equity Shares of Rs.10 each for cash at a price of Rs.[●] per equity share aggregating to Rs.[●] lacs, available for allocation to Retail Individual 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).
SICA	Sick Industries Companies (Special Provisions) Act, 1985
SCRA	Securities Contracts (Regulation) Act, 1956, as amended
SCRR	SCRR Securities Contracts (Regulation) Rules, 1957, as amended.
Stock Exchanges	Bombay Stock exchange Limited & The National Stock Exchange of India Ltd
Subsidiaries	Excel Infoways Trading-FZE at Dubai and Excel Infoways Inc at New Jersey, USA
Syndicate	The BRLM and the Syndicate Members
Syndicate Agreement	The agreement to be entered into among the Company and the members of the Syndicate, in relation to the collection of the Bids in the Issue.
TRS or Transaction Registration Slip	The slip or document issued by the members of the Syndicate to the Bidder as proof of registration of the Bid.
Underwriters	The BRLM and Syndicate Members.
Underwriting Agreement	The Agreement between the members of the Syndicate and the Company, on its own behalf to be entered into on or after the Pricing Date.

COMPANY AND INDUSTRY RELATED TERMS

Auditors	The statutory auditors of the Company, being S G Kabra & Co, Chartered Accountants, Mumbai.
Board	The Board of Directors of Excel Infoways Limited or a committee constituted thereof.
ESIC	Employee's State Insurance Corporation
ICAI	The Institute of Chartered Accountants of India
MIS	Management Information System
Project	The proposed project of the Company
Registered Office/ Registered office of the Company	The Registered Office of the Company at 31-A, Laxmi Industrial Estate, New Link Road, Andheri (West), Mumbai – 400 053,
ROC	Registrar of Companies, Maharashtra, Mumbai.

ABBREVIATIONS

AED	Arab Emirates Dirhams
AGM	Annual General Meeting.
A.Y	Assessment Year
A/C	Account
BPO	Business Process Outsourcing
BSE	Bombay Stock Exchange Limited.
BV / NAV	Book value / Net asset value
CAGR	Compounded Annual Growth Rate.
CDSL	Central Depository Services (India) Ltd.
DP	Depository Participant.
EGM	Extraordinary General Meeting
EOU	Export Oriented Undertaking
EPS	Earnings Per Share.
ESOP	Employees Stock Option Plan
FDI	Foreign Direct Investment
FIPB	Foreign Investment Promotion Board.
FVCI	Foreign Venture Capital Investor
FIIs	Foreign Institutional Investors, who are registered with SEBI.
FIPB	Foreign Investment Promotion Board
GOI	Government of India.
IT	Information Technology
ITES	Information Technology Enabled Services
I.T.Act	Income-Tax Act, 1961.
MAT	Minimum Alternate Tax
MW	Mega Watt
NRI(s)	Non-Resident Indian (s)
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Ltd
N.A.	Not Applicable
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
QIB	Qualified Institutional Buyer
RBI	Reserve Bank of India.
SIA	Secretariat for Industrial Assistance
STPI	Software Technology Park of India
The Act	The Companies act, 1956 (as amended from time to time)
U.A.E.	United Arab Emirates
UK	United Kingdom
U.S./U.S.A.	United States of America

SECTION II – RISK FACTORS

CERTAIN CONVENTIONS - USE OF MARKET DATA

Unless stated otherwise, the financial data in this Draft Red Herring Prospectus is derived from our financial statements prepared in accordance with Indian GAAP, Companies Act and the SEBI Guidelines included elsewhere in this Draft Red Herring Prospectus. Our fiscal year commences on April 1 every year and closes on March 31 of the next year. 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.

In this Draft Red Herring Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word “lacs” means “one hundred thousand” and the word “million” means “ten lac” and the word “Crore” means “ten million”. Throughout this Draft Red Herring Prospectus, all figures have been expressed in lacs. Unless otherwise stated, all references to “India” contained in this Draft Red Herring Prospectus are to the Republic of India.

Industry data used throughout this Draft Red Herring Prospectus has been obtained from industry publications and other authenticated published data. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Company believes that industry data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent sources

For additional definitions, please refer to the section titled ‘Definitions and Abbreviations’ on page i of this Draft Red Herring Prospectus. In the section titled ‘Main Provisions of the Articles of Association’ on page 152 of this Draft Red Herring Prospectus, defined terms have the meaning given to such terms in the Articles of Association of the Company.

FORWARD LOOKING STATEMENTS

We have included statements in this Draft Red Herring Prospectus, that contain words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions that are “forward-looking statements”. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial condition and results of operations, business, plans and prospects are forward looking statements. These forward looking statements include statements as to our business strategy, our revenue and profitability, planned projects and other matters discussed in this Draft Red Herring Prospectus regarding matters that are not historical fact. These forward-looking statements and any other projections contained in this Draft Red Herring Prospectus (whether made by us or any third party) involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements expressed or implied by such forward-looking statements or other projections.

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

- Our ability to retain and attract trained employees;
- Changes in the value of the Rupee and other currency changes particularly that of US Dollar;
- Loss or decline in the business from any of our key clients;
- General economic and business conditions in India and other countries;
- Our ability to successfully implement the strategy, growth, new projects and expansion plans;
- Changes in the Indian and international interest rates;
- Social or civil unrest or hostilities with neighboring countries or acts of international terrorism;
- Changes in laws and regulations that apply to BPO industry, including laws that impact our ability to enforce our collateral.
- Changes in political conditions in India.

For further discussion of factors that could cause actual results to differ, please see the section entitled “Risk Factors” beginning on page viii of this Draft Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither the Company, the Directors, any member of the Book Running Lead Manager team 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 and the Book Running Lead Manager will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

RISK FACTORS

An investment in equity shares involves a high degree of risk. One 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 the Equity Shares of the Company. If any of the following risks actually occur, the business, financial condition and results of operations could suffer, the trading price of the Equity Shares could decline, and you may lose all or part of your investment.

Unless otherwise stated in the relevant risk factors set forth below, The Company is not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein.

Materiality

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

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

Unless specified or quantified in the relevant risk factor below, we are not in a position to quantify the financial or other implication of any of the risks described in this section.

A. SPECIFIC TO THE PROJECT AND INTERNAL TO THE COMPANY

Our Company has made losses in financial year 2002-03, 2003-04.

The Company has made losses of Rs.26.96 lacs as per our audited financial statements for the financial year 2003-2004. During the financial year 2002-03 also, there was nominal loss of Rs.0.01 lacs.

The contingent liabilities of the Company as on 31st March, 2008 as certified by the auditors for which no provision has been made by the Company is as follows:

Particulars	Amt. (Rs. in lacs)
Guarantee to Custom Department	3.13

Negative cash flows of the Company

The details of the negative cash flows of the Company are as follows:

Particulars	(Rs. in lacs)				
	31 st March, 2008	31 st March, 2007	31 st March, 2006	31 st March, 2005	31 st March, 2004
Cash Flows from Operating Activities	1427.35	1007.09	126.60	1.31	(25.52)
Cash Flows from Investing Activities	(1461.42)	(716.45)	(32.45)	(5.03)	(106.49)
Cash Flows from Financing Activities	69.82	(31.92)	(6.14)	2.51	135.00
Net Increase/(Decrease) in Cash and Cash Equivalents	35.75	258.72	88.01	(1.21)	2.99

Some of our Group companies/subsidiaries/associates have incurred losses in recent fiscal periods.

Some of our group/ subsidiaries/associate companies have incurred losses as per their financial statements in the recent fiscal period. The details of these losses are set out in the table below:

Group Companies	(Rs in Lacs)		
	Financial Years		
	2007-08	2006-07	2005-06
Tista Impex Private Limited	0.07	0.17	(0.07)
Param Satya Constructions Private Limited	0.05	0.19	(0.07)
Ritz Shopping Mall Private Limited	0.06	0.03	(0.17)
Excel Infoways Trading FZE	(2.67)	(2.78)	-

Orders yet to be placed for Technology & Equipments relating to project

The Company is yet to place orders for Rs.1708.83 lacs being 100% of the technology & equipment cost relating to project. (For details, please refer page 21 of Draft Red Herring Prospectus). Any delay in placing the order for procurement of the same will inadvertently delay the completion schedule of project.

Investment not in the Company's name

Investment in the share capital of the subsidiary is not in the company's name i.e. the share certificate which RAK Free Trade Zone has issued is not in the name of the Company but is in the name of Mr. Lakhmendra Khurana, Chairman cum Managing Director of the Company.

In the subsidiary company, an amount of Rs.166.17 lacs is due from related parties.

In the subsidiary company, an amount of Rs.166.17 lacs is due from related parties. On the other hand, the company has provided loan and advances to subsidiary Company with an outstanding amount of Rs.163.81 lacs as on March 31, 2008. In spite of the fact that the business in the subsidiary company has not yet been commenced, the prudence of the decision to keep the funds there as well as the purpose of such transactions seems to be doubtful.

High Interior & Furnishing Cost and Technology & Equipment Cost per seat

Interior & Furnishing Cost and Technology & Equipment Cost for setting up new facilities of 300 seats at two locations in Borivali and Kandivali in Mumbai will amount to Rs.2117.12 lacs. Average Interior & Furnishing Cost and Technology & Equipment Cost per seat come to around Rs.7 lacs which seem to be higher in comparison to other companies in the same industry.

High proportion of cost of acquisition of the premises for expansion project

Out of the total cost of setting up 2 new facilities at Borivali and Kandivali in Mumbai of Rs.4727.66 lacs, cost of acquisition of the premises itself is Rs.2610.54 lacs which is more than 55% of the total cost of setting up new facility. Investing so aggressively in the fixed assets which is not going to generate revenue for the company may not give the investors a proper return on their investment.

Slow down in the growth rate of the Income of the Company

Rate at which sales is growing is reducing year by year. During the year 2005-06, the income from operations increased at a rate of 208.64% in comparison to the previous year. Then during the year 2006-07, the income from operations increased at a rate of 94.91% in comparison to the previous year. Again in the next year 2007-08, the income from operations increased at a nominal rate of 16.70% in comparison to the previous year. The rate at which income from operations is growing year on year has reduced to a very nominal rate & the ability of the Company to increase the level of operations with the expanded projects seems to be difficult.

Negative Net worth

The Company which is proposing to raise approximately Rs. 7000.00 lacs thro this issue has had negative Networth and NAV during the year 2003-04 and 2004-05.

Locational concentration of business

Our present and proposed activities & operations are restricted to one city only i.e. at Mumbai. Having all the facilities at one location not only restricts the area of our operation but also the increases the risk to the business as any unfortunate event which affect the Mumbai city will affect our entire operations.

Monitoring of utilization of issue proceeds will be done internally by the company

The Company has not appointed any outside monitoring agency for monitoring the utilization of issue proceeds. The deployment of funds arising from the proceeds of the issue will be monitored by the Board of Directors of the Company.

We face currency exchange risks because a significant percentage of our revenues is denominated in U.S. Dollars and a significant percentage of our costs is denominated in Indian Rupees.

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. During Fiscal 2006 the value of the Rupee against the

U.S. Dollar fell by approximately 1.97% and during Fiscal 2007 & 2008, the value of the Rupee against the U.S. Dollar rose by approximately 2.29% & 8.30%, respectively. Our entire revenues from services in Fiscals 2006, 2007 and 2008 was on account of overseas clients and was denominated in U.S. Dollars. During the same period, a substantial proportion of our costs were denominated in Rupees. We expect that a majority of our revenues will continue to be generated in foreign currencies and that a significant portion of our expenses will continue to be denominated in Rupees. Accordingly, our operating results have been and will continue to be impacted by fluctuations in the exchange rate between the Rupee and the U.S. Dollar and other foreign currencies, we may not be able to perfectly hedge all our risks against foreign currency fluctuations. Any strengthening of the Rupee against the U.S. Dollar, the Euro or other foreign currencies could adversely affect our financial condition and results of operations.

Most of our clients are located in the U.S.A. and U.K. Economic slowdown and other factors that affect the economic health of these countries may affect our business.

A significant proportion of our revenues are derived from clients located in the U.S.A. and U.K. Economic slowdown in our client markets may result in our clients reducing or postponing their spending significantly, which may in turn lower the demand for our services and negatively affect our business, financial condition and results of operations.

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 the proposed unit. For more information, please refer to section titled "Government and Other Approvals" beginning on page 110. If we fail to obtain any of these approvals or renewals, in a timely manner, or at all or if these approvals are granted subject to certain conditions, our business, financial condition and results of operations could be adversely affected.

We rely on a small number of clients for a large proportion of our income, and loss of any of these clients could adversely affect our profitability.

We currently derive and believe that we will continue to derive a substantial portion of our income from a small number of clients. For the Fiscal 2008, our four largest clients accounted for 94.17% of our total income, respectively. As a result of our reliance on a small number of clients, we may face certain issues including pricing pressures. There are a number of factors, other than our performance, that could cause the loss of a client and such factors may not be predictable. The loss or significant decreases in the volumes of work from one or more of our large clients would have a material adverse effect on our business, results of operations, financial condition and cash flows.

Further, if any of our major clients becomes bankrupt or insolvent, we may lose some or all of our business from that client and our receivables from that client may have to be written off. Our business could also be adversely affected by the merger, acquisition or restructuring of our clients if the new entity chooses not to engage us to provide it with services.

These clients may in the future demand price reductions, develop and implement newer technologies, automate some or all of their processes or change their strategy by moving more work in-house or to other providers, any of which could reduce our profitability. Any significant reduction in or the elimination of the use of the services we provide to any of our clients, or any requirement to lower our prices, would harm our business.

We take advantage of certain tax benefits under the provisions of the I.T. Act, which if withdrawn, may adversely affect our financial condition and results of operations.

We benefit from certain tax incentives provided by the Government of India. Further, 100% Income Tax holiday as per the provisions of Section 10A of the Income Tax Act, 1961 in respect of profits derived by its undertaking/s from the IT Enabled services is at present available only upto Fiscal year 2010. If in the future the Government of India does not extend this exemption under the IT Act, our profitability would decline.

The success of our business is dependent on our ability to anticipate and respond to client requirements.

Typically, our clients come to us with certain problems and require us to devise and implement solutions, to achieve better efficiencies in their business. Such a positioning requires a considerable understanding of our

client's business, the domain and the ability to devise solutions, along with the technology to implement these solutions. As our clients continue to seek better solutions, we are required to enhance our domain knowledge, our understanding of client needs and accordingly respond to the changing trends in our industry. Our inability to anticipate and cater to the needs of our existing and prospective clients will affect our business and prospects.

We have experienced rapid growth recently and may not be able to sustain our growth.

Since we were founded in Fiscal 2003, we have experienced rapid growth and significantly expanded our operations. Our income and profit after tax increased to Rs.2310.92 Lacs and Rs.1433.80 Lacs, respectively, for Fiscal 2008 from Rs.82.63 Lacs and Rs.(26.96) Lacs in Fiscal 2004. We may not be able to sustain our growth or maintain a similar rate of growth in the future due to a variety of reasons including a decline in the demand for our services, increased competition, non-availability of professionals with necessary skill sets, lack of management resources or due to a general slowdown in the economy. A failure to sustain our growth may have a material adverse effect on our financial condition and results of operations.

In addition, our inability to effectively manage our rapid infrastructure and personnel growth could have a material adverse effect on our operations and financial condition. We currently operate one facility in India. We expect to further expand our capacity by setting up other facilities at Borivali & Kandivali. These facilities are expected to be operational in the financial year 2009-2010. We may not be able to effectively manage our infrastructure and employee expansion, open additional operations facilities or hire additional skilled employees as and when they are required to meet the ongoing needs of our clients, and we may not be able to develop and improve our internal systems. Our inability to execute our growth strategy, to ensure the continued adequacy of our current systems or to manage our expansion effectively could have a material adverse effect on our business, results of operations, financial condition and cash flows.

We operate in a competitive environment and if we are not able to compete effectively, our income and profitability will be adversely affected.

The market for our service offerings may evolve and may become highly competitive in the future. We may face competition from both Indian and international service providers, BPO divisions of large multinational technology firms as well as captive offshore centers of large corporations. We compete with other service providers on the basis of, inter alia, quality, sector-specific knowledge, methodologies, client service, range of offerings and market perception. The competition we face may continue to intensify. A number of multinational corporations are setting up their captive units in India or other offshore countries. Further, service providers with existing operations in India may expand their operations in India. These new players may introduce new products and services and sophisticated technological advancements to anticipate customer requirements and provide innovative solutions to our clients. We cannot assure you that we will be able to retain our clients in the face of such competition. If we lose clients as a result of competition, our market share will decline, would have a material adverse effect on our business and profitability.

Certain processes may become obsolete with the development of technology that may automate and eliminate the need for some of the services we currently provide.

The businesses of our clients are constantly evolving and they seek new ways to increase their efficiency, control costs and maintain high levels of service quality. In time, as newer technologies are developed and implemented, some or all of their processes may be automated or may be moved in-house, potentially reducing or eliminating the need for the services currently performed by us. A significant reduction in services that we provide as the result of process obsolescence and technological improvements will have a material adverse effect on our business.

Unauthorized disclosure of sensitive or confidential client and customer data, whether through breach of our computer systems or through our employees, could expose us to protracted and costly litigation and cause us to lose clients and business.

We are typically required to access and process sensitive data in connection with our services. We are also subject to the data protection laws of the jurisdictions where our clients are based. In addition, many of the agreements with our clients do not include any limitation to our liability to them with respect to breaches of our obligation to maintain confidentiality of information received from them. Although we take precautions to protect confidential client data and have been certified with ISO 27001:2005 standards, we cannot assure you that we will be able to comply with all those obligations and not incur any liability. If any person, including any of our employees, breaches our network security or otherwise mismanages or misappropriates the sensitive data, we could be subject to significant liability and legal proceedings from our clients or their

customers for breach of confidentiality. Further, we may be required to expand capital and other resources to protect against the threat of security breaches or to alleviate problems caused by such breaches. There can be no assurances that measures that we implement will not be circumvented in the future. Any breach of our network security may also have a negative impact on our reputation, which could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Currently we operate out of leased facilities including our Registered Office which can be terminated for cause by the lessor.

We operate out of leased properties which can be terminated for cause by the lessor. In case of such termination, we may encounter delay in finding suitable alternative properties in required timeframe or may not find alternatives at all. Because of the nature of our business, continuity of operations and access to facilities and systems is of critical importance. As a result, the termination, or threat of termination, of any of our leases would have a substantial disruptive effect on our ongoing business, distract our management and employees and may increase our expenses. Such an event may also damage our reputation, affect our ability to recruit and retain employees, affect our ability to attract and retain clients and permit affected clients to claim contractual damages or terminate or renegotiate their contracts with us. The termination of any of our leases could have a material adverse effect on our business and our financial condition.

We may fail to attract and retain trained employees as competition for skilled personnel is intense and we experience significant attrition rates.

The industry in which we operate is labour intensive and our success depends in large part upon our ability to attract, hire, train and retain qualified employees, including our ability to attract employees with needed skills in the geographic areas in which we operate. There is significant competition for professionals in India with skills necessary to perform the services we offer to our clients. Increased competition for these professionals could have an adverse effect on us. High attrition rates among our employees could result in a loss of domain and process knowledge, which could result in poor service quality and lead to breaches by us of our contractual obligations. A significant increase in the turnover rate among our employees in India would increase our recruiting and training costs and decrease our operating efficiency, productivity and profit margins and could lead to a decline in demand for our services. In the event we are not able to attract a high degree of talented employees, or experience high attrition levels which are largely out of our control or are unable to motivate and retain our existing employees, the future of our business and operations may be affected.

Wage increases in India may prevent us from sustaining our competitive advantage and may reduce our profit margin.

Our most significant costs are the salaries and related benefits of our operations staff and other employees. Wage costs in India have historically been significantly lower than wage costs in the U.S.A and Europe for comparably skilled professionals, which has been one of our competitive advantages. However, because of rapid economic growth in India, increased demand for services from India and increased competition for skilled employees in India, wages for comparably skilled employees in India are increasing at a faster rate than in the U.S.A and Europe, which may reduce this competitive advantage. We may need to increase the levels of employee compensation more rapidly than in the past to remain competitive in attracting and retaining the quality and number of skilled employees that our business requires. Wage increases in the long term may reduce our profit margins.

Our senior management team and other key team members in our business units are critical to our continued success and the results of our operations may be adversely affected by the departure of our senior management and key personnel.

We are dependent on our senior management team, for setting our strategic direction and managing our business, both of which are crucial to our success. Our ability to retain experienced personnel as well as senior management will also in part depend on us maintaining appropriate staff remuneration and incentive schemes. The loss of any of our key employees, particularly to competitors, could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Failure of disaster recovery systems may affect our business.

We also undertake measures for disaster protection and downtime reduction which includes close monitoring of backup processes and maintenance of redundancy of all critical hardware and applications. However, in the event that such systems fail due to technical reasons or lack of efficient management of the

same, we could lose data critical to our business and this in turn could affect our business, operations and financial condition.

If we cause disruptions to our clients' businesses or provide inadequate service, our clients may have claims for substantial penalties against us.

Most of our contracts with clients contain service level and performance requirements, including requirements relating to the quality of our services and the timing, quality and quantity of responses to the client's assignments. Failure to meet service requirements of a client or errors made by us in the course of delivering services to our clients could disrupt the client's business and result in a reduction in income or a claim for substantial damages against us.

We are required to maintain active data communications between our delivery centres and our clients' offices. Although we maintain spare facilities and communications links, disruptions could result from, among other things, technical and electricity breakdowns, computer glitches and viruses and adverse weather conditions. Any significant failure of our equipment or systems, or any major disruption to basic infrastructure like power and telecommunications in the locations in which we operate, could impede our ability to provide services to our clients, have a negative impact on our reputation, cause us to lose clients, reduce our income and harm our business.

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

Although we attempt to limit and mitigate our liability for damages arising from negligent acts, errors or omissions through contractual provisions, limitations of liability set forth in our contracts may not be enforceable in all instances or may not otherwise protect us from liability for damages. In addition, certain liabilities, such as claims of third parties for which we may be required to indemnify our clients, are generally not limited under those agreements.

We may not be able to integrate future acquisitions successfully.

Part of our growth strategy includes pursuing strategic acquisitions. If we acquire another company, we could have difficulty in assimilating that company's personnel, operations, technology and software. In addition, the key personnel of the acquired company may decide not to work with us and we may not be able to retain the client base of the acquired company. We cannot assure you that we will be able to consummate acquisitions or alliances in the future on terms acceptable to us, or at all and further that the integration of any future acquisitions will be successful or that the expected strategic benefits of any future acquisitions or alliances will be realized. In addition, such acquisitions may involve a number of special risks, including, but not limited to, adverse short-term effects on our reported operating results, diversion of management's attention, difficulties assimilating and integrating the operations of the acquired company with our own and unanticipated liabilities or contingencies relating to the acquired company. As of the date of this Draft Red Herring Prospectus, we have not signed any letter of intent or entered into any definitive commitment or agreement for any material acquisition, strategic alliance or strategic investment.

We have in the last 12 months, issued Equity Shares at a price that could be lower than the Issue Price.

We have, in the last 12 months, issued Equity Shares at a price that could be lower than the Issue Price. For further details regarding such issuances of Equity Shares, please see Note 1 to the section titled "Capital Structure – Notes to Capital Structure" on page 12.

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

There is no standard valuation methodology in information technology and related industries. The valuations in the IT industry are presently high and may not be sustained in future. Additionally, current valuations may also not be reflective of future valuations within the industry.

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 acquisitions, setting up new facilities at Borivali & Kandivali and general corporate purposes. For more information, see "Objects of the Issue" beginning on page 19. Of the net proceeds of the Issue, we propose to use Rs.3000 Lacs for Strategic Investments/ Joint Ventures. 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 money market mutual funds and deposits with the banks for the applicable period. If we are unable to spend the amount on acquisitions, the balance funds will be used for general corporate purposes. The objects of the Issue have not been appraised by any bank or other financial institution. We have not entered into any definitive agreements to utilize such net proceeds. Pending any use of the net proceeds of the Issue, we intend to invest the funds in high quality, liquid instruments including money market mutual funds and deposits with the banks for the applicable period.

We may continue to be controlled by our Promoters following this Issue and our other shareholders may not be able to affect the outcome of shareholder voting.

After the completion of the Issue, our Promoters and Promoter Group entities will collectively hold the majority of the fully diluted post-Issue equity capital. Consequently, our Promoters and Promoter Group entities, acting jointly, may exercise substantial control over us and 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. Our Promoters will be able to influence our major policy decisions, including our overall strategic and investment decisions, by controlling the election of our Directors and, in turn, indirectly controlling the selection of our senior management, determining the timing and amount of any dividend payments, approving our annual budgets, deciding on increases or decreases in our share capital, determining our issuance of new securities, approving mergers, acquisitions and disposals of our assets or businesses, and amending our articles of association. This control could also delay, defer or prevent a change in control of our Company, impede a merger, consolidation, takeover or other business combination involving our Company, or discourage a potential acquirer from obtaining control of our Company even if it is in the best interests of our Company. The interests of our controlling shareholders could conflict with the interests of our other shareholders, including the holders of the Equity Shares, and the controlling shareholders could make decisions that materially adversely affect your investment in the Equity Shares.

You will not be able to trade any of the Equity Shares you purchase in the Issue immediately on allotment.

The Equity Shares are intended to be listed on the BSE and NSE. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading of them may commence. Investors' book entry or "demat" accounts with depository participants in India are expected to be credited within two business days of the date on which the issue and allotment is approved by our Board. Thereafter, upon receipt of final approval of the Stock Exchanges, trading in the Equity Shares is expected to commence within 7 business days. There can be no assurance that the Equity Shares allocated earlier to investors will be credited to their demat accounts, or that trading will commence, within six Indian business days of the issue and allotment being approved by our Board, or at all. Additionally we are liable to pay interest at 15.0% per annum if allotment is not made, refund orders are not dispatched or demat credits are not made to investors within 15 days from the Bid/Issue Closing Date.

There is no existing market for the Equity Shares, and we do not know if one will develop. Our stock price may be highly volatile after the Issue and, as a result, you could lose a significant portion or all of your investment.

Prior to the Issue, there has not been a public market for the Equity Shares. We cannot predict the extent to which investor interest will lead to the development of an active trading market on the Stock Exchanges or how liquid that market will become. If an active market does not develop, you may experience difficulty selling the Equity Shares that you purchased. The Issue Price is not indicative of prices that will prevail in the open market following the Issue. Consequently, you may not be able to sell your Equity Shares at prices equal to or greater than the price you paid in the Issue. The market price of the Equity Shares on the Stock Exchanges may fluctuate after listing as a result of several factors, including the following:

- volatility in the Indian and other global securities markets;
- the performance of the Indian and global economy;
- significant developments in India's fiscal regime;
- risks relating to our business and industry, including those discussed in this offer document;
- strategic actions by us or our competitors;

- investor perception of the investment opportunity associated with the Equity Shares and our future performance;
- adverse media reports about us, our shareholders or Promoters;
- future sales of the Equity Shares;
- variations in our quarterly results of operations;
- differences between our actual financial and operating results and those expected by investors and analysts;
- changes in analysts' recommendations or perceptions of us, the Indian IT sector or India; and
- our future expansion plans.

There has been significant volatility in the Indian stock markets in the past and our share price could fluctuate significantly as a result of market volatility. A decrease in the market price of the Equity Shares could cause you to lose some or all of your investment.

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.

Any future equity offerings by us could lead to dilution of your shareholding or adversely affect the market price of the Equity Shares.

If we do not have sufficient internal resources to fund our investment requirements or working capital needs in the future, we may need to raise funds through equity financing. As a purchaser of the Equity Shares in the Issue, you could experience dilution to your shareholding in the event that we conduct future equity offerings. Such dilution can adversely affect the market price of the Equity Shares and could impact our ability to raise capital through an offering of our equity securities. In addition, any perception by investors that such issuance or sales will occur could also affect the trading price of the Equity Shares.

We face a possible risk on account of not meeting our net foreign exchange earning obligations.

We are registered as a software technology park ("STP") unit under the Software Technology Park Scheme. The STP Scheme imposes certain export obligations on the STP unit including requirements regarding maintaining positive net foreign exchange earnings. Failing to meet such requirement may result in the STP unit losing the benefits available to it under the STP Scheme and becoming liable for penal action under Foreign Trade (Development and Regulations) Act, 1992. In the event our units under the STPI Scheme incur losses during the initial ramp up period or have a long gestation period, we cannot assure you that we will continue to maintain a positive net foreign exchange earning for such units. Any loss in the benefits available to us as a STP unit will have a material adverse effect on our business, financial condition and results of operations and could cause the price of our Equity Shares to decline.

B. EXTERNAL RISKS BEYOND THE CONTROL OF THE COMPANY

Our assets and operations are located in India, and we are subject to regulatory, economic and political uncertainties in India.

Our primary operations are based in India, and our assets and our professionals are located in India. In the early 1990s, India experienced significant inflation, low growth in gross domestic product and shortages of foreign currency reserves. The Indian government, however, has exercised and continues to exercise significant influence over many aspects of the Indian economy. India's government has provided significant tax incentives and relaxed certain regulatory restrictions in order to encourage foreign investment in specified industries of the economy. Certain of those programs, which have benefited us, include tax holidays, liberalized import and export duties and preferential rules on foreign investment and repatriation. We cannot assure you that liberalization policies will continue. The Government of India is considering introducing a reservation policy to the private sector in India, pursuant to which all private sector companies operating in India would be required to reserve a certain percentage of jobs for the economically underprivileged population in the states where such companies are incorporated. If this policy is adopted, our ability to hire employees of our choice may be affected due to restrictions on our pool of potential employees and competition for these professionals.

Furthermore, the rate of economic liberalization could change, and specific laws and policies affecting technology companies, foreign investment, currency exchange rates and other matters affecting investment in our securities could also change. Since 1996, the Government of India has changed six times. The current Indian government is a coalition of many parties, some of which do not want to continue India's current economic policies. Various factors, including a collapse of the present coalition government due to the withdrawal of support of coalition members, could trigger significant changes in India's economic liberalization and deregulation policies, disrupt business and economic conditions in India generally and our business in particular. Our financial performance and the market price of our shares may be adversely affected by changes in inflation, exchange rates and controls, interest rates, Government of India policies (including taxation policies), social stability or other political, economic or diplomatic developments affecting India in the future.

Terrorist attacks and other acts of violence involving India, the United States, the United Kingdom or other countries could adversely affect the financial markets, result in a loss of client confidence and adversely affect our business, results of operations, financial condition and cashflows.

Certain events that are beyond our control, including the terrorist attacks in Mumbai on July 11, 2006, in London in July 2005, in New York City and Washington, D.C., on September 11, 2001 and in New Delhi on December 13, 2001, and other acts of violence or war, including those involving India, the United States, the United Kingdom or other countries, may adversely affect worldwide financial markets and could potentially lead to economic recession, which could adversely affect our business, results of operations, financial condition and cash flows, and more generally, any of these events could lower confidence in India. Southern Asia has, from time to time, experienced instances of civil unrest and hostilities among neighbouring countries, including India, Pakistan and China. In recent years there have been several instances of military confrontations along the Indo-Pakistani border. There continues to be potential for hostilities between India and Pakistan due to recent terrorist activities, troop mobilizations along the border and the geopolitical climate along the border. Although this has not been the case to date, such political tensions could create a perception that there is a risk of disruption of services provided by India-based companies, which could have a material adverse effect on the market for our services. Furthermore, if India were to become engaged in armed hostilities, particularly hostilities that were protracted or involved the threat or use of nuclear weapons, we might not be able to continue to operate.

An outbreak of an infectious disease or any other serious public health concerns in Asia or elsewhere could have a material adverse effect on our business and results of operations.

The outbreak of an infectious disease in Asia or elsewhere or any other serious public health concerns could have a negative impact on the economies, financial markets and business activities in the countries in which our end markets are located, which could have a material adverse effect on our business. The outbreak in 2003 of Severe Acute Respiratory Syndrome in Asia and the outbreak of avian influenza, or bird flu, across Asia and Europe, including recent outbreaks in parts of India, have adversely affected a number of countries and companies. Although we have not been adversely impacted by these recent outbreaks, we can give no assurance that a future outbreak of an infectious disease among humans or animals or any other serious public health concerns will not have a material adverse effect on our business.

Political opposition to offshore outsourcing in the United States and other countries where we operate could adversely affect our business.

Offshore outsourcing has been the subject of intense political debate, and has come under increased government scrutiny within the United States due to its perceived association with loss of jobs in the United States. Several U.S. state governments have implemented or are actively considering implementing restrictions on outsourcing by U.S. state government entities to offshore IT services providers. Any changes in the United States, Europe or other countries to their existing laws or the enactment of new legislation restricting offshore outsourcing, particularly by private companies, may adversely impact our business, financial condition and results of operations.

Any disruption in the supply of power, IT infrastructure and telecom lines could disrupt our business process or subject us to additional costs.

India's infrastructure, in particular its roads, airports and power sectors, needs to be upgraded to support the growth in the country. Infrastructure in the cities needs to be improved substantially to handle the expansion of industry in which we operate. Any disruption in basic infrastructure or the failure of the Government to improve the existing infrastructure facilities could negatively impact our business since we may not be able to provide timely or adequate services to our clients. We do not maintain business interruption insurance

and may not be covered for any claims or damages if the supply of power, IT infrastructure or telecom lines is disrupted. This may result in the loss of a client, impose additional costs on us and have an adverse effect on our business, financial condition and results of operations.

C. NOTES TO RISK FACTORS

1. Public Issue of 57,00,000 Equity Shares of Rs.10 each for cash at a price of Rs. [●] per Equity Share (including a share premium of Rs. [●] per Equity Share) aggregating Rs. [●] Lacs by Excel Infoways Limited. The issue will constitute 26.93 % of the fully diluted post issue paid up capital of the company.
2. The Company is considering a Pre-IPO placement with various investors ("Pre-IPO Placement"). The Pre-IPO Placement is at the discretion of the Company. The Pre-IPO placement, if any, will be completed before filing the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed the Issue would be reduced to the extent of such Pre-IPO Placement, subject to a minimum Issue of 25% of the post-Issue paid up Equity Share capital being offered to the public.
3. The Issue is being made through the 100% Book Building Process wherein up to 50% of the Issue Size shall be allocated on a proportionate basis to Qualified Institutional Buyers, out of which 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the 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, at least 15% of the Issue Size shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 35% of the Issue Size 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.
4. Under subscription, if any, in any category would be met with spill over from other categories at the sole discretion of our Company in consultation with the BRLM.
5. In the event of the Issue being oversubscribed, the allocation shall be on a proportionate basis to QIB Bidders, Retail Individual Bidders and Non-Institutional Bidders (Refer to the paragraph entitled "Basis of Allotment" on page 144 of this Draft Red Herring Prospectus).
6. Net worth of the Company as on 31st March 2008 is Rs.3744.01 lacs. The book value of the Equity Shares of the Company as on 31st March 2008 is Rs.24.35 per Equity Share.
7. Except as disclosed in the section titled "Capital Structure" beginning on page 12 of this Draft Red Herring Prospectus, we have not issued any shares for consideration other than cash.
8. Except as disclosed in sections titled "Our Promoters And Promoter Group" or "Our Management" beginning on page 60, and 52 of this Draft Red Herring Prospectus, none of our Promoters, our Directors and our key managerial personnel have any interest in the company except to the extent of remuneration and reimbursement of expenses and to the extent of Equity Shares held by them or their relatives and associates or held by the companies, firms and trusts in which they are interested as director, member, partner and/or trustee and to the extent of benefits arising out of such shareholding.
9. Investors are advised to refer the paragraph on "Basis for Issue Price" on page 24 of this Draft Red Herring Prospectus before making an investment in the Issue.
10. Investors are free to contact the Book Running Lead Manager or Compliance Officer for any clarification or information or complaints pertaining to the Issue.
11. Investors may note that allotment and trading in shares of our Company shall be done only in dematerialized form.
12. All information shall be made available by the Book Running Lead Manager and the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever.
13. The average cost of acquisition of Equity Shares of face value of Rs.10 each by our promoters is given below:

Sr. No.	Name of Promoter	Avg. Cost of Acquisition (Rs.)
1	Mr. Lakhmendra Khurana	0.74
2	Mrs. Ranjana Khurana	0.83

14. There has been no transaction in the securities of the Company during the period of six months preceding the date of this Draft Red Herring Prospectus by any of our Promoters, member of promoter group or Directors
15. For information on change in our company's name, refer to the section "History and Certain Corporation Matters" beginning on page no. 50.
16. For Related party transactions, please refer page 67 under heading "Related Party transactions" of the Draft Red Herring Prospectus.

SECTION III - INTRODUCTION

SUMMARY

The Investor should read the following summary with the Risk Factors included from page numbers viii to xvii and the more detailed information about the Company and the financial statements included in the Draft Red Herring Prospectus.

ITES - BPO Market

Over the past decade, the Indian BPO segment has witnessed significant transformation. Starting with basic data entry tasks, the industry graduated to a high proportion of voice-based services and a range of back-office processing activities. The last 3-4 years have seen the scope of services expanding to include increasingly complex processes involving rule-based decision making and even research services requiring informed individual judgment.

The rapid expansion in scope of BPO has been accompanied by an equally rapid adoption across a range of vertical industries. This wide range of services may be summarised into four broad categories comprising Finance and Accounting (F&A), Customer Interaction Services (CIS) and Human Resource Administration (HRA), and a wide range of other vertical-specific and niche services.

CIS includes all forms of IT-enabled customer contact; inbound or outbound, voice or non-voice based support used to provide customer services, sales and marketing, technical support and help desk services.

BPO is witnessing an increasing emphasis on the cost-plus, additional strategic levers that it can deliver include innovation of the underlying business process being outsourced, improved competitive positioning, managing customer expectations, elevation of the strategic role of the retained organisation, optimal resource allocation, support for globalisation of their businesses, and technology support and access. This has also resulted in heightened C-level attention resulting in enterprise-wide evaluation of BPO opportunities – which is in turn opening new avenues to explore. This steady expansion in scope coupled with low penetration levels is supporting high growth for BPO.

Business Overview

Excel Infoways Ltd. Started in 2003 is an ISO 27001:2005 certified Company. Excel Infoways Ltd. is a BPO (Business Process Outsourcing) & Customer Contact Center based in India. We are registered member of NASSCOM.

We are a leading provider of offshore BPO services to Clients primarily in Telecommunications and Financial Sector. At Excel each component of our service delivery is critical. We provide BPO service mostly to clients in the United States and the United Kingdom. There is a continuous check of the quality of exchange between our operators and the customers through silent monitoring, recording, and consumer surveys.

We commenced commercial operations in September, 2003 with an initial capacity of 50 seats. Since then, we have experienced rapid growth and significantly expanded our operation to 150 seats.

We currently have clients, all of which are overseas corporations, majority from US. Over the period, we have successfully expanded the revenue from most of our existing clients in addition to adding a few significant clients. Our client relationships are often long-term.

We presently have facility at Andheri (W) in Mumbai aggregating 150 seats. In addition, we propose to set up a 300-seat facility in Mumbai at Borivali (W) and Kandivali- Charkop in Financial Year 2009-2010.

Our business model revolves around three key drivers: our people, our processes and our technology. These have been instrumental in successfully delivering our BPO services to our clients.

We provide a comprehensive range of services to clients in each of our focus industries. The principal services that we provide in each industry are:-

- **Telecom Fulfillment Solutions:** Customer acquisition, provisioning and fulfillment support, customer service and collections.

- **Financial Services:** Customer acquisition, customer service, funds management and overseas property management, Business & Financial Transcription, e-media Transcription
- **Technical services:** Network Management and Monitoring, Solution of complex connectivity problems to increase bandwidth, improve response times, maximize performance, and support global operations.
- **Healthcare :** Insurance Claim Processing, Medical Billing and Coding

We have developed the domain knowledge of these industries in multiple combinations of services. It helps in cultivating client relationship in different industry vertical.

SUMMARY FINANCIAL INFORMATION**Statement of Profit and Losses, As Restated**

(Rupees in lacs)

	For the year ended				
	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004
Income					
Income from Operations	2309.11	1978.68	1015.16	328.91	82.29
Other Income	1.81	0.50	0.08	0.17	0.34
	2310.92	1979.18	1015.24	329.08	82.63
Expenditure					
Employee Cost	252.45	183.53	193.90	138.56	38.98
Operation and Other expenses	282.22	198.90	168.99	131.16	56.31
Interest on Loan	0.76	0.92	0	0	0
	535.43	383.35	362.89	269.72	95.29
Profit before depreciation and taxes	1775.49	1595.83	652.35	59.36	(12.66)
Depreciation	74.50	25.77	19.02	15.17	6.94
Profit before taxes and Extraordinary items	1700.99	1570.06	633.33	44.19	(19.60)
Profit / (loss) on sale of fixed Assets	4.14	0	0	0	0
Exchange fluctuation loss	(47.18)	(3.00)	(0.44)	0	(0.30)
Amortisation of Preliminary and Miscellaneous expenses w/off	(8.93)	(5.26)	(5.26)	(5.26)	0
	(51.97)	(8.26)	(5.70)	(5.26)	(0.30)
Profit before tax	1649.02	1561.80	627.63	38.93	(19.90)
Provision for taxes					
- Current Income Tax	(186.21)	(0.17)	0	0	0
- Defrred Income Tax	(27.31)	(22.65)	(1.08)	(7.84)	(7.06)
- Fringe Benefit Tax	(1.70)	(1.00)	(1.48)	0	0
	(215.22)	(23.82)	(2.56)	(7.84)	(7.06)
Profit after tax	1433.80	1537.98	625.07	31.09	(26.96)
Adjustment for prior period expense	3.78	0	0	0	0
Adjusted profit	1430.02	1537.98	625.07	31.09	(26.96)
Balance brought forward from previous year	1525.66	593.17	2.98	(26.97)	(0.01)
	2955.68	2131.15	628.05	4.12	(26.97)
Less :- Appropriation					
Interim Dividend	0	32.00	0	0	0
Tax on Interim Dividend	0	4.49	0	0	0
Proposed Dividend(Final)	0	0	1.65	1.00	0
Provision for tax on Proposed Dividend	0	0	0.23	0.14	0
Transfer to General Reserve	0	185.00	33.00	0	0
Transferred to Bonus issue	806.00	384.00	0	0	0
	806.00	605.49	34.88	1.14	0.00
Balance Carried to Balance Sheet	2149.68	1525.66	593.17	2.98	(26.97)

Statement of Assets and Liabilities , As Restated

(Rupees in lacs)

	As at				
	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004
Assets					
A. Fixed Assets					
Gross Block	1335.91	585.41	143.97	111.52	106.49
Less : Depreciation/Amortisation	139.78	66.90	41.13	22.11	6.94
Net Block	1,196.13	518.51	102.84	89.41	99.55
Add: Capital Work in Progress (including Capital Advances)	1,335.50	275.00	0	0	0
	2,531.63	793.51	102.84	89.41	99.55
B. Investments	11.83	0	0	0	0
C. Current Assets, Loans & Advances					
Sundry Debtors	878.88	792.72	598.54	47.09	0.53
Cash & Bank Balance	384.53	348.78	90.06	2.05	3.26
Loans & Advances	285.91	419.74	17.30	7.28	4.27
Total Assets	4,092.78	2,354.75	808.74	145.83	107.61
Liabilities and Provision					
D. Secured Loans	5.83	11.95	7.39	0	0
E. Unsecured Loans	0	0	0	129.65	126.00
F. Deferred Tax Liability	65.95	38.64	15.98	14.90	7.06
G. Current Liabilities and Provisions					
Current Liabilities	190.78	65.23	46.99	9.35	17.83
Provisions	86.21	0.07	0	0	0
	276.99	65.30	46.99	9.35	17.83
H. Net Worth					
Represented by:					
Shareholders' Funds:					
Share Capital	1,543.67	512.00	128.00	10.00	10.00
Reserves and Surplus	2,218.70	1,743.66	626.17	2.98	0
	3,762.37	2,255.66	754.17	12.98	10.00
I. Less: Miscellaneous Expenditure	(18.36)	(16.80)	(15.79)	(21.05)	(53.28)
	3,744.01	2,238.86	738.38	(8.07)	(43.28)
Total Liabilities	4,092.78	2,354.75	808.74	145.83	107.61

THE ISSUE

Equity Shares offered	
Public Issue	57,00,000 Equity Shares
Of Which	
QIB Portion	Up to 50% of the Issue, i.e 28,50,000 Equity Shares of Rs.10 each for cash at a price of Rs.[●] per equity share aggregating to Rs.[●] lacs, (Allocation on proportionate basis) out of which 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the 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
Non Institutional Portion	At least 15% of the Issue i.e. 8,55,000 Equity Shares of Rs.10 each for cash at a price of Rs.[●] per equity share aggregating to Rs.[●] lacs, available for allocation to Non Institutional Bidders.
Retain Portion	At least 35% of the Issue i.e. 19,95,000 Equity Shares of Rs.10 each for cash at a price of Rs.[●] per equity share aggregating to Rs.[●] lacs, available for allocation to Retail Individual Bidder(s).
Equity Shares outstanding prior to the Issue	1,54,68,700 Equity shares of Rs.10 each
Equity Shares outstanding after the Issue	2,11,68,700 Equity Shares of Rs.10 each
Objects of the Issue	Please see the section entitled "Objects of the Issue" on page 19 of this Draft Red Herring Prospectus.

- Subject to note above, under subscription, if any, in any category would be met with spill over from other categories at the sole discretion of our Company in consultation with the BRLM.
- The Company is considering a Pre-IPO placement with various investors ("Pre-IPO Placement"). The Pre-IPO Placement is at the discretion of the Company. The Pre-IPO placement, if any, will be completed before filing the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed the Issue would be reduced to the extent of such Pre-IPO Placement, subject to a minimum Issue of 25% of the post-Issue paid up Equity Share capital being offered to the public.

GENERAL INFORMATION

Excel Infoways Limited

Registered Office: 31-A, Laxmi Industrial Estate, New Link Road, Andheri (West), Mumbai – 400 053,

Tel: +91-22-40309898, **Fax:** +91-22-26394248,

Email: ipo@excel-infoways.com, **Website:** www.excel-infoways.com

Contact person: Ms. Bhavana D Shah, Company Secretary & Compliance Officer

The Company was originally incorporated as Excel Infoways Private Limited on 7th January, 2003 by Registrar of Companies, Maharashtra, Mumbai vide Registration No.138568. The Company subsequently became a public limited Company and the name of the Company was changed to Excel Infoways Limited and the fresh certificate of incorporation was granted to the Company on 9th August, 2006.

Company Registration Number: 138568

Company Identification Number: U72900MH2003PLC138568

Registrar of Companies Office:

Registrar of Companies, Maharashtra, Mumbai

100, Everest,

Marine Drive

Mumbai- 400002.

Phone: 022-22812639

Fax: 022-22811977

BOARD OF DIRECTORS OF THE COMPANY

Sr. No.	Name	Designation
1.	Mr. Lakhmendra Khurana	Chairman Cum Managing Director
2.	Mrs. Ranjana Khurana	Executive Director
3.	Ms. Bela Ash	Executive Director
4.	Mr. Ravi Prakash Sinha	Non Executive & Independent Director
5.	Mr. Ramesh Multanchand Joshi	Non Executive & Independent Director
6.	Mr. Binoy Gupta	Non Executive & Independent Director

For further details of Mr. Lakhmendra Khurana & Mrs. Ranjana Khurana, refer the section titled “Our Promoters And Promoter Group” on page no. 60 and brief profile of other members of the Board of Directors; refer the section titled “Our Management” on page no. 52 of this Draft Red Herring Prospectus.

COMPANY SECRETARY AND COMPLIANCE OFFICER

Ms. Bhavana D Shah,

Excel Infoways Limited

31-A, Laxmi Industrial Estate,

New Link Road,

Andheri (West),

Mumbai – 400 053,

Tel: +91-22-40309898,

Fax: +91-22-26394248,

Email: ipo@excel-infoways.com,

Website: www.excel-infoways.com

Investors can contact the Compliance Officer or the Registrar in case of any pre-Issue or post- Issue related problems, such as non-receipt of letters of allocation, credit of allotted Equity Shares in the respective beneficiary accounts or refund orders etc.

BANKERS TO THE COMPANY

Citibank N.A.

Citi Tower, Suvidha, 3rd Floor,

Excel Infoways Ltd

61, Dr. S.S. Rao Road,
Parel, Mumbai – 400 012
Tel: +91-22-6619 6511
Fax: +91-22-2416 1359
Email: Ann.thanikkal@citi.com

The Bank of Rajasthan Limited,
Twin Tower, Lokhandwala Complex,
Versova, Andheri (West),
Mumbai – 400 053
Tel: +91-22-3260 9596/ 3263 9340
Fax: +91-22-26361489
Email: versovamumbai@rajbank.com

The Federal Bank Limited,
Corporate Banking Branch,
1st Floor, 12/227, Nariman Bhavan,
Nariman Point,
Mumbai – 400 021
Tel: +91-22-2281 2335/36
Fax: +91-22-2202 8726
Email: bbyh@federalbank.co.in

ISSUE MANAGEMENT TEAM

BOOK RUNNING LEAD MANAGER

Chartered Capital And Investment Ltd
711, Mahakant,
Opp V S Hospital, Ellisbridge,
Ahmedabad 380 006,
Tel: +91-79-26575337, 26577571
Fax: +91-79-26575731
Email: excelipo@charteredcapital.net
Website: www.charteredcapital.net
Contact person: Mr. Manoj Kumar Ramrakhyani

SYNDICATE MEMBER

[•]

REGISTRAR TO THE ISSUE

Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West), Mumbai 400 078
Tel: +91-22 - 2596 0320
Fax : +91-22 - 2596 0328/29
Toll Free No: 1800 22 0320
Email: eil.ipo@intimespectrum.com
Website: www.intimespectrum.com
Contact Person: Mr. Sachin Achar

STATUTORY AUDITORS TO THE COMPANY

S. G. Kabra & Co,
Chartered Accountants
Wavel House, 1st Floor,
1st Dhobi Talao Lane,
Mumbai -400 002
Tel: +91-22-2201 0708
Fax: +91-22-2200 4533
Email: info@sgkabra.com

Website: www.sgkabra.com
Contact Person: Mr. S .G. Kabra

BANKERS TO THE ISSUE AND ESCROW COLLECTION BANKS

[•]

ADVISOR TO THE COMPANY

Pine Tree Consultants Pvt Ltd,
104, Raheja Centre, 1st Floor,
Nariman Point, Mumbai – 400 021
Tel: +91-22 – 2283 7000/ 01
Fax : +91-22 – 2283 7002
Email: pinetreeindia@gmail.com
Contact Person: Mr. Dheeraj Jain

INTER-SE ALLOCATION OF RESPONSIBILITIES OF THE BRLM

Since Chartered Capital And Investment Limited is the sole BRLM for this Issue, all the Issue related activities are handled by Chartered Capital And Investment Limited.

CREDIT RATING

As this is an issue of Equity Shares there is no credit rating for this Issue.

IPO GRADING

The Company has appointed CARE for the purpose of IPO Grading.

Credit Analysis & Research Limited
307, 3rd Floor, Iscon Mall,
Above Star India Bazar,
Near Jodhpur Cross Road,
Satellite,
Ahmedabad - 380 015.
Telefax: +91-79-66311821 / 22
Email: care.ahmedabad@careratings.com
Contact Person: Mr. Mehul Pandya

This Issue has been graded by Credit Analysis & Research Limited (CARE) as [•], pursuant to clauses 2.5A, 5.6B and 6.8.2.9A of the SEBI Guidelines. The rationale furnished by the credit rating agency for its grading will be updated at the time of filing of the RHP with the Registrar of Companies.

TRUSTEES

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

MONITORING AGENCY

No agency has been appointed to monitor the utilization of funds.

APPRAISING ENTITY

None of the objects of the issue have been appraised by any entity.

WITHDRAWAL OF THE ISSUE

The Company, in consultation with the BRLM, reserves the right not to proceed with the Issue at anytime after the Bid/Issue Opening Date but before Allotment, without assigning any reason therefore.

BOOK BUILDING PROCESS

Book building refers to the collection of Bids from investors, which is based on the Price Band, with the Issue Price being finalized after the Bid/Issue Closing Date, The principal parties involved in the Book Building Process are:

1. The Company.
2. The Book Running Lead Manager; and
3. The Syndicate Members who are intermediaries registered with SEBI or registered as brokers with the Stock Exchange (s) and eligible to act as underwriters. The BRLM appoints the Syndicate Members, and
4. The Registrar to the issue.

The SEBI Guidelines has permitted an issue of securities to the public through the 100% Book Building Process, wherein (i) up to 50 % of the Issue shall be allocated on a proportionate basis to QIBs, including upto 5% of the QIB portion that shall be available for Allocation on a proportionate basis to Mutual Funds only and the remainder of the QIB portion shall be available for Allocation on a proportionate basis to all QIB Bidders, including Mutual Funds. Further, (ii) at least 15% of the Issue shall be available for allotment on a proportionate basis to Non Institutional Bidders and (iii) at least 35% of the Issue shall be available for allotment on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. We will comply with the SEBI DIP Guidelines for this Issue. In this regard, we have appointed the BRLM to procure subscriptions to the Issue.

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 their Bids and the allocation to QIBs will be on a proportionate basis. For further details please refer the section titled “Terms of the Issue” on page 123 of the Draft Red Herring Prospectus.

Book Building Process under the SEBI Guidelines is subject to change and the investors are advised to make their own judgment about investment through this process prior to making a Bid in the Issue.

Steps to be taken by the Bidders for bidding:

- Check whether he/she is eligible for bidding;
- Bidder necessarily needs to have a demat account; and
- 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.

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 this Issue)*

Bidders can bid at any price within the price band. For instance, assuming a price band of Rs. 20 to Rs. 24 per share, issue size of 1800 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the website of the BSE (www.bseindia.com) and NSE (www.nseindia.com) during the bidding period. The illustrative book as shown below shows the demand for the shares of our Company at various prices and is collated from bids from various investors.

Number of equity shares Bid for	Bid Price (Rs.)	Cumulative equity shares Bid for	Subscription
500	24	500	27.77%
1000	23	1500	83.33%
1500	22	3000	166.67%
2000	21	5000	277.77%
2500	20	7500	416.66%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off i.e., Rs.22 in the above example. The issuer, in consultation with the BRLM will finalise the issue price at or below such cut off price i.e. at or below Rs.22. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

Though the process of Book Building under SEBI Guidelines is not new now, investors are advised to make their own judgment about investment through this process prior to making a Bid or Application in the Issue. Pursuant to the recent amendments to SEBI Guidelines, QIBs are not allowed to withdraw their Bids after Bid/ Issue Closing Date.

Bid/Issue Programme

BID/ISSUE OPENS ON [●], 2008
BID/ISSUE CLOSES ON [●], 2008

Bids and any revision in Bids shall be accepted **only between 10.00 a.m and 3.00 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, Bids shall be accepted only between 10.00 a.m and 3.00 p.m (Indian Standard Time)** and uploaded till (i) 5.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders where the Bid Amount is in excess of Rs. 100,000 and (ii) till such time as permitted by the NSE and the BSE, in case of Bids by Retail Individual Bidders, where the Bid Amount is up to Rs. 100,000. Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 3.00 p.m (Indian Standard Time) on the Bid/Issue Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids will only be accepted on working days, i.e., Monday to Friday (excluding any public holiday).

On the Bid/Issue Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids received by Retail Bidders after taking into account the total number of Bids received upto the closure of timings for acceptance of Bid-cum-Application Forms as stated herein and reported by the BRLM to the Stock Exchange within half an hour of such closure.

Our Company reserves the right to revise the Price Band during the Bidding Period in accordance with the 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 advertised at least one day prior to the Bid /Issue Opening Date.

In case of revision in the Price Band, the Issue Period will be extended for three additional working days after revision of the Price Band, subject to the Bidding Period/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period/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 website of the BRLM and at the terminals of the syndicate.

UNDERWRITING AGREEMENT

After the determination of the Issue Price and prior to filing of the Prospectus with RoC, the Company, on its behalf, will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that the members of the Syndicate 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 RoC)

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. in lacs)
Chartered Capital And Investment Ltd 711, Mahakant, Opp V S Hospital, Ellisbridge, Ahmedabad 380 006, Tel: +91-79-26575337, 26577571 Fax No. : +91-79-26575731	[●]	[●]

Email: excelipo@charteredcapital.net Website: www.charteredcapital.net Contact person: Mr. Manoj Kumar Ramrakhyani [•]	[•]	[•]
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The above-mentioned amount is indicative underwriting and would be finalized after pricing and actual allocation. The above Underwriting Agreement is dated [•].

In the opinion of our Board of Directors (based on a certificate dated [•] given by the Underwriters), the resources of 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 under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). The above Underwriting Agreement has been accepted by the Board of Directors acting through our Chairman and Managing Director, at their meeting held on [•], and we have issued letters of acceptance to the Underwriters.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLM, and the Syndicate Members shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the underwriting agreement, will also be required to procure/subscribe to the extent of the defaulted amount. Allocation to QIBs is proportionate as per the terms of this Draft Red Herring Prospectus.

CAPITAL STRUCTURE

The Share Capital Structure of our Company as on date of filing this Draft Red Herring Prospectus with SEBI is as below:

(Rs in lacs)

	Share Capital	Aggregate Nominal Value	Aggregate Value at issue price
A.	Authorised Share Capital 2,50,00,000 Equity Shares of Rs.10 each	2500.00	
B.	Issued, Subscribed and Paid-Up Share Capital before the Issue 1,54,68,700 Equity Shares of Rs.10 each	1546.87	
C.	Issue in terms of this Draft Red Herring Prospectus 57,00,000 Equity Shares of Rs.10 each	570.00	[•]
	Of which		
	(i) QIB Portion of up to 28,50,000 Equity Shares	285.00	[•]
	(ii) Non-Institutional Portion at least 8,55,000 Equity Shares	85.50	[•]
	(iii) Retail Portion of at least 19,95,000 Equity Shares	199.50	[•]
D.	Equity Share Capital after the Issue 2,11,68,700 Equity Shares of Rs.10 each	2116.87	[•]
E.	Share Premium Account Before the Issue After the Issue	97.83 [•]	

The Company is considering a Pre-IPO placement with various investors ("Pre-IPO Placement"). The Pre-IPO Placement is at the discretion of the Company. The Pre-IPO placement, if any, will be completed before filing the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed the Issue would be reduced to the extent of such Pre-IPO Placement, subject to a minimum Issue of 25% of the post-Issue paid up Equity Share capital being offered to the public.

History of change in Authorised Capital

Date	No. of Shares	Face Value (Rs.)	Authorised Capital (Rs.)	Particulars
January 07, 2003	50,000	10	5,00,000	On Incorporation
September 12, 2003	100,000	10	10,00,000	Increase
March 29, 2006	5,000,000	10	5,00,00,000	Increase
January 20, 2007	10,000,000	10	10,00,00,000	Increase
December 15, 2007	25,000,000	10	25,00,00,000	Increase

Our current authorised capital is sufficient to meet the requirements of the Issue.

Notes to Capital Structure

1. Share Capital history of the Company.

The current capital structure of the Company is built up as under.

Date of Allotment of Equity Shares.	No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of payment	Reasons for allotment.	Cumulative Total Shares	Cumulative paid up capital. (Rs)	Cumulative Share Premium (Rs.)
January 7, 2003	10,000	10	10	Cash	Subscription to Memorandum	10,000	1,00,000	Nil
March 16, 2004	90,000	10	10	Cash	Further Issue to promoter,	1,00,000	10,00,000	Nil

					promoter group & others			
March 29, 2006	11,80,000	10	10	Cash	Further Issue to promoter, promoter group & others	12,80,000	1,28,00,000	Nil
March 16, 2007	38,40,000	10	Nil	Cash	Bonus (3:1)	51,20,000	5,12,00,000	Nil
December 28, 2007	1,02,40,000	10	Nil	Cash	Bonus (2:1)	1,53,60,000	15,36,00,000	Nil
January 28, 2008	76,700	10	100	Cash	Private placement to non-promoter	1,54,36,700	15,43,67,000	69,03,000
June 17, 2008	32,000	10	100	Cash	Private placement to non-promoters	1,54,68,700	15,46,87,000	97,83,000

Details of Capitalisation of the reserves/profit & loss account are as following

Date of allotment of Bonus shares	Ratio of Bonus Issue	Number of Equity Shares issued as Bonus Shares	Face Value of the Share (Rs.)	Amount of Reserve /profit and loss account capitalised (Rs.)
March 16, 2007	3:1	38,40,000	10	3,84,00,000
December 28, 2007	2:1	1,02,40,000	10	10,24,00,000

2. Shareholding of the Promoters & Promoters Group and Lock-in

The Equity Shares that are being locked-in are not ineligible for computation of Promoter's contribution under Clause 4.6 of the SEBI Guidelines. In this connection, as per Clause 4.6 of the SEBI Guidelines, the Company confirms the following:

- The Equity Shares offered for minimum 20% Promoters' contribution are not acquired for consideration other than cash and revaluation of assets or capitalization of intangible assets or bonus shares out of revaluation reserves or reserves without accrual of cash resources or against shares which are otherwise ineligible for computation of Promoters' contribution;
- The minimum Promoters' contribution does not consist of Equity Shares acquired during the preceding one year, at a price lower than the price at which Equity Shares are being offered to the public in the Issue;
- The Company has not been formed by the conversion of a partnership firm into a company;
- The Equity Shares held by the Promoters and offered for minimum 20% Promoters' contribution are not subject to any pledge;
- The promoters are not participating in this public issue and therefore, the provisions relating to minimum specified lot in terms of per application form is not applicable in the present case.
- The minimum Promoters' contribution does not consist of any private placement made by solicitation of subscriptions from unrelated persons either directly or through any intermediary; and
- The minimum Promoters' contribution does not consist of Equity Shares for which specific written consent has not been obtained from the respective shareholders for inclusion of their subscription in the minimum Promoters' contribution subject to lock-in.

The following equity shares of promoters shall be locked-in for a period of three years:

Sr. No.	Name of Promoter	Date of Allotment/ Transfer	No of Shares	Nature of issue (Cash, Bonus, Kind etc.)	Face Value	Issue / Purchase / Transfer Price	% Of Post Issue Capital	Lock-in period
1	Mr. Lakhmendra Khurana	December 28, 2007	42,33,740	Bonus	10	Nil	20	3 years

The following equity shares of promoters shall be locked-in for a period of one year:

Promoters

Sr. No.	Name of Promoter	Date of Allotment / Transfer / when made fully paid up	No of Shares	Nature of issue (Cash, Bonus, Kind etc.)	Face Value	Issue/ Purchase / Transfer Price	% Of Post Issue Capital	Lock-in period
1	Mr. Lakhmendra Khurana	January 7, 2003	7,000	Subscription to Memorandum of Association	10	10		
		March 16, 2004	25,000	Allotment against cash	10	10		
		December 5, 2005	54,000	Transfer from various persons *	10	13		
		March 29, 2006	5,61,500	Allotment against cash	10	10		
		November 7, 2006	-5,000	Transfer to various persons **	10	10		
		December 28, 2006	90,000	Transfer from various persons ***	10	10		
		March 16, 2007	21,97,500	Bonus	10	Nil		
		March 26, 2007	-1,28,000	Transfer to various persons ****	10	10		
		December 28, 2007	13,70,260	Bonus	10	Nil		
			41,72,260					
<p>* Transferred by Ms. Pushpa Rani Taneja, Mr. Praduman Taneja, Mr. Sumit Taneja, Mr. Amit Taneja, Mr. Harbir Singh Khurana and Mr. Avtar Singh Khurana of 10,000, 10,000, 10,000, 5,000, 6,000 and 13,000 Equity Shares respectively.</p> <p>** Transferred to Ms. Isha Khurana, Ms. Bela Ash, Ms. Pratima Ash, Ms. Anju Dua and Mr. Narendra Dua of 1,000 Equity Shares each.</p> <p>*** Transferred by Mr. Amit Taneja and Mr. Sumit Taneja, of 80,000 and 10,000 Equity Shares respectively.</p> <p>**** Transferred to M/s Paritrasha Financials & Investments Private Limited of 1,28,000 Equity Shares.</p>								
2	Mrs. Ranjana Khurana	January 7, 2003	3000	Subscription to Memorandum of Association	10	10		
		March 16, 2004	10000	Allotment against cash	10	10		
		March 29, 2006	202500	Allotment against cash	10	10		
		December 28, 2006	327000	Transfer from various persons *	10	10		
		March 16, 2007	1627500	Bonus	10	Nil		
		December 28, 2007	4340000	Bonus	10	Nil		
			6510000					
<p>* Transferred by Mr. Praduman Taneja, Ms. Surjit Khurana and Mr. Avtar Singh Khurana of 165,500, 76,000, and 85,500 Equity Shares respectively.</p>								

Promoter Group

Sr. No.	Name of Promoter	Date of Allotment/ Transfer/ when made fully paid up	No of Shares	Nature of issue (Cash, Bonus, Kind etc.)	Face Value	Issue / Purchase / Transfer Price	% Of Post Issue Capital	Lock-in period
1	Ms. Isha Khurana	November 7, 2006	1000	Transfer from Mr. Lakhmendra Khurana	10	10		
		March 16, 2007	3000	Bonus	10	Nil		
		December 28, 2007	8000	Bonus	10	Nil		

		12000				0.06	1 year
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The Promoters' Contribution has been brought in to the extent of not less than the specified minimum lot and from the persons defined as "Promoters" under Explanation I of Clause 6.8.3.2 of the SEBI Guidelines.

The Promoters have vide their undertaking dated June 28, 2008 agreed not to sell/transfer/pledge/or dispose of in any manner, Equity Shares forming part of the Promoters' contribution from the date of filing of this Draft Red Herring Prospectus till the date of commencement of lock-in as per the SEBI Guidelines.

The Equity Shares proposed to be included as part of the minimum Promoters' Contribution are arising out of bonus shares issued to the Promoters out of share premium and free reserves of the Company.

Details of share capital locked-in for one year

In addition to the lock-in of the Equity Shares of the Promoters' Group as mentioned above, the entire pre-Issue Equity Share capital of our Company constituting 5,40,700 Equity Shares will be locked in for a period of one year from the date of Allotment.

Other requirements in respect of lock-in

In terms of Clause 4.15 of the SEBI Guidelines, the locked-in Equity Shares held by the Promoters can be pledged with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of such shares is one of the terms of sanction of loan. Further, the Equity Shares under the Promoters' Contribution may be pledged only if, in addition to fulfilling the above condition, the loan has been granted by such bank or financial institution for the purpose of financing one or more of the objects of the instant/present Issue.

In terms of Clause 4.16.1 (a) of the SEBI Guidelines, the Equity Shares held by persons other than 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 SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

Further, 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 or the Promoter group or to a new promoter 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.

In addition, the Equity Shares subject to lock-in will be transferable subject to compliance with SEBI Guidelines, as amended from time to time.

3. The following Directors hold Equity Shares in their individual capacity, as on the date of this Draft Red Herring Prospectus:

Sr. No.	Name of Director	No. of Equity Share
1	Mr. Lakhmendra Khurana	84,06,000
2	Mrs. Ranjana Khurana	65,10,000
3	Ms. Bela Ash	12,000
	Total	1,49,28,000

4. Details of Shares held by Promoter and Promoter Group.

Sr. No.	Promoters	No. of shares
1	Mr. Lakhmendra Khurana	84,06,000
2	Mrs. Ranjana Khurana	65,10,000
3	Ms. Isha Khurana	12,000
	Total	1,49,28,000

5. Shareholding pattern of the Company.

The table below presents our shareholding pattern before and after the proposed Issue.

Particulars	Before the issue		After the issue	
	No. of shares	%	No. of shares	%
Promoters & Promoter's Group				
Promoters				
Mr. Lakhmendra Khurana	8406000	54.34	8406000	39.71
Mrs. Ranjana Khurana	6510000	42.08	6510000	30.75
Sub Total (A)	14916000	96.43	14916000	70.46
Promoter's Group				
Ms. Isha Khurana	12,000	0.08	12000	0.06
Sub Total (B)	12,000	0.08	12000	0.06
Sub Total (A +B)	14928000	96.50	14928000	70.52
Non-Promoter Group				
Other Pre-IPO Shareholders				
Ms. Bela Ash	12000	0.08	12000	0.06
Mrs. Pratima Ash	12000	0.08	12000	0.06
Mrs. Anju Dua	12000	0.08	12000	0.06
Mr. Narendra Dua	12000	0.08	12000	0.06
M/s Paritrasha Financial & Investments Private Limited	384000	2.48	384000	1.81
Mr. Rasiklal Kotecha	76700	0.50	76700	0.36
Mrs. Bhavana Shah	16000	0.10	16000	0.08
Mr. Divyesh Shah	13500	0.09	13500	0.06
Divyesh Babulal Shah HUF	2500	0.02	2500	0.01
Public other than pre IPO shareholders	--	--	5700000	26.93
Sub Total (C)	540700	3.50	6240700	29.48
Total (A + B + C)	15468700	100.00	21168700	100.00

6. Equity Shares held by top ten shareholders

The list of top 10 shareholders of the Company and the number of Equity Shares held by them on the date of filing of this Draft Red Herring Prospectus with SEBI is as under:

Sr. No.	Name of Shareholder	No. of Shares	% of the paid up capital
1	Mr. Lakhmendra Khurana	8406000	54.34
2	Mrs. Ranjana Khurana	6510000	42.08
3	M/s Paritrasha Financial & Investments Private Limited	384000	2.48
4	Mr. Rasiklal Kotecha	76700	0.50
5	Mrs. Bhavana Shah	16000	0.10
6	Mr. Divyesh Shah	13500	0.09
7	Ms. Isha Khurana	12000	0.08
8	Ms. Bela Ash	12000	0.08
9	Mrs. Pratima Ash	12000	0.08
10	Mrs. Anju Dua	12000	0.08
11	Mr. Narendra Dua	12000	0.08
	TOTAL	15466200	99.98

The list of top 10 shareholders of the Company and the number of Equity Shares held by them 10 days prior to the date of filing of this Draft Red Herring Prospectus with SEBI is as under:

Sr. No.	Name of Shareholder	No. of Shares	% of the paid up capital
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1	Mr. Lakhmendra Khurana	8406000	54.34
2	Mrs. Ranjana Khurana	6510000	42.08
3	M/s Paritrasha Financial & Investments Private Limited,	384000	2.48
4	Mr. Rasiklal Kotecha	76700	0.50
5	Mrs. Bhavana Shah	16000	0.10
6	Mr. Divyesh Shah	13500	0.09
7	Ms. Isha Khurana	12000	0.08
8	Ms. Bela Ash	12000	0.08
9	Mrs. Pratima Ash	12000	0.08
10	Mrs. Anju Dua	12000	0.08
11	Mr. Narendra Dua	12000	0.08
	TOTAL	15466200	99.98

The list of our top 10 shareholders and the number of Equity Shares held by them two years prior to the date of filing of this Draft Red Herring Prospectus with SEBI is as under:

Sr. No.	Name of Shareholder	No. of Shares	% of the paid up capital
1	Mr. Lakhmendra Khurana	6,47,500	50.59
2	Mrs. Ranjana Khurana	2,15,500	16.84
3	Mr. Praduman Taneja	1,65,500	12.93
4	Mr. Avtar Singh Khurana	85,500	6.68
5	Mr. Amit Taneja	80,000	6.25
6	Mrs. Surjit Khurana	76,000	5.94
7	Mr. Sumit Taneja	10,000	0.78
	TOTAL	12,80,000	100.00

7. There has been no transaction in the securities of the Company during the period of six months preceding the date of this Draft Red Herring Prospectus by any of our Promoters, member of promoter group or Directors
8. Neither the Company, its Promoters, its Directors, nor the BRLM have entered into any buy-back and/or standby arrangements for purchase of Equity Shares of the Company offered through this Draft Red Herring Prospectus.
9. 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.
10. Up to 50% of the issue, that is 28,50,000 Equity Shares aggregating to Rs. [●] lacs shall be available for allocation to QIBs, out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for Allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. At least 15% of the Issue, i.e. 8,55,000 Equity Shares aggregating upto Rs. [●] lacs shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 35% of the Issue, that is 19,95,000 Equity Shares aggregating upto Rs. [●] lacs 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.
11. Under-subscription, if any, in any category would be met with spill over from other categories or combination of other categories at the sole discretion of our Company in consultation with the BRLM. In case of inadequate demands from the Mutual Funds, the Equity Shares would be made available to QIBs other than Mutual Funds.
12. In case of over-subscription, allotment will be on proportionate basis as detailed in Para on "Basis of Allotment". An over-subscription to the extent of 10% of the Issue Size can be retained for the purpose of rounding off to the nearer multiple of [●] Equity Shares (which is minimum allotment lot), while finalizing the allotment.
13. The Company has not raised any bridge loan against the proceeds of the Issue.

14. Our Company does not have any ESOS/ESPS scheme for our employees and we do not intend to allot any shares to our employees under ESOS/ESPS scheme from the proposed issue. As and when, options will be granted to our employees under the ESOP scheme, our Company shall comply with the SEBI (Employee Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines 1999.
15. The company presently does not have any intention or proposal to alter its capital structure for a period of six months from the date of opening of the issue, by way of split/consolidation of the denomination of Equity Shares or further Issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise, except that the company may issue options to its employee pursuant to any employee stock option plan, or if the company goes for acquisitions, joint ventures or strategic alliances, subject to necessary approvals, it might consider raising additional capital to fund such activity or use share as currency for acquisition and/or participation in such joint venture or strategic alliance or for regulatory compliances.
16. All the existing Equity Shares of the Company are fully paid up. The Equity Shares issued pursuant to the Issue shall be fully paid-up at the time of Allotment.
17. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus to SEBI until the Equity Shares issued/ to be issued pursuant to the Issue have been listed.
18. Except as mentioned above, the company has not issued any Equity shares out of revaluation reserves or for consideration other than cash.
19. At any given point of time, there shall be only one denomination for the Equity Shares of the Company. The Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.
20. The company has 12 members as on the date of filing of the Draft Red Herring Prospectus with SEBI.
21. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into Equity Shares.
22. The Company is considering a Pre-IPO placement with various investors ("Pre-IPO Placement"). The Pre-IPO Placement is at the discretion of the Company. The Pre-IPO placement, if any, will be completed before filing the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed the Issue would be reduced to the extent of such Pre-IPO Placement, subject to a minimum Issue of 25% of the post-Issue paid up Equity Share capital being offered to the public.

OBJECTS OF THE ISSUE

The objects of the Issue are set forth below:

- To set up our new facilities
- Strategic Investment/ Joint Ventures
- General Corporate Purpose: and
- Issue Expenses

Additionally we are seeking to achieve the benefits of listing, which we believe, would enhance our brand equity and provide liquidity to our shareholders.

The main objects clause of our Memorandum of Association enables us to undertake the activities proposed pursuant to the objects of the Issue, for which the funds are being raised pursuant to this Issue. Our existing activities are within the ambit of the objects clause of the Memorandum of Association of our Company.

The fund requirements and the intended use of the Issue Proceeds as described herein are based on management estimates and our current business plans. The fund requirements and intended use of Issue Proceeds have not been appraised by any bank or financial institution. In view of the competitive and dynamic nature of the industry, we may have to revise our expenditure and fund requirements as a result of variations in the cost structure, changes in estimates, exchange rate fluctuations and external factors, which may not be within the control of our management. This may entail rescheduling and revising the planned expenditure and fund requirement and increasing or decreasing the expenditure for a particular purpose from its planned expenditure at the discretion of our management. In addition, the estimated dates of completion of various projects as described herein are based on management's current expectations and are subject to change due to various factors, some of which may not be in our control.

Funds Requirement

The proceeds of this Issue are to be utilized for the following activities (collectively referred to as the "Project"):

(Rs in lacs)

Activity	Total Cost	Estimated schedule of deployment		
		2007-08	2008-09	2009-10
Setting up New Facilities	4727.66	1136.00	1474.54	2117.12
Strategic Investment / Joint Ventures	3000.00	-	3000.00	-
General Corporate Purpose	[•]	[•]	[•]	[•]
Issue Expenses	[•]	[•]	[•]	[•]
Total	[•]	[•]	[•]	[•]

We are in the process of setting up a 300 seat facilities in Mumbai premises located at Prathmesh Heights, Plot bearing F.P.457, TPS No. III, L.T. Road, Borivali (W), Mumbai (location I) and Sailee Heritage, Building No.2, Unit No.301 & 401 on 3rd Floor & 4th Floor, Village Kandivali, Kandivali (W), Mumbai (location II) ("New Facilities"), as part of our expansion plan. Based on quotations from potential suppliers and our workings, we have estimated the total cost of setting up the New Facility to be Rs. 4727.66 Lacs.

Means of finance

We intend to finance the fund requirement for Objects of the Issue in the following manner:

(Rs. in lacs)

Manner of Funding	Amount of Funding
IPO Proceeds	[•]
Internal Accruals	[•]
Total	[•]

As the Company will arrange the funding for the objects of the issue through issue proceeds only (other than the internal accruals), the provision of Clause 2.8 of the SEBI Guidelines) regarding confirmation for firm arrangements of finance through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised through proposed Public/ Rights issue, is not applicable to the company.

SETTING UP NEW FACILITIES

Currently, we have 150 seats located at Andheri in Mumbai. We intend to set up and fill the 300 seats in the New Facility at two locations in Borivali and Kandivali in Mumbai by July 2009.

The specifications of the New Facility are given below:

Location	Area In Sq Ft	Total Number of seats
(Location I)	12000	150
(Location II)	12000	150
Total	24000	300

The proposed capital expenditure plan for the New Facilities is detailed below:

Items Description	Party/ Supplier	Date of Available quotations/ agreements	Amount (Rs. Lacs)
Premises Acquisition			
(Location I)	M/S Image Developers Prathmesh Heights, L.T. Road, Borivali(W), Mumbai	25/03/2008	1033.44
(Location II)	M/S Sailee Developers A/004, Prathmesh Horizon, New M.B.H. Colony, Gorai Road, Borivali(w), Mumbai-400091	12/12/2007	1577.10
Interior and Furnishing Cost	M/s Archdeep Interior Pvt. Ltd.	28/04/2008	408.29
Technology & Equipment Cost	M/s Equant Technology Services (India) Pvt. Ltd.	12/03/2008	1708.83
		Total	4727.66

Premises Acquisition

We have entered into the agreements for the premises located at Borivali (W), Mumbai and Kandivali (W), Mumbai for this purpose and payment of Rs.1764.00 Lacs has been paid by the company.

Interior and Furnishing Cost

Sr. No	Item description	Cost Rs/sq. ft. On Carpet area	
		(location I)	(location II)
A	PROFESSIONAL FEES		
1	Architect	Nil	Nil
2	Interior Designer	25.00	25.00
3	Consultants	Nil	Nil
i.	Liaisoning	Nil	Nil
ii.	Structural	Nil	Nil
iii.	Electrical	5.00	5.00
iv.	HVAC	5.00	5.00
v.	AV	Nil	Nil
vi.	Plumbing	Nil	Nil
vii.	Kitchen	Nil	Nil
viii.	Vastu	Nil	Nil
ix.	Landscape	Nil	Nil
x.	Surveyor	Nil	Nil
B	STATUTORY PAYMENTS	NA	NA
	Payment of deposits to Statutory Authorities for infrastructure and facilities	Nil	Nil
C	SITE DEVELOPMENT WORKS	NA	NA

	Compound wall, Roads, External Sewage System, Security Lightning, Security Cabin etc	Nil	Nil
D	CIVIL & STRUCTURAL WORKS Demolition, RCC Shell and masonry works etc	5.00	5.00
E	INTERIORS		
	1. Civil finishes – Flooring, dado, skirting , etc.	125.00	125.00
	2. POP works, false ceiling, etc	100.00	100.00
	3. Painting	20.00	20.00
	4. Plumbing	75.00	75.00
	5. Electrical	240.00	240.00
	6. Fire Alarm System	50.00	50.00
	7. PA system	10.00	10.00
	8. HVAC	275.00	275.00
	9. Loose Furniture		
	i. Modular furniture, Chairs, sofas, tables etc	175.00	175.00
	ii. Modular Furniture, Conference Tables, storage cabinets etc.	40.00	40.00
	iii. Seating Stsyems – Chairs, Sofas etc	50.00	50.00
	10 Fixed furniture – Full height partitions, doors etc	125.00	125.00
	11 Soft Furnishing	50.00	50.00
	12 False Dooring, carpets, roller binds, etc	40.00	40.00
	13 Signages	10.00	10.00
F	SUB – TOTAL (A+B+C+D+E)	1,425.00	1,425.00
G	EXTERNAL FINISHES Façade treatment, windows etc	NA NIL	NA NIL
H	LANDSCAPING	NA	NA
I	ANY OTHER WORKS Transformer, DG Set, Gym, Elevator, Solar panels, mechanised car parking system etc	NA NIL	NA NIL
J	IT RELATED WORKS		
	1 Voice & Data (raceways & wiring only)	50.00	50.00
	2 Audio Visual	NA	NA
	3 Access Control (wiring & system hardware)	10.00	10.00
	4 UPS	NA	NA
K	SUB TOTAL (G+H+I+J)	60.00	60.00
L	ANY OTHER ITEMS NOT COVERED ABOVE	-	-
M	SUB TOTAL (F+K+L)	1,485.00	1,485.00
N	Add:- Contingency – 5% (on M)	-	-
O	GRAND TOTAL	1,485.00	1,485.00
Q	Total Area = 6000 + 6000 SFT	12,000.00 SFT	12,000.00 SFT
	Total Amount (O*Q)	17,820,000	17,820,000
	Final Amount (including VAT@12.5%, Service Tax @2.06%)	20,414,592	20,414,592
	Total Interior and Furnishing Cost	Rs. 408.29 Lacs	
	Name of the Supplier	M/s Archdeep Interiors Pvt. Ltd.	
	Date of available quotations	28/04/2008	

Technology & Equipment Cost

Sr. No.	Item Description	Cost (Rs. In Lacs)
1	Nortel Voice Solution (300 IP Users)	565.60
2	Nortel Data	198.83
3	Juniper Routing Solution	25.97
4	Altitude Dialer Solution	292.62
5	Server, Desktops & Security Solution	402.56
6	Lan Services	208.78
7	Video Conferencing	12.02
8	CCTV System	2.45
	Total	1708.83

Name of the Supplier	Equant Technology Services (India) Pvt. Ltd.
Date of available quotations	12/03/2008

VAT or service tax to be added, if applicable

No second hand equipment / machinery are proposed to be brought for the proposed objects of the issue.

STRATEGIC INVESTMENTS/JOINT VENTURES

We seek to further enhance our position as a player in the Indian IT enabled Service industry. In addition to continued investments in developing our technological expertise, industry expertise and delivery infrastructure, we intend to enhance our capabilities and address gaps in industry expertise, technical expertise and geographical coverage through strategic acquisitions of business(es) and/or assets (including immovable properties), investments or joint ventures. Towards this end, we propose to target companies in India and overseas which have substantial experience in their respective domains and a good clientele. At present, we have not yet entered into any letter of intent or definitive commitment for such acquisition, investment or joint venture.

We intend to utilize Rs.3000 Lacs of the Net Proceeds of the issue towards such strategic investments/joint ventures. This amount is based on the management's current estimates of the amounts to be utilized towards this purpose and any specific acquisition opportunity will be considered based on actual value estimates at that time. The actual developments of the funds would depend on number of factors, including the timing of acquisition number of acquisitions and size of the target companies. The proceeds of the Issue may not be the total value of the acquisition, but may provide us with enough leverage to contract. In the event that there is shortfall of the funds required for the acquisition then, such shortfall of the funds required then, such shortfall shall be met out of the amounts allocated for general corporate purpose and/ or through internal accruals and we may need further approval from our shareholders for additional funding if required.

GENERAL CORPORATE PURPOSES

In accordance with the policies set up by the Board, the Company proposes to retain flexibility in applying Net Proceeds for general corporate purpose, including strengthen of our marketing capabilities, brand building exercises and upgradation of Infrastructure.

Our management will have the flexibility in utilizing these proceeds under the overall guidance and policies laid down by our Board.

We may have to revise our business plans from time to time and consequently our capital requirements may also change including revision of our capital expenditure programmes.

ISSUE EXPENSES

The total expenses of the Issue are estimated to be approximately Rs. [●]. The expenses of the Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, advertisement expenses and listing fees. All expenses with respect to the Issue will be allocated on the following basis:

Sr. No.	Activity	Expense (Rs. in lacs)
1.	Lead management fees, underwriting and selling commission*	[●]
2.	Advertising and marketing expenses*	[●]
3.	Printing and stationery, including transportation costs*	[●]
4.	Others (Registrar's fee, listing fees etc.)*	[●]
5.	Fees payable to Rating Agency*	[●]
	Total estimated Issue expenses*	[●]

* will be incorporated after the issue price is finalized.

Schedule of Implementation

Items Description	Commencement	Completion
SETTING UP NEW FACILITIES		
Premises Acquisition (Location I)	March, 2008	March, 2009

(Location II)	December, 2007	March, 2009
Interior and Furnishing Cost	April, 2009	June, 2009
Technology & Equipment Cost	May, 2009	July, 2009
STRATEGIC INVESTMENTS/JOINT VENTURES	December, 2008	March, 2009

Details of funds already deployed till Date & Sources of funds deployed

The funds deployed upto June 15, 2008 towards the object of this issue on the project as certified by the Statutory Auditors of our Company, viz. **S. G. Kabra & Co**, Chartered Accountants pursuant to their certificate dated July 1, 2008 is given below:

Particulars	Amount (Rs. In lacs)
Funds Deployed	
Payment made for purchase of property situated in Borivali, Mumbai (Image Developers)	400.00
Payment made for purchase of property situated in Kandivali, Mumbai (Sailee Developers)	1364.00
Issue Related Expenditure)	22.24
Total	1786.24
Sources of Funds	
Internal Accruals	1786.24

Working Capital Requirement

The Net Proceeds of this Issue will not be used to meet our working capital requirements as we expect sufficient internal accruals to meet our existing working capital requirements.

Appraisal Report

None of the projects for which Net Proceeds will be utilized have been financially appraised and the estimates of the costs of projects mentioned above are based on internal estimates of the Company.

Bridge Loan

We have not entered into any bridge loan facility that will be repaid from the Net Proceeds.

Interim use of net proceeds

Pending utilisation of the Issue proceeds for the purposes described above, we intend to invest the funds in high quality interest bearing liquid instruments including money market mutual funds and deposits with the banks for the applicable period.

Monitoring of utilisation of funds

Our Board will monitor the utilization of the Issue proceeds. We will disclose the details of the utilization of the Issue proceeds, including interim use, under a separate head in our financial statements for Financial Years 2008-2009 and 2009-2010, specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements of our listing agreements with the Stock Exchanges and in particular Clause 49 of the Listing Agreement.

No part of the proceeds of the Issue will be paid by us as consideration to our Promoters, our Directors, key management personnel or companies promoted by our Promoters except in the usual course of business.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by the Company in consultation with the BRLM on the basis of assessment of market demand for the issued Equity Shares by the Book Building Process. The face value of the Equity Shares is Rs.10/- and the Issue Price is [●] times the face value of the Equity Shares at the lower end of the price band and [●] times the face value at the higher end of the price band.

Investors should read the following summary with the Risk factors included in page viii and the details about the Company and its financial statements included in this Draft Red Herring Prospectus. The trading price of the Equity Shares of the company could decline due to these risks and you may lose all or part of your investments.

QUALITATIVE FACTORS

For some of the qualitative factors which form the basis for computing the price, see "Business Overview" and "Risk Factors" beginning on page 39 and page viii respectively of this Draft Red Herring Prospectus.

QUANTITATIVE FACTORS

Information presented in this section is derived from the Company's audited financial statements.

1. Earning Per Share (EPS)

Year ended	Diluted EPS (Rs.)	Weight
March 31, 2006	12.20	1
March 31, 2007	10.01	2
March 31, 2008	9.33	3
Weighted Average	10.04	

Note

- I. EPS is calculated as per the following formula: Net profit attributable to equity share holders/ Weighted average number of equity shares outstanding during the year.
- II. Weighted average no. of shares has been calculated on time basis.
- III. Earnings per share calculations are done in accordance with Accounting Standard-20 "Earning per share" issued by the Institute of Chartered Accountants of India.

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

a. Based on year ended March 31, 2008 EPS of Rs.9.33 as above is [●]

b. Industry P/E

i) Highest	58.7
ii) Lowest	0.9
iii) Industry Composite	11.2

Source: Capital Market Jun 30-Jul 13, 2008 Category – Computers- software- medium/small

3. Average Return on Net Worth (RONW %)

Year ended	RONW (%)	Weight
March 31, 2006	84.65	1
March 31, 2007	68.69	2
March 31, 2008	38.19	3
Weighted Average	56.10	

Return on Net Worth (%) = Net profit attributable to equity shareholders / Net worth excluding revaluation reserves at the end of the year

4. Minimum Return on Total Net Worth Required to Maintain Pre- Issue EPS: [●]%.

5. Net Asset Value per Equity Share

- (i) As on March 31, 2008 – Rs. 24.35
- (ii) After the Issue: Rs. [●]

(iii) Issue Price: Rs. [●]

6. Comparison of Accounting Ratios

The comparable ratios of the companies which are to some extent similar in business are as given below:

	EPS (Rs.)	P/E	RONW(%)	NAV
Excel Infoways Limited	9.33	[●]	38.19	24.35
First Source	1.3	26.6	8.1	12.1
eClerx Services Limited	23.3	10.5	--	70.00

Source: Capital Market Jun 30-Jul 13, 2008 Category – Computers- software- medium/small

The Face value of the Share is Rs.10/- per Equity Share and the Issue Price is [●] time of the face value.

The issue Price will be determined on the basis of the demand from the investors in accordance with the SEBI Guidelines. The BRLM believe that the Issue Price of Rs. [●] per share is justified in view of the above qualitative and quantitative parameters. The investors should peruse the risk factors and the financials of the Company including important profitability and return ratios, as set out in the Auditors' report on page 70 of the Draft Red Herring Prospectus to have a more informed view of the investment.

STATEMENT OF TAX BENEFITS

To
The Board of Directors
Excel Infoways Limited
31/A Laxmi Industrial Estate,
New Link Road,
Andheri (W),
Mumbai-400053.

Dear Sirs,

We hereby report that the enclosed annexure states “**Tax Benefits**” available to **Excel Infoways Limited** (the “**Company**”) and its shareholders under the current tax laws in force in India as amended by the Finance Act, 2008. The benefits as stated are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the Company or its Shareholders to derive the tax benefits is dependent upon fulfilling such conditions.

The benefits discussed in the enclosed annexure are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional advice. In view of the individual nature of the tax consequences, the changing tax laws and the fact that the Company will not distinguish between the shares offered for subscription and the shares offered for sale by the selling shareholders, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

For, **S. G. KABRA & CO.**
Chartered Accountants

Malvika P. Mitra
Partner
Membership No. 44105
Place : Mumbai
Date : 28.06.2008

Annexure To Statement Of “Tax Benefits” Available To Excel Infoways Limited and Its Shareholders

1. Benefits Available To The Company Under The Income Tax Act, 1961 (‘It Act’)

Special tax Benefits available to the Company

- ***Tax benefit under Section 10A of the Act***

According to the provisions of Section 10A of the Act, the Company while computing its total income, is eligible to claim a deduction in respect of profits derived by its undertaking/s from the I T Enabled services for a period of ten consecutive assessment years, beginning with the assessment year relevant to the previous year in which the undertaking/s begin to render such services. The eligible amount would be the proportion that the profits of the business of the undertaking/s bear to the export turnover in respect of I T Enabled services of the undertaking/s vis-a-vis the total turnover of the undertaking/s. 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 from the financial year beginning on the 1st day of April, 2010 and subsequent years.

However, from financial year beginning on 1st day of April 2007, the companies enjoying tax holiday under Section 10A are liable to pay Minimum Alternate Tax (MAT) at the rate of 10 percent (plus applicable surcharge and education cess)

General tax benefits available to the Company

- ***Dividend income***

Dividend income, if any, received by the Company from its investment in shares of another domestic company will be exempt from tax under Section 10(34) read with Section 115O of the IT Act. Income, if any, received on units of a Mutual Funds specified under Section 10(23D) of the IT Act will also be exempt from tax under Section 10(35) of the IT Act.

- ***Computation of capital gains***

Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. Shares in a company, listed securities or units will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as “long term capital gains”. Capital gains arising on sale of these assets held for 12 months or less are considered as “short term capital gains”.

Section 48 of the IT Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index as prescribed from time to time.

According to Section 10(38) of the IT Act, long-term capital gains on sale of equity shares or units of an equity-oriented fund where the transaction of sale is chargeable to Securities Transaction Tax (STT) shall be exempt from tax. However, the long term capital gain of a share holder being company shall be subject to income tax computation on book profit under section 115JB of the Income Tax Act, 1961.

As per the provisions of Section 112 of the IT Act, long term gains as computed above that are not exempt under Section 10(38) of the IT Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the provision to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

According to the provisions of Section 54EC of the IT Act and subject to the conditions specified therein, capital gains not exempt under Section 10(38) and arising on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted

earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

As per the provisions of Section 111A of the IT Act, short-term capital gains on sale of equity shares or units of an equity oriented fund where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 15 percent (plus applicable surcharge and education cess).

- **Depreciation**
Computer including computer software are entitled for higher depreciation at the rate of 60% on Written Down Value as per Appendix I of Income Tax Rules under Section 32 of the Income Tax Act, 1961.
- **Preliminary Expenses**
Under Section 35D of the Act, the company will be entitled to be deduction equal to 1/5th of the Preliminary expenditure of the nature specified in the said section, including expenditure incurred on present issue, such as Brokerage and other charges by way of amortization over a period of 5 successive years, subject to stipulated limits.
- **Credit for Minimum Alternate Taxes (“MAT”)**
Under Section 115JAA(2A) of the IT Act, tax credit shall be allowed in respect of any tax paid (MAT) under Section 115JB of the IT Act for any Assessment Year commencing on or after April 1, 2006. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the IT Act. Such MAT credit shall not be available for set-off beyond 7 years immediately succeeding the year in which the MAT credit initially arose.

2. General Benefits Available To Resident Shareholders

- **Dividends exempt under Section 10(34)**
Under Section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O received on the shares of the Company is exempt from income tax in the hands of shareholders.
- **Computation of capital gains**
Under Section 48 of the IT Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, as per second proviso to Section 48 of the IT Act, in respect of long term capital gains (i.e. shares held for a period exceeding 12 months) from transfer of shares of Indian company, it permits substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index, as prescribed from time to time.

Under Section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in 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 STT. However, the long term capital gain of a shareholder being company shall be subject to income tax computation on book profit under section 115JB of the Income Tax, 1961.

Under Section 112 of the IT Act and other relevant provisions of the IT Act, long term capital gains, (other than those exempt under Section 10(38) of the IT Act) arising on transfer of shares in the Company, would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess) after indexation. The amount of such tax should however be limited to 10 percent (plus applicable surcharge and education cess) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.

Under Section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under Section 10(38) of the IT Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:

- (a) National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988;

- (b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion. The cost of the long term specified assets, which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the income-tax under Section 80C of the IT Act for any assessment year beginning on or after April 1, 2006.

Under Section 54F of the IT Act and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under Section 10(38) of the IT Act) arising to an individual or a Hindu Undivided Family ('HUF') on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.

Under Section 111A of the IT Act and other relevant provisions of the IT Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 15 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 STT. 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.

- ***Deduction of Securities Transaction Tax (STT)***

Securities Transaction Tax paid in respect of taxable securities transactions will now be allowed as a deductible expenditure, if income arising from such taxable securities transactions is included in the income computed under the head "Profit & Gains of Business & Profession", as amended by the Finance Act, 2008.

3. General Benefits Available To Non Residents/Non Resident Indian Shareholders

- ***Dividends exempt under Section 10(34)***

Under Section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O received on the shares of the Company is exempt from income tax in the hands of shareholders.

- ***Computation of capital gains***

Under Section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in 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 STT.

Under the first proviso to Section 48 of the IT Act, in case of a non resident shareholder, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations) (in cases not covered by Section 115E of the IT Act discussed hereunder), 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 the same foreign currency which was utilized in the purchase of the shares.

Under Section 112 of the IT Act and other relevant provisions of the IT Act, long term capital gains, (other than those exempt under Section 10(38) of the IT Act) arising on transfer of shares in the Company, would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess) after indexation. The amount of such tax should however be limited to 10 percent (plus applicable surcharge and education cess) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.

Under Section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under Section 10(38) of the IT Act) arising on the transfer of

shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:

- (a) National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988;
- (b) Rural Electrification Corporation Lime company formed and registered under the Companies Act, 1956.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion.

Under Section 54F of the IT Act and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under Section 10(38) of the IT Act) arising to an individual or a Hindu Undivided Family ('HUF') on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.

Under Section 111A of the IT Act and other relevant provisions of the IT Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 15 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 STT. 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.

- **Option of taxation under Chapter XII-A of the Act:**

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:

Under Section 115E of the IT Act, where the total income of a non-resident Indian includes any income from investment or income from long term capital gains of an asset other than a specified asset, such income shall be taxed at a concessional rate of 20 percent (plus applicable surcharge and education cess). Also, where shares in the company are subscribed for in convertible foreign exchange by a Non-Resident India, long term capital gains arising to the nonresident Indian shall be taxed at a concessional rate of 10 percent (plus applicable surcharge and education cess) without indexation benefit but with the protection against foreign exchange fluctuation. Capital gain on transfer of Foreign Exchange Assets, not to be charged in certain cases.

Under provisions of Section 115F of the IT Act, long term capital gains (in cases not covered under Section 10(38) of the IT Act) arising to a non-resident Indian from the transfer of shares of the Company subscribed to in convertible Foreign Exchange (in cases not covered under Section 115E of the IT Act) shall be exempt from Income tax, if the net consideration is reinvested in specified assets or in any savings certificates referred to in Section 10(4B), within six months of the date of transfer. If only 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 are transferred or converted into money within three years from the date of their acquisition.

Under provisions of Section 115G of the IT Act, it shall not be necessary for a Non-Resident Indian to furnish his return of income under Section 139(1) if his income chargeable under the IT Act consists of only investment income or long term capital gains or both; arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from.

- **Deduction of Securities Transaction Tax (STT)**

Securities Transaction Tax paid in respect of taxable securities transactions will now be allowed as a deductible expenditure if income arising from such taxable securities transactions is included in the

income of computed under the head "Profit & Gains of Business & Profession", as amended by the Finance Act, 2008.

4 General Benefits Available to Foreign Institutional Investors (FII's)

- **Dividends exempt under Section 10(34)**

Under Section 10(34) of the IT Act, income by way of dividends referred to in Section 115-O received on the shares of the Company is exempt from income tax in the hands of shareholders.

- **Taxability of capital gains**

Under Section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in 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 STT.

Under Section 54EC of the IT Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under Section 10(38) of the IT Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:

- (a) National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988;
- (b) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion.

Under Section 115AD (1)(ii) of the IT Act short term capital gains on transfer of securities shall be chargeable @ 30 percent and 15 percent (where such transaction of sale is entered on a recognized stock exchange in India and is liable to STT). The above rates are to be increased by applicable surcharge and education cess.

Under Section 115AD(1)(iii) of the IT Act income by way of long term capital gain arising from the transfer of shares (in cases not covered under Section 10(38) of the IT Act) held in the company will be taxable @10 percent (plus applicable surcharge and education cess). It is to be noted that the benefits of indexation and foreign currency fluctuations are not available to FIIs.

However, where the equity shares form a part of its stock-in-trade, any income realised in the disposition of such equity shares may be treated as business profits, taxable in accordance with the DTAA between India and the country of tax residence of the FII. The nature of the equity shares held by the FII is usually determined on the basis of the substantial nature of the transactions, the manner of maintaining books of account, the magnitude of purchases, sales and the ratio between purchases and sales and the holding etc. If the income realised from the disposition of equity shares is chargeable to tax in India as business income, FII's could claim, STT paid on purchase/sale of equity shares as allowable business expenditure. Business profits may be subject to tax at the rate of 20 / 40 percent (plus applicable surcharge and education cess).

- **Exemption of capital gain from income tax**

According to Section 10(38) of the IT Act, long-term capital gains on sale of shares where the transaction of sale is chargeable to STT shall be exempt from tax. According to the provisions of Section 54EC of the IT Act and subject to the conditions specified therein, capital gains not exempt under Section 10(38) and arising on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer.

However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

- **Deduction of Securities Transaction Tax (STT)**

Securities Transaction Tax paid in respect of taxable securities transactions will now be allowed as a deductible expenditure if income arising from such taxable securities transactions is included in the income of computed under the head "Profit & Gains of Business & Profession", as amended by the Finance Act, 2008.

5 General Benefits Available To Mutual Funds

As per the provisions of Section 10(23D) of the IT Act, Mutual Funds registered under the Securities and Exchange Board of India or Mutual Funds set up by Public Sector Banks or Public Financial Institutions or authorized by the Reserve Bank of India and subject to the conditions specified therein, would be eligible for exemption from income tax on their income.

6 General Benefits Available To Venture Capital Companies / Funds

Under Section 10(23FB) of the IT Act, any income of Venture Capital companies/ Funds (set up to raise funds for investment in venture capital undertaking notified in this behalf) registered with the Securities and Exchange Board of India would be exempt from income tax, subject to conditions specified therein. As per Section 115U of the IT Act, any income derived by a person from his investment in venture capital companies/ funds would be taxable in the hands of the person making an investment in the same manner as if it were the income received by such person had the investments been made directly in the venture capital undertaking.

7 Securities Transaction Tax

The exemption on long term capital gains and reduction of rate for short term capital gains would be applicable only if the sale / transfer of the equity shares take place on a recognised stock exchange in India. All transactions entered into on a recognised stock exchange in India will be subject to STT levied on the transaction value at the applicable rates.

8 Tax Treaty Benefits

An investor has an option to be governed by the provisions of the IT Act or the provisions of a Tax Treaty that India has entered into with another country of which the investor is a tax resident, whichever is more beneficial.

9 General Benefits Available 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 are not liable to wealth tax.

Notes:

- *The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares;*
- *The above Statement of Possible Direct Tax Benefits sets out the possible tax benefits available to the Company and its shareholders under the current tax laws presently in force in India as amended by Finance Act, 2008. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws;*
- *This Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue;*
- *In respect of non-residents, the tax rates and the consequent taxation 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; and*
- *The stated benefits will be available only to the sole/first named holder in case the shares are held by joint shareholders.*

SECTION IV – ABOUT THE ISSUER COMPANY

INDUSTRY OVERVIEW

ITES - BPO Market

Over the past decade, the Indian BPO segment has witnessed significant transformation. Starting with basic data entry tasks, the industry graduated to a high proportion of voice-based services and a range of back-office processing activities. The last 3-4 years have seen the scope of services expanding to include increasingly complex processes involving rule-based decision making and even research services requiring informed individual judgment.

The rapid expansion in scope of BPO has been accompanied by an equally rapid adoption across a range of vertical industries. This wide range of services may be summarised into four broad categories comprising Finance and Accounting (F&A), Customer Interaction Services (CIS) and Human Resource Administration (HRA), and a wide range of other vertical-specific and niche services.

CIS includes all forms of IT-enabled customer contact; inbound or outbound, voice or non-voice based support used to provide customer services, sales and marketing, technical support and help desk services.

BPO is witnessing an increasing emphasis on the cost-plus, additional strategic levers that it can deliver include innovation of the underlying business process being outsourced, improved competitive positioning, managing customer expectations, elevation of the strategic role of the retained organisation, optimal resource allocation, support for globalisation of their businesses, and technology support and access. This has also resulted in heightened C-level attention resulting in enterprise-wide evaluation of BPO opportunities – which is in turn opening new avenues to explore. This steady expansion in scope coupled with low penetration levels is supporting high growth for BPO.

Key Highlights of the IT-BPO sector performance in FY 2007-08

IT Industry-Sector-wise break-up

USD billion	FY2004	FY2005	FY2006	FY2007	FY2008 E
IT Services	10.4	13.5	17.8	23.5	31.0
-Exports	7.3	10.0	13.3	18.0	23.1
-Domestic	3.1	3.5	4.5	5.5	7.9
BPO	3.4	5.2	7.2	9.5	12.5
-Exports	3.1	4.6	6.3	8.4	10.9
-Domestic	0.3	0.6	0.9	1.1	1.6
Engineering Services and R&D, Software Products	2.9	3.8	5.3	6.5	8.5
-Exports	2.5	3.1	4.0	4.9	6.3
-Domestic	0.4	0.7	1.3	1.6	2.2
Total Software and Services Revenues	16.7	22.5	30.3	39.5	52.0
Of which, exports are	12.9	17.7	23.6	31.3	40.3
Hardware	5.0	5.6	7.1	8.5	12.0
-Exports	n.a.	0.5	0.6	0.5	0.5
-Domestic	n.a.	5.1	6.5	8.0	11.5
Total IT Industry (including Hardware)	21.6	28.2	37.4	48.0	64.0

N.A.: Not available

Note: Figures may not add up due to rounding off.

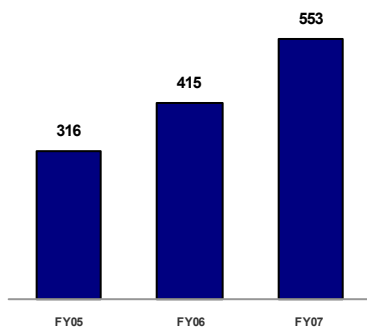
Source: NASSCOM

Indian ITES-BPO Industry : NASSCOM Analysis

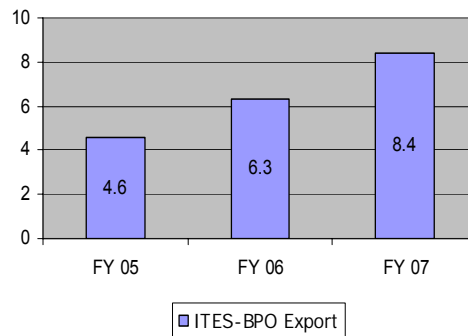
The Indian ITES-BPO Scenario

The Indian ITES-BPO segment has witnessed a steady growth. BPO exports are growing at about 33.5% percent and have exceeded FY06 expectation at USD 8.4 billion in FY2007.

Employees ITES-BPO (in '000)



Exports ITES-BPO (USD million)



Key Highlights of Indian ITES-BPO sector performance

- Indian ITES-BPO exports grew from USD 6.3 billion in FY 2005-06 to USD 8.4 billion in FY 2006-07 expected to grow to USD 10.5-11bn in FY08.
- ITES-BPO employee base has grown to 553,000 in FY 07 from 415,000 in FY 06

Key Highlights of Domestic BPO industry

- BPO demand in the domestic market has witnessed noticeable growth over the past few years. The annual revenue aggregate of the domestic market for ITES-BPO grew to USD 1.2 billion in FY 2006-07 from USD 0.9 billion in FY 2005-06, illustrating a significant increase in demand. While the high growth rate may be attributed to a small-base effect, the rapid adoption of BPO in the domestic market is receiving well-deserved attention.

Key Growth Drivers of Indian ITES-BPO Exports

- **Abundant Talent-** India's young demographic profile is an inherent advantage complemented by an academic infrastructure that generates a large pool of English speaking talent. Talent suitability concerns are being addressed through a combination of government, academia and industry led initiatives. These initiatives include national rollout of skill certification through NAC (NASSCOM Assessment of Competence), setting up finishing schools in association MHRD to supplement graduate education with training in specific technology areas and soft skills and MoU's with education agencies like UGC and AICTE to facilitate industry inputs on curriculum and teaching and develop faculty development programme.
- **Sustained cost competitiveness-** India has a strong track record of delivering a significant cost advantage, with clients regularly reporting savings of 25-50 percent over the original cost base. The ability to achieve such high levels of cost advantage by sourcing services from India is driven primarily by the ability to access highly skilled talent at significantly lower wage costs and the resultant productivity gains derived from having a very competent employee base. This is further complemented by relative advantages in other elements of the cost structure (e.g. telecom) that contribute to India's cost competitiveness – even when compared to other low-cost destinations.
- **Continued focus on quality-** Demonstrated process quality and expertise in service delivery has been a key factor driving India's sustained leadership in global service delivery. Since the inception of the industry in India, players within the country have been focusing on quality initiatives, to align themselves with international standards. Over the years, the industry has built robust processes and procedures to offer world class IT software and technology related services.

- World class information security environment-** Stakeholders of Indian BPO recognise fool proof security as an indispensable element of global service delivery. Individual firm level efforts are complemented by a comprehensive policy framework established by Indian authorities, which has built a strong foundation for an 'info-secure' environment in the country. These include strengthening the regulatory framework through proposed amendments to further strengthen the IT Act 2000, scaling up the cyber lab initiative, scaling up the National Skills Registry (NSR) and establishing a self regulatory organisation.
- Rapid growth in key business infrastructure-** Rapid growth in key business infrastructure has ensured unhindered growth and expansion of this sector. The BPO sector has been a key beneficiary with the cost of international connectivity declining rapidly and service level improving significantly. The growth is taking place not only in existing urban centers but increasingly in satellite towns and smaller cities. Critical business infrastructure such as telecom and commercial real estate is well in place; improving other supporting infrastructure a key priority for the government. STPI infrastructure available across the country and magnitude of investments shows government support to the industry.
- Enabling Business policy and Regulatory environment-** The enabling policy environment in India was instrumental in catalyzing the early phases of growth in this sector. Policy makers in India have laid special emphasis on encouraging foreign participation in most sectors of the economy, recognising its importance not only as a source of financial capital but also as a facilitator of knowledge and technology transfer. The Indian ITES-BPO sector has benefited from this approach, with participating firms enjoying minimal regulatory and policy restrictions along with a broad range of fiscal and procedural incentives.

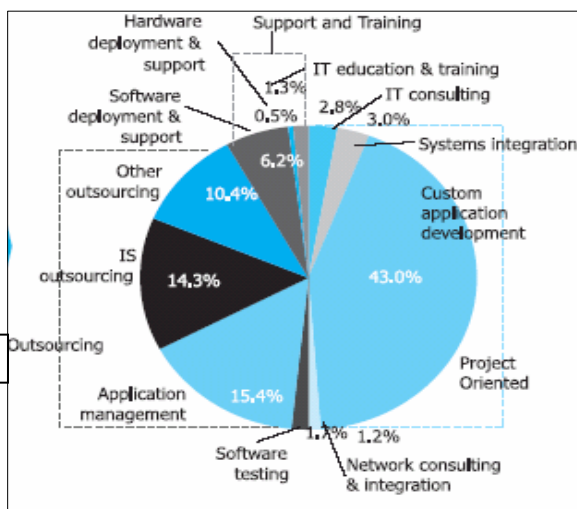
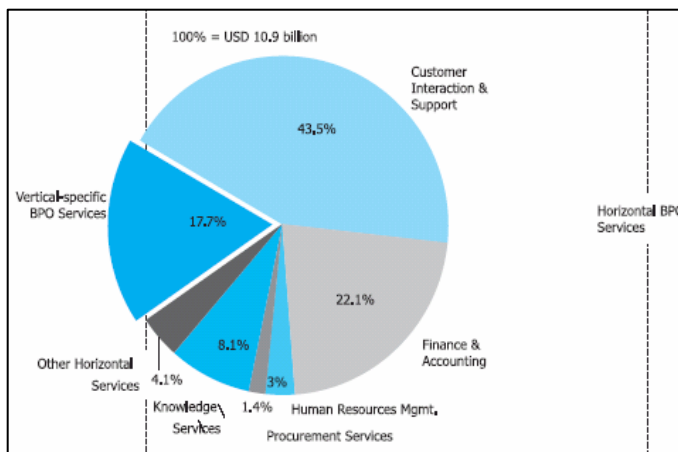
INDIAN IT-BPO PERFORMANCE IN FY2008

- The Indian IT-BPO revenue aggregate is expected to grow by over 33 per cent and reach USD 64 billion by the end of FY2008.
 - IT exports (including hardware exports) are expected to cross USD 40.8 billion in FY2008 as against USD 31.9 billion in FY2007, a growth of 28 per cent.
 - Domestic IT market (including hardware) is estimated to reach 23.2 billion in FY2008 as against USD 16.2 billion in FY2007, a growth of 43 per cent
- The direct employment in the sector is expected to reach nearly 2 million, an increase of about 375,000 professionals over FY2007.
 - IT services exports, BPO exports and Domestic IT industry provides direct employment to 865,000, 704,000 and 427,000 professionals respectively.
- As a proportion of national GDP, the Indian technology sector revenue has grown from 1.2 per cent in FY1998 to an estimated 5.5 per cent in FY2008.

SOFTWARE AND SERVICES EXPORTS FY 2008:

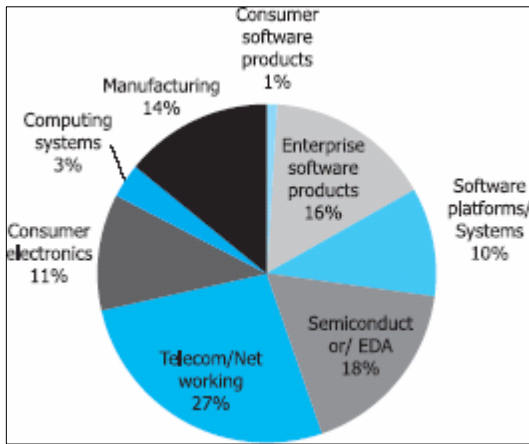
- Exports remain the mainstay of the sector and are estimated to reach USD 40.3 billion in FY2008, contributing nearly 64 per cent to the overall revenue aggregate
- IT services (excluding BPO, product development and engineering services), contributing to 57 per cent of the total software and services exports, remains the dominant segment and is expected to cross USD 23 billion, a growth of 28 per cent in FY2008.

Split by service offerings in IT Services



- BPO services, accounting for over 27 per cent of the export aggregate, is the fastest growing segment across software and services exports driven by scale as well as scope. Export revenues for this segment are expected to cross

Split by service offerings in BPO services

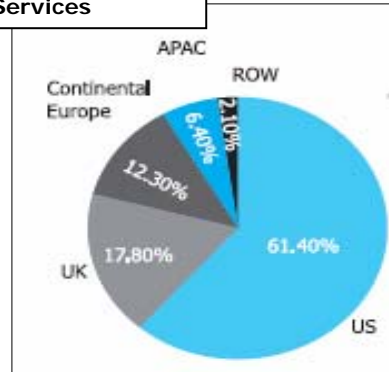


USD 10.9 billion, a growth of 30 per cent in FY2008.

- Export revenues from relatively high-value-added services such as engineering and R&D, offshore product development and made-in-India software products is estimated to be growing at over 27 per cent, and are forecast to reach USD 6.3 billion in FY2008.

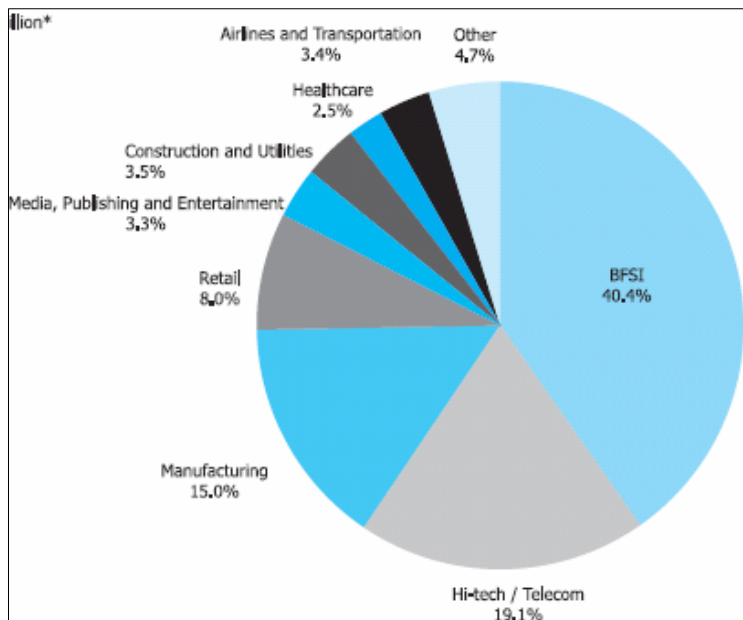
Split by service offerings in S/w products & Eng. Services

While US & UK remained the largest export markets (accounting for about 61 per cent and 18 per cent respectively, in FY2007), the industry is steadily increasing its exposure to other geographies. Exports to Continental Europe in particular have witnessed notable gains, growing at a CAGR of more than 55 per cent over FY2004-2007.



Geographic market exposure of IT-BPO Exports

- Banking, Financial Services and Insurance (BFSI) remains the largest vertical market for Indian IT-BPO exports, followed by High-technology and Telecom accounting for nearly 60 per cent in FY2007. Manufacturing and Retail followed, contributing 23 per cent to the aggregate. Other key segments include Media, Healthcare, Airlines and Transportation, and Utilities.



Vertical Split for Indian IT-BPO Exports

DOMESTIC IT MARKET IN FY2008

- Technology adoption in the domestic market also reported steady gains in 2007. This segment is expected to cross USD 23 billion in FY2008, reporting healthy growth

across all key segments.

- Hardware remains the largest segment of the domestic market, and is expected to grow at 44 per cent in FY2008.
- Domestic IT services spends are estimated to be growing at about 43 per cent in FY2008.
- Software and services and BPO spending growth in the domestic market is being supported by increasing adoption, and is expected to grow by over 42 per cent and 45 per cent, respectively.
- Growing levels of technology adoption are now accompanied by a steady appreciation of the rupee, is also making India more attractive as a market – even for players that had earlier maintained a stricter focus on exports.

The Indian BPO Sector Dealing with the challenges

The Indian BPO sector continues to chart strong year-on-year growth, estimated at 28 percent for FY 2007-08. Growth is being driven by a steady increase in scale and depth of existing service lines, and by the addition of newer vertical-specific and emerging, niche business services. The expected turnover of the BPO sector by March 2008 will be around US\$ 10.9 billion, with the industry employing slightly over 700,000 employees.

Over the last few years, the key players in the industry have been seeking ways to convert each customer into a value-reinforcing/revenue-generating resource. At the other end, the demonstrated advantages of

outsourcing, has resulted in an increasing number of businesses turning to external service providers for a range of requirements including traditional customer support, sales and marketing services, and extending into solution related to technical support/help desk and fulfillment.

The growth in business volumes has been accompanied by a steady expansion of the service portfolio. Service providers have added offerings such as data analytics and customer value analysis, transforming from single-service cost centers to dynamic sources of customer data and incremental revenue for clients. This has in turn helped client organizations to enhance their customer relationship management programs with their external service partners.

Technology adaptation to BPO is also helping drive down costs, by allowing service providers to choose alternative channels such as interactive voice response (IVR), innovative technology platforms and Web-based service delivery; and helping develop newer engagement models such as hosted contact center outsourcing that offers a discounted access to client organizations, without them having to incur high capital expenditure.

The challenges faced in 2007

Significant global integration and consolidation is taking place in the BPO space and Indian BPO companies must factor in this trend to get their strategies right.

Having established a brand that connotes quality and lower cost, the Indian BPO sector has emerged as a dominant global player and is poised to be the main beneficiary of this aggregation opportunity. Some of the changes happening outside and within the Indian BPO industry are rapid but subtle, and likely to be overlooked. These changes need to be factored in by BPO companies to get their strategies and decision making aligned to various opportunities which exist in the global market.

Some of the challenges, which will have a lasting impact on the Indian BPO sector, are as follows:

The Sub prime crisis in the US

Never before has the US mortgage industry experienced such a dramatic need for new operating models such as outsourcing. Mortgage lending firms have been forced to navigate rough waters churned by the housing bubble, the sub prime crunch, and a tighter lending environment. Now lenders must explore every avenue to boost operational performance and drive efficiencies. Increasing sophistication by Mortgage Process Outsourcing (MPO) providers allow opportunities for lending firms to combat these problems, but lenders are only now beginning to explore the breadth and depth of provider services. Many lenders have yet to grasp how to drive maximum value from MPO.

In the current business environment, the mortgage industry, more than any other, should be focused on increasing efficiencies and controlling costs from outsourcing. The ongoing sub prime crisis, which evolved from a liquidity crisis, has forced at least 100 mortgage lenders to close their doors. Even the September 18, 2007, reduction of the Fed Funds rate by a half-point to 4.75 percent, while believed to spur markets generally, is expected to have little effect on mortgage rates, especially in the short term.

Meanwhile, the industry should remain braced for declining origination volumes, predicted to drop to less than US\$ 2.25 trillion from a 2003 peak of about US\$ 4 trillion, according to the Mortgage Bankers Association (MBA). Lenders will also suffer from a lack of buyers on the secondary market, who have lost their taste for illiquid mortgage securities. Fewer loans mean higher origination costs per loan. Couple this with discounts and incentives to get qualified borrows in the door and lenders are having a hard time turning a profit and staying productive. Since 2003, loan officer productivity has decreased 40 percent, while origination costs per loan have more than doubled, according to the MBA. The average income per loan this year is anticipated to be under US\$ 250 from nearly US\$ 1,500 in 2003.

Outsourcing in the mortgage industry began with farming out information technology functions to save costs, but the practice has since evolved to include increasingly detailed and industry-specific business processes executed by companies with operations around the world. The US\$ 20 billion business-process outsourcing (BPO) market will grow by nearly 20 percent between 2005 and 2010, according to industry sources. Within BPO, the highly complex Knowledge Services, a part of MPO, is predicted to swell by a 50 percent compound growth rate by 2010. Mortgage lenders, like other financial services firms, joined the IT outsourcing wave but are just now experimenting with more complex forms of outsourcing. They will be forced into this, however, if they aim to remain competitive.

Talent and Attrition–Cost of Retention have increased

Lately, retaining middle and senior management teams is proving to be a challenge. There is significant movement at this level between jobs. A year at the middle management level in any large BPO major is a ticket to senior levels elsewhere. This is a key risk as it has the potential to derail growth and stability of BPOs. This demand-supply gap at the top level and also the skill set required for handling scalability and multicultural integration of operations is an opportunity for experienced expat managers to move into India operations, as has been the case in the airline industry. Also, Indians who are senior managers overseas are heading back.

With the industry moving into a mature phase, there is a certain sophistication that has come in, thereby decreasing many transaction hurdles and speeding up the pace of growth. The key here is the India brand. Hence we are seeing reverse mergers with Indian firms attempting to acquire/acquiring larger global players. Business control is moving from customer facing to delivery capability geographies.

According to McKinsey & Co., the industry leaders who are setting best practices in human resource management and retention actually pay less than the laggards and are leveraging effective people management practices rather than higher compensation to keep their teams intact. This is especially true in case of large players; where they continue to employ 2,000 personnel every quarter—to bring down the sourcing cost effectively. The BPO companies have tied-up with colleges to train the talent while they are doing their college degree. This has proved to be an effective model for cost reduction as well as manpower retention.

Currency Dynamics

The rupee rise against the dollar is a major test for Indian BPO players as they bill in dollars for the work done entirely offshore, while expenses are met in rupees. And worst, as we all know, the IT expenditure budget of the customer does not increase. It remains where it was. Therefore, customer hedging is not possible in most of the engagements.

However, in the recent past, customers have become receptive to such changes, as they have realized that only if the outsourcee is profitable will the outsourcer benefit. Some of the BPO companies have convinced some of their clients to bill in rupees instead of the US dollar.

According to analysts, one percent rise in the rupee translates into a 50-basis point negative impact on BPO margins.

Alternatively, firms are increasingly focusing on high-margin service lines such as finance and accounting, legal process outsourcing, risk management services, analytics, advisory and process re-engineering.

According to NASSCOM, the BPO sector is looking at improving productivity and providing greater value to customers. Companies also need to combat competition from other emerging destinations such as the Philippines and China, which are also trying to replicate our model. The Yuan has appreciated less than the Rupee and the Chinese government has been offering various incentives to its BPO companies. By and large, people here have realized that the rupee-dollar rate is impacted not by any specific action that a country takes but by being a part of the global environment.

BUSINESS OVERVIEW

Excel Infoways Ltd. Started in 2003 is an ISO 27001:2005 certified Company. Excel Infoways Ltd. is a BPO (Business Process Outsourcing) & Customer Contact Center based in India. We are registered member of NASSCOM.

We are a leading provider of offshore BPO services to Clients primarily in Telecommunications and Financial Sector. At Excel each component of our service delivery is critical. We provide BPO service mostly to clients in the United States and the United Kingdom. There is a continuous check of the quality of exchange between our operators and the customers through silent monitoring, recording, and consumer surveys.

We commenced commercial operations in September, 2003 with an initial capacity of 50 seats. Since then, we have experienced rapid growth and significantly expanded our operation to 150 seats.

We currently have clients, all of which are overseas corporations, majority from US. Over the period, we have successfully expanded the revenue from most of our existing clients in addition to adding a few significant clients. Our client relationships are often long-term.

We presently have facility at Andheri (W) in Mumbai aggregating 150 seats. In addition, we propose to set up a 300-seat facility in Mumbai at Borivali (W) and Kandivali- Charkop in Financial Year 2009-2010.

Our business model revolves around three key drivers: our people, our processes and our technology. These have been instrumental in successfully delivering our BPO services to our clients.

We provide a comprehensive range of services to clients in each of our focus industries. The principal services that we provide in each industry are:-

- **Telecom Fulfillment Solutions:** Customer acquisition, provisioning and fulfillment support, customer service and collections.
- **Financial Services:** Customer acquisition, customer service, funds management and overseas property management, Business & Financial Transcription, e-media Transcription
- **Technical services:** Network Management and Monitoring, Solution of complex connectivity problems to increase bandwidth, improve response times, maximize performance, and support global operations.
- **Healthcare :** Insurance Claim Processing, Medical Billing and Coding

We have developed the domain knowledge of these industries in multiple combinations of services. It helps in cultivating client relationship in different industry vertical.

COMPETITIVE STRENGTHS

We believe the following business strengths allow us to compete successfully in the BPO industry:

Made a presence in BPO industry in a short span of time

We have established our business with all the major vertical of International Industry. We have a strong & healthy client base. We have started our business in the year 2003 and that was the time when BPO industry was newly introduced to market and the term BPO was a complete new term for Market and we were able to capture the big share in the market and able to achieve client relationships and a track record of operational excellence.

Established Systems and Processes

We have developed our business through a different combination of processes. We have developed systems and processes to:

- acquire and grow customer relationships;
- recruit and train over 75 employees per month;
- improve productivity and quality;
- maintain employee motivation and develop management talent across all levels; and
- Integrate business acquisitions.

Diversified business model

Our income is diversified across a range of geographies and industries. We believe that our diversified income is a competitive strength, as it provides a hedge against cyclical or other adverse developments

(including changes in laws or regulations) within any particular industry sector or geography or affecting any one of our clients. We believe that our diversified business model will result in relatively less volatility in our income, profits and cash flows, which will allow us to more effectively plan and invest in the growth of our business.

Experienced management team

The experience of our management team is a key competitive advantage for our Company. Our management team has a track record to grow the BPO business, domain knowledge in the industries we serve and relevant experience in the geographies in which we operate. Our management team has diverse strengths including sales, operations management, process excellence, building infrastructure, technology management, scaling businesses and growing the business in a disciplined manner.

Strategic positioning in our target industry sectors

We have targeted the Telecom Fulfillment solution, Financial Services, Technical Services, healthcare industries through a natural growth and are strategically positioned to benefit from the attractive growth opportunities in these industries.

- **Telecom Fulfillment Solution**

We provide our clients with a broad range of services, including customer acquisition, provisioning and fulfillment support, customer service, billing support, and collections. We believe that our key strengths within the telecommunications and media sector are our deep domain expertise, proven track record, ability to provide end-to-end services and multi-shore capabilities.

- **Financial Services**

We provide the clients with a broad range of services, including Customer acquisition, customer service, funds management and overseas property management, Business & Financial Transcription, e-media Transcription.

- **Technical services:**

We provide the clients with Network Management and Monitoring, Solution of complex connectivity problems to increase bandwidth, improve response times, maximize performance, and support global operations

- **Healthcare**

We provide our clients in the healthcare industry with a broad range of services, including Insurance Claim Processing, Medical Billing and Coding

We have leveraged our experience in the telecom fulfillment solutions, Financial Services, Technical Services and healthcare industries and our operational expertise to expand our service offerings to new areas within those industries, as well as to clients in other industries. We believe that our strategic positioning within our key target industries is a significant competitive strength that will provide significant growth opportunities to us.

Established relationships with Overseas Companies

Many of these relationships have strengthened over time as we obtain repeat work from these clients and gain a greater share of their BPO expenditure. We believe increased income from our existing clients is a good measure of our clients' satisfaction with our process delivery and their confidence in our capabilities. We believe that our portfolio of clients is an important differentiator, including for purposes of winning new clients.

Proven delivery model

We are recognized for our service delivery. We believe that our clients have faith in our ability and skill to understand requirements and to design and implement outsourced solutions that meet their requirements. Such solutions are measured, monitored and audited by us on an on-going basis.

SERVICE OFFERINGS

We offer comprehensive process outsourcing services to global clients in four major industries through our off-shore delivery centers.

Telecom Fulfillment

We believe that there is a convergence in the delivery channels for telecom fulfillment solution services. Our service offerings to clients in the telecom fulfillment solution industry are aimed at addressing the convergence of fixed line, wireless, satellite and voice-over internet protocol based phones delivery channels and are depicted below:

Fixed Land line	Wireless	Satellite	VOIP
Inbound Sales	Orders	Web based	Inbound Sales
Outbound Sales	Returns	Inbound sales	Outbound Sales
Cross Sell	Logistic	Outbound sales	Cross Sell
Up Sell	Porting		Up Sell
Overdue Bills	Credit Inspection	Overdue Bills	Overdue Bills
Collections	Dispatch form fill-up	Collections	Collections
	Customer support		
	Overdue Bills		
	Collections		

Financial Services

Our key service offerings in Financial Services are depicted below:

Funds Management	Overseas Property	Collections	Business, Financial e-media Transcription
Inbound Sales	Inbound Sales	Third party Collection	Financial Briefs
Outbound Sales	Outbound Sales	Early Out Collection	News recording
Enquiries & Application	Exhibition enquiries	Primary Collection	Tran scripted in literature in TAT
Credit Inspection	Inspections trips	Secondary and later stage collection	Q&A Sessions
Underwriting & Funding Out	After Sales	Pre-legal collection	
Collections	Customer Support	Skip Tracing	

We intend to expand our service offerings. In the collections business, our customers typically provide us with a portfolio of debts, which comprises a list of customers who are in various stage of delinquency. Our collections team, using a combination of analytics and scoring models, creates a strategy to contact the customer through multiple channels and liquidate the debt. We have successfully been able to extend this capability to our existing customers in the United States. We believe that the collections business represents a significant growth opportunity for us.

Technical Services

Our key service offerings in Technical Services are depicted below:

Routing and Switching	<ul style="list-style-type: none"> networking across LAN and WAN interfaces and variety of routers and switches Solution of complex connectivity problems to increase bandwidth, improve response times, maximize performance, and support global operations
Security	<ul style="list-style-type: none"> Security and VPN solutions Network infrastructure Configuration complex, end-to-end secure networks, troubleshooting integrated environments, and understanding common attacks and mitigation techniques
Service	<ul style="list-style-type: none"> IP fundamentals and technologies Building an extensible service provider network infrastructure to deliver rich managed services Service provisioning, MPLS, VPNs, service level agreements and basic security
Storage Networking	<ul style="list-style-type: none"> Implementation and troubleshooting of storage area networks
Voice	<ul style="list-style-type: none"> building and configuring complex end-to-end telephony network, troubleshooting and resolving VoIP-related problems

Healthcare Services:

Our key services to the Healthcare segment are depicted below:-

Business Services	<ul style="list-style-type: none"> • Insurance Claim Processing • Patient Scheduling
Transaction Processing	<ul style="list-style-type: none"> • Medical Billing • Medical Coding

COMPETITION

Competition within the BPO services industry is intense and growing. We compete primarily against:

- offshore BPO providers, particularly in India;
- the BPO divisions of global IT companies and global “pure play” BPO providers located in the United States;
- the BPO divisions of IT companies located in India and
- Companies, including certain of our clients, that choose to perform their own business processes internally through offshore captive business processing units established specifically for this purpose.

We compete against these entities through our domain expertise, established client relationships, consistent high quality service delivery and our ability to flexibly meet our client’s requirements.

One of our key competitive advantages historically has been our cost advantage relative to companies in the United States and Europe and our ability to attract and retain highly experienced and skilled employees. We expect that competition may increase to include companies from other countries that have lower cost structures that India and /or better or cheaper access to skilled manpower.

OUR STRATEGY

Learning from our experience and our understanding of the BPO industry, we have built our strategy on the following beliefs:

- The ideal model calls for a multi-location, multi-service offering, where profitability is enhanced by efficient utilization of assets.
- Delivering services to the East and West coasts of the US, the UK and daytime use of same assets (offline and processing work) results in better utilization of infrastructure. Client portfolios should be managed in line with this.
- A high client concentration is an accepted practice in this industry.
- Sales and marketing costs should be met only out of operating revenues and should not be indiscriminately incurred upfront. The business does not call for a “feet on street” approach to business development – the team needs to be small, senior in experience, domain-focused and work deeper and broader into client relationships. Client servicing should be done by the relevant operations team out of cost-efficient delivery locations.
- Price is not the sole factor that influences a client during the awarding of a contract. Cost-value ratios, commitment, quality, referrals and ability to sustain performance levels are important decision-drivers. Many clients choose to build redundancy by engaging different vendors out of diverse locations. However, we believe that geographic redundancy in India alone might soon cease to be of value to Indian vendors and expansion of delivery needs to be planned at locations outside India.

Based on the above assumption our business strategy is mentioned below:

(i) Maintain Our Focus on Long-term Relationships

We expect to maintain our focus on long-term client relationships. We believe that there are significant opportunities for additional growth with our existing clients and to expand these relationships by increasing the depth and breadth of the services we provide.

This strategy increases our in-depth client-specific knowledge to provide more fully integrated BPO solutions and develop closer relationships with our clients. Working with a small number of clients on a long-term basis also allows us to focus on quality and to devote the time and resources necessary to provide savings and to meet their expectations.

(ii) Expand our Client Base

Although we intend to maintain our focus on long-term client relationships, in order to mitigate risks arising from a small number of clients and to diversify our exposure to any one client, we intend to expand our client base.

We intend to increase the number of clients from HR processing, call quality monitoring (quality assurance service) and technical support services, which should increase our profit margins. HR processing services will be driven by our proprietary technology and are characterized by non-linear growth in revenues as against costs. We believe quality assurance service will be an attractive value-proposition for global corporations to outsource on a large scale. This offering fulfills their requirement for continuous business process improvement and independent assessment of their internal and external BPO vendors.

We also propose to provide value-addition along industry horizontals like data analytics, collections and technology-driven transaction processing.

(iii) Give our Focus on the Financial Services Segment

In the customer management services horizontal, we plan to give our focus on the financial services segment, which currently contributes a small portion of our revenues. We intend to focus on these opportunities in niches like retail Financial Services and Student Loan Consolidation.

(iv) Continue to Invest in Operational Infrastructure

We believe that our delivery, infrastructure and processes are proven and scalable and we will continue to invest in infrastructure, including human resources, to meet our growing needs. We plan to continue our hiring and training efforts internally, as this will help maintain the quality of our human resources and homogeneity in culture, and to continuously upgrade our training materials and methodology. We also plan to develop technology for client-interactions and productivity improvements.

(v) Cost-Effective Client Acquisition Strategy

It is our future strategy, to keep pre-sales team to be based in India and the front-end team will be placed in specific sourcing locations. Our front end offices will concentrate on marketing our services offerings in the US, the UK and other overseas markets and also focus on the emerging markets in new BPO services. We intend to secure client relationships through domain-based concept selling before formal outsourcing structures are put in place, which should help ensure a competitive blend of bidding and non-bidding opportunities.

(vi) Pursue Strategic Relationships and Acquisitions

Over and above our organic growth strategies, we plan to enter into joint-marketing efforts with our existing clients in order to participate in client strategies for growth and integrate our offshore offering therein. We propose to enhance our capabilities through strategic investments/joint ventures in order to expand our existing client base, increase our horizontal skill-sets and to provide scalability of our service offerings.

MARKETING

We have a sales and marketing team working out at our office. Our employees in front-end marketing possess specialized domain expertise. The business development and Marketing group is responsible for new client acquisition, client relationship management, public relations and participation in industry forums and conferences. They identify prospective clients based on selective criteria that map our domain competencies to the prospective client's business lines, goals and operating constraints, and qualify the long-term relationship potential with the client.

Our marketing support team based in India handles interaction with the front-end team on a regular basis and co-ordinates with them on critical client acquisition functions including market research, prospecting and pre-sales, drafting of proposals and creation of presentations.

Our sales and marketing strategy is designed around leveraging our existing relationships. Our objective is to build and nurture strong client relationships which will help us in recognising potential new business opportunities with these clients. We believe we will continue to see substantial growth from existing customers; as they grow, we will grow with them and provide additional services that are either provided by others or not outsourced at this time by them.

Members of our sales, marketing and business development group remain actively involved in a project through the execution phase as relationship management representatives.

Our marketing strategy is designed to strengthen our brand name, increase customer wins, build strong customer loyalty, maximise repeat business and develop and nurture key relationships with clients. An effort is underway to leverage relationships, offices and sales personnel to expand our sales and support functions.

HUMAN RESOURCES

As on March, 2008, we had more than 108 employees, nearly all of whom are based in India. Our employees do not have any adverse labour arrangements and are not unionized. We have never experienced any work stoppages and believe that our employee relations are good.

Our business is based on the strength of our workforce. We focus on people-centric policies, equal opportunities, internal growth schemes, retention strategies and lateral avenues for career development. We believe that this has resulted in an enthusiastic workforce.

(i) Hiring Process

We have tested and proven processes for recruitment. Recruitment at Excel is a four-stage procedure: a test to evaluate the applicant's English-language proficiency; a group discussion or an extempore speech; an aptitude test; and a one-on-one interview.

An applicant must pass a stage before moving on to the next stage. We have historically made offers of employment to about seven out of 100 candidates. Of these, on an average, five join us, indicating a full hiring ratio of about 5%.

We also have an employee referral program that provides us with a cost-effective way of accessing qualified potential employees and adds to the income of employees who refer successful applicants to us. We also believe that the referral program adds to our reputation as a good employer.

(ii) Training Process

Recognizing the importance of accent training since our inception, we have spent a lot of time and resources in developing programs for accent neutralization, Americanisation and American and British cross-culture. These programs are very comprehensive and cover a lot of details about the English spoken in the US and the UK, including expressions, tones and inflections. In order to maintain consistent quality, all our training is done by our in-house team, which is staffed with experienced trainers with good accents and training skills. Our in-house team currently has the capacity to train more than 75 agents in a month.

(iii) Career Development

We believe in providing the right platform for career growth for our employees. Understanding the needs of an employee changes as he/she grows in our organization, we have in place the following measures to constantly monitor and motivate our employees:

- Cross-functional opportunity – deserving employees get to move cross functionally from operations into areas such as marketing, IT support, technology, projects, recruitment and training.
- Structured compensation packages – on par with industry best helps in attracting and retaining good talent.
- Logistics and cafeteria – provided to every employee as they work by the US time zones, which is the Indian night shift.
- Periodic appraisals – helps in motivating performing personnel by reviewing and rewarding.
- Performance based incentives – are paid in addition to fixed salary component on a monthly basis and are purely based on performance and weighted by other critical factors like attendance, quality and accent skills.

TECHNOLOGY

Our contact operation centre having connectivity technologies like

- 2 MBPS (IPLC) link VSNL to Sprint
- 1 MBPS premium (ILL-VOIP) link

Inner Core Setup Technology:

- 2 EPBAX which is Nortel Meridian 11C
- 2 Dialers from Aspect Software Inc (5.2) and Concerto Technologies, (Ensamble Pro Predictive)

Excel Infoways Ltd

- 1 Nortel Passport 7480 which support 900 seats at a time.
- Contact Center Network is based on CISCO Catalyst Switches and Routers

We increase productivity on outbound voice processes, including data verification, management telemarketing, collections and surveys. We have invested in predictive dialing network equipment from Avaya and Delink. All our seats are equipped with the processing machines from IBM & DELL. Our equipment is well balanced and configured and provides scalability. Aply assisted by our in-house IT skilled team, we deliver services 24×7 for our clients.

Connectivity

The entire architecture is disaster recovery planned. Our fiber optic links to the United States are on international private leased circuits through Atlantic and Pacific routings from diverse vendors. This routing through different oceanic routes as well as through different carriers provides the disaster recovery plan and our experience has been exceptional, with an up time of over 99.90% and above over the last two years. In addition to trans-oceanic routing of fiber links, there are two interconnected Indian centers and two points of presence in the United States with a cloud level routing process to help ensure that there is no outage and virtually no call drops.

The total bandwidth across Atlantic and Pacific routings linking the two Indian delivery centers to two US points of presence on the West Coast as well as on the East Coast is scalable.

QUALITY PROCESSES

Our ISO 27001:2005 certified quality management system which is aligned with the business objectives of continuously benchmarking and delivering quality customer-centric solutions, which meet client expectations, resulting in end customer satisfaction. Our quality process is divided into:

- Call Quality Monitoring (“CQM”), which is a quality measurement process to evaluate and establish the quality of voice delivery across multiple parameters of customer support soft skills, product knowledge and resolution accuracy of an agent.
- Data quality assurance, which is a quality measurement process to ensure accuracy of the data collected, updated and validated by an agent. This ensures that the error rates are within the service levels prescribed by the client.
- Compliance Monitoring, which checks for adherence to legal and statutory compliances and conformance to client specified policies and procedures.
- Quality on Quality, which is a process to check the accuracy of the call quality evaluation carried out by the Transaction Monitoring Officers who work in quality assurance processes.

EXPORT OBLIGATION AND ACHIEVEMENT

We are registered as a 100% Export Oriented Unit under the STPI scheme and as per the Foreign Trade Policy 2004-2009. The export obligation expected from our unit within five years from the date of import of capital goods should be positive net foreign exchange, net of the capital goods imported.

As on March 31, 2008, we have imported total capital goods worth Rs191.63 lacs (being the CIF value). As against the stipulated export obligation in excess of Rs.191.63 lacs, we have already generated revenue of Rs.5714.15 lacs as exports in Foreign Currency up to March 31st 2008, out which exports earnings up till March 31st 2007 of Rs.3405.04 lacs has been formally acknowledged by the STPI.

INTELLECTUAL PROPERTY

Our principal intellectual property is the process methodologies we follow and the know how of our management team. An example is our quality assurance process. However, such intellectual property may not be registered formally or otherwise.

Our contracts usually provide that all intellectual property created for use of our clients will automatically be assigned to our clients. We have applied for trademark registration in India in relation to our logo and brand name, ‘EXCEL’.

INSURANCE

We maintain an insurance policy (No: 110900/11/07/11/00002096) with The New India Assurance Co Ltd. to cover certain risks for our Andheri (W) Facility, including tenants liability, infidelity/dishonesty, loss of electronic equipment, portable computers and money in the office during business hours. The sum insured under this policy is Rs. 5,00,00,000. This policy is valid till January 8, 2009.

PROPERTIES

Property	Owned/ Lease	Use	Area
31/A Laxmi Industrial Estate, New Link Road, Andheri (W), Mumbai -400 053	Leave & License Agreement	Administration / Operation	880 Sq Ft. (Carpet), 880 Sq. Ft. (Mezzanine Floor)
31/B Laxmi Industrial Estate, New Link Road, Andheri (W), Mumbai -400 053	Agreement for Sale [#]	Administration / Operation	880 Sq Ft. (Carpet), 880 Sq. Ft. (Mezzanine Floor)
29/D Laxmi Industrial Estate, New Link Road, Andheri (W), Mumbai -400 053	Leave & License Agreement	Operation	880 Sq Ft.
29/E Laxmi Industrial Estate, New Link Road, Andheri (W), Mumbai -400 053	Leave & License Agreement	Operation	880 sq ft.
29/F Laxmi Industrial Estate, New Link Road, Andheri (W), Mumbai -400 053	Leave & License Agreement	Operation	880 Sq Ft. (Carpet), 880 Sq. Ft. (Mezzanine Floor)
29/G Laxmi Industrial Estate, New Link Road, Andheri (W), Mumbai -400 053	Owned	Operation	880 sq ft. (Carpet)
Prathmesh Heights, Plot bearing No. F.P.457, TPS No. III, Borivali L.T.Road, Borivali (W), Mumbai.	Owned	Expansion of the existing facility	12000 sq ft.
SAILEE HERITAGE, Building No.2, Unit No.301 & 401 on 3 rd Floor & 4 th Floor, Village Kandivali, Kandivali (W), Mumbai.	Owned*	Expansion of the existing facility	12000 sq ft. (Carpet)
MONAMI, Survey No. 51, Hissa No.2 (pt), C.T.S. No. 41 & 41/1, Village Juhu, Taluka Andheri, Mumbai – 400 049.	Owned**	Flat accommodation	2400 sq ft (Built up)
Flat no. 202, “A” Wing, Jagmagia Centre CHS Ltd, at Malad (W), Mumbai- 400 064	Owned	Flat accommodation	695 sq ft.

Agreement for sale to purchase the property has already been executed and part payment has already been made by the Company.

* The Agreement for Sale for the property has been executed by the Company; however, it is not registered in the name as part of consideration is yet to be paid.

** It is not registered in the name as part of consideration is yet to be paid.

REGULATIONS AND POLICIES

The following description is a summary of relevant regulations and policies as prescribed by the Government of India that are applicable to us. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below are not exhaustive and this section is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional legal advice.

The central and state government, have introduced a range of incentives, concessions, subsidies and simplification of procedural requirements for companies to promote the growth of information technology and information technology enabled services (IT-ITES) in India. These include relaxation of policies relating to inbound and outbound investments, exchange control relaxations, incentives for units located in a Domestic Tariff Area (DTA) or under Export Oriented Units (EOU)/Software Technology Parks (STPs)/Special Economic Zones (SEZs) and Electronic Hardware Technology Park (EHTP) schemes including state level incentives, waivers and subsidies. The following description is a summary of the relevant regulations and policies as prescribed by the Government of India that are applicable to us. The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

The regulations set out below are not exhaustive, and is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional legal advice.

Software Technology Parks Scheme

Software Technology Parks of India (STPI) came into existence in 1991, as an autonomous organization under Ministry of Communication and Information Technology. STPI was set-up to implement the software technology park scheme (STP Scheme) to promote software exports. STP Scheme permits the establishment of units engaged in software development and information technology enabled products and services (ITES). STP Scheme is a 100% export oriented scheme for undertaking software development for export using data communication links or in the form of physical media including export of professional services.

The STP Scheme 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 Software Technology Parks (STP) with the objective of encouraging, promoting and boosting the software exports from India. The production of products which are notified as information technology enabled products and services qualifies their producer or provider of such products or services for establishing a unit under the STP Scheme. The STP Scheme provides infrastructure such as data communication facilities, operational space, common amenities, single window statutory services such as project approval, import certification and other facilities to boost software exports from India. In addition to the infrastructure support, an STP unit enjoys the following fiscal benefits, rendering it attractive for entrepreneurs:

1. All hardware and software imports are exempt from customs duties
2. A STP unit is exempt from payment of corporate tax up to the Fiscal year 2010
3. Domestic purchases by STP units are eligible for the benefit of deemed exports to suppliers
4. Capital goods purchased from the DTA (an area within India but outside a notified STP) are entitled for exemption from excise duty and reimbursement of central sales tax;
5. The sales in the domestic tariff area shall be permissible up to 50% of the export in value terms
6. Depreciation on capital goods up to 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.

Many state governments have also added to the incentives by providing for low rates of sales tax on products in the information technology sector. The principal compliance required of a company accorded approval under the STP Scheme is the fulfillment of the export obligation. Additionally, the STP unit is required to file monthly, quarterly and annual returns to STPI in the nature of a performance report indicating the export performance and the CIF value of imported goods and foreign currency spent on incidental expenses.

The Information Technology Act, 2000/Data Protection Laws

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 offenses. These include offences relating to unauthorised access to computer systems, modifying the contents of such computer systems without authorization, damaging computer systems, the unauthorized disclosure of confidential information and computer fraud. For example, section 66 of the IT Act has criminalized “hacking” of a computer resource with imprisonment up to three years, or with a fine which may extend up to two lacs rupees, or with both. The Indian Penal Code, 1860, and the Indian Evidence Act, 1872 have been amended to include electronic records as “documents” for the purpose of these statutes.

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, contractual mechanisms and policies issued by the Department of Telecommunication from time to time. 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. Further the Telecom Regulatory Authority of India (TRAI) was established under the Telecom Regulatory Authority Act of India, 1997 is responsible for regulating the telecommunication services, making recommendation on terms and conditions of license, effective management of spectrum, laying down the standards of quality of service to be provided by the service providers and ensure the quality of service and conduct the periodical survey of such service provided by the service providers so as to protect interest of the consumers of telecommunication service, ensure effective compliance of universal service obligations, notify the rates at which telecommunication services within India and outside India shall be provided.

Labour laws

India has stringent labour related legislation. The Industrial Disputes Act, 1947 (the “IDA”) distinguishes between (i) employees who are ‘workmen’ and (ii) employees who are not ‘workmen’. 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 Bombay Shops and Establishments Act, 1948 and the rules thereunder, 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. As regards a ‘workman’, the IDA sets out certain requirements in relation to the termination of the services of the workman’s services. This includes detailed procedure prescribed for resolution of disputes with labour, removal and certain financial obligations upon retrenchment. The state specific shops and establishments act also provides for certain notice and/or compensation requirements in the event of termination of service by the company. Preliminary information on some of the labour laws that may be applicable have been provided below.

The Minimum Wages Act, 1948

The Minimum Wages Act, 1948 (“MWA”) came into force with the objective to provide for the fixation of a minimum wage payable by the employer to the employee. Under the MWA, every employer is mandated to pay not less than the minimum wages to all employees engaged to do any work whether skilled, unskilled, manual or clerical (including out-workers) in any employment listed in the schedule to the MWA, in respect of which minimum rates of wages have been fixed or revised under the MWA.

Employees Provident Fund and Miscellaneous Provisions Act, 1952

The Employees Provident Fund and Miscellaneous Provisions Act, 1952 provides for the institution of compulsory Provident fund, pension fund and deposit linked insurance funds for the benefit of eligible employees in factories and establishments as may be specified. A liability is placed on the employer and employee to make certain contributions to the funds mentioned above after obtaining the necessary registrations. There is also a requirement to maintain prescribed records and registers and filing of forms with the concerned authorities.

Payment of Gratuity Act, 1961

The Payment of Gratuity Act, 1961 (the “POG Act”) provides for payment of gratuity to employees employed in factories, shops and establishments who have put in a continuous service of 5 years, in the event of their superannuation, retirement, resignation, death or disablement. The rule of ‘5 year continuous service’ is however relaxed in case of death or disablement of an employee. Gratuity is calculated at the rate of 15 days wages for every completed year of service with the employer. Under the POG Act, an employer is obliged for a maximum gratuity payout of Rs. 350,000 for an employee. The POG Act also requires the

Excel Infoways Ltd

employer to obtain and maintain an insurance policy for the employer's obligation towards payment of gratuity.

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.

Shops and Establishments legislations in various states

Our Company will be governed by the various shops and establishments legislations, as applicable, in the states where it has facilities. These legislations regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of *inter alia* registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work.

Intellectual Property

Intellectual property rights in India are protected under Patents Act of 1970, Copyright Act of 1957, Trade Mark Act of 1999 and Design Act of 2000. 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 Organizations 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 law also provides for common law protection for intellectual property.

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.

HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was originally incorporated as Excel Infoways Private Limited on January 7, 2003 by Registrar of Companies, Maharashtra, Mumbai vide Registration No. 138568. Our Company subsequently became a public limited Company and the name of the Company was changed to Excel Infoways Limited and the fresh certificate of incorporation was granted to the Company on 9th August, 2006.

Change in Registered Office: We have not changed the Registered Office of our Company since incorporation.

Major Events

Following are the key events and milestones achieved by us:

Calendar Year	Events
2003	Setting up 50 Seats Facility
2003	Enter into Call center / BPO Business
2005	Enter into Telecom Full-fillment Solution Business
2006	Obtained the ISO 9001:2000 certification
2007	Obtained the ISO 14001: 2004 certification
2007	Acquisition of premises for business purpose at Andheri
2007	Enhancement of capacity to 150 seats
2008	Obtained the ISO 27001 : 2005 certification

Our Main Objects

Our Main Objects as contained in the Memorandum of Association are as follows:

1. The Company will be engaged in Information Technology i.e., designing, developing, testing and implementing Computer Software including for export purpose. It will also provide information systems and data processing services and technical support to its clients to help them build new technology solutions for their business processes. The professional services provided by company are System Integration, Data Integration, GUI Presentation of information, Data warehousing & Data Mining, Decision Support Systems, Business Logic, Work in progress, process flow, Process Re-engineering, Systems Design and Architecture, Project management and Contact Programming Object Oriented Client/Server Systems and Relational Databases Design and implementation, Multimedia Presentation, Multimedia Software on CD's Software and Services related to Internet, ERP Solutions System Software and Operative Systems for domestic as well as for export purpose.
- 1(a). To construct, build, lease, equip, own, create, maintain and develop Software Technology Park (STP), Special Economy Zones (SEZ) and infrastructure/ facilities for Information Technologies, Information Technologies Enable Services (ITES) Companies including any area, land, building, structures and to turn the same into account, develop the same and dispose of or maintain the same and to build buildings thereon and to equip the same or part thereof with all or any amenities or conveniences and infrastructure facilities, drainage facility, electric, telecommunications, cell services, satellite communication and other installations.

CHANGES IN MEMORANDUM OF ASSOCIATION

Since the date of Incorporation the following changes have been made to the Memorandum of Association:

Date of Shareholders' Approval	Amendment
September 12, 2003	Increase in authorized share capital from Rs. 5 Lacs to Rs. 10 Lacs
March 29, 2006	Increase in authorized share capital from Rs. 10 Lacs to Rs. 500 Lacs
June 28, 2006	Conversion of the Company from Private to Public Limited
January 20, 2007	Increase in authorized share capital from Rs. 500 Lacs to Rs. 1000

	Lacs
December 15, 2007	Increase in authorized share capital from Rs. 1000 Lacs to Rs. 2500 Lacs
January 24, 2008	Addition in the "main object" clause of the Memorandum of Association

Subsidiaries

1. Excel Infoways Trading FZE

Excel Infoways Trading FZE was incorporated on 10/07/2006 as a limited liability free zone to carry on the business of trading in computer software, computer equipment and Requisites. The registered office of Excel Infoways Trading FZE is situated at RAK Free Zone, P.O. Box 10559, Ras Al Khaimah, U.A.E

The shares of **Excel Infoways Trading FZE** are not listed on any stock exchanges.

Financial Performance:

(Rs. in lacs)

Particulars	March 31, 2008	March 31, 2007
Total Revenues -	0.00	0.00
Profit (Loss) after Tax -	-2.67	-2.78
Equity share capital	10.87	10.87
Reserves and Surplus (excluding revaluation reserves) -	-5.45	-2.78
Earnings/ (Loss) per share (diluted)	-2.67	-2.78
Book value per equity share	5.42	8.09
Face value of each equity share is AED 1,00,000/		

Conversion rate of AED has been taken as Rs.10.8672 per AED.

2. Excel Infoways INC (Woodbridge, New Jersey, U.S.A.)

Excel Infoways INC was incorporated on 25-04-2008 to carry on the general business for any lawful purpose under N.J.S.A. 14A:1-1 et seq. The registered office of Excel Infoways INC is situated at 501, Maple Hill Drive, Woodbridge, N J, U.S.A. First Board of Directors of the company consists of one Director Mr. Jaspreet Singh.

Shareholding Pattern: The Company has not issued any shares till date.

Shareholders Agreement

As on date of filing this Draft Red Herring Prospectus with SEBI there are no Shareholders agreements entered into between the members of our Company.

Joint Venture Agreements

As on date of filing this Draft Red Herring Prospectus with SEBI we have not entered into any joint venture agreements with any other company or entity.

Other Agreements / Arrangements

There are no other agreements entered into by our Company other than those entered into during the course of business.

Strategic Partners

As on date of filing this Draft Red Herring Prospectus with SEBI there are no strategic partner agreements entered into by our Company.

Financial Partners

As on date of filing this Draft Red Herring Prospectus with SEBI there are no financial partnership agreements entered into by our Company.

OUR MANAGEMENT

Board of Directors

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

Sr. No	Name, Father's Name, , Age, Address, Occupation, Designation & DIN No.	Qualification	Date of Appointment and Term	Other Directorships
1.	Mr. Lakhmendra Khurana S/o Late Mr. Chaman Lal Khurana Age: 52 Address: 2303, B-30, Edenwoods Tower, Shashtri Nagar, Near Lokhandwala Complex Andheri (W) Mumbai – 400 053. Occupation :Business Chairman Cum Managing Director DIN No. 00623015	B.A.	7 th January, 2003 as Director, Managing Director w.e.f. 1 st April,2007 for Five Years	1.Ritz Shopping Mall Private Limited 2.Param Satya Constructions Private Limited 3.Tista Impex Private Limited 4.Raj HR Solutation Private Limited 5.Ranjana Construction Private Limited
2.	Mrs. Ranjana Khurana D/o Late Mr. Gyanchand Taneja Age: 51 Address: 2303, B-30, Edenwoods Tower, Shashtri Nagar, Near Lokhandwala Complex Andheri (W) Mumbai – 400 053. Occupation: Business Executive Director DIN No.: 00623034	M.A.	7 th January, 2003, Executive Director w.e.f. 1 st January, 2008 for Three Years	1. Ritz Shopping Mall Private Limited 2. Param Satya Constructions Private Limited 3. Tista Impex Private Limited 4. Raj HR Solutation Private Limited 5. Ranjana Construction Private Limited
3.	Ms Bela Ash D/o Mr. Manikchand Ash Age:32 Address:201, Shriji Dham , Gillbert Hill Road, Andheri(w), Mumbai – 400 053 Occupation: Service Executive Director DIN No.: 02057000	B.Com, LLB	29 th March, 2006, Reappointed w.e.f. 1 st January, 2008 for Three Years	Nil
4	Mr Binoy Gupta S/o: Mr. Basudeo Gupta Age: 63 Address:1101, Shiromani, Raj Kamal Lane, Parel, Mumbai – 400 012 Occupation: Retired IRS. Independent & Non-Executive Director DIN No.: 02016058	PhD, PG Diploma in Cyber Laws	24 th January,2008	Nil
5	Mr Ramesh M Joshi S/o : Mr. Multanchand Joshi Age: 66 Address: D1303, Panchsheel heights, Mahavir Nagar, Kandivli (W), Mumbai – 400 067. Occupation: Consultant Independent & Non-Executive Director Din No. 00002683	L.L.B.	24 th January,2008	1.ISE Securities and Services Ltd 2.Vakrangee Software Ltd 3.Avon Weighing Systems Ltd 4.Ind Fund Management Ltd 5.Sahara Asset Management Company Private Ltd
6	Mr Ravi Prakash Sinha S/o Mr. Praksh Narayan Sinha	M.Sc.	24 th January,2008	SPH Services Pvt Ltd

Age: 61 Address: 102, Spring Leaf 7 Bungalows, J.P. Road, Mumbai – 400061 Occupation: Retired. Independent & Non-Executive Director Din No. 02034763			
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Brief profile of the Directors

Please refer to the section on “Our Promoters And Promoter Group” for brief profile of Mr. Lakhmendra Khurana and Mrs. Ranjana Khurana

Ms. Bela Ash, 32 years, is the Executive Director of our Company. She is associated with the company since 2003. She holds a bachelor’s degree in the Commerce & law from University of Mumbai. She was previously employed in the garment export firm which was managed by our promoter Mr. Lakhmendra Khurana since then she has gained experience in the field of Human Resources. She is responsible for product strategy and technical direction of the company products and manages the operations process and provides valuable contribution in development of new process and looking after execution of the process as per planning.

Mr. Binoy Gupta, 63 years, is Non-Executive independent Director of the company. He has done Ph.D. in law from University of Mumbai in the subject of *The Law of Black Money*. He has also done PG Diploma in Cyber Laws. He joined the Indian Revenue Services in 1968 and retired as Chief Commissioner of Income-Tax. Mr. Binoy Gupta has also written four books on the Income Tax. He has a vast knowledge of finance & other allied matters.

Mr. Ramesh M. Joshi, 66 years, is Non-Executive independent Director of the company. He is Bachelor Law from Nagpur University. He has worked with various important regulatory authorities of India such as RBI and Securities and Exchange Board of India (SEBI) during his work tenure. He held post of Executive-Director in the SEBI in the year 2002-2003. He has expert knowledge on the areas related to securities market, foreign trade and foreign currency transactions and regulations thereof.

Mr. Ravi Prakash Sinha, 61 years, is Non-Executive independent Director of the Company. He holds Masters Degree in zoology science from Jivaji University, Gwalior. He has served government of India in the department of Crime Branch (C.B.I.) for 22 years handling various departments such as Anti Corruption and Economic offences Wing etc. He has also served Air – India for 15 years in vigilance department. He has expert knowledge on the areas of economic offences and thereby his knowledge will save company from victimization of economic offences.

Details of borrowing powers

The Company at its Extra Ordinary General Meeting held on December 15, 2007, passed a resolution authorizing the Board of Directors pursuant to the provisions of section 293(1)(d) for borrowing from time to time all such sum of money as they may deem requisite, notwithstanding that the moneys to be borrowed together with the money 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, reserve not set apart for any specific purpose, provided that the total amount upto which the moneys may be borrowed by the Board of Directors shall not exceed Rs.300 Crores (Rupees Three hundred Crores only) exclusive of interest and other costs, expenses and charges payable thereto by the company at any point of time.

Terms of Appointment and Compensation of Managing Director / Whole Time Director

Mr. Lakhmendra Khurana

The Members of the Company have vide resolution passed in the meeting held on September 29, 2007 approved the appointment and remuneration of Mr. Lakhmendra Khurana as Managing Director of the Company for a period of five years with effect from April 1, 2007 on the following terms and conditions:

(I) Salary Rs. 1,00,000/- per month (Basic salary and annual increase therein to be decided by the Board).

(II) Special Allowance: As may be decided by the Board from time to time which shall not attract Provident fund, Gratuity, Superannuation fund etc.

(III) The appointment is terminable by either party by giving the other three months notice in writing.

Mrs. Ranjana Khurana

The Members of the Company have vide resolution passed in the meeting held on January 24, 2008 approved the appointment and remuneration of Mrs. Ranjana Khurana as Executive Director of the Company for a period of 3 (three) years with effect from January 1, 2008 on the following terms and conditions:

(I) Salary Rs. 50,000/- per month (Basic salary , House Rent Allowances, Convene Allowances, Medical Allowances and annual increase therein to be decided by the Board).

(II) Special Allowance: As may be decided by the Board from time to time which shall not attract House Rent Allowances, Convene Allowances, Medical Allowances, Provident fund, Gratuity, Superannuation fund etc.

(III) The appointment is terminable by either party by giving the other three months notice in writing.

Ms Bela Ash

The Members of the Company have vide resolution passed in the meeting held on January 24, 2008 approved the appointment and remuneration of Ms. Bela Ash as Executive Director of the Company for a period of 3 (three) years with effect from January 1, 2008 on the following terms and conditions:

(I) Salary Rs. 36,000/- per month (Basic salary , House Rent Allowances, Convene Allowances, Medical Allowances and annual increase therein to be decided by the Board).

(II) Special Allowance: As may be decided by the Board from time to time which shall not attract House Rent Allowances, Convene Allowances, Medical Allowances, Provident fund, Gratuity, Superannuation fund etc.

(III) The appointment is terminable by either party by giving the other three months notice in writing.

Payment or benefit to officers of the Company

Except as stated in the Draft Red Herring Prospectus, no amount or benefit has been paid or is intended to be paid or given to any of the officers of the Company except the normal remuneration for services rendered as Directors, officers or employees.

CORPORATE GOVERNANCE

We have complied with the requirements of the applicable regulations, including the Listing Agreement to be entered into with Stock Exchanges and the SEBI Guidelines, in respect of corporate governance, including constitution of the Board and Committees thereof. Our corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management and constitution of Board Committees.

We have a Six-member Board with an Executive Chairman constituted in compliance with the Companies Act and listing agreement with Stock Exchanges and in accordance with best practices in corporate governance i.e. having half of the Board's strengths as Independent. The Board of Directors functions either as a full Board or through various committees constituted to oversee specific operational areas. Our management provides the Board of Directors detailed reports on its performance on a quarterly basis.

COMMITTEES OF THE BOARD

Audit Committee

The terms of the Audit Committee comply with the requirements of Clause 49 of the listing agreement to be entered into with the Stock Exchanges. The Committee consists of three independent Directors namely Mr.

Binoy Gupta, Mr. Ravi Prakash Sinha and Mr. Ramesh M. Joshi. Mr. Binoy Gupta is the Chairman of the Audit Committee. The Company Secretary is the Secretary of our Audit Committee.

Remuneration Committee

The Remuneration Committee of our Board comprises three non-executive independent directors. Mr. Binoy Gupta is the Chairman of the Remuneration Committee.

- 1) Mr. Binoy Gupta - Non-executive Independent Director
- 2) Mr. Ravi Prakash Sinha - Non-executive Independent Director
- 3) Mr. Ramesh Joshi - Non-Executive Independent Director

The Company Secretary of the Company acts as the Secretary to the Committee.

Share Holders/Investor Grievances Committee

The Company has constituted a "Share Holders/Investor Grievances Committee" to redress the complaints of the share holders in respect of matters pertaining to transfer of shares, non-receipt of annual report, dematerialization of shares, non-receipt of dividend etc. The Committee currently comprises following three directors. Mr. Ramesh Joshi is the Chairman of the Share Holders/Investor Grievances Committee

- 1) Mr. Ramesh Joshi - Non-executive Independent Director
- 2) Mr. Ravi Prakash Sinha - Non-executive Independent Director
- 3) Mr. Lakhmendra Khurana - Managing Director

The Company Secretary of the Company acts as the Secretary to the Committee.

The provisions of the listing agreement to be entered into with the Stock Exchanges with respect to corporate governance will be applicable to us immediately upon the listing of our Equity Shares on the Stock Exchanges. We intend to comply with such provisions. We undertake to adopt the Corporate Governance Code in accordance with Clause 49 of the listing agreement to be entered into with the Stock Exchanges prior to obtaining the listing approval of the Stock Exchanges. We have complied with SEBI Guidelines in respect of corporate governance, especially with respect to independency of the Board and constituting the Committees as required.

Shareholding of the Directors

The shareholding of the directors on the date of the issue of the Draft Red Herring Prospectus is as follows:

Sr. No.	Name of Director	No. of Equity Share
1	Mr. Lakhmendra Khurana	84,06,000
2	Mrs. Ranjana Khurana	65,10,000
3	Ms. Bela Ash	12,000
4	Mr. Binoy Gupta	Nil
5	Mr. Ramesh Joshi	Nil
6	Mr. Ravi Prakash Sinha	Nil

Interests of Directors

All the non executive directors of the company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or Committee thereof as well as to the extent of other remuneration and/ or reimbursement of expenses payable to them as per the applicable laws.

The Directors may be regarded as interested in the shares & dividend payable thereon, if any, held by or that may be subscribed by and allotted/transferred to them or the companies, firms and trust, in which they are interested as Directors, Members, partners and or trustees. All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by Excel Infoways Limited with any Company in which they hold Directorships or any partnership or proprietorship firm in which they are partners or proprietors as declared in their respective declarations.

The Managing Director and Executive Directors of Excel Infoways Limited are interested to the extent of remuneration paid to them for services rendered to the Company.

Except as stated under Related Party Transactions on page 67 of the Draft Red Herring Prospectus, the

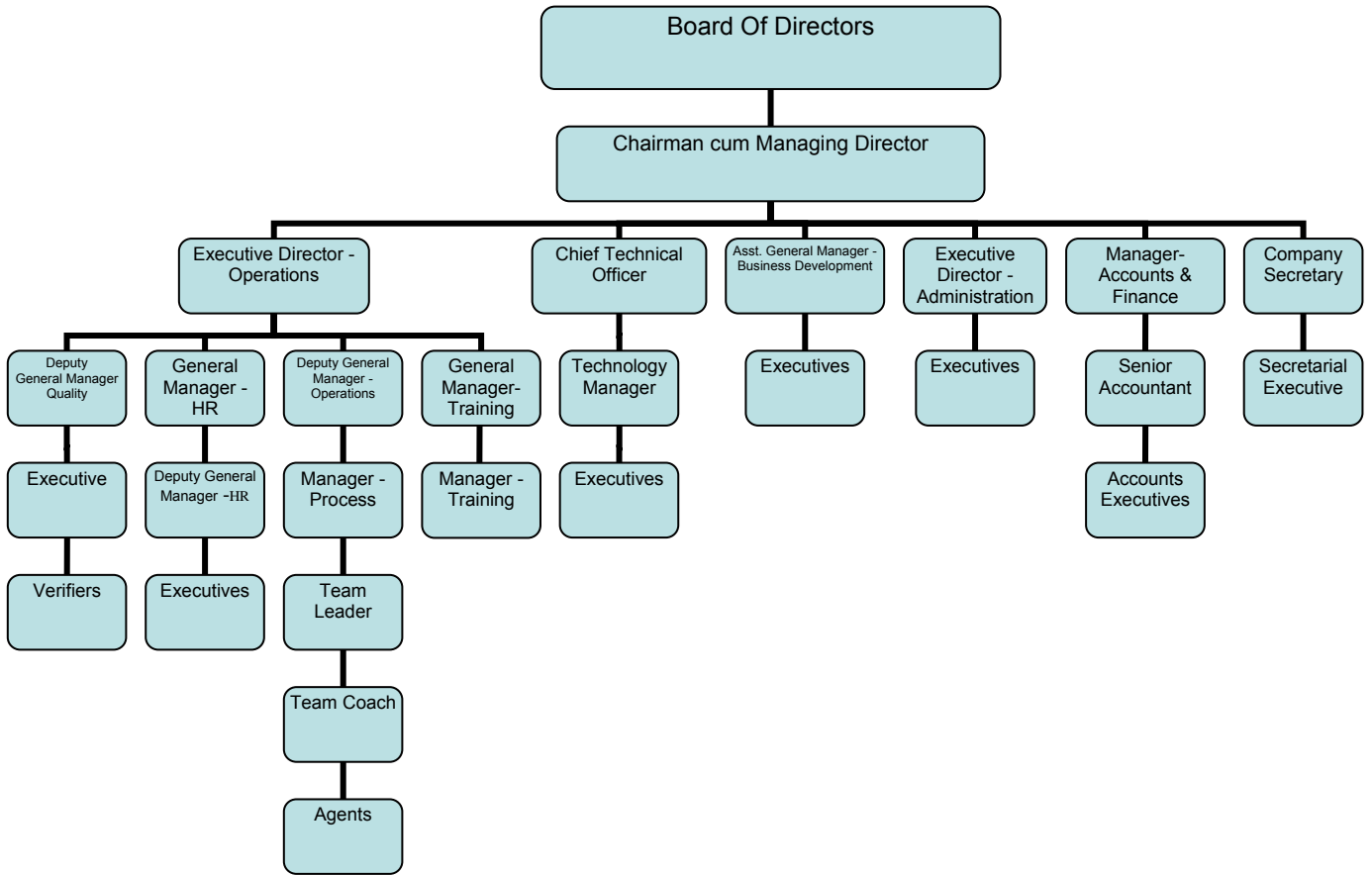
Company has not entered into any Contract, Agreements or Arrangements during the preceding two years from the date of the Draft Red Herring Prospectus in which the directors are interested directly or indirectly and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be entered with them.

Changes in Directors during Last Three Years

Change in the composition of the Board of Director during the last 3 years from the date of filing of the Draft Red Herring Prospectus:

Name	Date of appointment	Date of resignation	Reason
Mr. Sumit Taneja	September 12, 2003	March 29, 2006	Resignation due to his pre occupation
Mr. Harbir Singh Khurana	November 1, 2003	March 29, 2006	Resignation due to his pre occupation
Ms. Bela Ash	March 29, 2006	-----	-----
Mr. Binoy Gupta	24 th January, 2008	-----	Appointed as independent director
Mr. Ramesh M. Joshi	24 th January, 2008	-----	Appointed as independent director
Mr. Ravi Prakash Sinha	24 th January, 2008	-----	Appointed as independent director

ORGANISATION CHART



Key-Managerial Personnel

The Company is managed by its Board of Directors, assisted by qualified professionals, with vast experience in the field of operation/finance/Training and HRD. The following key personnel assist the Management:

Sr. No.	Name	Age	Qualification	Designation	Date of appointment	Experience in years	Previous employment	Previous year Salary (Rs in Lacs.)
1.	Mr. Kalpdish Saran	29	B.E. (EXTC)	Chief Technical Officer	1 st July, 2006	2 years	N.A.	6.43
2.	Ms. Bhavana Shah	46	C.S.	Company Secretary	18 th June, 2008	18 Years	Practicing Company Secretary	NA
3.	Ms. Monika Shah	35	A.C.A	Manager - Accounts and Finance.	17 th June, 2008	5 Years	Practicing Chartered Accountant	N.A
4.	Mr. Snehasish Chowdhury	33	Dip. in Hotel Management	General Manager - Training	22 nd December, 2004	10 years	E-Funds (BPO Company)	2.45
5.	Mr. Mrinal Khurana	23	L.L.B	Asst. General Manager - Business Development	13 th May, 2006	4 years	Ventura (I) Pvt. Ltd.	2.30
6.	Ms. Isha Khurana	22	B.E. (Computers)	Deputy General Manager – Operations	1 st April, 2006	2 years	N.A	3.00
7.	Ms. Pearl Joseph	27	B.A.	Deputy General Manager – Quality	15 th October, 2003	5 Years	N.A.	1.80
8.	Ms. Mamta Narula	38	M. Com	Deputy General Manager – HR	27 th July, 2006	2 years	N.A	0.99
9.	Mr. Kamal Thaker	40	B.Com.	Senior Accountant	1 st , June, 2008	14 Years.	JMK. Petrochem. Pvt .Ltd.	N.A.
10.	Mr. Kunjan Panchal	23	Diploma in Hardware and Networking	Technology Manager	14 th , June, 2004.	8 Years.	APNA LOAN.COM Services Pvt. Ltd	1.72

All the above Employees, Key Managerial Personnel are the permanent employees of the Company.

Shareholding of Key Managerial Personnel

None of our Key Managerial Employees hold any shares in the Company except stated below:

Sr. No.	Name of Key Managerial Personnel	No. of Equity Share
1	Ms. Isha Khurana	12000
2	Ms. Bhavana Shah	16000

Bonus or Profit Sharing Plan for the Key Managerial Personnel

There is no Profit Sharing Plan for the Key Managerial Personnel. The Company makes bonus payments to the employees based on their performances.

Changes in the Key Managerial Personnel in the last one year:

Name	Designation	Date of Joining	Date of resignation
Ms. Monika Shah	Manager Accounts and Finance	17 th June, 2008	N.A.

Mr. Kamal Thaker.	Senior Accountant	1 st June,2008	N A
Mr. Pawan G. Agrawal	Company Secretary	1 st January, 2008	15 th June, 2008
Ms. Bhavana Shah	Company Secretary	18 th June , 2008	N A

Other than above, there are no material changes in the key managerial personnel during last one year.

HUMAN RESOURCES

Training and Development

We place a lot of emphasis on training and development of our employees. Employees in all the departments undergo regular training programs to upgrade their skills to the changing requirements of the industry. Also, the Company has the policy to recruit trainees with technical background who are then taken on pay-roll of the Company based on their performances.

Disclosures Regarding Employees Stock Option Scheme / Employees Stock Purchase Scheme

Till date, the Company has not introduced any Employees Stock Option Scheme / Employees Stock Purchase Scheme.

Payment or benefit to our officers (non-salary related)

No amount or benefit has been paid or given to any officer of our Company within the two preceding years from the date of filing of this Draft Red Herring Prospectus or is intended to be paid, other than in the ordinary course of their employment.

Except as stated in the section titled "Financial Information of the Company" beginning on page 70, none of the beneficiaries of loans and advances and sundry debtors are related to our Directors.

OUR PROMOTERS AND PROMOTER GROUP

PROMOTERS AND THEIR BACKGROUND

Mr. Lakhmendra Khurana, 52 years, is the Chairman & Managing Director of our Company. He has promoted the Company in January, 2003. He holds a bachelor's degree in arts from Meerut University. He started his career as a farmer then he turned in to the line of business and has over 31 years of varied business experience of having run and managed export units in the field of garments. He promoted the company and contributed to the growth of the company. He is actively involved in social activities. He has also received "Sardar Patel Award" for the year 2007 for his contribution to "Social Work & Peace" by Sardar Vallabhbai Patel Foundation, a charitable Trust. He is Chairman of ISCKON, Juhu, Mumbai. In addition, he has recently been selected as District Mayor in the District Cabinet by the International Association of Lions Clubs, District 323 A3.

Mrs. Ranjana Khurana, 51 years, is the Executive Director and also a promoter of the Company. She holds a Master's Degree in Arts from Meerut University. She was previously running a garment export business for 11 years. She is managing the general administration of the company.

Name of the Promoter	Mr. Lakhmendra Khurana	Mrs. Ranjana Khurana
Photograph of the promoter		
Driving License No.	97/2314	Not Available
Passport No.	Z1590180	F1766284
Permanent Account No.	AGPPK7179R	AGPPK7181F
Voter's Identity No.	MT/08/039/0303200	MT/08/039/0303199
Name of Bank & Branch	The Bank of Rajasthan Ltd, Andheri (W), Mumbai Branch	The Bank of Rajasthan Ltd, Andheri (W), Mumbai Branch
Bank Account No.	2450101075471	2450101075480

Declaration

The Company confirms that the Permanent Account Number, Bank Account Number, Passport No, Voter ID, have been submitted to the NSE and BSE at the time of filing of this Draft Red Herring Prospectus with them.

Common Pursuits

There are no common pursuits among the company and its Group/ Associate companies.

Interest of Promoters & Directors

The Promoters of the Company are interested to the extent of their shareholding in the Company. Further, Promoters who are also the Directors of our Company 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, reimbursement of expenses payable to them. Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them and their relatives in the Company, or that may be subscribed for and allotted to them, out of the present Issue in terms of this Draft Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Further, the Promoters are also directors on the boards of certain Promoter Group entities and they may be deemed to be interested to the extent of the payments made by our Company, if any, to these Promoter Group entities. For further details, see "Our Promoters and Promoter Group" beginning on page 60. For the

payments that are made by our Company to certain Promoter Group entities, please refer to the section titled "Financial Information of the Company", beginning on page 70.

Except as stated otherwise in this Draft Red Herring Prospectus, the Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of this Draft Red Herring Prospectus in which the Promoters are directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them including the properties purchased by the Company other than in the normal course of business.

Payment or Benefit to Promoters of the Company

Except as stated in "Financial Information - Related Party Transactions" on page 77, no amount or benefit has been paid or given to any Promoter within the two preceding years from the date of filing of this Draft Red Herring Prospectus or is intended to be paid.

PROMOTER GROUP

The natural persons who are part of the Promoter Group (Being immediate relative of our Promoters) are as follows:

Promoter	Name of the relative	Relationship
Mr. Lakhmendra Khurana	Mrs. Ranjana Khurana	Spouse
	Mrs. Kartardevi Khurana	Mother
	Dr. Ravindra Kumar Mr. Deepak Khurana Mr. Rupak Khurana Mr. Rajiv Khurana	Brother
	Mrs. Sonia Dahuja	Sister
	Mr. Arpit Khurana	Son
	Ms. Gargi Khurana Ms. Isha Khurana	Daughter
	Mr. Praduman Taneja	Spouse's Brother
	Mrs. Santosh Rani	Spouse's Sister

Promoter	Name of the relative	Relationship
Mrs. Ranjana Khurana	Mr. Lakhmendra Khurana	Spouse
	Mr. Praduman Taneja	Brother
	Mrs. Santosh Rani	Sister
	Mr. Arpit Khurana	Son
	Ms. Gargi Khurana Ms. Isha Khurana	Daughter
	Mrs. Kartardevi	Spouse's Mother
	Dr. Ravindra Kumar Mr. Deepak Khurana Mr. Rupak Khurana Mr. Rajiv Khurana	Spouse's Brother
	Mrs. Sonia Dahuja	Spouse's Sister

Promoter Group Companies and Entities

The companies that are part of the Promoter Group have been provided below. The Companies that form part of the Promoter Group includes:

1. a company in which 10% or more of the share capital is held by our Promoters or their immediate relatives; and
2. a company in which a company specified below holds 10% or more, of the share capital; and
3. a company promoted by our Promoters.

Sr. No.	Name of the Promoter Group Companies and entities
1	Tista Impex Private Limited
2	Param Satya Constructions Private Limited

3	Ritz Shopping Mall Private Limited
4	Raj HR Solutation Private Limited
5	Ranjana Construction Private Limited
6	Gargi Overseas (Sole Proprietorship Concern)
7	Krishna Garments (Sole Proprietorship Concern)
8	Lakhmendra Khurana & Sons (HUF)

FINANCIAL INFORMATION OF GROUP COMPANIES/ENTITIES

The information for the last 3 years based on the audited/unaudited statements in respect of all the Companies, firms, ventures, etc. promoted by the promoters irrespective of whether these are covered under section 370 (1)(B) of the Companies Act, 1956 or not.

1. TISTA IMPEX PRIVATE LIMITED

The Company was incorporated on August 19, 2002 vide Registration No.136870 (CIN No: U51397MH2002PTC136870) with its registered office at 31-A, Laxmi Industrial Estate, New Link Road, Andheri (West), Mumbai – 400 053 with the main object to carry on the business as importers, exporters, buyer, sellers in chemicals, chemical compounds (Organic or Inorganic), Textile goods & Auxiliaries, electronic components, devices systems, instrumentation etc.

The Company is yet to start the business activities.

Shareholding Pattern as on 31/05/2008

Particulars	No. of share	% shareholding
Mr. Lakhmendra Khurana	9000	90.00
Mrs. Ranjana Khurana	1000	10.00
Total	10000	100.00

Board of Directors

The following are the Board of Directors as on 31/05/2008:

Name	Designation
Mr. Lakhmendra Khurana	Managing Director
Mrs. Ranjana Khurana	Director

The financial highlights for the last 3 years are given below:

(Rs. in lacs)

Year Ended March 31	2008	2007	2006
Total Income	0.40	0.29	Nil
Profit after tax (PAT)	0.07	0.17	(0.07)
Share Capital	1.00	1.00	1.00
Reserves (excluding revaluation reserve)	0.08	0.01	Nil
Net Worth	0.23	(0.07)	0.66
Earnings per share (EPS) (Rs.)	0.68	1.68	(0.70)
Net Asset Value (NAV) per share (Rs.)	2.34	(0.68)	6.55

Source: Audited Financial Statements

Notes:

- Face value of each equity share is Rs.10/-.
- For the calculation of Earnings Per Share and Net Asset Value Per Share, number of equity shares outstanding at the end of the year has been considered.

2. PARAM SATYA CONSTRUCTIONS PRIVATE LIMITED

The Company was incorporated on August 19, 2002 vide Registration No.136876 (U45200MH2002PTC136876) as a private limited Company with its Registered Office at 31-A, Laxmi Industrial Estate, New Link Road, Andheri (West), Mumbai – 400 053 with the main object to carry on the

Excel Infoways Ltd

business of builders, contractors, erectors, constructions of building, houses, apartments, structures or residential, office, industrial institutional or commercial or developers of housing scheme, townships, holiday resorts, hotels motels etc.

The Company is yet to start the business activities.

Shareholding Pattern as on 31/05/2008

Particulars	No. of share	% shareholding
Mr. Lakhmendra Khurana	9000	90.00
Mrs. Ranjana Khurana	1000	10.00
Total	10000	100.00

Board of Directors

The following are the Board of Directors as on 31/05/2008:

Name	Designation
Mr. Lakhmendra Khurana	Managing Director
Mrs. Ranjana Khurana	Director

The financials for the last 3 years are given below:

(Rs in lacs)

Year Ended March 31	2008	2007	2006
Total Income	0.40	2.00	0.02
Profit after tax (PAT)	0.05	0.19	(0.07)
Share Capital	1.00	1.00	1.00
Reserves (excluding revaluation reserve)	0.07	0.02	Nil
Net Worth	0.97	0.88	0.64
Earnings per share (EPS) (Rs.)	0.48	1.86	(0.71)
Net Asset Value (NAV) per share (Rs.)	9.72	8.77	6.44

Source: Audited Financial Statements

Notes:

- Face value of each equity share is Rs.10/-.
- For the calculation of Earnings Per Share and Net Asset Value Per Share, number of equity shares outstanding at the end of the year has been considered.

3. RITZ SHOPPING MALL PRIVATE LIMITED

The Company was incorporated on August 19, 2002 vide Registration No.136869 (U51397MH2002PTC136869) as a private limited Company with its Registered Office at 31-A, Laxmi Industrial Estate, New Link Road, Andheri (West), Mumbai – 400 053 with the main object to carry on the business as importers, exporters, buyer, sellers in chemicals, chemical compounds (Organic or Inorganic), Textile goods & Auxiliaries, electronic components, devices systems, instrumentation etc.

The Company is yet to start the business activities.

Shareholding pattern as on 31/05/2008

Particulars	No. of share	% shareholding
Mr. Lakhmendra Khurana	9000	90.00
Mrs. Ranjana Khurana	1000	10.00
Total	10000	100.00

Board of Directors

The following are the Board of Directors as on 31/05/2008:

Name	Designation
Mr. Lakhmendra Khurana	Managing Director

Mrs. Ranjana Khurana	Director
----------------------	----------

The financials for the last 3 years are given below:

Year Ended March 31	2008	2007	2006
Total Income	1.39	3.80	0.00
Profit after tax (PAT)	0.06	0.03	(0.17)
Share Capital	1.00	1.00	1.00
Reserves (excluding revaluation reserve)	Nil	Nil	Nil
Net Worth	0.75	0.64	0.56
Earnings per share (EPS) (Rs.)	0.63	0.33	(1.67)
Net Asset Value (NAV) per share (Rs.)	7.48	6.38	5.58

Source: Audited Financial Statements

Notes:

1. Face Value of each equity share is Rs.10/-
2. For the Calculation of Earning per Share and Net Asset Value per Share, Number of equity shares outstanding at the end of the year has been considered. Share application money pending allotment has not been considered.

4. RAJ HR SOLUTION PRIVATE LIMITED

Raj HR Solutation Private Limited was incorporated on September 15, 2006 vide CIN No: U74910MH2006PTC164636 as a private limited Company with its Registered Office at 31-A, Laxmi Industrial Estate, New Link Road, Andheri (West), Mumbai – 400 053 with the main object to carry on the business in the field of human resources, manpower, recruitment, appointment, placement, training, deputation, delegation of manpower and supplying of manpower, candidate, trainee, laborers, heather skilled, semiskilled or unskilled, clerks, trained personnel in various fields.

The Company is yet to start the business activities.

Shareholding Pattern as on 31/05/2008

Particulars	No. of share	% shareholding
Mr. Lakhmendra Khurana	3500	35.00
Mrs. Ranjana Khurana	6500	65.00
Total	10000	100.00

Board of Directors

The following are the Board of Directors as on 31/05/2008:

Name	Designation
Mr. Lakhmendra Khurana	Managing Director
Mrs. Ranjana Khurana	Director

The financials for the last 3 years are given below:

Year Ended March 31	2008	2007	2006
Total Income	0.10	0.03	Not Applicable
Profit After Tax (PAT)	0.02	0.01	
Share Capital	1.00	1.00	
Reserves (Excluding Revaluation Reserve)	0.03	0.01	
Net Worth	0.78	0.70	
Earning Per Share (EPS) (Rs.)	0.23	0.08	
Net Asset Value (NAV) per share (Rs.)	7.82	6.96	

Source: Audited Financial Statements

Notes:

- i) Face value of each equity share is Rs.10/-.
- ii) For the calculation of Earnings per Share and Net Asset Value per Share, number of equity shares outstanding at the end of the year has been considered.

5. RANJANA CONSTRUCTION PRIVATE LIMITED

The Company was incorporated on September 16, 2006 vide CIN No: U45201MH2006PTC164667 under the Companies Act, 1956 as a Private Limited with its Registered Office at 31-A, Laxmi Industrial Estate, New Link Road, Andheri (West), Mumbai – 400 053 with the main object to carry on the business of real estates, builders, constructors, developers, contractors, real estate consultants, brokers or deal in houses, land, building, apartments, structures, residential, office, industrial or institutional or developers of housing schemes, township, holiday resorts, hotels, motels, sheds or any other property or purchase or acquire land, houses, offices, workshops buildings and premises.

The Company is yet to start the business activities.

Shareholding pattern as on 31/05/2008

Particulars	No. of share	% shareholding
Mr. Lakhmendra Khurana	3500	35.00
Mrs. Ranjana Khurana	6500	65.00
Total	10000	100.00

Board of Directors

The following are the Board of Directors as on 31/05/2008:

Name	Designation
Mr. Lakhmendra Khurana	Managing Director
Mrs. Ranjana Khurana	Director

The financials for the last 3 years are given below:

(Rs in lacs)

Year Ended March 31	2008	2007	2006
Total Income	0.40	0.13	Not Applicable
Profit After Tax (PAT)	0.06	0.02	
Share Capital	1.00	1.00	
Reserves (Excluding Revaluation Reserve)	0.08	0.02	
Net Worth	0.83	0.71	
Earning Per Share (EPS) (Rs.)	0.60	0.17	
Net Asset Value (NAV) per share (Rs.)	8.29	7.06	

Source: Audited Financial Statements

Notes:

- i) Face value of each equity share is Rs.10/-.
- ii) For the calculation of Earnings per Share and Net Asset Value per Share, number of equity shares outstanding at the end of the year has been considered.

6. GARGI OVERSEAS (SOLE PROPRIETORSHIP CONCERN)

Main object	Textile Export
Address	47/21, Old Rajendra Nagar, Flat No. 101, Aman Chambers, Main Pusa Road, New Delhi – 110 060.
Name of the proprietor	Mr. Lakhmendra Khurana
Year of establishment	1994

The financials for the last 3 years are given below:

(Rs in lacs)

Year Ended March 31	2008	2007	2006
Total Income/Sales	0.99	5.01	22.62
Profit Before Tax (PBT)	0.09	2.42	0.17
Proprietor's Capital Account	136.69	142.40	108.03

Source: Unaudited Financial Statements

There are no defaults in meeting any statutory/bank/institutional dues. No Proceedings have been initiated for economic offence against the firm.

7. KRISHNA GARMENTS (SOLE PROPRIETORSHIP CONCERN)

Main object	Garment Export
Address	47/21, Old Rajendra Nagar, Flat No. 101, Aman Chambers, Main Pusa Road, New Delhi – 110 060.
Name of the proprietor	Mrs. Ranjana Khurana
Year of establishment	1997

The financials for the last 3 years are given below:

(Rs in lacs)

Year Ended March 31	2008	2007	2006
Total Income/Sales	Firm	15.27	0.80
Profit Before Tax (PBT)	Dissolved	1.19	0.63
Proprietor's Capital Account	N.A.	8.13	20.08

Source: Unaudited Financial Statements

There are no defaults in meeting any statutory/bank/institutional dues. No Proceedings have been initiated for economic offence against the firm.

8. LAKHMENDRA KHURANA & SONS (HUF)

Address	47/21, Old Rajendra Nagar, Flat No. 101, Aman Chambers, Main Pusa Road, New Delhi –110 060.
Name of the Karta & Members.	Karta - Lakhmendra Khurana Members – Ranjana Khurana, Isha Khurana, Gargi Khurana and Arpit Khurana
Capital Details (as on March 31, 2008)	Rs.37,91,139/-
Year of establishment	1984

None of our Promoter Group companies is a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 or are under winding up or have any BIFR proceedings initiated against it.

None of our Promoter Group companies have been struck off as a defunct company by any Registrar of Companies in India.

There are no sales or purchases between our Company and any company in the Promoter Group exceeding 10% of the sales or purchases of our Company.

For details on litigations and disputes pending against our group companies/concerns and defaults made, please refer to section titled "Outstanding Litigations" on page 108 of Draft this Red Herring Prospectus.

There is no company/firm with which the promoters of the issuer company have disassociated themselves during preceding three years.

RELATED PARTY TRANSACTIONS

For details on our related party transactions, please refer to the section titled “Financial Information of the Company” on page 70 of this Draft Red Herring Prospectus.

CURRENCY OF PRESENTATION

In this Draft Red Herring Prospectus, all references to “Rupees” and “Rs.” and “Indian Rupees” are to the legal currency of the Republic of India.

DIVIDEND POLICY

The declaration and payment of dividends on our equity shares 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 dividend and dividend tax paid by our Company during the last five Fiscal, is presented below:

(Rs in lacs)

Particulars	For the year ended				
	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004
Face Value of Equity Shares (Rs. Per Share)	10.00	10.00	10.00	10.00	10.00
Interim Dividend on Equity Shares	--	32.00	--	--	--
Final Dividend on Equity Shares	--	--	1.65	1.00	--
Total Dividend on Equity Shares	--	32.00	1.65	1.00	--
Dividend Rate	--	25%	15%	10%	--
Dividend Tax	--	4.49	0.23	0.14	--

The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future.

SECTION V – FINANCIAL INFORMATION

FINANCIAL INFORMATION OF THE COMPANY

The Board of Directors
Excel Infoways Limited
Mumbai

Dear Sirs,

Reg: **FINANCIAL INFORMATION OF THE COMPANY**

1. We have examined the financial information of Excel Infoways Limited, as attached to this report and initialed by us for identification.
2. The said financial information has been prepared in accordance with the requirements of paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 (the "Act"), the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000, (the "guidelines") issued by the Securities and Exchange Board of India, ("SEBI") in pursuance to section 11 of the Securities and Exchange Board of India Act, 1992, and related amendments/clarifications; and in accordance with our engagement with company requesting us to carry out work in connection with the Offer Document being issued by the company in connection with its public issue of Equity shares (referred to as "the issue"). The financial information has been prepared by the Company and approved by the Board of Directors of the Company.

A. Financial information as per audited financial statements

3. We have examined:
 - a) The attached "Summary Statement of Profits and Losses, as restated" of the Company for the financial year ended on March 31st of 2008, 2007, 2006, 2005 and 2004 enclosed in Annexure I; and
 - b) The attached "Summary Statement of Assets and liabilities, as restated" as at the said dates enclosed as Annexure II to this report, together referred to as 'Summary Statements'.
 - c) The Summary Statements have been extracted from the Financial Statements of the Year ended on 31st March, 2008, 2007, 2006, 2005 and 2004 audited and examined by us and adopted by the Board of Directors and Members for the respective years.
4. Based on our examination of these summary statements, we state that:
 - a) The restated profits have been arrived at after making such adjustments and regrouping, which in our opinion are appropriate in the years to which they relate, as shown in Annexure III to this report.
 - b) The summary statements of the Company have been restated with retrospective effect to reflect the significant accounting policies being adopted by the company as at March 31st, 2008 as given in the Annexure IV to this report.
 - c) There were no qualification or extra-ordinary items that need to be disclosed separately in the summary statements.

B. Other Financial Information

5. We have examined the following financial information relating to the Company proposed to be included in the Offer Document, as approved by the Board of Directors and annexed to this report:
 - a) Statement of Cash Flows, (Annexure VI)
 - b) Statement of Accounting Ratios, (Annexure VII);

Excel Infoways Ltd

- c) Statement of Tax Shelters (Annexure VIII)
 - d) Capitalisation Statement (Annexure IX)
 - e) Statement of Dividend Paid (Annexure X)
 - f) Age-wise analysis of Debtors, As Restated (Annexure XI) and
 - g) Statement of Loans and Advances, As Restated (Annexure XII);
6. In our opinion the financial information of the Company, attached to this report as mentioned in Paragraphs A and B above, read with respective significant accounting policies and notes as given in Annexure V to this report, and after making adjustments rounding off figures in lacs and regrouping as considered appropriate, has been prepared in accordance with Part II of Schedule II of the Act and the Guidelines issued by SEBI.
7. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us nor should it be construed as a new opinion on any of the financial statements referred to therein.
8. This report is intended solely for your information and for inclusion in the Offer Document in connection with proposed Public issue of shares of the company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For, **S. G. KABRA & CO.**
Chartered Accountants

Malvika P. Mitra
Partner
Membership No. 44105
Place : Mumbai
Date : 28.06.2008

Statement of Profit and Losses, As Restated

Annexure I
(Rupees in lacs)

	For the year ended				
	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004
Income					
Income from Operations	2309.11	1978.68	1015.16	328.91	82.29
Other Income	1.81	0.50	0.08	0.17	0.34
	2310.92	1979.18	1015.24	329.08	82.63
Expenditure					
Employee Cost	252.45	183.53	193.90	138.56	38.98
Operation and Other expenses	282.22	198.90	168.99	131.16	56.31
Interest on Loan	0.76	0.92	0	0	0
	535.43	383.35	362.89	269.72	95.29
Profit before depreciation and taxes	1775.49	1595.83	652.35	59.36	(12.66)
Depreciation	74.50	25.77	19.02	15.17	6.94
Profit before taxes and Extraordinary items	1700.99	1570.06	633.33	44.19	(19.60)
Profit / (loss) on sale of fixed Assets	4.14	0	0	0	0
Exchange fluctuation loss	(47.18)	(3.00)	(0.44)	0	(0.30)
Amortisation of Preliminary and Miscellaneous expenses w/off	(8.93)	(5.26)	(5.26)	(5.26)	0
	(51.97)	(8.26)	(5.70)	(5.26)	(0.30)
Profit before tax	1649.02	1561.80	627.63	38.93	(19.90)
Provision for taxes					
- Current Income Tax	(186.21)	(0.17)	0	0	0
- Defrred Income Tax	(27.31)	(22.65)	(1.08)	(7.84)	(7.06)
- Fringe Benefit Tax	(1.70)	(1.00)	(1.48)	0	0
	(215.22)	(23.82)	(2.56)	(7.84)	(7.06)
Profit after tax	1433.80	1537.98	625.07	31.09	(26.96)
Adjustment for prior period expense	3.78	0	0	0	0
Adjusted profit	1430.02	1537.98	625.07	31.09	(26.96)
Balance brought forward from previous year	1525.66	593.17	2.98	(26.97)	(0.01)
	2955.68	2131.15	628.05	4.12	(26.97)
Less :- Appropriation					
Interim Dividend	0	32.00	0	0	0
Tax on Interim Dividend	0	4.49	0	0	0
Proposed Dividend(Final)	0	0	1.65	1.00	0
Provision for tax on Proposed Dividend	0	0	0.23	0.14	0
Transfer to General Reserve	0	185.00	33.00	0	0
Transferred to Bonus issue	806.00	384.00	0	0	0
	806.00	605.49	34.88	1.14	0.00
Balance Carried to Balance Sheet	2149.68	1525.66	593.17	2.98	(26.97)

Refer Annexure III - Notes on Adjustments in Restated Financials

As per our report attached

For, **S. G. KABRA & CO.**

Chartered Accountants

Malvika P. Mitra

Partner

Membership no. 44105

Place: Mumbai

Date: 28.06.2008

Statement of Assets and Liabilities , As Restated

Annexure II
(Rupees in lacs)

	As at				
	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004
A. Assets					
Fixed Assets					
Gross Block	1335.91	585.41	143.97	111.52	106.49
Less : Depreciation/Amortisation	139.78	66.90	41.13	22.11	6.94
Net Block	1,196.13	518.51	102.84	89.41	99.55
Add: Capital Work in Progress (including Capital Advances)	1,335.50	275.00	0	0	0
	2,531.63	793.51	102.84	89.41	99.55
B. Investments	11.83	0	0	0	0
C. Current Assets, Loans & Advances					
Sundry Debtors	878.88	792.72	598.54	47.09	0.53
Cash & Bank Balance	384.53	348.78	90.06	2.05	3.26
Loans & Advances	285.91	419.74	17.30	7.28	4.27
Total Assets	4,092.78	2,354.75	808.74	145.83	107.61
D. Liabilities and Provision					
Secured Loans	5.83	11.95	7.39	0	0
E. Unsecured Loans	0	0	0	129.65	126.00
F. Deferred Tax Liability	65.95	38.64	15.98	14.90	7.06
G. Current Liabilities and Provisions					
Current Liabilities	190.78	65.23	46.99	9.35	17.83
Provisions	86.21	0.07	0	0	0
	276.99	65.30	46.99	9.35	17.83
H. Net Worth					
Represented by:					
Shareholders' Funds:					
Share Capital	1,543.67	512.00	128.00	10.00	10.00
Reserves and Surplus	2,218.70	1,743.66	626.17	2.98	0
	3,762.37	2,255.66	754.17	12.98	10.00
I. Less: Miscellaneous Expenditure	(18.36)	(16.80)	(15.79)	(21.05)	(53.28)
	3,744.01	2,238.86	738.38	(8.07)	(43.28)
Total Liabilities	4,092.78	2,354.75	808.74	145.83	107.61

Refer Annexure III - Notes on Adjustments in Restated Financials

As per our report attached

For, **S. G. KABRA & CO.**
Chartered Accountants**Malvika P. Mitra**

Partner

Membership no. 44105

Place: Mumbai

Date: 28.06.2008

Notes on Adjustments Made In Restated Financial Statements

1. Regrouping

- (a) Financial Statement, which were elaborative, are summarized and regrouped in the restated summary statement for better investors prospective.
- (b) During the financial year 2005-2006 and 2006-2007 Company recorded FBT Provision Rs. 1.48 lacs & Rs. 1 lac respectively under the head Administrative and General expenses in the audited accounts. However, in the restated accounts same has been shown under the head provision for tax notwithstanding changes in the figure of profit before tax.

2. Tax Impact of Adjustment

There is no Major Impact on Taxes on Account of restatement of profitability and as such no such adjustment is made in the restated summary statement.

For, **S. G. KABRA & CO.**
Chartered Accountants

Malvika P. Mitra
Partner
Membership No. 44105
Place : Mumbai
Date : 28.06.2008

Significant Accounting Policies**a) Basis of Preparation**

The financial statements are prepared under the historical cost convention and the requirements of the Companies Act, 1956. Company generally follows the mercantile system of accounting and recognizes income & expenditure on accrual basis unless otherwise stated.

b) Use of estimates

The preparation of financial statements requires the management of the company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of the income and expenses during the year. Example of such estimates includes provisions for income tax, deferred tax and fringe benefit tax.

c) Fixed Assets

Fixed Assets are stated at cost, less accumulated depreciation. Costs include all expenses incurred to bring the assets to its present location and condition.

d) Depreciation

Depreciation on assets is charges on Straight Line Basis at the rates prescribed under the Schedule XIV of the Companies Act, 1956.

e) Impairment

The carrying amount of assets are reviewed at each balance sheet date, if there is any indication of impairment based on internal/external factors. An asset is impaired when the carrying amount of asset exceeds the recoverable amount. An impairment loss is charged to the profit and loss account in the year in which asset is identified as impaired.

f) Investments

Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

g) Employee benefits

As per the practice consistently followed, leave encashment is accounted for as and when paid. In view of the management, most of the employees have already utilized balance of leave in their account therefore there is no material amount of leave encashment payable at the year end. Since, none of the employees have put in specified period of service, no provision for gratuity is made.

h) Revenue Recognition

Revenues from Business Process Outsourcing (BPO) / Information Technology Enabled Services are recognized as the related services are rendered and recorded at relevant exchange rate prevailing on the date of transaction.

i) Taxation

Provision for current tax and fringe benefit tax is made as per the provisions of Income Tax Act, 1961.

In accordance with Accounting Standard 22 –Accounting for Taxes on Income , issued by the Institute of Chartered Accountants of India, deferred tax on timing differences between book and tax profits for the year is accounted for using the tax rates and laws that have been enacted or substantively enacted as of the balance sheet date.

Deferred tax arising from temporary timing difference are recognized to the extent there is reasonable certainty that the assets can be realized in future.

j) Foreign currency transactions

Income and Expenses in foreign currencies are converted at exchange rates prevailing on the date of transaction. Foreign currency monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date. Exchange difference gain/(loss) is recognized in the profit and loss account. Premium or discount on forward exchange contracts are amortized and recognized in the profit and loss account.

k) **Borrowing Cost**

Borrowing Cost of Loans taken for the purchase of vehicle is charged to the revenue.

l) **Miscellaneous Expenditure**

Legal expenses incurred to increase the authorized share capital of the company are treated as deferred revenue expenses. One-fifth of preliminary expenses, pre operative expenses and deferred revenue expenses are charged to profit & Loss Account during the year.

For, **S. G. KABRA & CO.**

Chartered Accountants

Malvika P. Mitra

Partner

Membership No. 44105

Place : Mumbai

Date : 28.06.2008

Notes to Restated Accounts

1. The Company incorporated 100% Subsidiary Excel Infoways Trading- FZE, U.A.E. on 10th July, 2006, since then the subsidiary has not started any operations. The investment in foreign subsidiary Excel Infoways Trading-FZE, U.A.E., is shown at cost. No provision has been made for diminution in the value of above investment as this company is in early stage of development. Net aggregate amount of loss so far, as concerns the members of Excel Infoways Limited, not dealt within the accounts is Rs. 544566/- as on 31st March, 2008.

2. Deferred Tax Liability and Assets Balances

The Deferred tax liability arising on account of timing difference between taxable income and accounting income is as follows.

(Rupees in lacs)

	As at				
	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004
Liability on account of depreciation	65.95	38.64	15.98	14.90	7.06
Total	65.95	38.64	15.98	14.90	7.06

3. Related Party Disclosure

As per Accounting Standard – 18, issued by the ICAI, the Company's related parties and transactions with them are as under.

a) Associates

- 1 Ranjana Construction Pvt. Ltd.
- 2 Tista Impex Pvt. Ltd.
- 3 Ritz Shopping Mall Pvt. Ltd.
- 4 Paramsatya Construction Pvt. Ltd.
- 5 Raj H.R. Solution Pvt. Ltd.
- 6 Lakhmendra Khurana & Sons (H.U.F.)
- 7 Gargi Overseas
- 8 Krishna Garments

b) Subsidiary Company

- 1 Excel Infoways Trading-FZE
United Arab Emirates.

c) Key Management Personnel

- 1 Lakhmendra Khurana (Managing Director)
- 2 Ranjana Khurana (Executive Director)
- 3 Bela Ash (Executive Director)

d) Relatives of Key Management Personnel

Promoter	Name of Relative	Relationship
1. Lakhmendra Khurana	Isha Khurana	Daughter
2. Ranjana Khurana	Praduman Taneja	Brother
3. Bela Ash	Pratima Ash	Mother

e) Transactions with related Parties

			31.03.2008	
Name of Party	Relationship	Nature of Transaction	Transactions during the year (in Rs.)	Balance at the year end

Ritz Shopping Mall Pvt. Ltd.	Associate Concern	Loan Taken & repaid	6,00,000	Nil
Excel Infoways Trading FZE, U.A.E.	Subsidiary	Advance remitted for Investment received back and credit for exchange fluctuation charges. Investment in shares	19727329 1183370	16381032 1183370
Lakhmendra Khurana	Managing Director	Issue of Bonus Shares Rent paid Remuneration	56,004,000 120,000 1,200,000	Nil Nil Nil
Ranjana Khurana	Executive Director	Issue of Bonus Shares Remuneration	43,400,000 1,50,000	Nil Nil
Bela Ash	Executive Director	Issue of Bonus Shares Remuneration	80,000 397,000	Nil Nil
Isha Khurana	Relative	Issue of Bonus Shares Salary	80,000 3,00,000	Nil Nil
Pratima Ash	Relative	Issue of Bonus Shares Salary	80,000 239,200	Nil Nil

Notes:

- 1) Related party relationship is as identified by the company and relied upon by the Auditor.
- 2) As Company became level I enterprise during the F.Y. 2007-2008, no previous year's figures are disclosed.

4. Auditors' remuneration

(Rupees in lacs)

	For the year ended				
	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004
Statutory Audit	2.25	0.45	0.45	0.44	0.21
Tax Audit	0.56	0.11	--	--	--
Total	2.81	0.56	0.45	0.44	0.21

5. Income in Foreign Currency

(Rupees in lacs)

	For the year ended				
	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004
Receipts from BPO/ITES	2309.11	1978.68	1015.16	328.91	82.29
Total	2309.11	1978.68	1015.16	328.91	82.29

6. Expenditure in Foreign Currency

(Rupees in lacs)

	For the year ended				
	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004
Communication Expenses	98.27	76.21	49.34	12.55	6.82
Computer & Software expenses	2.46	96.11	--	--	--
Total	100.73	172.32	49.34	12.55	6.82

7. Contingent Liabilities

(Rupees in lacs)

	For the year ended				
	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004
Guarantee to Custom Department	3.13	3.13	0.50	0.50	0.50
Total	3.13	3.13	0.50	0.50	0.50

8. Previous years' figures have been regrouped / recast wherever necessary to make them comparable with those of current year.

For, **S. G. KABRA & CO.**
Chartered Accountants

Malvika P. Mitra
Partner
Membership No. 44105
Place : Mumbai
Date : 28.06.2008

Statement of Cash Flows

Annexure-VI

(Rs. In Lacs)

		For the Year ended on				
		March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004
1	CASH FLOWS FROM OPERATING ACTIVITIES					
	Profit / (Loss) before taxes	1649.02	1561.8	627.63	38.93	(19.90)
	Adjustment for Depreciation (Current year)	74.50	25.77	19.02	15.17	6.94
	Adjustment for Depreciation (Prior Period)	0.22	0	0	0	0
	Interest Expenses	0.76	0.92	0	0	0
	Loss/ (profit) on sales of fixed assets (net)	(4.14)	0	0	0	0
	Operating Profit before working capital changes	1720.36	1588.49	646.65	54.10	(12.96)
	Sundry Debtors	(86.16)	(194.18)	(551.45)	(46.56)	(0.53)
	Loans and advances	(75.28)	(29.52)	(10.02)	(3.01)	(4.27)
	Current liabilities and provisions	61.68	18.31	37.64	(8.48)	17.82
	Miscellaneous Expenditure	(1.57)	(1.00)	5.26	5.26	(25.58)
	Cash generated from operations	1619.03	1382.10	128.08	1.31	(25.52)
	Taxes paid	(187.91)	(1.17)	(1.48)	0	0
	Cash provided by operating activities before prior period Adjustment	1431.12	1380.93	126.60	1.31	(25.52)
	Prior period Adjustment	(3.78)	0	0	0	0
	Cash provided by operating activities	1427.34	1380.93	126.60	1.31	(25.52)
2	CASH FLOWS FROM INVESTING ACTIVITIES					
	Purchase of fixed assets including capital work in progress	(2035.07)	(716.45)	(32.45)	(5.03)	(106.49)
	Proceeds from sale of fixed assets	226.38	0	0	0	0
	Investment in Subsidiary	(11.83)	0	0	0	0
	Advances to Subsidiary	209.11	(372.92)	0	0	0
	Advances against sale of property	150.00	0	0	0	0
	Net cash used in investing activities	(1461.41)	(1089.37)	(32.45)	(5.03)	(106.49)
3	CASH FLOWS FROM FINANCING ACTIVITIES					
	Issue of Shares	76.70	0	118.00	0	9.00
	Increase / (Decrease) Secured Loans	(6.12)	4.56	7.39	0	0
	Increase / (Decrease) Unsecured Loans	0	0	(129.65)	3.65	126.00
	Dividend paid, including dividend tax	0	(36.48)	(1.88)	(1.14)	0
	Interest paid	(0.76)	(0.92)	0	0	0
	Net cash used in financing activities	69.82	(32.84)	(6.14)	2.51	135.00
	Net increase / (decrease) in cash and cash equivalents	35.75	258.72	88.01	(1.21)	2.99
	Cash and cash equivalents at the beginning of the year	348.78	90.06	2.05	3.26	0.27
	Cash and cash equivalents at the end of year	384.53	348.78	90.06	2.05	3.26

Note: Figures in brackets represent the outflow of cash.

Cash and cash equivalent includes Rs.3.13 lacs not available for use by the company.

For, **S. G. KABRA & CO.**

Chartered Accountants

Malvika P. Mitra

Partner

Membership no. 44105

Place: Mumbai

Date: 28.06.2008

Statement of Accounting Ratios

Annexure VII
(Rupees in lacs)

	For the year ended				
	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004
Earning per share (Rs.)	9.33	10.01	12.20	31.09	(193.48)
Net Assets value per share (Rs.)	24.35	14.57	14.42	(8.07)	(310.61)
Return on Net Worth (%)	38.19%	68.69%	84.65%	--	--
Net profit / (loss) attributable to equity Shareholders (Rs.)	1430.02	1537.98	625.07	31.09	(26.96)
Tangible Net Worth (Rs.)	3744.01	2238.86	738.38	(8.07)	(43.28)
Weighted average number of equity shares in the period (in Nos.)	15373412	15360000	5120000	100000	13934

Notes:

1 Brackets indicate negative figures.

2. Weighted average no. of shares has been calculated on time basis

3. Formulas for calculating Ratios:

(i) Earning Per share (Rs.) = $\frac{\text{Net profit attributable to equity share holders}}{\text{Weighted average number of equity shares outstanding during the year}}$ (ii) Net asset value per share (Rs.) = $\frac{\text{Net worth excluding revaluation reserves at the end of the year}}{\text{Weighted average number of equity shares outstanding during the year}}$ (iii) Return on Net Worth (%) = $\frac{\text{Net profit attributable to equity shareholders}}{\text{Net worth excluding revaluation reserves at the end of the year}}$

4. Restated net profit, as appearing in the restated Statement of profits and losses (Annexure I) and net worth as appearing in the statement of restated assets and liabilities (Annexure II), has been considered for the purpose of computing the above ratios. These ratios are computed on the basis of the standalone (unconsolidated) restated financial information of the issuer Company.

5. Earnings per share calculations are done in accordance with Accounting Standard-20 "Earning per share" issued by the Institute of Chartered Accountants of India.

6. Calculation of ratios post issue has not been considered

As per our report attached
For, **S. G. KABRA & CO.**
Chartered Accountants**Malvika P. Mitra**
Partner
Membership no. 44105Place: Mumbai
Date: 28.06.2008

Statement of Tax Shelter

Annexure VIII
(Rupees in lacs)

Year ending March 31	2008	2007	2006	2005	2004
Tax Rate	33.99%	33.66%	33.66%	36.50%	35.87%
Profit/ (loss) Before Tax as per Profit & Loss A/c	1649.02	1561.80	627.63	38.93	(19.90)
Tax at actual rate on profits	560.50	525.70	211.26	14.21	--
Adjustments :					
Permanent Differences					
i) Donations	--	--	(0.83)	--	--
ii) Deduction u/s 10A	1562.51	1472.94	646.28	15.45	--
iii) Carried forward loss	--	--	--	--	(39.58)
iv) Disallowances u/s 40(a) of the Income Tax Act, 1961	--	--	--	--	--
v) Profit/(Loss) on sale of Fixed assets (Net)	4.14	--	--	--	--
Timing Differences					
i) Depreciation	80.56	67.32	3.22	23.48	19.68
ii) Disallowance of Prior years reversed	--	21.04	--	--	--
iii) Disallowances u/s 40(a) of the Income Tax Act, 1961	--	--	(21.04)	--	--
Net Adjustments	1647.21	1561.30	627.63	38.93	(19.90)
Tax Savings thereon	559.89	525.53	211.26	14.21	--
Total Taxation	0.61	0.17	--	--	--
Tax provided under MAT	186.21	--	--	--	--

Note: The statement tax shelter is based on Income Tax Returns filed by the Company with Income Tax Authorities, except for the year ended on March 31st, 2008 and not based on restated profit and loss accounts as per Annexure -I

As per our report attached

For, **S. G. KABRA & CO.**
Chartered Accountants

Malvika P. Mitra
Partner
Membership no. 44105

Place: Mumbai
Date: 28.06.2008

Statement of Capitalisation

Annexure IX
(Rupees in lacs)

Particulars	Pre-issue as at March 31,2008	Post issue
A) Debts		
a) Short - Term Debts	5.83	5.83
b Long-Term Debt	0.00	0
Total A. (a+b)	5.83	5.83
B) Shareholders' Funds (Equity)		
a) Equity Share Capital	1543.67	*
b) Reserves and Surplus	2218.70	*
Less: Miscellaneous Expenses	(18.36)	*
Total Share holding funds (B)	3744.01	*
Long Term Debts / Equity (A/B)	0.0016	*

* Information pertaining to post issue can be ascertained only after finalization of issue price .

As per our report attached

For, **S. G. KABRA & CO.**
Chartered Accountants

Malvika P. Mitra
Partner
Membership no. 44105

Place:Mumbai
Date: 28.06.2008

Statement of Dividend Paid
Annexure X
 (Rupees in lacs)

Particulars	For the year ended				
	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004
Face Value of Equity Shares (Rs. Per Share)	10.00	10.00	10.00	10.00	10.00
Interim Dividend on Equity Shares	--	32.00	--	--	--
Final Dividend on Equity Shares	--	--	1.65	1.00	--
Total Dividend on Equity Shares	--	32.00	1.65	1.00	--
Dividend Rate	--	25%	15%	10%	--
Dividend Tax	--	4.49	0.23	0.14	--

As per our report attached

For, **S. G. KABRA & CO.**
Chartered Accountants

Malvika P. Mitra
Partner
 Membership no. 44105

Place: Mumbai
 Date: 28.06.2008

Age-wise analysis of Debtors, As Restated**Annexure XI**
(Rupees in lacs)

Age wise Break-up	As at				
	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004
Debt exceeding six months	--	--	--	--	--
Other Debts	878.88	792.72	598.54	47.09	0.53
Total	878.88	792.72	598.54	47.09	0.53

Statement of Loans and Advances**Annexure XII**
(Rupees in lacs)

Particulars	As at				
	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004
Loans and Advances					
- Promoter	--	--	--	--	--
- Directors of Company	--	--	--	--	--
- Group Companies	--	--	--	--	--
- Subsidiary Company	163.81	372.92	--	--	--
- Others	122.10	46.82	17.30	7.28	4.27
Total	285.91	419.74	17.30	7.28	4.27

As per our report attached

For, **S. G. KABRA & CO.**
*Chartered Accountants***Malvika P. Mitra**
Partner
Membership no. 44105Place: Mumbai
Date: 28.06.2008

CONSOLIDATED FINANCIAL INFORMATION OF THE COMPANY

The Board of Directors
Excel Infoways Limited
Mumbai.

Dear Sirs,

1. We have examined the Consolidated Financial Information of Excel Infoways Limited together with its wholly owned subsidiary company, Excel Infoways Trading FZE at UAE, incorporated on 10th July, 2006 as attached to this report and initialed by us for identification.
2. The said Consolidated Financial Information has been prepared in accordance with the requirements of paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 (the "Act"), the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000, (the "guidelines") issued by the Securities and Exchange Board of India, ("SEBI") in pursuance to section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments/clarifications and in accordance with our engagement with company requesting us to carry out work in connection with the Offer Document being issued by the company for public issue of its equity shares (referred to as "the issue"). The said Consolidated Financial Information has been prepared by the Company and approved by the Board of Directors of the Company.

B. Consolidated Financial Information as per audited financial statements

3. We have examined:
 - a) The attached "Consolidated Summary Statement of Profits and Losses, as restated" of the Company for the financial years/period ended on March 31st, 2008 and 2007 as per Annexure I; and
 - b) The attached "Consolidated Summary Statement of Assets and Liabilities, as restated" as at the said dates as per Annexure II, together referred to as 'Consolidated Summary Statements'.
 - c) The Consolidated Summary Statements have been extracted from the Financial Statements of Excel Infoways Ltd., audited by us and in case of subsidiary company, Excel Infoways Trading FZE, audited by other auditors, for the period/years ended on 31st March, 2008 and 2007 and adopted by the Board of Directors and Members for the respective years.
4. Based on our examination of these Consolidated Summary Statements, we state that:
 - a) The restated profits have been arrived at after making such adjustments and regrouping, which in our opinion are appropriate in the years to which they relate, as shown in Annexure III to this report.
 - b) The Consolidated Summary Statements of the Company have been restated to reflect the significant accounting policies being adopted by the Company as at March 31st, 2008 as given in the Annexure IV to this report.
 - c) There were no qualifications or extra-ordinary items that need to be disclosed separately in the Consolidated Summary Statements.

B. Other Financial Information

5. We have also examined the following Financial Information relating to the Company proposed to be included in the Offer Document, as approved by the Board of Directors and annexed to this report:
 - a) Statement of Cash Flows, (Annexure VI)
 - b) Statement of Accounting Ratios, (Annexure VII);
 - c) Statement of Tax Shelter (Annexure VIII)
 - d) Capitalisation Statement (Annexure IX)

- e) Statement of Dividend Paid (Annexure X)
 - f) Age-wise Analysis of Debtors, As Restated (Annexure XI) and
 - g) Statement of Loans and Advances, As Restated (Annexure XII);
6. In our opinion the Consolidated Financial Information of the Company, attached to this report as mentioned in Paragraphs A and B herein above read with significant accounting policies and notes thereon as given in Annexure V to report and after making adjustments, rounding off of figures to Rs. in lacs and regrouping as considered appropriate, has been prepared in accordance with Part II of Schedule II of the Act and the Guidelines issued by SEBI.
7. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us or other auditors nor should it be construed as a new opinion on any of the financial statements referred to therein.
8. This report is intended solely for your information and for inclusion in the Offer Document in connection with proposed Public issue of shares of the company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For, **S. G. KABRA & CO.**
Chartered Accountants

Malvika P. Mitra
Partner
Membership No. 44105
Place : Mumbai
Date : 28.06.2008

Consolidated Statement of Profit and Losses, As Restated

Annexure I

	(Rupees in lacs)	
	For the year ended	
	March	March
	31, 2008	31, 2007
Income		
Income from Operations	2309.11	1978.68
Other Income	1.81	0.50
	2310.92	1979.18
Expenditure		
Employee Cost	252.45	183.53
Operation and Other expenses	284.53	201.89
Interest on Loan	1.12	0.95
	538.10	386.37
Profit before depreciation and taxes	1772.82	1592.81
Depreciation	74.50	25.77
Profit before taxes and Extraordinary items	1698.32	1567.04
Profit / (loss) on sale of fixed Assets	4.14	0
Exchange fluctuation loss	(47.18)	(3.00)
Amortisation of Preliminary and Miscellaneous expenses	(8.93)	(5.26)
	(51.97)	(8.26)
Profit before tax	1646.35	1558.78
Provision for taxes		
- Current Income Tax	(186.21)	(0.17)
- Deferred Income Tax	(27.31)	(22.65)
- Fringe Benefit Tax	(1.70)	(1.00)
	(215.22)	(23.82)
Profit after tax	1431.13	1534.96
Adjustment for prior period expense	(3.78)	0
Adjusted profit	1427.35	1534.96
Balance brought forward from previous year	1522.64	593.17
	2949.99	2128.13
Appropriation		
Interim Dividend	0	(32.00)
Tax on Interim Dividend	0	(4.49)
Proposed Dividend(Final)	0	0
Provision for tax on Proposed Dividend	0	0
Transfer to General Reserve	0	(185.00)
Transferred to Bonus issue	(806.00)	(384.00)
Foreign Currency Translation Reserve	0.24	0
	(805.76)	(605.49)
Balance Carried to Balance Sheet	2144.23	1522.64

Refer Annexure III - Notes on Adjustments in Restated Financials

As per our report attached

For, **S. G. KABRA & CO.**

Chartered Accountants

Malvika P. Mitra

Partner

Membership no. 44105

Place : Mumbai

Date : 28.06.2008

Consolidated Statement of Assets and Liabilities , As Restated

Annexure II

		(Rupees in lacs)	
		As at	
		March 31, 2008	March 31, 2007
	Assets		
A.	Fixed Assets		
	Gross Block	1335.91	585.41
	Less : Depreciation	139.78	66.90
	Net Block	1,196.13	518.51
	Add: Capital Work in Progress (including Capital Advances)	1,335.50	275.00
		2,531.63	793.51
B.	Investments	0	0
C.	Current Assets, Loans & Advances		
	Sundry Debtors	878.88	792.72
	Cash & Bank Balance	387.24	351.71
	Loans & Advances	288.62	404.98
	Total Assets	4,086.37	2,342.92
	Liabilities and Provision		
D.	Secured Loans	5.83	11.95
E.	Unsecured Loans	0	0
F.	Deferred Tax Liability	65.95	38.64
G.	Current Liabilities and Provisions		
	Current Liabilities	190.78	65.23
	Provisions	86.21	0.07
		276.99	65.30
H.	Net Worth		
	Represented by:		
	Shareholders' Funds:		
	Share Capital	1,543.67	512.00
	Reserves and Surplus	2,213.25	1,740.64
	Foreign Currency Translation Reserve	(0.96)	(8.81)
		3,755.96	2,243.83
I.	Less: Miscellaneous Expenditure	(18.36)	(16.80)
		3,737.60	2,227.03
	Total Liabilities	4,086.37	2,342.92

Refer Annexure III - Notes on Adjustments in Restated Financials

As per our report attached

For, **S. G. KABRA & CO.**

Chartered Accountants

Malvika P. Mitra

Partner

Membership no. 44105

Place : Mumbai

Date : 28.06.2008

Notes on Adjustments Made In Restated Consolidated Financial Statements**1. Regrouping**

- (a) Financial Statement, which were elaborative, are summarized and regrouped in the restated summary statement for better investors prospective.
- (b) During the financial year 2006-2007 Excel Infoways Limited recorded FBT Provision of Re. 1.00 lac under the head administrative and general expenses in the audited accounts. However, in the restated accounts same has been shown under the head provision for tax notwithstanding changes in the figure of profit before tax.

2. Tax Impact of Adjustment

There is no major impact on taxes on account of restatement of profitability and as such no such adjustment is made in the restated summary statement.

For, **S. G. KABRA & CO.**
Chartered Accountants

Malvika P. Mitra
Partner
Membership No. 44105
Place : Mumbai
Date : 28.06.2008

Significant Accounting Policies**a) Basis of Preparation**

The financial statements are prepared under the historical cost convention and the requirements of the Companies Act, 1956. Company generally follows the mercantile system of accounting and recognizes income & expenditure on accrual basis unless otherwise stated. The accounts of the foreign subsidiary have been prepared in accordance with the local laws applicable and Accounting Standards/generally accepted accounting principles.

b) Use of estimates

The preparation of financial statements requires the management of the company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of the income and expenses during the year. Example of such estimates includes provisions for income tax, deferred tax and fringe benefit tax.

c) Fixed Assets

Fixed Assets are stated at cost, less accumulated depreciation. Costs include all expenses incurred to bring the assets to its present location and condition.

d) Depreciation

Depreciation on assets is charges on Straight Line Basis at the rates prescribed under the Schedule XIV of the Companies Act, 1956.

e) Impairment

The carrying amount of assets are reviewed at each balance sheet date, if there is any indication of impairment based on internal/external factors. An asset is impaired when the carrying amount of asset exceeds the recoverable amount. An impairment loss is charged to the profit and loss account in the year in which asset is identified as impaired.

f) Employee benefits

As per the practice consistently followed, leave encashment is accounted for as and when paid. In view of the management, most of the employees have already utilized balance of leave in their account therefore there is no material amount of leave encashment payable at the year end. Since, none of the employees have put in specified period of service, no provision for gratuity is made.

g) Revenue Recognition

Revenues from Business Process Outsourcing (BPO)/Information Technology Enabled Services are recognized as the related services are rendered and recorded at relevant exchange rate prevailing on the date of transaction.

h) Taxation

Provision for current tax and fringe benefit tax is made as per the provisions of Income Tax Act, 1961. In accordance with Accounting Standard 22 –Accounting for Taxes on Income , issued by the Institute of Chartered Accountants of India, deferred tax on timing differences between book and tax profits for the year is accounted for using the tax rates and laws that have been enacted or substantively enacted as of the balance sheet date.

Deferred tax arising from temporary timing difference are recognized to the extent there is reasonable certainty that the assets can be realized in future.

i) Foreign currency transactions

Income and Expenses in foreign currencies are converted at exchange rates prevailing on the date of transaction. Foreign currency monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date. Exchange difference gain/(loss) is recognized in the profit and loss account. Premium or discount on forward exchange contracts are amortized and recognized in the profit and loss account.

j) Borrowing Cost

Borrowing Cost of Loans taken for the purchase of vehicle is charged to the revenue.

k) Miscellaneous Expenditure

Legal expenses incurred to increase the authorised share capital of the company are treated as deferred revenue expenses. One-fifth of preliminary expenses, pre operative expenses and deferred revenue expenses are charged to profit & Loss Account during the year.

For, **S. G. KABRA & CO.**
Chartered Accountants

Malvika P. Mitra
Partner

Membership No. 44105
Place : Mumbai
Date : 28.06.2008

Annexure V

Notes to Restated Accounts

1. Basis of Consolidation

- a) Consolidated Financial Information comprises the financial statements of Excel Infoways Limited and its wholly owned subsidiary, Excel Infoways Trading – FZE. incorporated on dated 10th July, 2006 at U.A.E. where in Company has invested one share of AED 100000/- (i.e. 100% Subsidiary Company's Capital).
- b) As per the **Accounting Standard 21- Consolidated Financial Statements** issued by ICAI, standard applies to the material items. Considering the amount of investment in subsidiary in relation to the total assets of the parent Company in particular, when subsidiary company has not started any operations, it can be considered to be immaterial subsidiary company not liable for consolidation. But company has prepared Consolidated Financial information voluntarily.
- c) The financial statements of the Company and its Subsidiary company have been combined on a line-by-line basis by adding together like items of assets, liabilities and expenses. The intra-subsidary balances/transactions are fully eliminated.
- d) All the assets and liabilities of the subsidiary are converted at rates prevailing at the end of the year. Any exchange difference/adjustment arising on translation/consolidation is accumulated in a Foreign Currency Translation Reserve in the Balance Sheet.
- e) As the Company floated subsidiary company on 10th July, 2006, there are no previous year's figures for the purpose of Consolidation.

2. Deferred Tax Liability and Assets Balances

The Deferred tax liability arising on account of timing difference between taxable income and accounting income is as follows.

	(Rupees in lacs)	
	As at	
	March 31, 2008	March 31, 2007
Liability on account of depreciation	65.95	38.64
Total	65.95	38.64

3. Related Party Disclosure

As per Accounting Standard – 18, issued by the ICAI, the Company's related parties and transactions with them are as under.

a) Associates

- 1 Ranjana Construction Pvt. Ltd.
- 9 Tista Impex Pvt. Ltd.
- 10 Ritz Shopping Mall Pvt. Ltd.
- 11 Paramsatya Construction Pvt. Ltd.
- 12 Raj H.R. Solution Pvt. Ltd.
- 13 Lakhmendra Khurana & Sons (H.U.F.)
- 14 Gargi Overseas
- 15 Krishna Garments

b) Subsidiary Company

- 1 Excel Infoways Trading-FZE
United Arab Emirates.

c) Key Management Personnel

- 4 Lakhmendra Khurana (Managing Director)
5 Ranjana Khurana (Executive Director)
6 Bela Ash (Executive Director)

d) Relatives of Key Management Personnel

Promoter	Name of Relative	Relationship
1. Lakhmendra Khurana	Isha Khurana	Daughter
2. Ranjana Khurana	Praduman Taneja	Brother
3. Bela Ash	Pratima Ash	Mother

e) Transactions with related Parties

Name of Party	Relationship	Nature of Transaction	31.03.2008	
			Transactions during the year (in Rs.)	Balance at the year end
Ritz Shopping Mall Pvt. Ltd.	Associate Concern	Loan Taken & repaid	6,00,000	Nil
Excel Infoways Trading FZE, U.A.E.	Subsidiary	Advance remitted for Investment received back and credit for exchange fluctuation charges. Investment in shares	19727329 1183370	16381032 1183370
Lakhmendra Khurana	Managing Director	Issue of Bonus Shares Rent paid Remuneration	56,004,000 120,000 1,200,000	Nil Nil Nil
Ranjana Khurana	Executive Director	Issue of Bonus Shares Remuneration	43,400,000 1,50,000	Nil Nil
Bela Ash	Executive Director	Issue of Bonus Shares Remuneration	80,000 397,000	Nil Nil
Isha Khurana	Relative	Issue of Bonus Shares Salary	80,000 3,00,000	Nil Nil
Pratima Ash	Relative	Issue of Bonus Shares Salary	80,000 239,200	Nil Nil

Notes:

- 1) Related party relationship is as identified by the company and relied upon by the Auditor.
2) As Company became level I enterprise during the F.Y. 2007-2008, no previous year's figures are disclosed.

4. Contingent Liabilities

(Rupees in lacs)

	For the year ended	
	March 31, 2008	March 31, 2007
Guarantee to Custom Department	3.13	3.13
Total	3.13	3.13

5. Previous years' figures have been regrouped / recast wherever necessary to make them comparable with those of current year.

For, **S. G. KABRA & CO.**
Chartered Accountants

Malvika P. Mitra
Partner

Membership No. 44105
Place : Mumbai
Date : 28.06.2008

Consolidated Statement of Cash Flows

Annexure VI
(Rs. In Lacs)

		March	March
		31, 2008	31, 2007
1	CASH FLOWS FROM OPERATING ACTIVITIES		
	Profit / (Loss) before taxes	1646.35	1558.78
	Adjustment for Depreciation (Current year)	74.50	25.77
	Adjustment for Depreciation (Prior Period)	0.22	0.00
	Interest Expenses	1.12	0.95
	Loss/ (profit) on sales of fixed assets (net)	(4.14)	0.00
	Foreign Currency Trans. Reserve	8.08	(8.81)
	Operating Profit before working capital changes	1726.13	1576.69
	Sundry Debtors	(86.16)	(194.18)
	Loans and advances	116.36	(387.68)
	Current liabilities and provisions	61.69	18.31
	Miscellaneous Expenditure	(1.57)	(1.00)
	Cash generated from operations	1816.45	1012.14
	Taxes paid	(187.91)	(1.17)
	Cash provided by operating activities before prior period Adjustment	1628.54	1010.97
	Prior period Adjustment	(3.78)	0.00
	Cash provided by operating activities	1624.76	1010.97
2	CASH FLOWS FROM INVESTING ACTIVITIES		
	Purchase of fixed assets including capital work in progress	(2035.07)	(716.45)
	Proceeds from sale of fixed assets	226.38	0.00
	Advances against sale of property	150.00	0.00
	Net cash used in investing activities	(1658.69)	(716.45)
3	CASH FLOWS FROM FINANCING ACTIVITIES		
	Issue of Shares	76.70	0.00
	Increase / (Decrease) Secured Loans	(6.12)	4.56
	Increase / (Decrease) Unsecured Loans	0.00	0.00
	Dividend paid, including dividend tax	0.00	(36.48)
	Interest paid	(1.12)	(0.95)
	Net cash used in financing activities	69.46	(32.87)
	Net increase / (decrease) in cash and cash equivalents	35.53	261.65
	Cash and cash equivalents at the beginning of the year	351.71	90.06
	Cash and cash equivalents at the end of year	387.24	351.71

Note: Figures in brackets represents outflow of cash.

Cash and cash equivalent includes Rs.3.13 lacs not available for use by the company.

Consolidated Statement of Accounting Ratios

Annexure VII
(Rupees in lacs)

	For the year ended	
	March 31, 2008	March 31, 2007
Earning per share (Rs.)	9.28	9.99
Net Assets value per share (Rs.)	24.31	14.50
Return on Net Worth (%)	38.17%	68.90%
Net profit / (loss) attributable to equity Shareholders (Rs.)	1427.35	1534.96
Tangible Net Worth (Rs.)	3737.60	2227.03
Weighted average number of equity shares in the period (in Nos.)	15373412	15360000

Notes:

1. Weighted average no. of shares has been calculated on time basis

2. Formulas for calculating Ratios:

(i) Earning Per share (Rs.) = $\frac{\text{Net profit attributable to equity share holders}}{\text{Weighted average number of equity shares outstanding during the year}}$

(ii) Net asset value per share (Rs.) = $\frac{\text{Net worth excluding revaluation reserves at the end of the year}}{\text{Weighted average number of equity shares outstanding during the year}}$

(iii) Return on Net Worth (%) = $\frac{\text{Net profit attributable to equity shareholders}}{\text{Net worth excluding revaluation reserves at the end of the year}}$

3. Restated net profit, as appearing in the restated Statement of profits and losses (Annexure I) and net worth as appearing in the statement of restated assets and liabilities (Annexure II), has been considered for the purpose of computing the above ratios.

4. Calculation of post issue ratios can be ascertained only after finalization of issue price.

As per our report attached

For, **S. G. KABRA & CO.**
Chartered Accountants

Malvika P. Mitra
Partner
Membership no. 44105
Place : Mumbai
Date : 28.06.2008

Consolidated Statement of Tax Shelter

Annexure VIII
(Rupees in lacs)

Year ending March 31	2008	2007
Tax Rate	33.99%	33.66%
Profit/ (loss) before tax as per Profit & Loss A/c	1646.35	1558.78
Tax at actual rate on profits	559.59	524.68
Adjustments :		
Permanent Differences		
i) Donations	--	--
ii) Deduction u/s 10A	1562.51	1472.94
iii) Carried forward loss	--	--
iv) Disallowances u/s 40(a) of the Income Tax Act, 1961		--
v) Profit/(Loss) on sale of Fixed assets (Net)	4.14	--
Timing Differences		
i) Depreciation	80.56	67.32
ii) Disallowance of Prior years reversed	--	21.04
iii) Disallowances u/s 40(a) of the Income Tax Act, 1961		--
Net Adjustments	1647.21	1561.30
Tax Savings thereon	559.89	525.53
Total Taxation	(0.30)	(0.85)
Tax provided under MAT	186.21	--

Note: 1. The statement tax shelter is based on Income Tax Returns filed by the Company with Indian Income Tax Authorities, except for the year ended on March 31st , 2008, which is based on estimated Income Tax Computation.

2. Brackets indicate negative figures.

As per our report attached

For, **S. G. KABRA & CO.**
Chartered Accountants

Malvika P. Mitra

Partner

Membership no. 44105

Place : Mumbai

Date : 28.06.2008

Consolidated Statement of Capitalisation

Annexure IX
(Rupees in lacs)

Particulars	Pre-issue as at March 31,2008	Post issue
A) Debts		
a) Short - Term Debts	5.83	5.83
b) Long-Term Debt	0.00	0
Total A. (a+b)	5.83	5.83
B) Shareholders' Funds (Equity)		
a) Equity Share Capital	1543.67	*
b) Reserves and Surplus	2212.29	*
Less: Miscellaneous Expenses	(18.36)	*
Total Share holding funds (B)	3737.60	*
Long Term Debts / Equity (A/B)	0.0016	*

* Information pertaining to post issue can be ascertained only after finalization of issue price .

As per our report attached

For, **S. G. KABRA & CO.**
Chartered Accountants

Malvika P. Mitra
Partner
Membership no. 44105
Place : Mumbai
Date : 28.06.2008

Statement of Dividend Paid

Annexure X
(Rupees in lacs)

Particulars	For the year ended	
	March	March
	31, 2008	31, 2007
Face Value of Equity Shares (Rs. Per Share)	10.00	10.00
Interim Dividend on Equity Shares	--	32.00
Final Dividend on Equity Shares	--	--
Total Dividend on Equity Shares	--	32.00
Dividend Rate	--	25%
Dividend Tax	--	4.49

Note: This statement is based on Dividend paid by parent company Excel Infoways Limited.

As per our report attached

For, **S. G. KABRA & CO.**
Chartered Accountants

Malvika P. Mitra

Partner

Membership no. 44105

Place : Mumbai

Date : 28.06.2008

Age-wise analysis of Debtors, As Restated

Annexure XI

(Rupees in lacs)

Age wise Break-up	As at	
	March 31, 2008	March 31, 2007
Debt exceeding six months	--	--
Other Debts	878.88	792.72
Total	878.88	792.72

Statement of Loans and Advances

Annexure XII

(Rupees in Lacs)

Particulars	As at	
	March 31, 2008	March 31, 2007
Loans and Advances		
- Promoter	--	--
- Directors of Company	--	--
- Group Companies	--	--
- Others	288.62	404.98
Total	288.62	404.98

As per our report attached

For, **S. G. KABRA & CO.**
Chartered Accountants

Malvika P. Mitra
Partner
Membership no. 44105
Place : Mumbai
Date : 28.06.2008

CHANGES IN THE ACCOUNTING POLICIES IN THE LAST THREE YEARS

There have been no significant changes in Accounting Policies in the past three years.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(a) Information Technology Industry in India

Information Technology Enabled Services is a growing sector of a country's economy and industrial development. It includes all the fields related to Information Technology such as Business Process Outsourcing, Software Development Industry, Customer Care Centre etc. Besides, the IT industry generates substantial employment and provides a growth impetus to other sectors through backward and forward linkages.

The Information Technology sector in India which accounts for considerable share of the gross domestic product is amongst the largest economic activity and provides direct or indirect employment to millions of people. The sector consumes lesser outflow of the National Plan and contributes considerably to GDP. As per the performance of the Information Technology sector world wide, development in India is amongst leading Countries in the world on the scale of global performances.

The boom in information technology sector would translate into strong order flow for IT and allied sector companies.

(b) Overview of our Company

Excel Infoways Limited, promoted by Mr. Lakhmendra Khurana, Chairman & Managing Director in 2003, is an information technology enabled service provider company. The company is engaged in the business of providing customer care services and handling clients business relations on their behalf by maintaining relation with their consumers and also providing them service by assisting them in managing their work flow and updating their records.

The Company is equipped with an extensive fleet of IT sector related equipments, including advanced mechanism in IT Sector, latest software to conduct operations smoothly. The company has employed software and hardware experts to render services, to look after working mechanism of the company and to assure that the process flow of the company is not hindered by any outside factors or the factors related to software or hardware mechanism.

The Company has been accredited with "ISO 27001:2005" Information Security Management System certificate for management and awareness of Security System. The company is registered with NASSCOM.

(c) Significant developments subsequent to the last financial year

There are no such significant developments that have taken place from the date of the last financial statements that have an adverse material impact on the financials.

(d) Factors affecting results of our operations

Our financial condition and results of operations are affected by the following factors:

- **Foreign currency risk**

All revenues of the company are denominated in USD, GBP and most of our expenses are incurred and paid in Indian rupees. The exchange rates between the Indian rupee, the U.S. Dollar have changed substantially in the recent years.

- **Cost of people**

The principal component of our cost is the wages of our employees. The number of people assigned to a programme will vary according to size, complexity, duration and demand of the programme. If wages in India increase due to competitive pressures, we may experience a greater increase in our human resource cost. These being human changes in cost during the execution of the services may increase cost of services and alter profitability on contracts, which are not covered by escalation provisions.

- **Global demand**

The demand for our services is dependent on acceptance of our service offerings in the international markets, our ability to keep pace with technological changes and provide innovative solutions services. The business of the company is significantly dependent on the global economic condition and information technology sector activity in India/Abroad and Government policies relating to information Technology projects. The Government of India's focus on and sustained increase in budgetary allocation for the information technology sector and the development of software technology parks and comprehensive policy that encourages greater private sector participation as well as increased funding by international and multilateral development financial institutions for projects in this region have resulted in or expected to result in several large software technology parks projects in this region. Our ability to benefit from the considerable investments proposed in the IT sector in the medium and long term will be key to our results of operations.

- ***Regulatory environment***

Our operations are exposed to uncertain political, legal and economic environment, government instability and complex legal systems and laws and regulations in the India and abroad. Our ability to manage, evolve and improve our operational, financial and internal controls across the organization and to integrate our widespread operations and derive benefits from our operations is key to our growth strategy and results of operations.

- ***Competition***

We compete against major IT enabled service providers as well smaller regional IT enabled Service provider companies. Our competition varies depending on the clients and location of the clients.

- ***Our capabilities to participate and execute***

The nature of the Government's policy to allow export trade tendering process is such that the pre qualifications obtained in the past play an important role in allowing companies to provide new services. The ability to compete strategically with other competitors will also determine the success in award of some major clients. The client management capability will also determine the profitability.

- ***Collection of receivables from our clients***

There are usually no delays associated with the collection of receivables from our clients which are totally foreign based. Our operations involve significant working capital requirements and prompt collection of receivables affect favourably to our liquidity and results of operations. We will ensure that such services do not involve our taking on the long term risk that the client may default on its annuity payment to us. However, there can be no assurance that any such development would not adversely affect our business.

- ***Variability of payment terms***

Our revenues are dependent on the payment terms involved in a service agreement. Our contracts typically stipulate payment terms on the basis of achievement of specified milestones and schedules for the project.

(e) Our Results of Operations

As a result of the various factors discussed above that affect our income and expenditure on specific projects, our results of operations may vary from period to period depending on the nature of projects undertaken by us, their completion schedules, the nature of expenditure involved in a particular project and the specific terms of the contract, including payment terms.

The following table sets forth certain information with respect to our results of operations for the periods indicated read together with notes, accounting policies and report thereon which appear in Red Herring Prospectus:

(Rs in Lacs)

Particulars	Year Ended 31.03.05	Year Ended 31.03.06	Increase / Decrease (%)	Year Ended 31.03.07	Increase / Decrease (%)	Year Ended 31.03.08	Increase / Decrease (%)
Income							
Income from Operations	328.91	1015.16	208.64	1978.68	94.91	2309.11	16.70
Total Operating Income	328.91	1015.16	208.64	1978.68	94.91	2309.11	16.70
Other Income (Incl Interest Income)	0.17	0.08	(52.94)	0.50	525	1.81	262
Profit on Disposal of Fixed Assets (Net)	-	-	-	-	-	4.14	-
Total	329.08	1015.24	208.51	1979.18	94.95	2315.06	16.97
Expenditure							
Employee Compensation and Related Expenses	138.56	193.90	39.94	183.53	(5.35)	252.45	37.55
Operation and other expenses	131.16	168.99	28.84	198.90	17.70	282.22	41.89
Interest on Vehicle Loan	-	-	-	0.92	-	0.76	(17.39)
Depreciation	15.17	19.02	25.38	25.77	35.49	74.50	189.09
Exchange fluctuation loss	-	0.44	-	3.00	581.82	47.18	1472.67
Amortisation of Preliminary and Miscellaneous Expenses	5.26	5.26	-	5.26	-	8.93	69.77
Total	290.15	387.61	33.59	417.38	7.68	666.04	59.58
Profit Before Tax	38.93	627.63	1512.20	1561.80	148.84	1649.02	5.58
Provision for Tax	7.84	2.56	(67.35)	23.82	830.47	215.22	803.53
Profit after Tax	31.09	625.07	1910.52	1537.98	146.05	1433.80	(6.77)

- Analysis of Revenue**

Our revenues, referred to in our financial statements as total income comprises of income from operations and other income. The income from operations comprises of BPO / IT enabled services receipts from clients in lieu of services provided to them in form of handling their customers and managing their work flow process in accordance with their requirements as per agreement and up-to their satisfaction.

Our income from other sources comprises of interest income from bank.

- Expenditure**

Our expenditure mainly comprises of Employees Cost, Operation & Other Expenses and Depreciation. Employee Cost consists payments made to the employees at all levels of the hierarchy. Operation cost comprises of expenditure incurred for maintaining computer systems including development/maintenance expenses for software and hardware systems utilised. Communication Cost, Electricity Expenses, Overseas Travel, Exchange Fluctuation Loss and Advertisement. Other expenses consists of expenses incurred for day to day routine Office Expenses like Printing & Stationery, Professional Fees, Insurance, Rent Rates & Taxes and Sundry Expenses.

- Comparison of the financials of the year ended 31st March, 2005 & 31st March, 2006.**

Income

Income from operations increased from Rs. 328.91 lacs for the year ended March 31st, 2005 to Rs.1015.16 lacs, for the year ended March 31st, 2006 this increase of 208.64 % was due to development of business, establishment of strong clientele base in market abroad and addition of new clients.

Employee compensation & related expenses

Employees compensation & related expenses increased from Rs. 138.56 lacs for the year ended March 31st, 2005 to Rs. 193.90 lacs for the year ended March 31st, 2006 this increase of 39.94% was due to increase number of employees to commensurate with growth in business volume.

Operation & other expenses

Operation & other expenses increased from 131.16 lacs for the year ended March 31st, 2005 to Rs. 168.99 lacs for the year ended March 31st, 2006 this increase of 28.84% was due to increase of operational expenses like telecommunication expenses and office rent for hiring of spacious premises.

Depreciation

Depreciation was increased from 15.17 lacs for the year ended March 31st, 2005 to Rs. 19.02 lacs for the year ended March 31st, 2006 this increase of 25.38% was due to purchase of fixed assets i.e. computer & software, furniture & fittings and vehicle during the year.

Profit after tax

During the financial year ended on 31st March, 2006 Profit after tax was increased to Rs. 625.07 lacs i.e. by 1910.52% from the previous year. This was due to substantial expansion of the business volumes with improved margins.

Comparison of the financials of the year ended 31st March, 2006 & 31st March, 2007.

Income

Income from operations increased from Rs.1015.16 lacs for the year ended March 31st, 2006 to Rs.1978.68 lacs for the year ended March 31st, 2007 this increase of 94.91% was possible with significant improvement in volume of contracts from existing clients and selective price increase.

Employee compensation & other related expenses

Employee compensation & other related expenses decreased from Rs. 193.90 lacs for the year ended March 31st 2006 to Rs. 183.53 lacs for the year ended March 31st 2007 this minor decrease of 5.35% in employee cost was due to high turnover of the employees.

Operation & other expenses

Operation & other expenses increased from Rs. 168.99 lacs for the year ended March 31st, 2006 to Rs. 198.90 lacs for the year ended March 31st, 2007 this increase of 17.70% was mainly due to increase in legal & professional fees and ISO certification charges as compared to preceding year.

Depreciation

Depreciation was increased from 19.02 lacs for the year ended March 31st, 2006 to Rs. 25.77 lacs for the year ended March 31st, 2007, reflecting higher charges on newly purchased computer & software, furniture & fittings and pent house.

Profit after tax

The bottom line significantly rose from Rs. 625.07 lacs in the previous year to Rs. 1537.98 lacs in the year ending on 31st March, 2007 i.e. by 146.05% due to significant market improvement.

Comparison of the financials of the year ended 31st March, 2007 & 31st March, 2008.

Income

Income from operations increased from Rs.1978.68 lacs for the year ended March 31st, 2007 to Rs.2309.11 lacs, for the year ended March 31st, 2008 this increase of 16.70% was due to improved business in to the markets abroad.

Employee compensation & other related expenses

Employees compensation & related expenses increased from Rs. 183.53 lacs for the year ended March 31st, 2007 to Rs. 252.45 lacs for the year ended March 31st, 2008 this significant increase of 37.55% was due to increase in head count of employees & salary revisions and increase in the staff welfare expenses.

Operation & other expenses

The significant increase of 41.89% reflected, increase in ISO certification charges from Rs.1.12 lacs in fiscal 2007 to Rs. 8.57 lacs in fiscal 2008, escalation of electricity expenses from Rs.11.93 lacs in preceding year to Rs. 21.80 lacs in fiscal 2008, increase in rent, rates and taxes from Rs. 19.77 lacs in previous year to Rs. 36.47 lacs in this year and increase in communication cost to Rs. 127.98 lacs this year from Rs. 101.46 lacs in previous year.

Depreciation

Depreciation was increased from Rs. 25.77 lacs for the year ended March 31st, 2007 to Rs.74.50 lacs for the year ended March 31st, 2008. This substantial increase of 189.09% in depreciation charge was due to massive expansion of facilities by addition to building premises, purchase of furniture & fittings and computer & software to meet the expected growth in business volume.

Profit after tax

Profits of our company are exempt from Income Tax u/s. 10A of the Income Tax Act, 1961, being profits derived from industrial undertakings situated in Software Technology Park at Mumbai, for the period up to fiscal 2010. We recognised deferred tax and FBT up to fiscal 2007. However, due to applicability of Minimum Alternate Taxes (MAT) u/s. 115JB of Income Tax Act, 1961 to STPI companies w.e.f. fiscal 2008, we have to provide current income tax of Rs. 186.21 lacs. The provision for deferred tax provision increased from 22.65 lacs to Rs. 27.31 lacs in fiscal 2008 and provision for FBT also increased from Re. 1.00 lac to Rs. 1.70 lacs impacting the bottom line of the Company negatively by 6.77%.

(f) Information required as per clause 6.10.5.5 of SEBI (DIP) Guidelines

- ***Unusual or infrequent events or transactions***

There are no unusual or infrequent events or transactions that have significantly affected operations of the Company.

- ***Significant economic changes that materially affected or are likely to affect income from continuing operations***

There are no significant economic changes that materially affected Company's operations or are likely to affect income from continuing operations except for changes in the foreign exchange rate.

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

No known trends or uncertainties are envisaged or are expected to have a material adverse impact on sales, revenue or income from continuing operations except as described in the sections titled "Risk Factors" and in "Management Discussion and Analysis of Financial Condition and Results of Operations" in this Red Herring Prospectus, to Company's knowledge.

- ***Future changes in relationship between costs and revenues in case of events such as future increase in labour or material cost or prices that will cause material change are known.***

Other than as described in the section titled "Risk Factors" and "Managements Discussion and Analysis of Financial Conditions and Results of Operation" in this Red Herring Prospectus, to our knowledge there are no future relationship between cost and income that would be expected to have a material adverse impact on our operations and revenues.

- ***The extent to which material increases in net sales / revenue is due to increase in sales volume, introduction of new products or services or increased sales prices***

Our Company witnessed continuous growth in revenues over a period of past four years, the revenues increase from Rs. 328.91 lacs in fiscal 2005 to Rs. 2309.11 lacs in the fiscal 2008. This enormous increase in volume is due to increased volume of contracts from existing clients, addition of new clients, growth in range of services we offer, selective price increase and increase in productivity with the continuous development of our Human Resources.

- ***Total turnover of each major industry segment in which the Company operated***

The Company operates in only one Industry Segment that is BPO and IT enabled Services.

- ***Status of any publicly announced New Products or Business Segment***

The Company has not announced any new products or business segment.

- ***The extent to which the company's business is seasonal.***

The Company's business is non seasonal.

- ***Any significant dependence on a single or few suppliers or customers***

Revenues of Company are dependent on IT enabled customers. However, the Company has excellent relations with existing clientele who continue to support to the operation of the Company which is evident from rise in income from operations, in past years.

- ***Competitive conditions***

The operations of Company do not face significant competition due to excellent existing customer base as well as expanding new clientele base. However, in long run competition from existing players in IT Industry in India could be there.

SECTION VI - LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

The Issuer Company certifies that except as stated herein, there is no:

- a. Pending litigations in which the Promoters are involved, defaults to financial institutions/banks, non-payment of statutory dues and dues towards instrument holders like debenture holders, fixed deposits, and arrears on cumulative preference shares by the Promoters, Subsidiary Company and the companies/firms/ventures promoted by the Promoters.
- b. Pending litigations, defaults, etc. in respect of companies/firms/ventures with which the Promoters were associated in the past but are no longer associated, where their name continues to be associated with particular litigation(s).
- c.
 - i) Litigations against the Company or against any other company whose outcome could have a materially adverse effect of the position of the Company.
 - ii) Litigations against the Promoters or directors involving violation of statutory regulations or criminal offence.
- d.
 - i) Pending proceedings initiated for economic offences against the directors, the Promoters, Subsidiary Company, companies /firms/ventures promoted by the Promoters.
 - ii) Past cases in which penalties were imposed by the concerned authorities against the directors, the Promoters, Subsidiary Company, companies /firms/ventures promoted by the Promoters.
- e. Outstanding litigations, defaults, etc., pertaining to matters likely to affect operations and finances of our Company including disputed tax liabilities, prosecution under any enactment in respect of Schedule XIII to the Companies Act, 1956
- f. Pending litigations, defaults, non payment of statutory dues, proceedings initiated for economic offences/Civil offences (including the past cases, if found guilty), any disciplinary action taken by the Board/ stock exchanges against the Company/Promoters/subsidiary company and their other business ventures (irrespective of the fact whether they fall under the purview of Sec 370 (1B) of the Companies Act, 1956) / Directors.

1. Under Criminal Laws

- (a) Cases filed by or against the Company - Nil
- (b) Cases filed by or against the Promoters- Nil
- (c) Cases filed by or against the Directors- Nil
- (d) Cases filed by or against the Group Companies/associate concerns/Subsidiary Company - Nil

2. Under securities Laws

- (a) Cases filed by or against the Company - Nil
- (b) Cases filed by or against the Promoters- Nil
- (c) Cases filed by or against the Directors- Nil
- (d) Cases filed by or against the Group Companies/associate concerns/Subsidiary Company - Nil

3. Under Tax Laws

- (a) Cases filed by or against the Company - Nil
- (b) Cases filed by or against the Promoters- Nil
- (c) Cases filed by or against the Directors- Nil
- (d) Cases filed by or against the Group Companies/associate concerns/Subsidiary Company - Nil

4. Under civil laws

- (a) Cases filed by or against the Company - Nil
- (b) Cases filed by or against the Promoters- Nil
- (c) Cases filed by or against the Directors- Nil
- (d) Cases filed by or against the Group Companies/associate concerns/Subsidiary Company - Nil

5. Under Labour laws

- (a) Cases filed by or against the Company - Nil
- (b) Cases filed by or against the Promoters- Nil
- (c) Cases filed by or against the Directors- Nil
- (d) Cases filed by or against the Group Companies/associate concerns/Subsidiary Company - Nil

6. Under various statutory laws

- (a) Cases filed by or against the Company – Nil
- (b) Cases filed by or against the Promoters-Nil
- (c) Cases filed by or against the Directors- Nil
- (d) Cases filed by or against the Group Companies/associate concerns/Subsidiary Company - Nil

7. Under various other laws including various notices received, defaults made, penalties levied etc

Nil

Amount Outstanding to SSI Undertaking or other creditors

There are no SSI Undertakings or other creditors to whom the Company owes an amount exceeding Rs.1 Lac which is outstanding for more than 30 days from the due date.

Material Developments

There are no material developments after the date of the last audited balance sheet as on March 31, 2008, which may materially affect the performance, or prospects of the Company.

GOVERNMENT APPROVALS /LICENSING ARRANGEMENTS

Investment Approvals (FIPB/RBI, etc.)

As per Notification No. FEMA 20/2000 -RB dated 3rd May 2000, as amended from time to time, under automatic route of Reserve Bank, the Company is not required to make an application for issue of equity shares to NRIs/FIIs with repatriation benefits. However, the allotment/transfer of the Equity Shares to NRIs/FIIs shall be subject to prevailing RBI Guidelines. Sale proceeds of such investments in Equity Shares will be allowed to be repatriated along with the income thereon subject to the permission of the RBI and subject to the Indian tax laws and regulations and any other applicable laws.

All Government and Other Approvals

The Company has received all the necessary licenses, permissions and approvals from the Central and State Government and other government agencies/certification bodies required for the business and no further approvals are required by the Company for carrying on the present as well as proposed business activities of the Company except as mentioned below. It must, however, be distinctly understood that in granting the above approvals, the Central Government, State Government, RBI and other authorities do not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed.

In view of the approvals listed below, the Company can undertake this Issue and the current as well as proposed business activities and no further major approvals from any statutory authority are required to continue those activities other than as mentioned below.

The following statement sets out the details of licenses, permissions and approvals taken by the Company under various Central and State Laws for carrying out its business.

Company Incorporation

1. Certificate of Incorporation No. U 72900MH2003PTC138568 dated January 7, 2003 from the Registrar of Companies, Maharashtra, Mumbai.
2. Fresh Certificate of Incorporation dated August 9, 2006 consequent to change in the corporate status of the Company from Private to Public Limited Company. CIN No. of the Company is U 72900MH2003PLC138568

Central Excise/ Service Tax

1. Central Excise Registration No. AABCE1172HXM001 issued by the Deputy Commissioner/Assistant Commissioner of Central Excise, dated May 13, 2005.
2. Service Tax Registration No. AABCE1172HST001 dated June 26, 2007 issued by the Superintendent, Central Excise, Service Tax Div-IV, Mumbai.

Import/ Export

1. Importers and Exporters Code (IEC) No. 0302067931 dated 07.09.2007 issued from file no. 03/04/130/06913/AM03/12 dated 17.01.03

Income Tax

1. Permanent Account Number (PAN) :AABCE1172H
2. Tax Deduction Account No. (TAN) : MUME05302D

SIA Registration

Details of Acknowledgement of filed with Secretariat for Industrial Assistance, New Delhi:

SIA Acknowledgement Number	Date	For
1251/SIA/IMO/2003	14/05/2003	Data Processing, Software Development and Computer Consultancy Services for 20 Work Stations
1183/SIA/IMO/2008	21/04/2008	Data Processing, Software Development and Computer Consultancy Services for additional 150 work stations

STPI Registration

Particulars	Number	Date of Issue	Validity
STP Approval for unit at 31-A Laxmi Industrial Estate, New Link Road, Andheri (W), Mumbai – 400 053	STPI/MUM/VIII(A) (978)/2003(02)/645	February 6, 2003	3 years
Expansion of STP Facility at 31 /B – Ground Floor, Mezanine Floor, Laxmi Industrial Estate, New Link Road, Andheri (W), Mumbai – 400 053	STPI/MUM/VIII(A) (978)/2003(02)/1689	March 8, 2005	-
Expansion of STP Facility at Expanded STP Unit Location 1: 29 F/G Laxmi Industrial Estate, New Link Road, Andheri (West), Mumbai – 400 053	STPI/MUM/VIII(A) (978)/2003(02)/(SK)/8853	November 2, 2006	
Expansion of STP Facility at Expanded STP Unit Location 1: Unit No. 29/D, 29 F/G Laxmi Industrial Estate, CTS No. 627, Oshiwara, Link Road, Andheri (West), Mumbai – 400 053 Expanded STP Unit Location 2: Unit No. 29/E, Laxmi Industrial Estate, CTS No. 627, Oshiwara, Link Road, Andheri (West), Mumbai – 400 053	STPI/MUM/VIII(A) (978)/2003(02)/(PM)/1570	February 26, 2007	-
Validity of STP Approval	STPI/MUM/VIII(A) (978)/2003(02)/(PM)/9670	November 23, 2007	April 22, 2008
Change of Company Name	STPI/MUM/VIII(A) (978)/2003(02)/(PM)/1571	February 26, 2007	-
Extension of STP Approval	STPI/MUM/VIII(A) (978)/2003(02)/(SB)/3137	May 7, 2008	April 22, 2013
Green card for unit at STP Unit Location 1: 31-A/B Ground Floor, Laxmi Industrial Estate, New Link Road, Andheri (W), Mumbai – 400 053 STP Unit Location 2: Unit No. 29/D, 29 F/G Laxmi Industrial Estate, CTS No. 627, Oshiwara, Link Road, Andheri (West), Mumbai – 400 053 STP Unit Location 3: Unit No. 29/E, Laxmi Industrial Estate, CTS No. 627, Oshiwara, Link Road, Andheri (West), Mumbai – 400 053	MIT/STPI-MUM/2003/960 and MIT/STPI-MUM / 2008 /1516	February 11, 2003 and May 22, 2008	February 10, 2008 renewed upto April 22, 2013
Electricity Duty exemption	STPI/MUM/VIII(A) (978)/2003(02)/(PVG)/3618	April 26, 2007	5 years from the day of commencement of operation OR IT Policy of 2003 dated 12.07.03 valid for five years w.e.f 04.06.2003 and subsequent amendments , if any, which ever is

IT Certificate	STPI/MUM/VIII(A) (978)/2003(02)/(PVG)/4192	May 11, 2007	earlier 3 years from date of issue or Validity of Letter of approval Ref No. STPI/MUM/VIII(A) (978)/2003(02)/645 dated 06.02.2003 or IT Policy of 2003 dated 12.07.03 valid for 5 years from w.e.f. 04.06.2003, whichever is earlier.
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Details of License by Asstt. Commissioner of Customs, 100% EOU, Mumbai

<p>Permission for Manufacture-in-Bond under section 65 of the Customs Act, 1962 at STP Unit Location 1: 31-A/B Ground Floor, Laxmi Industrial Estate, New Link Road, Andheri (W), Mumbai – 400 053</p> <p>STP Unit Location 2: Unit No. 29/D, 29 F/G Laxmi Industrial Estate, CTS No. 627, Oshiwara, Link Road, Andheri (West), Mumbai – 400 053</p> <p>STP Unit Location 3: Unit No. 29/E, Laxmi Industrial Estate, CTS No. 627, Oshiwara, Link Road, Andheri (West), Mumbai – 400 053</p>	S/15-34/2003 EOU and S/15-34/2003-100% EOU – Z-VI	April 23, 2004 and June 3, 2008	April 22, 2008 renewed upto January 31, 2013
<p>License under section 58 of the Customs Act, 1962 for premises at STP Unit Location 1: 31-A/B Ground Floor, Laxmi Industrial Estate, New Link Road, Andheri (W), Mumbai – 400 053</p> <p>STP Unit Location 2: Unit No. 29/D, 29 F/G Laxmi Industrial Estate, CTS No. 627, Oshiwara, Link Road, Andheri (West), Mumbai – 400 053</p> <p>STP Unit Location 3: Unit No. 29/E, Laxmi Industrial Estate, CTS No. 627, Oshiwara, Link Road, Andheri (West), Mumbai – 400 053</p>	S/15-34/2003 EOU and S/15-34/2003-100% EOU – Z-VI	April 23, 2004 and June 3, 2008	April 22, 2008 renewed upto January 31, 2013

Bombay Shops And Establishments Act, 1948

Particulars	Number	Date of Issue	Validity
Registration as Commercial at 31-A, 29D, E, F, G, 31-B, Laxmi Industrial Estate, New Link Road, Andheri (W), Mumbai – 400 053	KW 009514	25 February 2003 year 2007-08	31.12.08

Other Industrial Approvals

1. Letter of Exemption from octroi on articles imported by IT & ITES Units vide no. OCT/2728/ HCCL by Office of Dy. Assessor & Collector (Octroi) Brihanmumbai Mahanagarpalika , Mumbai. Valid from 1.4. 2004 to 3.6.2008.
2. Registration Certificate No. 10-549/2003-OSP dated April 23, 2003 and No.DDG/VTM/MBI/OSP/53/Excel dated April 23, 2008 issued by Department of Telecommunications & Information Technology Government of India for setting up of an International call Centre at Mumbai. Valid for 20 years from the date inscribed in above memo, on receipt of acceptance from the company.
3. Allotment of Code number MH/210864 with effect from July 27, 2006 dated April 30, 2008 by the office of The Regional Provident Fund Commissioner, Bhavishya Nidhi Bhavan, Charkop Poiser Road, Kandivili (W), Mumbai.
4. Certificate of registration under Maharashtra State Tax on Professions, Trades, Callings and Employments Act 1975 vide no. PT/R/1/1/29/23416 dated December 29, 2003 and Certificate of Enrolment under Maharashtra State Tax on Professions, Trades, Callings and Employments Act 1975 vide no. PT/E/1/1/29/18/7078 dated December 8, 2003.

LIST OF APPROVALS NOT YET APPLIED FOR THE PROPOSED NEW FACILITIES

1. Approval for 100 % EOU under the STP Scheme for development by IT Enabled Services from Software Technology Parks of India, Mumbai
2. Green card from Software Technology Parks of India, Mumbai.
3. License from Asstt. Commissioner of Customs, 100% EOU, Mumbai
4. Registration Certificate from Department of Telecommunications & Information Technology Government of India.
5. Central Excise Registration Certificate
6. Registration Certificate of Establishment under Bombay Shop and Establishment Act 1948.
7. SIA under Ministry of Commerce and Industry

SECTION VII - OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Board has, pursuant to a resolution passed at its meeting held on January 28, 2008 authorized the Issue subject to the approval by the shareholders of the Company under Section 81(1A) of the Companies Act. The shareholders of the Company have authorized the Issue by a special resolution in accordance with Section 81(1A) of the Companies Act, passed at the EGM of the Company held on March 4, 2008.

Prohibition by SEBI and RBI

The Company, its directors, its Promoters, Group Companies/Concerns, Subsidiaries and affiliates and companies with which the directors are associated with, as directors or promoters have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI.

Neither the Company, its directors, its Promoters, nor the companies promoted by the promoters have been declared as willful defaulter by RBI or any other government authority and there have been no violation of securities laws committed by them in the past or no such proceeding are pending against the Company or them.

Eligibility for the Issue

The Company is eligible for the Issue in accordance with Clause 2.2.1 of the SEBI DIP Guidelines as explained under, with the eligibility criteria calculated in accordance with Restated Financial Statements as per Indian GAAP:

1. The company has net tangible assets worth of above Rs 3 crores in each of the preceding 3 full years (each of 12 months), of which not more than 50% is held in monetary assets;
2. It has a track record of distributable profits in terms of section 205 of the Companies Act, 1956, for at least three (3) out of immediately preceding five (5) years;
3. It has a pre- issue net worth of not less than Re. 1 crore in each of the preceding three (3) full years (of 12 months each);
4. It has not changed its name within the last one year;

The aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e. offer through offer document + firm allotment + promoter's contribution through the offer document) does not exceed five (5) times its pre-issue net worth as per the last available audited accounts.

As per Clause 2.2.2A, the Issuer shall not make an allotment pursuant to a public issue or offer for sale of equity shares or any security convertible into equity shares unless in addition to satisfying the conditions mentioned in Clause 2.2.1, the prospective allottees are not less than one thousand (1000) in number.

The pre-issue net worth, distributable profits and net tangible assets of the Company for the last 5 completed years are as under:

(Rs. In lacs)

For the Financial year ending	March 31, 2004	March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2008
Net Tangible Assets	107.61	145.83	808.74	2354.75	4092.79
Monetary Assets	3.26	2.05	90.06	348.78	384.53
% of Monetary Assets to Net Tangible Assets	3.03	1.41	11.14	14.81	9.40
Distributable Profits	(26.96)	31.09	625.07	1537.98	1430.02
Net worth	(43.28)	(8.07)	738.38	2238.86	3744.01

Source: Audited Annual Accounts of the Company for the respective financial years.

'Monetary assets' include Cash balance on hand and Bank balances. 'Net tangible assets' shall mean the sum of all net assets of the company, excluding 'intangible assets', as defined in Accounting Standard 26 (AS 26) issued by the Institute of Chartered Accountants of India.

Further, in accordance with Clause 2.2.2A of the SEBI DIP Guidelines, we undertake that the number of allottees, i.e., persons receiving allotment in the Issue shall be at least 1,000; otherwise, the entire

application money will be refunded forthwith. In case of delay, if any, in refund, our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

For a complete explanation of the above figures please refer to the section entitled "Financial Information of the Company" beginning on page 70 of this Draft Red Herring Prospectus.

Disclaimer Clause

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER CHARTERED CAPITAL AND INVESTMENT LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING 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 BOOK RUNNING LEAD MANAGER CHARTERED CAPITAL AND INVESTMENT LIMITED, HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED JULY 30, 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 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 SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
 - (B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
 - (C) THE DISCLOSURES MADE IN THE 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 BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID;**

4. WHEN HAVE SATISFIED OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. – NOTED FOR COMPLIANCE
5. WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN WILL NOT BE DISPOSED OR SOLD OR TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH SEBI UNTIL THE DATE OF COMMENCEMENT OF THE 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 PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. – NOTED FOR COMPLIANCE
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 THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGER, ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE ARE BEING COMPLIED WITH AT THE TIME OF FILING OF THE RED HERRING PROSPECTUS WITH THE REGISTRAR OF COMPANIES, MAHARASHTRA, MUMBAI IN TERMS OF 60B OF THE COMPANIES ACT. ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF REGISTRATION OF THE PROSPECTUS WITH THE REGISTRAR OF COMPANIES, MAHARASHTRA IN TERMS OF SECTION 56, SECTION 60 AND SECTION 60B OF THE COMPANIES ACT.

Disclaimer from the Company and the BRLM

Investors that bid in the issue will be required to confirm and will be deemed to have represented to the Company, 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 acquire Equity Shares of the Company and will not issue, sell, pledge, or transfer the Equity Shares of the Company to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company. The Company, the Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of the Company.

Caution

Our Company, our Directors and the BRLM 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 our instance and anyone placing reliance on an other source of information, including our website, www.excel-infoways.com, would be doing so at his or her own risk.

The BRLM accepts no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the BRLM and us and the Underwriting Agreement to be entered into between the Underwriters and our Company.

All information shall be made available by us and the BRLM 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 research or sales reports, at bidding centers 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 not minors, 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), or trusts under applicable trust law and who are authorized under their constitution to hold and invest in shares, permitted insurance companies and pension funds) and to FIIs and Eligible NRIs. This Draft Red Herring Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai, 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 this Draft Red Herring Prospectus has been filed with SEBI for observations. Accordingly, the Company's Equity Shares, represented thereby may not be issued or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that

there has been no change in the Company's affairs from 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 the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S 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 the BSE

As required, a copy of the Draft Red Herring Prospectus has been submitted to BSE. BSE has given vide its letter dated [●], permission to the Company to use BSE's name in the Draft Red Herring Prospectus as one of the stock exchanges on which the Company's securities are proposed to be listed. BSE has scrutinised the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. BSE does not in any manner:

- Warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; or
- Warrant that the Company's securities will be listed or will continue to be listed on BSE; or
- Take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project of the Company;

and it should not for any reason be deemed or construed to mean that the Draft Red Herring Prospectus has been cleared or approved by BSE. Every person who desires to apply for or otherwise acquires any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE 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 the NSE

As required, a copy of the Draft Red Herring Prospectus has been submitted to NSE. NSE has given vide its letter dated [●] permission to the Company to use the Exchange's name in the Draft Red Herring Prospectus as one of the stock exchanges on which the Company's securities are proposed to be listed. The Exchange has scrutinised the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Draft Red Herring Prospectus 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 the Draft Red Herring Prospectus, nor does it warrant that the Company's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project of this Company.

Every person who desires to apply for or otherwise acquires any of the Company's securities may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against 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.

Disclaimer clause of grading agency

[●]

Filing

A copy of this Draft Red Herring Prospectus has been filed with the Corporate Finance Department of SEBI, SEBI Bhavan, Plot No. C-4A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051.

A copy of the Red Herring Prospectus, along with the documents required to be filed under section 60B of the Companies Act, will be delivered for registration to the RoC and a copy of the Prospectus required to be filed under section 60 of the Companies Act will be delivered for registration with RoC situated at Mumbai, Maharashtra at 100, Everest, Marine Drive, Mumbai- 400002.

Listing

Applications have been made to the BSE and the NSE for permission for listing of the Equity Shares being issued through this Draft Red Herring Prospectus. The BSE shall be the Designated Stock Exchange with which the basis of allocation will be finalized for the issue.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the Stock Exchanges, the Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Draft Red Herring Prospectus. If such money is not repaid within eight days after the Company will become 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 the Company along with every Director of the Company who is default shall, on and from expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

The Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at both the Stock Exchanges mentioned above are taken within seven working days from finalisation of the basis of allotment for the Issue.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A 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) the Directors, the Company Secretary and Compliance Officer, the auditor, the Bankers to the Issue, the Bankers to the Company; and (b) the BRLM, the Syndicate Members, the Escrow Collection Banks and the Registrar to the Issue, to act in their respective capacities, have been obtained and would be filed along with a copy of the Red Herring Prospectus with the RoC as required under sections 60 and 60B of the Companies Act and such consents shall not be withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

In accordance with the Companies Act, 1956 and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000, S. G. KABRA & CO., Chartered Accountants, the Company's Auditors have given their written consent to the inclusion of their report in the form and context in which it appears in the Draft Red Herring Prospectus and such consent and report will not be withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

Expert Opinion

Except as stated elsewhere in this Draft Red Herring Prospectus, the Company has not obtained any expert opinions.

Expenses of the Issue

The total expenses of the Issue are estimated to be approximately Rs. [•] Lacs. The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, statutory advertisement expenses and listing fees. All expenses with respect to the Issue would be paid by our Company.

The estimated Issue expenses are as under:

(Rs. in Lacs)

Activity	Expenses *	Percentage of the Issue Expenses	Percentage of the Issue Size
Lead management fees, underwriting and selling commission	[•]	[•]	[•]
Advertising and Marketing expenses	[•]	[•]	[•]
Printing and stationery, including transportation costs	[•]	[•]	[•]
Others (Registrar's fee, listing fees, etc.)	[•]	[•]	[•]
Fees payable to Rating Agency	[•]	[•]	[•]
Total estimated Issue expenses	[•]	[•]	[•]

* To be completed after finalization of issue price

Fees Payable to the BRLM and the Syndicate Members

The total fees payable to the Book Running Lead Manager and the Syndicate Members will be as per the engagement letter with them, issued by our Company, a copy of which shall be available for inspection at our registered office.

Fees Payable to the Registrar to the Issue

The fees payable by our Company to the Registrar to the Issue for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as the per the MoU between our Company and the Registrar to the Issue.

The Registrar to the Issue will be reimbursed for all out of pocket expenses including cost of stationery, postage, stamp duty, and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or Allotment advice by registered post/speed post/under certificate of posting.

Previous Rights and Public Issues

We have not made any public or rights issues in India or abroad in the five years preceding the date of this Draft Red Herring Prospectus.

Issues otherwise than for Cash

Except as stated in the sections titled "Capital Structure" beginning on page 12 of this Draft Red Herring Prospectus, the Company has not issued any Equity Shares for consideration otherwise than for cash.

Commission and Brokerage paid on Previous Issues of the Company's Equity Shares

Since this is the initial public issue of the Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Company's Equity Shares since inception.

Issues Made By The Companies Under The Same Management Under Section 370(1B) Of The

Companies Act, 1956.

Neither our Company nor any other company under the same management with the meaning of Section 370(1B) of the Companies Act, 1956, has made any capital issue during the last three years.

Promise vis-à-vis Performance

Since our Company has not made any public issue in past, Promise vis-à-vis Performance is not applicable to us.

Outstanding debentures, bonds, redeemable preference shares and other instruments issued by Our Company

Our Company has no outstanding debentures, bonds or redeemable preference shares.

Stock Market Data of the Company's Equity Shares

This being an initial public issue, 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 the Company will provide for retention of records with the Registrar to the Issue for a period of at least one year from the last date of dispatch of letters of allotment, demat credit, refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of shares applied for, amount paid on application, Depository Participant, and the bank branch or collection center where the application was submitted.

Disposal of Investor Grievances

The Company estimates that the average time required by the Company or the Registrar to the Issue for the redressal of routine investor grievances shall be 15 working days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, the Company will seek to redress these complaints as expeditiously as possible.

The Company has appointed a Share Holders/Investors Grievances Committee comprising Mr. Ramesh Joshi, Mr. Lakhmendra Khurana and Mr. Ravi Prakash Sinha.

The Company has appointed Ms. Bhavana D Shah as the Compliance Officer and she may be contacted in case of any pre-Issue or post-Issue-related problems. She can be contacted at the following address:

Ms. Bhavana D Shah
31-A, Laxmi Industrial Estate,
New Link Road, Andheri (West),
Mumbai – 400 053,
Tel: +91-22-40309898,
Fax: +91-22-26394248,
Email: ipo@excel-infoways.com

Mechanism for Redressal of Investor Grievances by Companies under the same management

None of the company under the same management is listed on any stock exchange as on the date of filing the DRHP with SEBI.

Changes in the Auditors during last three years

There is no change in the Statutory Auditors of the Company during last 3 years.

Capitalisation of reserves of profits since incorporation

Except for as provided under “Capital Structure” on page 12, we have not capitalized our reserves or profits since inception.

Revaluation of assets since incorporation

There has been no revaluation of assets of the Company since its incorporation.

Interest of Promoters and Directors

For details, see “Our Promoters and Promoter Group” and “Our Management” beginning on pages 60 and 52 of this Draft Red Herring Prospectus.

Payment or benefit to Officers of the Company

Except as stated otherwise in this DRHP no amount or benefit has been paid or given or is intended to be paid or given to any of the Company’s officers except the normal remuneration for services rendered as directors, officers or employees since the inception of the company. None of the beneficiaries of loans and advances and sundry debtors are related to the directors of the Company.

Other Disclosures

Except as stated in this Draft Red Herring Prospectus, the Promoters, Promoter Group or the Directors have not purchased or sold any securities of the Company during the period of six months preceding the date on which this prospectus is filed with SEBI.

Purchase of Property

Other than as disclosed in the section titled “Business Overview” on page 39 of this Draft Red Herring Prospectus there is no property which has been purchased or acquired or is proposed to be purchased or acquired which is to be paid for wholly or partly from the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of this Draft Red Herring Prospectus, other than property, in respect of which:

- The contract for the purchase or acquisition was entered into in the ordinary course of business, or the contract was entered into in contemplation of the Issue, or that the Issue was contemplated in consequence of the contract; or
- The amount of the purchase money is not material.

Except as stated in the section titled “Related Party Transactions” on page 67 of this Draft Red Herring Prospectus, the Company has not purchased any property in which any of its Promoter and/or Directors, have any direct or indirect interest in any payment made thereunder.

SECTION VIII: ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, our Memorandum and Articles of Association, the terms of this Draft Red Herring Prospectus, Red Herring Prospectus, the Prospectus, the Bid cum Application Form, the Revision Form, the CAN 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, 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.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of our Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares including rights in respect of dividend. The Allottees will be entitled to dividend or any other corporate benefits, if any, declared by the Company after the date of allotment. See “Main Provisions of the Articles of Association of the Company” beginning on page 152 for a description of the Articles of Association of the Company.

Mode of Payment of Dividend

We shall pay dividend to our shareholders as per the provisions of the Companies Act, 1956.

Face Value and Issue Price

The face value of the Equity Shares is Rs. 10 each and the Floor Price is Rs. [●] and the Cap Price is Rs. [●] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares subject to the applicable laws.

Compliance with SEBI Guidelines

We shall comply with all applicable disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholders

Subject to applicable laws, regulations, rules and guidelines and the Memorandum and Articles of Association, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a show of hands in person or a poll either in person or by proxy;
- Right to receive annual reports and notices to members;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and the Memorandum and Articles of Association.

For a detailed description of the main provisions of our Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, see “Main Provisions of Articles of Association of the Company” on page 152.

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 of the Company shall only be in dematerialised form for all investors. **Since trading of our Equity Shares will be in dematerialized 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 multiples of [●] Equity Share to the successful Bidders subject to a minimum Allotment of [●] Equity Shares. For details of allocation and allotment, see “Issue Procedure” on page 129.

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidder(s), may nominate any one person in whom, in the event of death of the 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/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. A fresh nomination can be made only on the prescribed form available on request at the registered office of the Company or at the Registrar and Transfer Agent of the 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 monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialised mode, there is no need to make a separate nomination with us. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require to change the nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, including devolvement on Underwriters, if any, within 60 days from the Bid/Issue Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under Section 73 of the Companies Act.

Further, in accordance with the Clause 2.2.2A of the SEBI Guidelines, the Company shall ensure that the number of allottees under the Issue shall not be less than 1,000.

Arrangement for disposal of Odd Lots

There are no arrangements for disposal of odd lots.

Restriction on transfer of shares

There are no restrictions on transfers and transmission of shares or debentures and on their consolidation or splitting except as provided in our Articles. See the section “Main Provisions of the Articles of Association” beginning on page 152 of this Draft Red Herring Prospectus.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Mumbai, India.

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 the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S 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.

Application in Issue

Equity Shares being issued through this Draft Red Herring Prospectus can be applied for in the dematerialised form only.

Withdrawal of the Issue

The Company, in consultation with the BRLM, reserves the right not to proceed with the Issue at anytime after the Bid/Issue Opening Date but before Allotment, without assigning any reason therefore.

ISSUE STRUCTURE

Public issue of 57,00,000 Equity Shares of Rs.10 each for cash at a price of Rs.[●] per Equity Share (including a share premium of Rs.[●] per Equity Share) aggregating Rs.[●] lacs by Excel Infoways Limited. The Issue will constitute 26.93% of the fully diluted post issue paid up capital of the company. The Issue is being made through the 100% Book Building process.

Particulars	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	Up to 28,50,000 Equity Shares	At least 8,55,000 Equity Shares or Issue less allocation to QIBs and Retail Individual Bidders.	At least 19,95,000 Equity Shares or Issue less allocation to QIBs and Non-Institutional Bidders.
Percentage of Issue Size available for allocation	Up to 50% of Issue or Issue less allocation to Non Institutional Bidders and Retail Individual Bidders. However, 5% of the QIB Portion shall be available for allocation to mutual Funds only. 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 in the Mutual Fund reservation will be available to QIBs.	At least 15% of the Issue or Issue less allocation to QIBs and Retail Individual Bidders.	At least 35% of Issue or Issue less allocation to QIBs and Non Institutional Bidders.
Basis of Allocation if Respective category is oversubscribed	Proportionate (a) 1,42,500 Equity shares shall be allocated on a proportionate basis to Mutual Funds ; and (b) 27,07,500 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	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount exceeds Rs.100,000.	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount exceeds Rs.100,000.	[●] Equity Shares
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares so that the bid does not exceed the Issue size, subject to applicable limits.	Such number of Equity Shares in multiples of [●] Equity Shares so that the bid does not exceed the Issue size, subject to applicable limits.	Such number of Equity Shares in multiples of [●] Equity Shares whereby the Bid Amount does not exceed Rs. 100,000.
Mode of Allotment	Compulsorily in dematerialised form	Compulsorily in dematerialised form	Compulsorily in dematerialised form
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can apply **	public financial institution as defined in section 4A of the Companies Act, 1956; scheduled commercial banks; mutual funds; foreign institutional investor 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	Resident Indian individuals, Eligible NRIs, HUF (in the name of Karta), companies, Corporate bodies, scientific institutions and trusts.	Resident Indian individuals, Eligible NRIs, HUF (in the name of Karta) applying for Equity Shares such that the Bid Amount does not exceed Rs.100,000 in value.

	companies registered with the Insurance Regulatory and Development Authority (IRDA); provident funds with minimum corpus of Rs. 25 crores; pension funds with minimum corpus of Rs. 25 crores); National Investment Fund set up by resolution no. F. No. 2/3/2005-DD-II dated November 23, 2005 of Government of India published in the Gazette of India.		
Terms of Payment	Margin Amount applicable to QIB Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate.	Margin Amount applicable to Non Institutional Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate.	Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate.
Margin Amount	10% of Bid Amount on Bidding	100% of Bid amount on Bidding	100% of Bid amount on Bidding

The Company is considering a Pre-IPO placement with various investors ("Pre-IPO Placement"). The Pre-IPO Placement is at the discretion of the Company. The Pre-IPO placement, if any, will be completed before filing the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed the Issue would be reduced to the extent of such Pre-IPO Placement, subject to a minimum Issue of 25% of the post-Issue paid up Equity Share capital being offered to the public.

** 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 any of the other categories or combination of categories at the discretion of our Company in consultation with the BRLM. However, if the aggregate demand by Mutual Fund is less than Mutual Fund Portion i.e. 1,42,500 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to QIB portion and be allocated proportionately to QIB bidders.*

*** In case the Bid cum Application Form is submitted in joint names, the investors should ensure that the demat 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.*

Bidding Period / Issue Period

Bid / Issue Opens on	[●]
Bid/ Issue Closes on	[●]

Bids and any revision in Bids shall be accepted **only between 10.00 a.m and 3.00 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, Bids shall be accepted only between 10.00 a.m and 3.00 p.m (Indian Standard Time)** and uploaded till (i) 5.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders where the Bid Amount is in excess of Rs. 100,000 and (ii) till such time as permitted by the NSE and the BSE, in case of Bids by Retail Individual Bidders, where the Bid Amount is up to Rs. 100,000. Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 3.00 p.m (Indian Standard Time) on the Bid/Issue Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids will only be accepted on working days, i.e., Monday to Friday (excluding any public holiday).

On the Bid/Issue Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids received by Retail Bidders after taking into account the total number of Bids received upto the closure of timings for acceptance of Bid-cum-Application Forms as stated herein and reported by the BRLM to the Stock Exchange within half an hour of such closure.

Our Company reserves the right to revise the Price Band during the Bidding Period in accordance with the 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 advertised at least one day prior to the Bid /Issue Opening Date.

In case of revision in the Price Band, the Issue Period will be extended for three additional working days after revision of the Price Band, subject to the Bidding Period/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period/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 website of the BRLM and at the terminals of the syndicate.

ISSUE PROCEDURE

Book Building Procedure

The Issue is being made through the 100% Book Building Process wherein up to 50% of the Issue to the public shall be allocated on a proportionate basis to Qualified Institutional Buyers, out of which 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the 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, at least 15% of the Issue to the public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 35% of the Issue to the public 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.

Bidders are required to submit their Bids through the Syndicate. Further, QIB Bids can be submitted only through the BRLM and/ or their affiliates. Our Company, in consultation with the BRLM may reject any Bid procured from QIBs, by any or all members of the Syndicate, for reasons to be recorded in writing provided that such rejection shall be made at the time of acceptance of the Bid and the reasons thereof shall be disclosed to the Bidders. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company would have a 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 dematerialised 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 dematerialised 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 Bidders 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 filing of the Prospectus with the RoC, allocation of Equity Shares, and dispatch of the CAN, 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 authorised our Company to make the necessary changes in the 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 colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form
Resident Indians, Eligible NRIs applying on a non-repatriation basis	White
Non-residents, Eligible NRIs, or FIIs or Foreign Venture Capital Funds registered with SEBI, Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis	Blue

Who can Bid?

1. Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
2. Indian nationals resident in India who are majors, in single or joint names (not more than three);
3. 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;
4. Eligible NRIs on a repatriation basis or a non-repatriation basis, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
5. FIIs registered with SEBI on a repatriation basis or a non-repatriation basis, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
6. State Industrial Development Corporations;
7. Insurance companies registered with the Insurance Regulatory and Development Authority, India;

8. Provident funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to invest in Equity Shares;
9. Pension funds with a minimum corpus of Rs. 250 million and who are authorised under their constitution to invest in Equity Shares;
10. Companies and corporate bodies registered under the applicable laws in India and authorised to invest in Equity Shares;
11. Venture Capital Funds registered with SEBI;
12. Foreign Venture Capital Investors registered with SEBI, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
13. Indian Mutual Funds registered with SEBI;
14. Indian financial institutions, scheduled commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to the RBI regulations and the SEBI guidelines and regulations, as applicable);
15. Multilateral and bilateral development financial institutions;
16. Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts and who are authorised under their constitution to hold and invest in Equity Shares;
17. Scientific and/or industrial research organisations in India authorised under their constitution to invest in equity shares; and
18. Any other QIBs permitted to invest in the Issue under applicable law or regulation.

As per existing regulations, OCBs cannot Bid in the Issue.

Note: The BRLM and Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. 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 investments limits or maximum number of Equity Shares that can be held by them under applicable laws, rules, regulations, guidelines and approvals.

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 1,42,500 Equity Shares, Allocation shall be made to Mutual Funds on proportionate basis to the extent of the Mutual Funds Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIB Bidders, be made available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Funds Portion.

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.

In accordance with 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.

5% of the QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% share of the QIB Portion will also be eligible for allocation in the remaining QIB Portion.

Bids by Eligible NRIs

1. Bid cum Application Forms have been made available for Eligible NRIs at the registered office of the Company and Members of the Syndicate.
2. Eligible NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment under the NRI category. The Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (white in colour).

Bids by FIIs

In accordance with the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue issued capital i.e. 10% of 2,11,68,700 Equity Shares. In respect of an FII investing in the 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 our total issued capital in case such sub-account is a foreign corporate or an individual. Under the current foreign investment policy applicable to us foreign equity participation up to 100% is permissible under the automatic route. As of now, the aggregate FII holding in us cannot exceed 24% of our total issued capital. 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 on this date, no such resolution has been recommended to the shareholders of the Company for adoption.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, an FII or its sub-account may issue, deal in, or hold, offshore 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 favour 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 or sub-account 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.

In accordance with the current regulations, the following provisions are applicable for investments by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

Accordingly, the holding by any individual venture capital fund registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund. Further, Venture Capital Funds can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer.

The above information is given for the benefit of the Bidders. The Bidders are advised to make their own enquiries about the limits applicable to them. The Company and the BRLM do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. The 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 Draft 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 a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the total Bid Amount (including revision of Bids, if any) payable by the Bidder does not exceed 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 of the Bid or revision of the Price Band or on exercise of option to bid at Cut-off Price, the Bid would be considered for allocation under the Non-Institutional Portion. The option to Bid at Cut-off Price is an option given only to the Retail Individual Bidders indicating their agreement to Bid and subscribe to Equity Shares at the final Issue Price as determined at the end of the Book Building Process.

(b) For Non-Institutional Bidders and QIB Bidders:

The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares. A Bid cannot be submitted for more than the Issue size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by the regulatory and statutory authorities governing them. **Under the 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 the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion 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.

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 applicable law or regulation or as specified in this Draft Red Herring Prospectus.

Information for the Bidder:

1. The Company will file the Red Herring Prospectus with the RoC at least three days before the Bid/Issue Opening Date.
2. The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.
3. Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus along with the Bid cum Application Form can obtain the same from our registered office or from any of the members of the Syndicate.
4. Eligible investors who are interested in subscribing for the Equity Shares should approach any of the BRLM or Syndicate Members or their authorised agent(s) to register their Bids.
5. The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the member of the Syndicate. 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. Our Company and the BRLM shall declare the Bid/Issue Opening Date, the Bid/Issue Closing Date and Price Band in the Red Herring Prospectus to be filed with RoC and publish the same in two widely circulated newspapers (one each in English and Hindi) and in a regional newspaper. This advertisement shall contain the disclosures as prescribed under the SEBI Guidelines. This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the form prescribed in Schedule XX-A of the SEBI DIP Guidelines, as amended by SEBI Circular No. SEBI/CFD/DIL/DIP/17/2005/11/11 dated November 11, 2005. The BRLM and Syndicate Members shall accept Bids from the Bidders during the Bidding/Issue Period.
2. The Bidding/Issue Period shall be a minimum of three working days and shall not exceed seven working days. In case the Price Band is revised, the revised Price Band and Bidding/Issue Period will be published in two national newspapers (one each in English and Hindi) and in a regional newspaper and also by indicating the change on the website of the BRLM and at the terminals of the members of the Syndicate and the Bidding/Issue Period may be extended, if required, by an additional three working days, subject to the total Bidding/Issue Period not exceeding 10 working days.
3. During the Bidding/Issue Period, investors who are interested in subscribing to our Equity Shares should approach the members of Syndicate or their authorised agents to register their Bid.
4. 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 titled "Bids at Different Price Levels" on page 133) 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.
5. The Bidder cannot Bid on another Bid cum Application Form after Bid(s) on one Bid cum Application Form has 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 bidding 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 under the paragraph "Build up of the Book and Revision of Bids" on page 135
6. The members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a 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.
7. 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 Account" on page 135.

8. During the Bidding/Issue Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids subject to the terms of the Syndicate Agreement and the 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.
2. Our Company in consultation with the BRLM can revise the Price Band during the Bidding/Issue Period, in which case the Bidding/issue Period shall be extended further for a period of three additional working days, subject to the total Bidding/Issue Period being a maximum of 10 working days. 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.
3. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a public notice in two national newspapers (one each in English and Hindi) and in a regional newspaper, and also by indicating the change on the website of the BRLM and at the terminals of the members of the Syndicate.
4. Our Company, 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 has to Bid for the desired number of Equity Shares at a specific price. The Bidder can Bid at any price within the Price Band in multiples of Re.1. Retail Individual Bidders may Bid at Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB Bidders or Non-Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.
6. Retail Individual Bidders, who Bid at Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-Off Price shall submit the Bid cum Application Form along with a cheque/demand draft for the Bid Amount based on the Payment Method based on the cap of the Price Band with the members of the Syndicate. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders, who Bid at Cut-off Price, shall receive the refund of the excess amounts from the respective 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 Price 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 by a Retail Individual Bidder will be considered for allocation under the Non-Institutional Portion in terms of this Draft 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 Price prior to revision, the number of Equity Shares bid for shall be adjusted downwards for the purpose of allotment, such that no additional payment would be required from the Bidder and the Bidder is 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 Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the respective Refund Account.
9. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain [●] Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.

Escrow Mechanism

Our Company and the members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders 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 Escrow Accounts. The Escrow Collection Banks will act in terms of this Draft Red Herring Prospectus and the Escrow Agreement. The monies in the Escrow Accounts shall be maintained by the Escrow Collection Banks for and on behalf of the Bidders. The Escrow Collection Banks 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 the monies from the Escrow Accounts to the Public Issue Account and the Refund Account as per the terms of the Escrow Agreement and this Draft Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between us, the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Account

Each Bidder, shall pay the applicable Margin Amount, with the submission of the Bid-cum-Application Form by way of a cheque or demand draft in favour of the Escrow Account (for details please see the section titled "Payment Instructions" beginning on page 141 of this Draft 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 shall not be accepted.

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 equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Issue Account. The balance amount after transfer to the Issue Account shall be transferred to the Refund Account.

On the Designated Date and no later than 15 (fifteen) days from the Bid/Issue Closing Date, the Escrow Collection Bank(s) shall dispatch all refund amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for Allotment to the Bidders

Each category of Bidders i.e., QIB Bidders, Non-Institutional Bidders and Retail Individual Bidders would be required to pay their applicable Margin Amount at the time of the submission of the Bid-cum-Application Form. The Margin Amount payable by each category of Bidders is mentioned under the section titled "Issue Structure" on page 126 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/allotted 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. QIBs will be required to deposit a margin of 10% at the time of submitting of their Bids.

If the payment is not made favouring 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 Bidders is 100%, the full amount of payment has to be made at the time of submission of the Bid-cum- Application Form.

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 allotment, will be refunded to such Bidder within 15 days from the Bid /Issue Closing Date, failing which we shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

Electronic Registration of Bids

1. The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.
2. 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 authorised agents during the Bidding/Issue Period. The members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/Issue Closing Date, the members of the Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchanges.
3. BSE and NSE will aggregate demand and price for Bids registered on their electronic facilities on a regular basis and display graphically the consolidated demand at various price levels. This information can be accessed on BSE's website at "www.bseindia.com" or on NSE's website at "www.nseindia.com".
4. At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
 - Name of the investor (Investors 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, investors 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, QIBs, Eligible NRI, FII or Mutual Fund, etc;

- Numbers of Equity Shares bid for;
 - Bid price;
 - Bid cum Application Form number;
 - Whether payment is made upon submission of Bid cum Application Form; and
 - Depository participant identification number and client identification number of the beneficiary account of the Bidder.
5. 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 member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or our Company.
 6. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
 7. In case of QIB bidders, members of the syndicate also have the right to accept the bid or reject it. However, such rejection should be made at the time of receiving the bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders and Retail Individual Bidders who Bid, Bids would not be rejected except on the technical grounds listed on page 143.
 8. 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 the BRLM are cleared or approved by NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the Promoter, the management or any scheme or project of our Company.
 9. 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 Draft Red Herring Prospectus has been cleared or approved by NSE or BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that our Equity Shares will be listed or will continue to be listed on NSE and BSE.

Build Up of the Book and Revision of Bids

1. Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to NSE or BSE mainframe on a regular basis in accordance with market practice.
2. The book gets built up at various price levels. This information will be available with the BRLM on a regular basis.
3. During the Bidding/Issue 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.
4. Revisions can be made in both the desired number 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. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
5. 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 had placed the original Bid. **Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.**
6. 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 this Draft Red Herring Prospectus.
7. 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.**
8. Only Bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/allotment. In the event of discrepancy of data between the Bids registered on the online IPO system and the physical Bid cum Application Form, the decision of the Company in consultation with the BRLM, based on the physical records of Bid/cum Application Forms, shall be final and binding on all concerned.

Price Discovery and Allocation

1. After the Bid /Issue Closing Date, the BRLM will analyse the demand generated at various price levels.
2. The Company in consultation with the BRLM, shall finalise the "Issue Price" and the number of Equity Shares to be allocated in each investor category.
3. 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 Amount within a period of two days from the date of the letter communicating the request for such additional margin money.
4. Under-subscription, if any, in any category of the Issue would be allowed to be met with spill over from any of the other categories at the discretion of our Company in consultation with the BRLM. However, if the aggregate demand by Mutual Funds is less than 1,42,500 Equity Shares, the balance Equity Shares available for allocation in the Mutual Funds Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders.
5. The allocation under the Issue shall be on proportionate basis, in the manner specified in the SEBI Guidelines and this DRHP and in consultation with Designated Stock Exchange.
6. The BRLM, in consultation with us, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
7. We reserve the right to cancel the Issue any time after the Bid/Issue Opening Date but before the Allotment without assigning any reasons whatsoever.
8. Allocation to FIIs and eligible NRIs on repatriation basis will be subject to the applicable law.
9. In terms of the SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

Signing of Underwriting Agreement and RoC Filing

- (a) We, the BRLM and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price.
- (b) After signing the Underwriting Agreement, we 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.

Announcement of Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, our Company shall, after receiving final observations, if any, on the Draft Red Herring Prospectus, publish an advertisement in the form prescribed by the SEBI Guidelines, in two widely circulated national newspapers (one each in English and Hindi) and a regional newspaper.

Advertisement regarding Price Band and Red Herring Prospectus

A statutory advertisement will be issued by the Company after the filing of the Red Herring Prospectus with the RoC. This advertisement in addition to the information that has to be set out in the statutory advertisement shall indicate the Price Band along with a table showing the number of Equity Shares and the amount payable by an investor. Any material updates between the date of Red Herring Prospectus and the Prospectus shall be included in the advertisement.

Issuance of Confirmation of Allocation Note ("CAN")

Subject to "Allotment Reconciliation and Revised CANs" as set forth below:

- (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 and Non-Institutional Bidders. However, the investor should note that the Company shall ensure that the date of Allotment of the Equity Shares to all investors in this Issue shall be done on the same date.
- (b) The BRLM and/ or their affiliates 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 QIB 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.

Notice to QIBs: Allotment Reconciliation and Revised CANs

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. Based on the electronic book, 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 reconciled 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. As a result, a revised CAN may 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 and Allotment of Equity Shares

- (a) Our Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bidding /Issue Closing Date. After the funds are transferred from the Escrow Accounts to the Public Issue Account on the Designated Date, we would ensure the credit to the successful Bidders depository account within two working days of 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 Public Issue Account on the Designated Date, the 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, rules, regulations and bye laws of the Depositories.

Investors are advised to instruct their depository participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

GENERAL INSTRUCTIONS

Do's:

- (a) Check if you are eligible to apply having regard to applicable law, rules, regulations, guidelines and approvals and the terms of the Draft Red Herring Prospectus;
- (b) Ensure that your bid is within the Price Band;
- (c) Read all the instructions carefully and complete the Bid cum Application Form (white or blue in colour) as the case may be.
- (d) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be allotted in the dematerialized form only.
- (e) Ensure that the Bids are submitted at the bidding centers only on forms bearing the stamp of a member of the Syndicate.
- (f) Ensure that you have been given a TRS for all your Bid options.
- (g) Submit Revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS.
- (h) Each of the Bidders should mention their Permanent Account Number (PAN) allotted under the IT Act. (See the section "Issue Procedure – Permanent Account Number" on page 129 of this Draft Red Herring Prospectus);
- (i) 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, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form

- (j) Ensure that the Demographic Details are updated, true and correct, in all respects.

Don'ts:

- (a) Do not Bid for lower than the minimum Bid size;
- (b) Do not Bid/revise Bid to a price that is less than the Floor Price or higher than the Cap Price;
- (c) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
- (d) Do not pay the Bid amount in cash;
- (e) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;
- (f) Do not Bid at Cut-off Price (for QIB Bidders and Non-Institutional Bidders);
- (g) Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Issue size and/or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of the Draft Red Herring Prospectus;
- (h) Do not bid at Bid Amount exceeding Rs. 100,000 (for Retail Individual Bidders);
- (i) Do not submit the Bid without the QIB Margin Amount, in case of a Bid by a QIB;
- (j) Do not submit Bids accompanied by Stockinvest or postal order or money order; and
- (k) Do not submit the GIR number in stead of the PAN as the Bid is liable to be rejected on this ground.

INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM

Bidders can obtain Bid cum Application Forms and/or Revision Forms from the members 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 Eligible NRIs applying on non-repatriation basis and blue colour for Non Residents including, Eligible NRIs, FIIs registered with SEBI and FVCIs registered with SEBI, applying on repatriation basis.
2. Made in single name or in joint names (not more than three, and in the same order as their Depository Participant details).
3. 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.
4. The Bids from the Retail Individual Bidders must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter subject to a maximum Bid Amount of Rs. 100,000.
5. For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares thereafter. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws and regulations.
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 and Bank Details

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 the demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These bank account details would be used for giving refunds (including through physical refund warrants, direct credit, ECS, NEFT and RTGS) to the Bidders. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the Depository Participant. 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 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.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT 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.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/Allocation Advice and printing of Bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

In case of Bidders receiving refunds through electronic transfer of funds, delivery of refund orders/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 Bidder 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 the Company, nor the Registrar, Escrow Collection Bank(s) 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, which 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, then such Bids are liable to be rejected.

The Company in its 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.

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 dematerialised 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 us, the respective Depositories and the Registrar to the Issue:

- (e) an agreement dated [•] between NSDL, us and Registrar to the Issue;
- (f) an agreement dated [•] between CDSL, us and Registrar to the Issue.

Bidders will be allotted Equity Shares only in dematerialised mode. Bids from any Bidder without relevant 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 the Depository Participants of either 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 successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.

- Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details with the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details with the Depository.
- 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.
- The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or 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 and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- The trading of the Equity Shares would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

Bids by Eligible NRIs, FIIs, Foreign Venture Capital Funds registered with SEBI and multilateral and bilateral development financial institutions on a repatriation basis

Bids and revision to Bids must be made:

- On the Bid cum Application Form or the Revision Form, as applicable (blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- By FIIs for a minimum of such number of Equity Shares and in multiples of [●] thereafter that the Bid Amount exceeds Rs. 100,000. For further details see "Issue Procedure-Maximum and Minimum Bid Size" on page 131.
- In the names of individuals, or in the names of FIIs or Foreign Venture Capital Funds registered with SEBI and multilateral and bilateral development financial institutions but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.
- In a single name or joint names (not more than three).

Bids by Eligible NRIs for a Bid Amount of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and Bids by Eligible NRIs for a Bid Amount of more than Rs. 100,000 would be considered under the Non-Institutional Portion for the purposes of allocation;

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 US 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. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

It is to be distinctly understood that there is no reservation for Eligible NRIs and FIIs, and all such Bidders will be treated on the same basis with other categories for the purpose of allocation.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

Bids under Power of Attorney

- In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, 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 and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.
- In case of Bids made pursuant to a Power of Attorney by FIIs, 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, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.
- In case of the Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

4. In case of the Bids made by provident funds, subject to applicable law, with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.
5. In case of Bids made by Mutual Funds, venture capital funds registered with SEBI and FVCIs registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.
6. We, in our 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 that we, the BRLM may deem fit.

Payment Instructions

We shall open Escrow Accounts 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. Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Payment into Escrow Accounts

Each Bidder shall pay the applicable Margin Amount at the time of submission of the Bid cum Application Form by way of a cheque or demand draft in favour of the Escrow Account as per the below terms.

- (a) 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 equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account.
- (b) Each category of Bidders i.e. QIB Bidders, Non Institutional Bidders and Retail Individual Bidders would be required to pay their applicable Margin Amount at the time of the submission of the Bid cum Application Form by way of a cheque or demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s). (For details please see the section titled "Issue Procedure" beginning on page 129) and submit the same to the member of the Syndicate to whom the Bid is being submitted. The Margin Amount payable by each category of Bidders is mentioned in the section titled "Issue Structure" beginning on page 126. Bid cum Application Forms accompanied by cash 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.
- (c) 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. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled.
- (d) 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 Allotment, will be refunded to such Bidder in terms of the Draft Red Herring Prospectus.
- (e) The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - (i) In case of Resident QIB Bidders: **"Escrow Account – EIL IPO – QIB – R"**
 - (ii) In case of non resident QIB Bidders: **"Escrow Account – EIL IPO – QIB – NR"**
 - (iii) In case of Resident Retail and Non-Institutional Bidders: **"Escrow Account – EIL IPO – R"**
 - (iv) In case of Non-Resident Retail and Non-Institutional Bidders: **"Escrow Account – EIL IPO – NR"**
- (f) In case of Bids by Eligible 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 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 Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE or FCNR account.

- (g) In case of Bids by FIIs, the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to a Special Rupee Account.
- (h) On the Designated Date and not later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Banks shall refund all amounts payable to unsuccessful Bidders and 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/Stockinvest/money orders/postal orders 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 members of the Syndicate at the time of submission of the Bid. Separate receipts shall not be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate 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.

Payment by Stockinvest

In terms of the Reserve Bank of India Circular No. DBOD.No.FSC.BC.42/24.47.001/2003-04 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. Accordingly, payment through Stockinvest will not be accepted in the Issue.

OTHER INSTRUCTIONS

Joint Bids in 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 will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications with the same name and age will be accumulated and taken to a separate process file which will serve as a multiple master document.
2. In this master, a check will be carried out for the same PAN numbers. In cases where the PAN numbers are different, the same will be deleted from this master.
3. The addresses of all these applications from the multiple master will be strung from the address master. This involves including the addresses in a single line after deleting non-alpha and non-numeric characters, i.e., commas, full stops, hashes etc. Sometimes, the name, the first line of the address and pin code will be converted into a string for each application received and a photo match will be carried out among all the applications processed. A print-out of the addresses will be made to check for common names. Applications with the same name and same address will be treated as multiple applications.
4. The applications will be scanned for similar Depository Participant's identity (DP ID) and client identity numbers. If applications bear the same numbers, these will be treated as multiple applications.

5. After the aforesaid procedures, a print-out of the multiple master will be taken and the applications physically verified to tally signatures and also father's/husband's names. Upon completion of this exercise, the applications will be identified as multiple applications.

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, in consultation with the BRLM, reserve the right to reject, in our absolute discretion, all or any multiple Bids in any or all categories.

'PAN' Number

The Bidders or in the case of a Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act.. Applications without this information will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not furnish the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.**

Unique Identification Number ("UIN") - MAPIN

Pursuant to circulars dated April 27, 2007 (No. MRD/DoP/Cir-05/2007) and June 25, 2007 (No. MRD/DoP/Cir-08/2007) issued by SEBI, the requirement of UIN under the SEBI (Central database of Market Participants) Regulations, 2003 has been discontinued and irrespective of the amount of transaction, PAN has been made the sole identification number for all participants in the securities market.

Right to Reject Bids

In case of QIB Bidders, the Company in consultation with the BRLM and/or their affiliates 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 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, inter alia, the following technical grounds:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for;
2. Bank account details (for refund) not given;
3. Age of first Bidder not given;
4. 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;
5. Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors and insane persons;
6. Bidder's PAN number is not mentioned in the Bid. It is to be specifically noted that the Bidders should not submit the GIR number instead of the PAN;
7. Bids for lower number of Equity Shares than specified for that category of investors;
8. Bids at a price less than the lower end of the Price Band;
9. Bids at a price more than the higher end of the Price Band;
10. Bids at Cut-off Price by Non-Institutional Bidders and QIB Bidders;
11. Bids for a number of Equity Shares, which are not in multiples of [●];
12. Category not ticked;
13. Multiple Bids;
14. In the case of a Bid under power of attorney or by limited companies, corporates, trusts etc., relevant documents are not submitted;
15. Bids accompanied by Stockinvest/money order/postal order/cash;
16. Signature of sole and/or joint Bidders missing;
17. Bid-cum-Application Form does not have the stamp of the BRLM or the Syndicate Members;
18. Bid-cum-Application Form does not have the Bidder's depository account details;

19. Bid-cum-Application Form is not delivered by the Bidder within the time prescribed as per the Bid-cum-Application Form and the Draft Red Herring Prospectus and as per the instructions in the Draft Red Herring Prospectus and the Bid-cum-Application Form;
20. 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 account number;
21. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
22. Bids by QIBs not submitted through members of the Syndicate;
23. Bids by OCBs;
24. Bids by U.S. residents or U.S. persons other than in reliance on Regulation S or Rule 144A under the Securities Act; and
25. Bids by persons who are not eligible to acquire Equity Shares of the Company under any applicable law, rule, regulation, guideline or approval, in India or outside India.

Basis of Allotment

A. For Retail Individual Bidders

- 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 Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size less Allotment to Non-Institutional Bidders and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this portion is less than or equal to 19,95,000 Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 19,95,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of [●] Equity Shares and in multiples of one Equity Share thereafter. For the method of proportionate basis of allocation, refer below.

B. For Non-Institutional Bidders

- 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 Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 8,55,000 Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 8,55,000 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of [●] Equity Shares and in multiples of one Equity Share thereafter. For the method of proportionate basis of allocation refer below.

C. For QIB Bidders

- Up to 50% of the Issue Size shall be available for allocation to the QIB Bidders.
- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the QIB Bidders will be made at the Issue Price.
- The Issue size less allocation to Non-Institutional Portion and Retail Portion shall be available for proportionate allocation to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- However, eligible Bids by Mutual Funds only shall first be considered for allocation proportionately in the Mutual Funds Portion. After completing proportionate allocation to Mutual Funds for an amount of up to 1,42,500 Equity Shares (the Mutual Funds Portion), the remaining demand by Mutual Funds, if any, shall then be considered for allocation proportionately, together with Bids by other QIBs, in the remainder of the QIB Portion (i.e. after excluding the Mutual Funds Portion). For the method of allocation in the QIB Portion, see the paragraph titled "Illustration of Allotment to QIBs" appearing below. If the valid Bids by Mutual Funds are for less than 1,42,500 Equity Shares, the balance Equity Shares

available for allocation in the Mutual Funds Portion will first be added to the QIB Portion and allocated proportionately to the QIB Bidders.

- Allotment shall be undertaken in the following manner:
 - a. In the first instance allocation to Mutual Funds for 5% of the QIB Portion shall be determined as follows:
 - i. In the event that Mutual Fund Bids 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 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. In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids at or above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.
 - ii. Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
 - iii. Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

For the method of proportionate basis of allocation refer below.

Illustration of Allotment to QIBs and Mutual Funds (“MF”)

A. Issue Details

Sr. No	Particulars	Issue details
1	Issue size	200 million Equity Shares
2	Allocation to QIB (not more than 50% of the Issue)	100 million Equity Shares
	Of which:	
	a. Reservation For Mutual Funds, (5%)	5 million Equity Shares
	b. Balance for all QIBs including Mutual Funds	95 million Equity Shares
3	Number of QIB applicants	10
4	Number of Equity Shares applied for	500 million Equity Shares

B. Details of QIB Bids

Sr. No	Type of QIB bidders#	No. of shares bid for (in million)
1	A1	50
2	A2	20
3	A3	130
4	A4	50
5	A5	50
6	MF1	40
7	MF2	40
8	MF3	80
9	MF4	20
10	MF5	20
	TOTAL	500

A1-A5: (QIB bidders other than MFs), MF1-MF5 (QIB bidders which are Mutual Funds)

C. Details of Allotment to QIB Bidders/ Applicants

(Number of equity shares in million)

Type of QIB bidders	Shares bid for	Allocation of 5 million Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 95 million Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs

(I)	(II)	(III)	(IV)	(V)
A1	50	0	9.60	0
A2	20	0	3.84	0
A3	130	0	24.95	0
A4	50	0	9.60	0
A5	50	0	9.60	0
MF1	40	1	7.48	8.48
MF2	40	1	7.48	8.48
MF3	80	2	14.97	16.97
MF4	20	0.5	3.74	4.24
MF5	20	0.5	3.74	4.24
	500	5	95	42.42

Please note:

1. The illustration presumes compliance with the requirements specified in this Draft Red Herring Prospectus in the section titled "Issue Structure" beginning on page 126.
2. Out of 100 million Equity Shares allocated to QIBs, 5 million (i.e. 5%) will be allocated on proportionate basis among five Mutual Fund applicants who applied for 200 shares in the QIB Portion.
3. The balance 95 million Equity Shares [i.e. 100 - 5 (available for Mutual Funds only)] will be allocated on proportionate basis among 10 QIB Bidders who applied for 500 Equity Shares (including 5 Mutual Fund applicants who applied for 200 Equity Shares).
4. The figures in the fourth column titled "Allocation of balance 95 million Equity Shares to QIBs proportionately" in the above illustration are arrived as under:
 - (a) For QIBs other than Mutual Funds (A1 to A5)= Number of Equity Shares Bid for X 95 /495
 - (b) For Mutual Funds (MF1 to MF5)= [(No. of shares bid for (i.e., in column II of the table above) less Equity Shares allotted (i.e., column III of the table above)] X 95/495
 - (c) The numerator and denominator for arriving at allocation of 95 million Equity Shares to the 10 QIBs are reduced by 5 million shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

Procedure and Time of Schedule for Allotment and Demat Credit of Equity

The Issue will be conducted through a "100% book building process" pursuant to which the members of the Syndicate will accept bids for the Equity Shares during the Bidding/Issue Period. The Bidding/Issue Period will commence on [●], 2008 and expire on [●], 2008. Following the expiration of the Bidding/Issue Period, the Company, in consultation with the BRLM, will determine the Issue Price, and, in consultation with the BRLM, the basis of allocation and entitlement to Allotment based on the bids received and subject to confirmation by the BSE/NSE. Successful Bidders will be provided with a confirmation of their allocation (subject to a revised confirmation of allocation) and will be required to pay any unpaid amount for the Equity Shares within a prescribed time. The SEBI Guidelines require the Company to complete the Allotment to successful Bidders within 15 working days of the expiration of the Bidding/Issue Period. The Equity Shares will then be credited and Allotted to the investors' demat accounts maintained with the relevant depository participant. Upon approval by the Stock Exchanges, the Equity Shares will be listed and trading will commence.

Method of Proportionate Basis of Allotment in the Issue

In the event of the Issue being over-subscribed, the Company shall finalize the basis of Allotment 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 the basis of Allotment is finalized in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

- a) Bidders will be categorized according to the number of Equity Shares applied for.
- 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 Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

- 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 category 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 category is equal to the number of Equity Shares calculated in accordance with (b) above; and
 - Each successful Bidder shall be allotted a minimum of [●] Equity Shares.
- e) If the proportionate Allotment to a Bidder is a number that is more than [●] but is not a multiple of 1 (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all 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 allotted 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.

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, details of Depository Participant, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Letters of Allotment or Refund Orders

The Company shall give credit to the beneficiary account with depository participants within two working days from the date of the finalization of basis of allotment. Applicants residing at 68 centers where clearing houses are managed by the RBI, will get refunds through ECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS. We 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 at the sole or first Bidder's sole risk within 15 days of the Bid/Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within fifteen days of closure of Bid / Issue.

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

- Allotment of Equity Shares shall be made only in dematerialized form not later than 15 days of the Bid/Issue Closing Date;
- Refunds shall be made within 15 days of 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;
- The Company shall pay interest at 15% per annum if 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 through Direct Credit, NEFT, RTGS or ECS, the refund instructions have not been given to the clearing system in the disclosed manner within 15 days of the Bid/Issue Closing Date.

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

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

PAYMENT OF REFUNDS

Bidders must note that on the basis of name of the Bidders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Bid-cum-Application Form, the Registrar will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither the Company, the Registrar, Escrow Collection Bank(s), Bankers to the Issue nor the BRLM shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

Interest in Case of Delay in Dispatch of Allotment Letters/Refund Orders

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

- Allotment shall be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;
- Dispatch of refund orders shall be done within 15 days from the Bid/Issue Closing Date; and
- The Company shall pay interest at 15% per annum, if Allotment is not made, refund orders are not dispatched to the applicant or if, in a case where the refund or portion thereof is made in electronic mode/manner, the refund instructions have not been given to clearing members and/or demat credits are not made to investors within the 15 day time period prescribed above.

The Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar. 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, except where the refund or portion thereof is made in electronic mode/manner. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Mode of making refunds

The payment of refund, if any, would be done through various modes in the following order of preference:

1. ECS – Payment of refund shall be undertaken through ECS for applicants having an account at any of the following 68 centres: Ahmedabad, Bangalore, Bhubaneswar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna, Thiruvananthapuram (managed by RBI); Baroda, Dehradun, Nashik, Panaji, Surat, Trichy, Trichur, Jodhpur, Gwalior, Jabalpur, Raipur, Calicut, Siliguri (Non-MICR), Pondicherry, Hubli, Shimla (Non-MICR), Tirupur, Burdwan (Non-MICR), Durgapur (Non-MICR), Sholapur, Ranchi, Tirupati (Non-MICR), Dhanbad (Non-MICR), Nellore (Non-MICR) and Kakinada (Non-MICR) (managed by State Bank of India); Agra, Allahabad, Jalandhar, Lucknow, Ludhiana, Varanasi, Kolhapur, Aurangabad, Mysore, Erode, Udaipur, Gorakpur and Jammu (managed by Punjab National Bank); Indore (managed by State Bank of Indore); Pune, Salem and Jamshedpur (managed by Union Bank of India); Visakhapatnam (managed by Andhra Bank); Mangalore (managed by Corporation Bank); Coimbatore and Rajkot (managed by Bank of Baroda); Kochi/Ernakulum (managed by State Bank of Travancore); Bhopal (managed by Central Bank of India); Madurai (managed by Canara Bank); Amritsar (managed by Oriental Bank of Commerce); Haldia (Non-MICR) (managed by United Bank of India); Vijaywada (managed by State Bank of Hyderabad); and Bhilwara (managed by State Bank of Bikaner and Jaipur). 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. One of the methods for payment of refund is through ECS for applicants having a bank account at any of the above mentioned 68 centres.
2. Direct Credit – Applicants having bank accounts with the Refund Banker(s), as mentioned in the Bid cum Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.
3. RTGS – Applicants having a bank account at any of the abovementioned 68 centres 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 the 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 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.

5. 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 upto 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 centers will be payable by the Bidders.

Please note that applicants having a bank account at any of the 68 centres where the clearing houses for ECS are managed by the RBI, State Bank of India, Punjab National Bank, State Bank of Indore, Union Bank of India, Andhra Bank, Corporation Bank, Bank of Baroda, State Bank of Travancore, Central Bank of India, Canara Bank, Oriental Bank of Commerce, United Bank of India, State Bank of Hyderabad and State Bank of Bikaner and Jaipur are eligible to receive refunds through the modes detailed in I, II, III and IV above. For all the other applicants, including applicants who have not updated their bank particulars alongwith the nine digit MICR Code, prior to the Bid/Issue Opening Date, the refund orders would be dispatched under “Under Certificate of Posting” for refund orders less than Rs. 1,500 and through speed post/registered post for refund orders exceeding Rs. 1,500.

Disposal of applications and application moneys and interest in case of delay

The Company shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within two working days of date of Allotment of Equity Shares.

In case of applicants who receive refunds through ECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 15 days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the bidders receiving refunds through this mode within 15 days of Bid/ Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company 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 Allotment.

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

- Allotment of Equity Shares shall be made only in dematerialized form not later than 15 days of the Bid/Issue Closing Date;
- Refunds shall be made within 15 days of 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;
- The Company shall pay interest at 15% per annum if 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 through Direct Credit, NEFT, RTGS or ECS, the refund instructions have not been given to the clearing system in the disclosed manner within 15 days of the Bid/Issue Closing Date.

Interest on refund of excess Bid Amount

The Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received if refund orders are not dispatched within 15 working days from the Bid/Issue Closing Date as per the Guidelines issued by the GoI, Ministry of Finance pursuant to their letter No.F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Undertakings by the Company

We undertake as follows:

- that the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of Allotment;
- that funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by us;
- that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of 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
- that the refund orders or allotment advice to the Non Residents shall be dispatched within specified time; and
- that no further issue of Equity Shares shall be made till the Equity Shares offered through this Draft Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under subscription etc.

Utilisation of Issue proceeds

Our Board of Directors certifies that:

- all monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- details of all monies utilised out of Issue referred above shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies have been utilised; and
- details of all unutilised monies out of the Issue, if any shall be disclosed under the appropriate separate head in our balance sheet indicating the form in which such unutilised monies have been invested.

We shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the Industrial Policy and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investments. **As per current foreign investment policies, foreign direct investment in the IT/ITES sector is allowed up to 100% under the automatic route.**

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without prior RBI approval, so long as the price of equity shares to be issued is not less than the price at which equity shares are issued to residents. In our Company, as of date the aggregate FII holding cannot exceed 24% of the total issued share capital.

Subscription by Non-Residents

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 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.

There is no reservation for any FIIs or Eligible NRIs and such FIIs or Eligible NRIs will be treated on the same basis with other categories for the purpose of allocation.

As per the current regulations, the following restrictions are applicable for investments by FIIs:

No single FII can hold more than 10% of our post-issue issued capital.

In respect of an FII investing in the 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 our total issued capital in case such sub-account is a foreign corporate or an individual. As of now, the aggregate FIIs holding in our Company cannot exceed 24% of the total issued capital of our Company.

As per the current regulations, the following restrictions are applicable for investments by SEBI registered VCFs and FVCIs:

The SEBI (Venture Capital Funds) 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 VCF or FVCI can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer.

As per the current regulations, OCBs cannot participate in this Issue.

The above information is given for the benefit of the Bidders. Our Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Draft 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. However, we shall update this Draft Red Herring Prospectus and keep the public informed of any material changes in matters concerning our business and operations till the listing and commencement of trading of the Equity Shares.

SECTION IX – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Capital	3.	<p>a. The Authorised Share Capital of the Company is Rs. 25,00,00,000/- (Rupees Twenty Five Crores only) divided into 2,50,00,000 (Two Crore Fifty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten Only) each and capable from time to time, to increase, reduce or modify its capital and to divide all or any of the shares in the capital of the Company, for the time being, classify and reclassify such shares of other class or classes and to attach thereto respectively such preferential, deferred, qualified, or other special rights, privileges, conditions or restrictions as may be determined by the Company and to vary, modify or abrogate any such rights, privileges, conditions or restrictions in such manner and by such person as may, for the time being, be permitted under the provisions of the Articles of Association of the Company or legislative provisions, for the time being in force in that behalf.</p> <p>b. <i>“The minimum Paid-up Share Capital of the Company shall be Rs. 5,00,000/- (Rupees Five Lacs only).”</i></p>
Increase of capital by the Company and how carried into effect.	4.	<p>The Company in General Meeting may, from time to time, increase the capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amount as the resolution shall prescribe. Subject to the provisions of the Act, any share 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 is 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 a right of voting at general meeting of the Company in conformity with Section 87 and 88 of the Act. Whenever the capital of the Company has been increased under the provisions of these Articles, the Directors shall comply with the provisions of Section 97 of the Act.</p>
New Capital same as existing capital	5.	<p>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 existing 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. Provided however that all the equity shares issued by the Company to the Members shall be of the same class and shall be alike ranking parri passu in all respect and the holders thereof shall be entitled to identical rights and privileges including, without limitation, to identical rights and privileges with respect to dividend, voting rights, payment of calls, liens, transfers, transmission, forfeiture, and the distribution of assets in the event of voluntary or involuntary liquidation, dissolution or winding up of the Company on a pro rata basis. Provided that the above provision does not prohibit the Company from issuing redeemable preference shares. Subject to Article 6 hereinbelow, the Company in general meeting may also, from time to time, by special resolution capitalise the undistributed profits standing to the credit of the Company's Free Reserves and to apply the same in paying up new equity shares in the share capital of the Company and to appropriate the same as capital and not as income and allot and distribute as fully paid-up bonus shares to and amongst the persons registered in the Register of Members as the holders of equity shares of the Company on such date and in such proportion as may be decided by the Board of Directors.</p>
Redeemable Preference Shares	6.	<p>Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue Preference Shares which are liable to be redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.</p>
Provisions to apply on issue of Redeemable Preference Shares	7.	<p>On the issue of Redeemable Preference Shares under the provisions of Article 6 hereof the following provisions shall take effect: -</p> <ul style="list-style-type: none"> (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 the 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.
Reduction of Capital	8.	The Company may (subject to the provisions of Section 78, 80 and 100 to 105 inclusive, of the Act) from time to time by Special Resolution, reduce its share capital and any capital Redemption Reserve Account or Share Premium Account in any manner for the time being authorised by law and in particular capital may be paid off on the footing that it may called upon again or otherwise. This Article is not to derogate from any power the Company would have if it were omitted.
Sub-division and consolidation of shares	9.	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 or any part of them, and the resolution whereby any share is sub-divided, may determine that as between the holder of the shares resulting from such sub-division, 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 to aforesaid, the Company, in General Meeting, 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.
Modification of rights	10.	Whenever the capital, by reason of the issue of Preference Shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to each class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Sections 106 and 107 of the Act be varied, modified, commuted, affected or abrogated, or dealt with by Agreement between the Company and any person purporting to contract on behalf of that class provided such agreement is ratified in writing by holders of at least three fourths in nominal value of the issued shares of the class or is confirmed by a Special Resolution passed at a separate General Meeting of the holders of shares of that class. This Article is not to derogate from any power the Company would have if this Article were omitted.
Shares at a discount	11.	Subject to the provisions, the Company may issue Shares at a discount of a class already issued, if the conditions contained in Section 79 of the Act are fulfilled.
Shares and Certificates		
Register and Index of Members	14.	<p>The Company shall cause to be kept a Register and Index of Members in accordance with Sections 150 and 151 of the Act. The Company shall be entitled to keep in any State or country outside India a Branch Register of Members resident in that State or Country.</p> <p>(a) Notwithstanding anything herein contained, a person, whose name is at any time entered in the Register of Members of the Company as the holders of a share in the Company, but who does not hold the beneficial interest in such share, shall, within such time and in such form as may be prescribed, make a declaration to the Company specifying the name and other particulars of the person or persons, who hold the beneficial interest in such share in the manner provided in Section 187-C of the Act;</p> <p>(b) A person who holds a beneficial interest in a share or a class of shares of the Company shall, within the time prescribed, after his becoming such beneficial owner, make a declaration to the Company specifying the nature of his interest, particulars of the person in whose name the shares stand in the Register of Members of the Company and such other particulars as may be prescribed as provided in Section 187-C of the Act;</p> <p>(c) Whenever there is a change in the beneficial interest in a share referred to above, the beneficial owner shall, within the time prescribed from the date of such change, make a declaration to the Company in such form and containing such particulars as may be prescribed as provided in Section 187-C of the Act;</p> <p>(d) Notwithstanding anything herein contained in Section 153 of the Act and Sub-Article (a), (b), (c) above, where any declaration referred to above is made to the Company, the Company shall make a note of such declaration in the Register of Members and file within the time prescribed from the date of receipt of the declaration a return in the prescribed form with the Registrar with</p>

		regard to such declaration.
Shares to be numbered progressively and no share to be sub-divided	15.	Save and except for dematerialisation of Share or Shares held in fungible form with a Depository, the shares in the capital 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.
Further Issue of capital	16.	<p>(a) Subject to the provisions of the Act, where at any time after the expiry of two years from the formation of the Company or the expiry of one year from the allotment of shares made for the first time after its formation whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares, whether out of unissued share capital or out of increased share capital, then such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on these shares at the 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. Such offer shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to above hereof shall contain this statement of this right, provided that the directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him. After the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner as they think most beneficial to the Company.</p> <p>(b) Notwithstanding anything contained in the preceding sub-clause, the Company may:-</p> <p>i) by a special resolution; or</p> <p>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 favour 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, offer further shares to any person or may not include the persons who at the date of the offer, are the holders of the equity shares of the Company.</p> <p>(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 debenture or loans into shares, or to subscribe for shares in the Company, provided however that the terms of the debentures or loans include a term providing for such option is in conformity with the rules, if any made by the Central Government in this behalf and has also been approved by a special resolution in the General Meeting.</p>
Power also to Company to issue shares in General Meeting	20.	In addition to and without derogating from the powers for that purpose conferred on the Board under Articles 13 and 14 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 members 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 Section 78 and 79 of the Act) at a premium or at par or at a discount, such option being exercisable at such times and for such consideration as may be directed by such General Meeting or the Company in

		General Meeting may make any other provision whatsoever for the issue, allotment, or disposal of any shares.
Acceptance of Shares	21.	Any application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any share 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 entered on the Register of Members shall, for the purposes of these Articles, be a Member.
Liability of Members	23.	Every Member, or his heirs, executors, or administrator 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	24.	<p>(a) Every Member or allottee of shares shall be entitled, with or without payment, to receive one share certificate specifying the name of the person in whose favour it is issued, the shares to which it relates and the amount paid-up thereon. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in case of issues against letters of acceptance or of renunciation or in case 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 two Directors or their Attorneys and the Secretary or other person shall sign the share certificate, provided that if the composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than a Managing or 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, provided however that no share certificate(s) shall be issued for shares held by a Depository.</p> <p>(b) Any two or more joint allottees of a share shall, for the purpose of this Article, be treated as a single Member, and the certificate of any share, which may be the subject of joint ownership, may be delivered to anyone of such joint owners on behalf of all of them. For any further certificate the Board shall be entitled, but shall not be bound, to prescribe a charge not exceeding Rupee One. The Company shall comply with the provisions of Section 113 of the Act.</p> <p>(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, 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.</p> <p>(d) The Company shall not be bound to register more than 3 persons as the joint holders of any share except in the case of executors or trustees of a deceased member and in respect of a share held jointly by several persons, the Company shall not issue more than one certificate and the delivery of a certificate for a share to any one of several joint holders shall be sufficient delivery to all such holders.</p> <p>(e) 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.</p> <p>(f) The provisions stated above shall not be applicable to dematerialised Shares and shares held in fungible form with a Depository.</p>
Share Certificate	25.	<i>"The Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be."</i>
First named holder is deemed to be sole owner	27.	If any share stand in the names of two or more persons, the person first named in the Register of Members shall as regards receipt of dividends or bonus or service of notices and all or any other matter connected with Company, except voting at meetings, and the transfer of the shares, be deemed the sole holder thereof but the joint-holders of a share shall be severally as well as jointly liable for the payment of all

		installments and calls due in respect of such share and for all incidents thereof according to the Company's regulations.
Company not bound to recognize any interest in share other than that of registered holder	28.	Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise any equitable, contingent, further 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.
	29.	None of the funds of the Company shall be applied in the purchase of any shares of the Company, and it shall not give any financial assistance for or in connection with the purchase or subscription of any shares in the Company or in its holding Company save as provided by Section 77 of the Act.
Dematerialisation of Securities	30.	Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing securities, rematerialise its securities held in the Depositories and / or offer its fresh securities in a dematerialised form pursuant to the Depositories Act, and the rules framed thereunder, if any.
Option to receive Securities certificates or hold Securities with Depository	31.	Every person subscribing to or holding securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository.
	32.	If a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of the information, the Depository shall enter in its records the name of the allottees as the Beneficial Owner of the security.
Securities in Depositories	33.	All securities held by a Depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act, shall apply to a Depository in respect of the securities held by it on behalf of the Beneficial Owner.
Rights of Depositories and Beneficial Owners	34.	Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be registered owner for the purpose of effecting transfer of ownership of security on behalf of the Beneficial Owner.
	35.	Save as otherwise provided in (a) above, the Depository, as the registered owner of the securities, shall not have any voting rights or any other rights in respect of the security held by it.
	36.	Every person holding securities of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a member of the Company. The Beneficial Owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities, which are held by a Depository.
Beneficial Owner deemed as absolute owner	37.	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 on the Register of Members as the holder of any share or where the name appears as the Beneficial Owner of shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognise any benami trust or 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, on the part of any other person whether or not it has express or implied notice thereof, but the Board shall be entitled 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.
Depository to furnish information	38.	Every Depository shall furnish to the Company information about the transfer of securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.
Service of Documents	43.	Notwithstanding anything in the Act, or these Articles to the contrary, where securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.

Provisions of Articles to apply to shares held in Depository	44.	Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares in physical form subject to the provisions of the Depository Act.
Allotment of Securities dealt with in a Depository	45.	Notwithstanding anything in the Act, or these Articles where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.
Distinctive number of securities held in a Depository	46.	The shares in the capital shall be numbered progressively according to their several denominations provided, however, that the provision relating to progressive numbering 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. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished.
Register and Index of Beneficial Owners	47.	The Company shall cause to keep a Register and index of Members and a Register and index of Debenture holders in accordance with Section 151 and 152 of the Act, respectively, and the Depositories Act, with details of shares and debentures held in material/physical and dematerialised form in any media as may be permitted by law including in any form of electronic media. The Register and Index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act, 1996 shall be deemed to be Register and Index of Members and Register and Index of Debenture holders, as the case may be, for the purpose of the Act. The Company shall have the power to keep in any state or country outside India a branch Register of Members resident in that state or country.
Register of Members	48.	The Company shall keep a Register of Transfers and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any share held in material form.
Underwriting and Brokerage		
Commission may be paid	49.	Subject to the provisions of Section 76 of the Act, 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 or debentures in the Company, or procuring, or agreeing to procure subscriptions (whether absolute or conditional) for any shares or debentures in 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 are issued and in the case of debentures, two and a half per cent of the price at which the debentures are issued, or such higher rate or rates as may be permissible under any statutory provision for the time being in force. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid shares or partly in one way and partly in the other.
Brokerage on issue of Shares or Debentures	50.	The Company may pay a reasonable sum for brokerage.
Transfer and Transmission of Shares		
Register of Transfers	81.	The Company shall keep a "Register of Transfer" and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share in the material form.
Form of Transfer	82.	For making transfer of Shares of the Company, a common form shall be used. The instrument of transfer shall be in writing and all the provisions of Section 108 of the Act, and or any statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and their restrictions thereof.
	83.	The Instrument of transfer duly stamped and executed by the Transferor and the Transferee shall be delivered to the Company in accordance with the provisions of the Act. The Instrument of Transfer shall be accompanied by such evidence as the Board may require to prove the title of Transferor and his right to transfer the shares and every registered Instrument of Transfer shall remain in the custody of the Company until destroyed by order of the Board. The Transferor shall be deemed to be the holder of such shares until the name of the Transferee shall have been entered in the Register of Members in respect thereof. Before the registration of a transfer, the certificate or certificates of the shares must be delivered to the Company.

Closure of Register of members of Debenture holders	84.	The Board shall have power on giving not less than seven days' previous notice by advertisement in some newspaper circulating in the district in which the office of the Company is situate to close the Transfer Books, the Register of Members or Register of Debenture-holder at such time or times and for such period or periods, not exceeding in the aggregate forty-five days in each year, and thirty days at one time.
Director's power to refuse to register a transfer	85.	Subject to the provisions of Section 111 of the Act, the Board may, at its own absolute and uncontrolled discretion and without assigning any reason, decline to register or acknowledge any transfer of shares (whether fully paid or not and notwithstanding that the proposed Transferee be already a member), but in such case it shall, within two months from the date on which the instrument of transfer was lodged with the Company, send to the Transferee and the Transferor notice of the refusal to register such transfer provided that the registration of a transfer shall not be refused on the ground that the Transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except a lien on shares.
Notice of application when to be given	86.	Where, in the case of partly paid share, an application for registration is made by the transferor, the company shall give notice of the application to the Transferee in accordance with the provisions of Section 110 of the Act.
Death of one or more joint-holders of shares	87.	In the case of the death of any one or more of the persons named in the Register of Members as the joint holders of any share, the survivor or survivors shall be the only persons recognised by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint-holder from an liability on shares held by him jointly with any other person.
Title to shares of deceased holders	88.	In absence of a nomination recorded in accordance with Section 109A of the Act, read with Section 109B of the Act, which shall, in any event, have precedent, the executors or administrators of holders of a Succession Certificate or the legal representatives of a deceased member (not being one or two or more joint-holders) shall be the only persons recognised by the Company as having any title to the shares registered in the name of such Member and the Company shall not be bound to recognise such executors or administrators or holders of a Succession Certificate or the legal representatives unless such executors or administrators or legal representatives shall have first obtained Probate or Letters of Administration or Succession Certificate as the case may be, from a duly constituted court in the Union of India; provided that in any case where the Board in its absolute discretion thinks fit, the Board may dispense with production of Probate or Letters of Administration or Succession Certificate, upon such terms as to indemnify or otherwise as the Board in its absolute discretion may think necessary and under Article 85 register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member, as a Member.
	89.	No share shall in any circumstances be transferred to any minor, insolvent or person of unsound mind.
Transmission Clause	90.	Subject to the provisions of the Act and Articles 82 and 83, any person becoming entitled to share in consequence of the death, lunacy, bankruptcy, 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 Board (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such title as the Board thinks sufficient, either be registered himself as the holder of the share or elect to have some person nominated by him and approved by the Board registered as such holder; provided nevertheless, that if such person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an Instrument of Transfer in accordance with the provisions herein contained, and until he does so, he shall not be freed from any liability in respect of the shares. This clause is hereinafter referred to as the "transmission clause".
	91.	A person entitled to a share by transmission shall, subject to the right of the Directors to retain such dividends or money as hereinafter provided, be entitled to receive, and may give a discharge for, any dividends or other moneys payable in respect of the share.
	92.	There shall be no fee paid to the Company, in respect of the transfer or transmission of any number of shares, registration fo transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document..

The Company is not liable for disregard of notice prohibiting registration of transfer	93.	The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to an transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or referred thereto, in any book of the Company, and the Company shall not be bound to be required to regard or attend to give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.
	94.	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.
Right of successors	95.	A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividend and other advantages to which he would be entitled if he were the registered holder of the shares, except that 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 or to transfer the shares and if the notice is not complied with 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.
Nomination		
	96.	Every shareholder or debenture holder of the Company, may at anytime, nominate, in the prescribed manner, a person to whom his shares in, or debentures of the Company shall vest in the event of his death.
	97.	Where the shares in, or debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company as the case may be, shall vest in the event of death of all the joint holders.
	98.	Notwithstanding anything contained in any other law for the time being a force or in any disposition, whether testamentary or otherwise, in respect of such shares in or debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in or debentures of the Company, the nominee shall, on the death of the shareholder or debenture holder or, as the case may be, on the death of the joint holders, become entitled to all the rights in such shares or debentures or, as the case may be, all the joint holders, in relation to such shares or debentures, to the exclusion of all other persons, unless the nomination is varied, cancelled in the prescribed manner
	99.	Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures, to make the nomination to appoint, in the prescribed manner, any person to become entitled to shares in or debentures of the Company, in the event of his death, during the minority.
Transmission of Securities by Nominee		

	100.	<p>A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either -</p> <ul style="list-style-type: none"> (a) to be registered himself as holder of the share or debenture, as the case may be; or (b) to make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debenture holder, could have made; (c) if the nominee elects to be registered as holder of the share or debenture, himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder as the case may be; (d) a nominee shall be entitled to the same dividends and other advantages to which he would be entitled to, if he were the registered holder of the share or debenture except that he shall not, before being registered as a member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company. <p>Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable or rights accruing in respect of the share or debenture, until the requirements of the notice have been complied with.</p>
Buy back of Shares		
	101.	<p>Subject to the provisions of sections 77A, 77AA, 77B and 217 (2B) of the Act, the Company is hereby authorised to buy-back the Company's shares or other specified securities out of its free reserves or its securities premium account or from the proceeds of any shares or other specified securities; Provided that no buy-back of any kind of shares or other specified securities shall be made out of the proceeds of an earlier issue of the same kind of shares or the same kind of other specified securities.</p>
	102.	<p>The Company may, subject to the Act and these Articles, in general meeting, alter the conditions of its Memorandum as follows :</p> <ul style="list-style-type: none"> (a) Consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares. (b) Sub-divide its shares, or any of them, into shares of smaller amounts than those originally fixed by the Memorandum, subject nevertheless to the provisions of the Act and of these Articles. The resolution whereby any share is sub-divided may determine that as between the holders of the shares resulting from such sub-division, one or more of such shares shall have some preference or special advantage as regard dividend, capital or otherwise over or as compared with the others. (c) Cancel any shares, which, at the date of such general meeting, have not been taken or agreed to be taken by any Person, and diminish the amount of its share capital by the amount of the shares so cancelled.
	103.	<p>Whenever the share capital of the Company, by reason of the issue of preference shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to each class may, subject to written consent or a Special Resolution under the provisions of Section 106 and the right of dissident Members comprising not less than 10% of the issued capital of that class to apply to the court to have a variation of Shareholders rights cancelled under section 107 of the Act and these Articles be varied, modified or dealt with, with the consent in writing of the 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 meeting of the holders of the issued shares of that class, and all the provisions contained in these Articles as to general meetings, (including the provisions relating to quorum at such meetings), shall <i>mutatis mutandis</i> apply to every such meeting.</p>
	104.	<p>The rights conferred upon the holders of the shares of any class, issued with preferred or other rights, shall not, unless otherwise expressly provided by the terms of the issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking <i>pari passu</i> therewith.</p>

	105.	The Company shall not issue any shares, (not being preference shares), which carry voting right, or rights in the Company as to dividend, capital or otherwise, which are disproportionate to the rights attached to the holders (not being preference shares)
	106.	All equity shares shall be of the same class and shall rank pari passu and shall be alike in all respects and the holders thereof shall be entitled to identical rights and privileges including, without limitation, to identical rights and privileges with respect to dividend, voting rights, and the distribution of the assets in the event of voluntary or involuntary liquidation, dissolution or winding up of the Company. If two or more persons are registered as joint holders of any shares, any of such persons may give effectual receipts for any dividends or other moneys payable in respect of such shares.
	107.	All further issues of shares or increases in the share capital of the Company shall require the prior approval of the Board.
	108.	The new shares 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 is given on the directions as the Board 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 special or without any voting rights.
X' Copies of Memorandum and Articles to be sent to Members		
Copies of Memorandum and Articles to be sent by the Company	109.	A copy of the Memorandum and Articles of Association of the Company and other documents referred to in Section 39 of the Act shall be sent by the Company to every member at his request within seven days of the request on payment of the sum of Rupee One for each copy.
Share Warrants		
	115.	The Company may issue share warrants subject to, and in accordance with, the provisions of Section 144 and 115 of the Act and accordingly the Board may in its discretion, with respect to any share which is fully paid, upon application in writing, signed by the person registered as holder of the share, from time to time, require 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.
	116.	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 including in the deposited warrant.
	117.	Not more than one person shall be recognised as depositor of the share warrant.
	118.	The Company shall, on two days' written notice, return the deposited share warrant to the depositor.
	119.	(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 holder of the share included in the warrant and he shall be a member of the Company.
	120.	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.
Meeting of Members		
	123.	The Company shall, within a period of not less than one month nor more than six months from which it is entitled to commence business, hold the Statutory Meeting of the members of the Company subject to and in accordance with the provisions of Section 165 of the Act.

Annual General Meeting and Annual Return	124.	The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meetings in that year. All General Meetings other than Annual General Meetings shall be called Extra-ordinary General Meetings. 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 lapse between the date of one Annual General Meeting and that of the next. Provided that it will be permissible to hold its first Annual General Meeting within a period of not less than eighteen months from the date of its incorporation; and if such meeting is held within that period it shall not be necessary for the Company to hold any Annual General Meeting in the year of its incorporation or in the following calendar year. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the provisions of Section 166 (i) of the Act to extend the time within which any Annual General Meeting may be held. Every Annual General Meeting shall be called for at a time during business hours, on a day that is not a public holiday, and shall be held at the office of the Company or at some other place within the city in which the office of the Company is situate as the Board may determine and the notice calling the Meeting shall specify it as the Annual General Meeting. The Company may in any one Annual General Meeting fix the time for its subsequent Annual General Meetings. Every member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor. At every Annual General Meeting of the Company there shall be laid on the table the Directors' Report and Audited Statement of Accounts, Auditors' Report (if not already incorporated in the Audited Statement of Accounts), the Proxy Register with Proxies and the Register of Directors' shareholdings which latter Register shall remain open and accessible during the continuance of the meeting. The Board shall cause to be prepared the Annual List of Members, Summary of the Share Capital, Balance Sheet and Profit and Loss Account and forward the same to the Registrar in accordance with Section 159, 161 and 220 of the Act.
Extraordinary General Meeting	125.	The Board may, whenever it thinks fit, call an Extra ordinary General Meeting and it shall do so upon a requisition in writing by any 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	126.	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 be deposited at the office provided that such requisition may consist of several documents in like form each signed by one or more requisitionists.
On receipt of requisition, directors to call Meeting and in default requisitionists may do so.	127.	Upon the receipt of any such requisition, the Board shall forthwith call an Extra-ordinary General Meeting and if they do not proceed within twenty-one days from the date of the requisition being deposited at the office and cause a meeting to be called on a day not later than forty-five days from the date of deposit of the requisition, the requisitions, 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 delivery of the requisition as aforesaid.
Meeting called by requisitionists	128.	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 Meeting	129.	Save and except the Statutory Meeting, twenty-one days' notice at the least of every General Meeting, Annual or Extra-Ordinary, and by whomsoever called specifying the day, place and hour of Meeting, and the general nature of the business to be transacted thereat, shall be given in the manner hereinafter provided, to such persons as are under these Articles entitled to receive notice from the Company. Provided that in the case of an Annual General Meeting with the consent in writing of all the members entitled to vote thereat and in case of any other Meeting, with the consent of the Members holding not less than 95 per cent of such part of the paid-up share capital of the Company as gives a right to vote at the Meeting, a Meeting may be convened by a shorter notice. In the case of an Annual General Meeting if any business other than (i) the consideration of the Accounts, Balance Sheet and Reports of the Board of Directors and Auditors (ii) the declaration of dividend (iii) the appointment of Directors in place of those retiring, (iv) the appointment of, and fixing of the remuneration of the Auditors, is to be transacted, and in the case of any other Meeting in any event there shall be annexed to the notice of the Meeting a statement setting out all material facts concerning each such item of business including in particular the nature of the concern or interest, if any, therein of every Director, and the Manager (if any). Where any such item or special business relates to, or affects any other company, the extent of share holding interest in the other company of every Director, and the Manager, if any of the Company shall also be set out in the statement if the extent of such shareholding interest is not less than 2 percent of the paid-up share capital of that other company. Where any item of business consists of the according of approval to any documents by the meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.
Omission to give notice not to invalidate a resolution passed	130.	The accidental omission to give any such notice as aforesaid to any of the Members, or the non receipt thereof shall not invalidate any resolution passed at any such Meeting.
Meeting not to transact business not mentioned in notice	131.	No General Meeting, Annual or Extra-ordinary, shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices upon which it was convened.
Quorum for the General Meeting	132.	Five Members present in person shall be a quorum for a General Meeting. The Quorum for the meeting shall be as provided in Section 174 of the Act.
Body Corporate deemed to be personally present	133.	A body corporate being a Member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act.
If quorum not present, meeting to be dissolved or adjourned	134.	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 and 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	135.	The chairman (if any) of the Directors shall be entitled to take the Chair at every General Meeting, whether Annual or Extra-ordinary. If there be no such Chairman of the Directors, or if at any Meeting he shall not be present within fifteen minutes of the time appointed for holding such Meeting or if he shall be unable or unwilling to take the chair then the members present shall elect another Director as Chairman, 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.
Business confined to election of Chairman whilst chair vacant	136.	No business shall be discussed at any General Meeting except the election of a Chairman, whilst the Chair is vacant.
Chairman with consent with adjourn	137.	The Chairman with the consent of the Members may adjourn any Meeting from time to time and from place to place where the Office is situated. But no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

Question at General Meeting how decided	138.	At any General Meeting, a resolution put to the vote of the meeting shall be decided on a show of hands, unless before or on the declaration of the result of the show of hands, a poll is ordered to be taken by the Chairman of the meeting of his own motion or unless a poll is demanded by any member or members present in person or by proxy and holding shares in the company;
		(a) which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution or (b) on which an aggregate sum of not less than Rupees 50,000 has been paid up.
	139.	The demand for a poll may be withdrawn at any time by the person or persons who made the demand.
	140.	Unless a poll is so demanded, a declaration by the Chairman that a resolution has, on a show of hands, been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the Minutes Book of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against that resolution.
Chairman's casting vote	141.	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 casting vote in addition to the vote or votes to which he may be entitled as a Member.
Poll to be taken, if demanded	142.	If a poll is demanded as aforesaid, the same shall, subject to Article 136, 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	143.	Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinise the vote 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 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.
In what case poll taken without adjournment	144.	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	145.	The demand for a poll, except on the questions of the election of the Chairman and on 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.
Postal Ballot	146	Notwithstanding anything contained in the Articles of Association of the Company, the Company does adopt the mode of passing the resolutions by its members by means of a postal ballot (including voting by an electronic mode) pursuant to the provisions of Section 192 A of the Act, read with the Companies (Passing of the Resolution by Postal Ballot Rules), 2001, and any modifications or amendments made thereto from time to time.
Vote of Members		
Member in arrears not to vote	147.	No Member shall be entitled to vote either personally 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 entitled	148.	Subject to the provisions of the Articles and without prejudice to any special privileges or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the Company, every Member, not disqualified by the last preceding Article, shall be entitled to be present and to speak and vote at such Meeting and on a show of hands, every Member present in person shall have one vote and upon a poll the voting right of every Member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital of the Company. Provided, however, if any preference shareholder be present at any Meeting of the Company, save as provided in clause (b) of sub-section (2) of Section 87, he shall have a right to vote only on resolutions placed before the Meeting which directly affect the rights attached to his preference shares.
Casting of votes by a Member entitled to more than one vote	149.	On a poll taken at a meeting of the Company, 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.
Vote of Member of unsound mind and minor	150.	A Member of unsound mind or and in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian in respect of any shares registered in his name and any such committee or guardian may, on poll, vote by proxy. If any Member be a minor, the vote in respect of his share or shares shall be by his guardian, or any one of his guardians, if more than one, to be selected in case of dispute by the Chairman of the Meeting.
Representation of body corporate	151.	(A)(i) A body corporate (whether a Company within the meaning of the Act or not) may, if it is a member or creditor of the Company (including a holder of debentures) having a right to vote, may in pursuance of Sections 187 or 187A of the Act, authorise such person as it thinks fit by a resolution of its Board of Directors or other governing body to act as its representative at any meeting of the Company or of any class of Members of the Company or at any meeting of the creditors of the Company or debenture holders of the Company. (ii) A person authorised by resolution as aforesaid 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, creditor, or holder of debentures of the Company. The production of a copy of the resolution aforesaid certified by a Director of such body corporate before the commencement of the meeting shall be accepted by the Company as sufficient evidence of the validity of the said representative appointment and his right to vote thereof. (B)(i) The President of India or the Governor of a State, if he is a member of the Company, may appoint such person as he thinks fit to act as his representative at any meeting of the Company or at any meeting of any class of members of the Company. (ii) A person appointed to act as aforesaid shall, for the purpose of this Act, be deemed to be a member of the Company and shall be entitled to exercise the same rights and powers (including the right to Vote by proxy) as the President or as case may be, the Governor could exercise as a member of the Company.
Votes of joint member	152.	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, that 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 entitled to be present at the meeting. Several executors or administrators of a deceased Member in whose names shares stand shall, for the purpose of these Articles, be deemed join-holders thereof.
Voting in person or by proxy	153.	Subject to the provisions of these Articles, votes may be given either personally or by proxy. A body corporate being a Member may vote either by a proxy or by a representative duly authorised 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	154.	Any person entitled under Article 85 to transfer any share 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.
Appointment of proxy	155.	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 corporation under the common seal of such corporation, or be signed by an officer or any attorney duly authorised by it, and any Committee or guardian may appoint such proxy. The proxy so appointed shall not have any right to speak at the Meeting.
Proxy either for specified meeting or for a period	156.	An instrument of proxy may appoint a proxy either for the purpose of a particular Meeting specified in the instrument and any adjournment thereof or it 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.
Votes by members present or by proxy	157.	A member present by proxy shall be entitled to vote only on a poll. However where such Member is a body corporate present by a proxy who is not himself a Member in which case such proxy shall also be eligible to vote on show of hands as if he were a Member.
Deposit of instrument of appointment	158.	The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially 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 or proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution.
Form of proxy	159.	Every instrument of proxy whether for a specified Meeting or otherwise shall as nearly as circumstances will admit, be in any of the forms set out in Schedule IX of the Act.
Validity of votes given by proxy notwithstanding death of member	160.	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 revocation of the proxy or of any authority 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 commencement of the meeting or adjourned meeting at which the proxy is used.
Time for objection to vote	161.	No objection shall be made to the validity of any vote, except at any Meeting or poll at which such vote shall be tendered and every vote, whether given personally or by proxy, not disallowed at such Meeting or poll shall be deemed valid for all purposes of such Meeting or poll whatsoever.
Chairman of the meeting to be the Judge of the validity of every vote	162.	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. The decision of the Chairman shall be final, binding and conclusive.
Minutes of Meeting		
Minutes of General Meetings and inspection thereof by Members	163.	The Company shall cause minutes of all proceedings of every General Meeting to be kept within thirty days of the conclusion of every such Meeting and concerned entries thereof in books kept for that purpose with their pages consecutively numbered.
	164.	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.
	165.	In no case the minutes of proceedings of a Meeting shall be attached to any such book as aforesaid by pasting or otherwise.
	166.	The minutes of each Meeting shall contain a fair and correct summary of the proceedings thereat.
	167.	All appointments of Officers made at any Meeting aforesaid shall be included in the minutes of the Meeting.

	168.	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 on 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.
	169.	Any such minutes shall be evidence of the proceedings recorded therein.
	170.	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 charge.
Powers of Board in Meetings	218.	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 Committees	219.	Subject to the restrictions contained in Section 292 of the Act, the Board may delegate any of their powers to one or more 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; but every Committee of the Board so formed shall, in the exercise of the powers so delegated, conform to any regulations that may, from time to time, be imposed on it by the Board. All acts done by any such Committee of the Board shall be in conformity with such regulations and in fulfilment 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	220	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 regulations made by the Directors under the last preceding Article.
Resolution by circulation	221.	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 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 a 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 as are then in India, or by a majority of such of them, as are entitled to vote on the resolution.
Acts of Board or Committee valid notwithstanding informal defect in appointment	222.	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 in 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.

Powers of the Board	224.	<p>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 by the Articles of the Company required to be exercised 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 being not inconsistent with the aforesaid regulations, 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 :-</p> <p>(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;</p> <p>(b) remit, or give time for the repayment of, any debt due by a Director,</p> <p>(c) invest otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition of any such undertaking 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;</p> <p>(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;</p> <p>Provided further that the powers specified in Section 292 of the Act shall subject to these Articles be exercised only at meetings of the Board, unless the same be delegated to the extent therein stated; or</p> <p>(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 its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the three financial years immediately preceding whichever is greater.</p>
Certain powers of the Board	225.	<p>Without prejudice to the general powers conferred by the last preceding Article and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the last preceding Article, it is hereby declared that the Directors shall have the following powers, that is to say, power :</p> <p>(a) To pay the cost, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company;</p> <p>(b) To pay and charge to the capital account of the Company commission or interest lawfully payable thereout under the provisions of Section 76 and 208 of the Act;</p>
		<p>(c) Subject to Sections 292, 293 and 297 of the Act, to purchase or otherwise acquire for the Company any property, right or privileges which the Company is authorised to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit and in any such purchase or other acquisition, to accept such title as the Directors may believe or may be advised to be reasonably satisfied;</p>
		<p>(d) At their discretion and subject to the provisions of the Act, to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially in cash or in share, bonds, debentures, mortgages, or otherwise securities of the Company, and any such shares may be issued either as fully paid-up or with such amount credited as paid-up thereon as may be agreed upon and any such bonds, debentures, mortgages or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged;.</p>
		<p>(e) To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit;</p>

		(f) To accept from any Member, as far as may be permissible by law, a surrender of his shares or any part thereof, on such terms and conditions as shall be agreed;
		(g) To appoint any person to accept and hold in trust for the Company any property belonging to the Company, in which it is interested, or for any other purpose and to execute and do all such deeds and things as may be required in relation to any trust, and to provide for the remuneration of such trustee or trustees;
		(h) To institute, conduct, defend, compound, or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts due and of any claim or demands by or against the Company and to refer any differences to arbitration and observe and perform any awards made thereon;
		(i) To act on behalf of the Company in all matters relating to bankrupts and insolvents.;
		(j) To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company;
		(k) Subject to the provisions of Sections 292, 295, 370, 372 and 372A of the Act, to invest and deal with any moneys of the Company not immediately required for the purposes thereof upon such security (not being shares of this Company), or without security and in such manner as they may think fit, and from time to time vary or realise such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name;
		(l) To execute, in the name and on behalf of the Company, in favour of any Director or other person who may incur or be about to incur any personal liability, whether as principal or surety, for the benefit of the Company, such mortgages of the Company's property (present and future) as they think fit, and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon;
		(m) To determine, from time to time, who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose;
		(n) To distribute by way of bonus amongst the staff of the Company a share or shares in the profits of the Company and to give to any office or other person employed by the Company a commission on the profits of any particular business or transaction, and to charge such bonus or commission as part of the working expenses of the Company;
		(o) To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families or the dependents or connections of such persons, by building or contributing to the building of houses, dwelling or chawls, or by grants of moneys, pension, gratuities, allowances, bonus or other payments, or by creating and from time to time subscribing or contributing provident and other associations, institutions, funds or trusts and by providing or subscribing or contributing towards place of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit, and to subscribe or contribute or otherwise to assist or to guarantee any charitable, benevolent, religious, scientific, national or other institutions or object which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of public and general utility or otherwise;

		<p>(p) Before recommending any dividend, to set aside out of the profits of the Company such sums as they may think proper for depreciation or to depreciation fund, or to an insurance fund, or as Reserve Fund or any special fund to meet contingencies or to repay debentures or debentures stock, or for special dividends or for equalising dividends or for repairing, improving, extending and maintaining any of the property of the Company and for such other purposes (including the purpose referred to in the preceding clause), as the Board may, in their absolute discretion, think conducive to the interest of the Company and subject to Section 292 of the Act, to invest several sums so set aside or so much thereof as required to be invested, upon such investments (other than shares of the Company) as they may think fit, and from time to time to deal with and vary such investments and dispose of and apply and expend all or any such part thereof for the benefit of the Company, in such a manner and for such purposes as the Board in their absolute discretion, think conducive to the interest of the Company notwithstanding that the matters to which the Board apply or upon which they expend the same or any part thereof, may be matters to or upon which the capital moneys of the Company might rightly be applied or expended; and to divide the Reserve Fund into such special funds as the Board may think fit with full power to transfer the whole or any portion of Reserve Fund or division of a Reserve Fund and with full power to employ assets constituting all or any of the above funds, including the depreciation fund, in the business of the Company or in the purchase or repayment of debentures or debenture stock, and without being bound to pay interest on the same with power however, to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper;</p>
		<p>(q) To appoint and at their discretion, remove or suspend, such general managers, managers, secretaries, assistants, supervisors, clerks, agents and servants for permanent, temporary or special services as they may, from time to time, think fit and to determine their powers and duties, and fix their salaries or emoluments or remuneration, and to require security in such instances and to such amount as they may think fit. And also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think and the provisions contained in the four next following sub-clauses shall be without prejudice to the generally conferred by this sub-clause;</p>
		<p>(r) From time to time and at any time to establish any local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any person to be members of such local Boards, and to fix their remuneration;</p>
		<p>(s) Subject to Section 292 of the Act, from time to time and at any time to delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Board, other than their power to make calls or to make loans or borrow money, and to authorise the members for the time being of any such Local Board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation may be made on such terms and subject to such terms and subject to such conditions as the Board may think fit, and Board may at any time remove any person so appointed, and may annul or vary any such delegation;</p>

		(t) At any time and from time to time by Power of Attorney under the Seal of the Company, to appoint any person or persons to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and subject to the provisions of Section 292 of the Act) and for such period and subject to such conditions as the Board may from time to time think fit; and any such appointment may (if the Board think fit) be made in favour of any company, or the shareholders, directors, nominees, or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and such Power of Attorney may contain such Powers for the protection or convenience of persons dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegates or attorneys as aforesaid to sub-delegate all or any of the powers authorities and discretions for the time being vested in them;
		(u) Subject to Section 294 and 297 of the Act, for or in relation to any of the matters aforesaid or, otherwise for the purposes of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts deeds and things in the name and on behalf of the Company as they may consider expedient;
		(v) From time to time to make, vary and repeal by laws for the regulations of the business of the Company, its officers and servants;
		(w) To comply with the requirements of any local law which in their opinion it shall, in the interest of the Company, be necessary or expedient to comply with.
The Seal		
	228.	(a) The Board shall provide a Common Seal for the purposes of the Company, and shall have the power, from time to time, to destroy the same and substitute a new Seal in lieu thereof, and the Board shall provide for the safe custody of the Seal for the time being and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given. (b) The Company shall also be at liberty to have an official Seal in accordance with Section 50 of the Act, for use in any territory, district or place outside India.
	229.	Every Deed or other instrument, to which the Seal of the Company is required to be affixed, shall, unless the same is executed by a duly constituted attorney, be signed by two Directors or one Director and Secretary or some other person appointed by the Board for the purpose provided that in respect of the Share Certificate the Seal shall be affixed in accordance with Article 20(a).
Dividends		
Division of profits and dividends in proportion to amount paid up	230.	The profits of the Company, subject to any special rights relating thereof 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 and to the period during the year for which the capital is paid-up on the shares held by them respectively.
The Company in General Meeting may declare a dividend	231.	The Company in general Meeting may declare dividends to be paid to Members according to their respective rights, but no dividends shall exceed the amount recommended by the Board, but the Company in General Meeting may declare a smaller dividend.

Dividends only to be paid out of profits	232.	<p>No dividend shall be declared or paid otherwise by the Company for any financial year out of profits for the year arrived at after providing for depreciation in accordance with the provisions of Section 205 of the Act except after the transfer to the reserves of the Company of such percentage of its profits for the year as may be prescribed or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both provided that :</p> <p>(a) If the Company has not provided for depreciation for any previous financial year or years, it shall, before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of the financial year or out of the profits of any other previous financial year or years;</p> <p>(b) If the Company has incurred any loss in any previous financial year or years, the amount of loss or any amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the years for which the dividend is provided to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of Sub-section (2) of Section 205 of the Act or against both.</p> <p>Provided further that, no dividend shall be declared or paid for any financial year out of the profits of the Company for the year arrived at after providing for depreciation as above, except after the transfer to the reserves of the Company of such percentage of its profits for that year as may be prescribed in accordance with Section 205 of the Act or such higher percentage of its profits as may be allowed in accordance with that Section.</p>
Interim dividend	233.	The Board may, from time to time, pay to the Members such interim dividend as in their judgement the position of the Company justifies.
Capital paid up in advance at interest not to earn dividend	234.	Where Capital is paid in advance of calls, such capital may carry interest but shall not in respect thereof confer a right to dividend or participate in profits.
	235.	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.
	236.	The Board may retain dividends payable upon shares in respect of which any person is, under Article 85, entitled to become a Member, or which any person under that Article is entitled to transfer, until such person shall become a Member, in respect of such shares or share duly transfer the same.
Dividend, etc. to joint-holders	237.	Any one of several persons who are registered as the joint-holder of any share may give effectual receipts for all dividends or bonus and payments on account of dividends or bonus or other moneys payable in respect of such shares.
No Member to receive Dividend while indebted to the Company and Company's rights of reimbursement thereof	238.	No Member shall be entitled to receive payment of any interest or dividend in respect of his share or shares, whilst any money 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.

Transfer of shares must be registered	239.	<p>A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.</p> <p>Provided, however, that where any instrument of transfer of shares has been delivered to the Company for registration and the transfer of such shares has not been registered, the company shall :</p> <p>(a) transfer the dividend in relation to such shares to the special account referred to in Section 205A unless the company is authorised by the registered holder of such shares in writing to pay such dividend to the transferee specified in such instrument of transfer, and</p> <p>(b) keep in abeyance in relation to such shares any offer of rights shares under clause (a) of sub-section (1) of Section 81 and any issue of fully paid up bonus shares in pursuance of sub-section (3) of section 205.</p>
Unclaimed dividend	240.	<p>Any dividend which has not been claimed or the warrant in respect whereof has not been encashed within the period prescribed under Section 205A of the Act, shall be deposited in a special account as provided for in the said section 205A of the Act and the whole of the amount envisaged in clause (a) to (e) of sub-section (2) of section 205C of the Companies Act, 1956 remaining unpaid or unclaimed for a period of seven years from the date they become payable by a company have been credited to the Investor Education and Protection Fund as per Section 205C of the Act and subject to any amendments that may be made thereto from time to time. There shall be no forfeiture of unclaimed dividends before the claim becomes barred by law.</p>
No interest on dividend	241.	No unpaid dividend shall bear interest as against the Company.
Dividend and call together	242.	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 arranged between the Company and the Member, be set off against the calls.

Capitalization	243.	<p>(a) The Company, in General Meeting, may resolve that any moneys, investments or other assets forming part of the undivided profits of the Company standing to the credit of the Reserve Fund, or any Capital Redemption Reserve Account, or in the hands of the Company and available for dividend for representing premium received on the issue of shares and standing to the credit of the Share Premium Account be capitalised and distributed amongst such of the shareholders as would be entitled to receive the same, if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalised fund be applied on behalf of such shareholders in paying up in full either at par or at such premium as the resolution may provide, any unissued shares or debentures or debenture stock of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares of debentures or debentures stock and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalised sum, provided that a Share Premium Account and a Capital Redemption Reserve Account may, for the purposes of this Article only be applied in the paying of any unissued shares to be issued to members of the Company as fully paid bonus shares.</p> <p>(b) A General Meeting may resolve that any surplus moneys arising from the realisation of any capital assets of the Company, or in investments representing the same, or any other undistributed profit of the Company not subject to charge for income tax be distributed among the members on the footing that they receive the same as capital.</p> <p>(c) For the purpose of giving effect to any resolution under the preceding paragraphs of this Article the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient and in particular may issue fractional certificates, and may fix the value for distribution of any specific assets, and may determine that such cash payments shall be made to any members upon the footing of the value so fixed or that fraction of less value than Rs.10/- may be disregarded in order to adjust the rights of all parties, and may vest any such cash or specific assets in trustees upon such trusts for the persons entitled to the dividend or capitalised fund as may seem expedient to the Board. Where requisite a proper contract shall be delivered to the Registrar for registration in accordance with Section 75 of the Companies Act, 1956, and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalised fund, and such appointment shall be effective.</p>
As to inspection of accounts or books by Members	248.	The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members not being Directors, and no members (not being a Director) shall have any right of inspecting any account or books or documents of the Company except as conferred by law or authorised by the Board.
Statement of accounts to be furnished to General Meeting	249.	The Directors shall from time to time, in accordance with Section 210, 211, 212, 215, 216 and 217 of the Act, cause to be prepared and to be laid before the Company in General Meeting such Balance Sheets, Profits and Loss Accounts and Reports as are required by these sections.
	250.	The Directors shall, if they consider it to be necessary and in the interest of the Company, be entitled to amend the Audited Accounts of the Company of any financial year which have been laid before the Company in General Meeting. The amendments to the Accounts effected by the Directors in pursuance of this Article shall be placed before the Members in General Meeting for their consideration and approval.

Copies shall be sent to members and others	251.	Subject to the provisions of Section 219 of the Act, a copy of every such profit and loss account and balance sheet (including the Auditors report and every other document required by law to be annexed or attached to the balance sheet) shall at least 21 days before the meeting at which the same are to be laid before the members, be sent to the members of the company, to every trustee for the holders of any debentures issued by the company, whether such member, or trustee is or is not entitled to have notices of general meetings of the Company sent to him, and to all persons other than such members or trustees, being persons so entitled.
When notices of documents served on Members	254.	Where a document or notice is sent by post, service of the document or notice shall be deemed to be effected by properly addressing, preparing and posting a letter containing the document or notice, provided, that where a Member has intimated to the Company in advance that documents or notices should be sent to him under a certificate of posting or by registered post with or without acknowledgment due and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the document or notice shall not be deemed to be effected unless it is sent in the manner intimated by the member and such service shall be deemed to be effected unless it is sent in the manner intimated by the member and such service shall be deemed to have been effected in the case of a Notice of a meeting at the expiration of forty eight hours (48) after the letter containing the document or notice is posted and in any other cases, at the time at which the letter would be delivered in the ordinary course of post.
By Advertisement	255.	A document or notice advertised in a newspaper circulating in the neighbourhood of the office shall be deemed to be duly served or sent on the day on which the advertisement appears on to every member who has no registered address in India and has not supplied to the Company an address within India for the serving of documents on or the sending of notices to him.
On Joint Holders	256.	A document or notice may be served or given by the Company on or to the joint-holders of a share by serving or giving the document or notice on or to the joint-holder named first in the Register of Members in respect of the share.
On personal representatives, etc.	257.	A document or notice may be served or given by the Company on or to the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in prepaid letter addressed to them by name or by the title of representatives of the deceased, or assignee of the deceased, or assignee 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 entitled, or (until such an address has been so supplied) by serving the document or notice in any manner in which the same might have been given if the death or insolvency had not occurred.
To whom documents or notices must be given	258.	Documents or notices of every General Meeting shall be served or given in same manner hereinbefore authorised on or to (a) every Member, (b) every person entitled to a share in consequence of the death or insolvency of a member, and (c) the Auditor or Auditors for the time being of the Company.
Members bounds or documents or notices served on or given to previous holders	259.	Every person who, by operation of law, transfer or other means whatsoever, shall become entitled to any share shall be bound by every document or notice in respect of such share, which previously to his name and address being entered on the Register of Members, shall have been duly served on or given to the person from whom he derives his title to such shares.
Service of document or notice by Members	260.	All documents or notices to be served or given by members on or to the Company or any Officer thereof shall be served or given by sending it to the Company or Officer at the Office by post under a certificate of posting or by registered post, or by leaving it at the office.
Documents or notice by Company and signature thereto	261.	Any documents or notice to be served or given by the Company may be signed by a Director or some person duly authorised by the Board of Directors for such purpose and the signature thereto may be written, printed or lithographed.
Secrecy Clause		

<p>Secrecy Clause</p>	<p>264.</p>	<p>(a) Every Director, Manager, Auditor, Treasurer, Trustee, member of a committee, officer, servant, agent, accountant, or other person employed in the business of the Company shall, if so required by the Board, before entering upon his duties sign a declaration pledging himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.</p> <p>(b) No member shall be entitled to visit or inspect any works of the Company without the permission of the Directors or to require discovery of or any information respecting any details of the Company's trading, or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process of any other matter, which may relate to the conduct of the business of opinion of Directors, it would be inexpedient in the interest of the Company to disclose.</p>
<p>General Approval</p>	<p>265</p>	<p><i>"Wherever in the Companies Act, it has been provided that the Company shall have right, privilege or authority or that the Company could carry out any transaction only if the Company is so authorised by its articles, then and in that case this regulation hereto authorises and empowers the Company to have such rights, privilege or authority and to carry such transactions as have been permitted by the Act, without there being any specific regulation in that behalf herein provided."</i></p>

SECTION X – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts and agreements referred to in paragraph 'A' below (not being entered into the ordinary course of business carried on or intended to be carried on by the company or contracts entered into more than two years before the date of this DRHP) which are or may be deemed to be material have been entered into by or on behalf of the company. Copies of these contracts together with copies of the documents referred to in Para (B) below have been attached with the offer document and delivered to the Registrar of Companies, Maharashtra, Mumbai for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of the Company at 31-A, Laxmi Industrial Estate, New Link Road, Andheri (West), Mumbai – 400 053 between 10.00 a.m. and 4.00 p.m. on any working day until the Bid/Issue Closing Date.

A. MATERIAL CONTRACTS

- 1) MOU dated May 14, 2008 between the Company and Chartered Capital And Investment Ltd to act as Book Running Lead Manager to the Issue.
- 2) MOU dated February 4, 2008 between the company and Intime Spectrum Registry Limited to act as the Registrar to the Issue.
- 3) Escrow Agreement dated [●] between the Company, the BRLM, the Escrow Collection Bank(s) and the Registrar to the Issue.
- 4) Syndicate Agreement dated [●] between the Company, BRLM and the Syndicate Members.
- 5) Underwriting Agreement dated [●] between the Company, BRLM and other Syndicate Members.
- 6) Due Diligence Certificate dated July 30, 2008 from the Book Running Lead Manager.
- 7) Tripartite Agreement dated [●] between the Company, NSDL and Registrar to the Issue.
- 8) Tripartite Agreement dated [●] between the Company, CDSL and Registrar to the Issue.

B. DOCUMENTS OF INSPECTION

1. Memorandum and Articles of Association of the issuer company.
2. Certificate of Incorporation of the Issuer Company.
3. Copies of the special resolution passed by the shareholders in their meeting held on March 4, 2008 under section 81(1A) of the Companies Act, 1956.
4. Resolution passed by the Board of Directors dated January 28, 2008 for going Initial Public Offer.
5. Resolution passed by the Board of Directors dated July 31, 2008 approving the Draft Red Herring Prospectus.
6. Consents from the Directors, Book Running Lead Manager, Registrars, Bankers to the issue, Bankers to the company, Advisor to the Company, Auditors, and Company Secretary & Compliance Officer to act in their respective capacities.
7. Auditors Certificate on tax benefits available to the Company and their consent to include the same in the offer document.
8. Auditors certificate on Sources and Deployment of the Funds incurred on the project and their consent to include the same in the offer document.
9. Auditor's Report of the company dated June 28, 2008 referred in the offer document and their consent to include the same in the offer document.
10. Report of the IPO Grading Agency, [()] furnishing the rationale for its grading and their consent.
11. Resolution of the Board of Directors of the Company dated January 28, 2008 regarding formation of various committees
12. Copies of the Annual Reports of the Company for the year ended 31st March, 2008, 31st March, 2007, 31st March, 2006, 31st March, 2005 and 31st March, 2004.
13. Memorandum & Articles of Association and Copies of the Annual Reports of the Group Companies/ventures for last three years, wherever applicable.
14. Incorporation documents & copies of Financials of subsidiary companies

15. Resolution dated September 29, 2007 regarding appointment of Mr. Lakhmendra Khurana as Managing Director.
16. Resolution dated January 24, 2008 regarding appointment of Mrs. Ranjana Khurana as Executive Director.
17. Resolution dated January 24, 2008 regarding appointment of Ms. Bela Ash, as Executive Director.
18. Copies of Initial Listing applications made to Bombay Stock Exchange Ltd and The National Stock Exchange Ltd for listing of the equity shares of the company dated [●] and [●] respectively.
19. Copies of the in principle approval received from BSE and NSE dated [●] and [●] respectively.
20. SEBI observation letter No [●] dated [●] and reply of BRLM to same dated [●].
21. Government approvals.

DECLARATION

All the provisions of the Companies Act, 1956 and the guidelines issued by SEBI and the Government have been complied with and no statement made in this offer document is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or any rules or guideline made thereunder.

We, the directors of Excel Infoways Limited declare and confirm that all statements in this Draft Red Herring Prospectus are true & correct and no information/ material likely to have a bearing on the decision of the investors in respect of the equity shares offered in terms of the offer document has been suppressed/ withheld and / or incorporated in a manner that would amount to misstatement/ mis-representation and in the event of its transpiring at any point of time till allotment/ refund, as the case may be, that any information/material has been suppressed/ withheld and / or amounts to mis-statement/ mis-representation, we undertake to refund the entire application moneys to all the subscribers within seven days thereafter, without prejudice to the provisions of section 63 of the Companies Act, 1956.

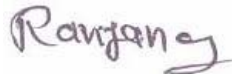
The company accepts no responsibility for statements made otherwise than in the offer document or in the advertisement or any other material issued by or at the instance of the company and that any one placing reliance on any other source of information would be doing so at its own risk.

Signed by the Directors,

Mr. Lakhmendra Khurana



Mrs. Ranjana Khurana



Ms. Bela Ash



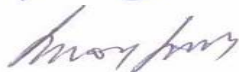
Mr. Ravi Prakash Sinha




Mr. Ramesh Multanchand Joshi



Mr. Binoy Gupta



Ms. Monika Shah
Manager – Finance & Accounts,



Ms. Bhavana D Shah
Company Secretary & Compliance officer



Place: Mumbai

Date: July 31, 2008