



VISHAL INFORMATION TECHNOLOGIES LIMITED

(The company was incorporated on 2nd May, 1994 as a private limited company in the name of Shree Vishal Datasystems Pvt. Ltd. which was changed to Shree Vishal Data Systems Ltd. w.e.f 13th March 2000. The name of the company was changed to Vishal Information Technologies Limited on 17th April, 2000. The Corporate Identity Number of the Company is U32109TN1994PLC061452. The company is subsidiary of: Tutis Technologies Limited *formerly: Amex Information Technologies Limited*)

Registered Office: Kingsley Chambers, Block No.26, Ramasamy Street, T Nagar, Mambalam, Guindy Taluk, Chennai - 600 017

Tel.: +91-044-24362751 -55; **Fax:** +91-044-24362756; **E-mail:** investors@vishalinfotech.com;

Website: www.vishalinfotech.com **Contact Person:** Mr. Sunil S. Soni, Company Secretary & Compliance Officer

PUBLIC ISSUE OF 27,90,000 EQUITY SHARES OF RS. 10 EACH ("EQUITY SHARES") OF VISHAL INFORMATION TECHNOLOGIES LIMITED (THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF RS. [•] PER EQUITY SHARE (INCLUDING SHARE PREMIUM OF RS. [•] PER EQUITY SHARE), CONSISTING OF A FRESH ISSUE OF 17,90,000 EQUITY SHARES ("FRESH ISSUE") AND AN OFFER FOR SALE OF 10,00,000 EQUITY SHARES BY MR. ROHIT MEHTA, M/S. BALAJI UNIVERSAL TRADELINK PVT. LTD., M/S. THE METAL ROLLING WORKS LTD., MS. ANJU SARAF, MS. JYOTI DOSHI AND MR. BHARAT DOSHI (THE "SELLING SHAREHOLDERS"). THE ISSUE WILL CONSTITUTE 26.12% OF THE FULLY DILUTED EQUITY SHARE CAPITAL OF OUR COMPANY.

**PRICE BAND: RS. 140 TO RS. 150 PER EQUITY SHARE OF FACE VALUE RS. 10 EACH
THE ISSUE PRICE IS 14 TIMES OF THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND 15 TIMES OF THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND**

In case of revision in the Price Band, the Bidding/Issue Period will be extended for 3 (Three) additional working days after revision of the Price Band subject to the Bidding/Issue Period not exceeding 10 (Ten) working days. Any revision in the Price Band and the revised Bidding/issue Period, if applicable, will be widely disseminated by notification to the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"), by issuing a press release, and also by indicating the change on the website of Book Running Lead Managers ("BRLMs") and at the terminals of the member of the Syndicate. The Issue is being made through the 100% Book Building Process wherein up to 50% of the Issue 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 Qualified Institutional Buyers, Including Mutual Funds, subject to valid Bids being received at or above Issue Price. Further, upto 15% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Issue shall be made available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

RISK IN RELATION TO FIRST ISSUE

This being the first issue of Equity Shares of the Company, there has been no formal market for the Equity Shares of the Company. The face value of the Equity Shares is Rs. 10/- per Equity Share and the Issue Price is 14 times of the face value at the lower end of the price band and 15 times at the higher end of the price band. The Issue Price (as determined by the Company, in consultation with the Book Running Lead Managers, on the basis of assessment of market demand for the Equity Shares offered by way of Book Building Process) 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 issued in this Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Red Herring Prospectus. Specific attention of the investors is invited to the statements in the section titled "Risk Factors" beginning on page no. ix Of this Red Herring Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to the Company and this Issue, which is material in the context of this Issue, that the information contained in this 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 make this 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.

IPO GRADING

The issue has been graded by Credit Analysis & research Ltd. (CARE) and has been assigned the "IPO Grade 3" indicating Average Fundamentals, vide their letter dated 09/06/2008, which is valid for a period of three months. For further details in this regard please refer to page no 15

LISTING

The equity shares of the Company are proposed to be listed on Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"). The Company has received the in-principle approvals from these Stock Exchanges for the listing of the Equity Shares pursuant to letters dated DCS/IPO/SI/IPO-IP/095/2008-09 dated April 25, 2008 and NSE/LIST/73242-P dated May 14, 2008 respectively. For the purpose of the Issue, BSE is the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGER

KEYNOTE

CORPORATE SERVICES LTD

KEYNOTE CORPORATE SERVICES LTD.

4th Floor, Balmer Lawrie Building,

5, J.N. Heredia Marg,

Ballard Estate, Mumbai - 400001.

Tel: +91-22- 30266000-3; **Fax:** +91-22- 22694323

Website: www.keynoteindia.net

E-mail: mbd@keynoteindia.net

SEBI Registration No.: INM 000003606

AMBI No.: AMBI/ 040

Contact Person: Ms. Swati Sinha

REGISTRAR TO THE ISSUE



INTIME SPECTRUM REGISTRY LIMITED

C-13, Pannalal Silk Mills Compound

L.B.S. Marg, Bhandup (West),

Mumbai - 400 078

Tel: +91-22- 2596 0320

Fax: +91-22- 2596 0328/29

E-Mail: vitl.ipo@intimespectrum.com

Website: www.intimespectrum.com

SEBI Registration No.: INR 000003761

Contact Person : Mr.Sachin Achar

ISSUE SCHEDULE

BID/ISSUE OPENS ON

MONDAY, JULY 21ST 2008

BID/ISSUE CLOSSES ON

THURSDAY, JULY 24TH 2008

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DEFINITIONS/ABBREVIATIONS

TERM	DESCRIPTION
“VITL”, “the Company”, “us” and “our Company”	Unless the context otherwise requires, refers to Vishal Information Technologies Limited a public limited company incorporated under the Companies Act, 1956.

COMPANY RELATED TERMS

TERM	DESCRIPTION
Articles/ Articles of Association	The Articles of Association of the Company i.e., Vishal Information Technologies Limited.
Auditors	The statutory auditors of the Company, being M/s K.P.Joshi & Co., Chartered Accountants.
Board/ Board of Directors	The board of directors of the Company or a committee constituted thereof.
Corporate Office	C-409, Solaris - 1, Opp. L&T Gate no. 6, Saki Vihar Road, Andheri (E), Mumbai - 400 072
Director(s)	Director(s) of Vishal Information Technologies Limited, unless otherwise specified.
Selling shareholders	Mr.Rohit Mehta, M/s. Balaji Universal Tradelink Pvt. Ltd.,The Metal Rolling Works Ltd., Ms.Anju Saraf, Ms. Jyoti Doshi and Mr. Bharat Doshi
Memorandum of Association	The Memorandum of Association of the Company.
Promoters	M/s. Tutis Technologies Ltd.
Promoter Group	Unless the context otherwise specifies, refers to those entities mentioned in the section “Our Promoters and Promoter Group” on page no. 91 of this Red Herring Prospectus.
Registered Office	Kingsley Chambers, Block No.26, Ramasamy Street, T Nagar, Mambalam, Guindy Taluk, Chennai - 600 017

ISSUE RELATED TERMS AND ABBREVIATIONS

TERM	DESCRIPTION
Allotment/ Allotment of Equity Shares	Unless the context otherwise requires, issue of Equity Shares pursuant to this Issue.
Allotee	A successful bidder to whom the Equity Shares are allotted.
Banker(s) to the Issue	ABN Amro Bank, Axis Bank, HDFC Bank Ltd, HSBC Bank, ICICI Bank Ltd. and IDBI Bank Ltd.
Basis of Allotment	The basis on which Equity Shares will be Allotment to Bidders under the issue and which is described in “Issue Procedure- Basis of Allotment” on page no. 164 of the Red Herring Prospectus
Bid	An indication to make an offer, made during the Bidding Period by a prospective investor to subscribe to the 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 for this Issue.
Bid cum Application Form	The form in terms of which the Bidder shall make an indication to make an offer to subscribe to the Equity Shares and which will be considered as the application for the issue of the Equity Shares pursuant to the terms of the Red Herring Prospectus.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red



TERM	DESCRIPTION
	Herring Prospectus and the Bid-cum-Application Form.
Bid/ Issue Opening Date	The date on which the members of the Syndicate shall start accepting Bids for this Issue, which shall be the date notified in an English national newspaper, a Hindi national newspaper and a regional newspaper with wide circulation.
Bid/ Issue Closing Date	The date after which the members of the Syndicate will not accept any Bids for this Issue, which shall be notified in an English national newspaper, a Hindi national newspaper and a regional newspaper with wide circulation.
Book Building Process/ Method	Book building mechanism as provided under Chapter XI of the SEBI Guidelines, in terms of which this Issue is made.
BRLMs/ Book Running Lead Managers	Book Running Lead Managers to this Issue, in this case being Keynote Corporate Service Limited and IDBI Capital Market Services 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 Issue Price in 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	The Issue Price finalized by the Company in consultation with the BRLMs and it shall be any price within the Price Band. A Bid submitted at the Cut-off Price by a Retail Individual Bidder is a valid Bid at all price levels within the Price Band.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository Participant	A depository participant as defined under the Depositories Act.
Designated Date	The date on the Escrow Collection Banks transfer the funds from the Escrow Account(s) to the Public Issue Account, which in no event shall be earlier than the date on which the Prospectus is filed with the Registrar of Companies, Chennai, following which the Board of Directors shall allot Equity Shares and the Selling Shareholders shall give delivery instructions for transfer of Equity Shares constituting Offer for Sale to successful Bidders.
Designated Stock Exchange	In this case being Bombay Stock Exchange Limited.
DRHP/ Red Herring Prospectus	This Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not contain complete particulars on the price at which the Equity Shares are issued and the size (in terms of value) of the Issue.
Equity Shares	Equity Shares of the Company of face value 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 among the Company, the Registrar to this Issue, the Escrow Collection Banks and the BRLMs in relation to the collection of the Bid Amounts and where applicable, refunds, if any, of the amounts collected, to the Bidders on the terms and conditions thereof.
Escrow Collection Bank(s)	The banks, which are clearing members and registered with SEBI as Banker (s) to the Issue at which the Escrow Account for the Issue will be opened, in this case being [•]



TERM	DESCRIPTION
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.
Indian National	As used in the context of a citizen of India as defined under the Indian Citizenship Act, 1955, as amended, who is not an NRI.
Issue	The public issue of 27,90,000 Equity Shares of Rs. 10 each, comprising of a Fresh Issue of 17,90,000 Equity Shares our company and an Offer for Sale of 10,00,000 Equity Shares by the Selling shareholders.
Issue/ Bidding 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.
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of the Red Herring Prospectus or the Prospectus, as determined by the Company consultation with the BRLMs, on the Pricing Date.
Margin Amount	The amount paid by the Bidder at the time of submission of the Bid, being 10% to 100% of the Bid Amount in case of QIB and 100% in case of other than QIB applicants.
Mutual Funds	Means mutual funds registered with SEBI pursuant to the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.
Non Institutional Bidders	All Bidders that are not Qualified Institutional Buyers 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 upto 4,18,500 Equity Shares of Rs. 10 each, available for allocation to Non Institutional Bidders.
Non-Resident Indian or NRI	A person resident outside India, as defined under the FEMA and the FEMA (Transfer or Issue of Security by a person Resident Outside India) Regulations, 2000, as amended from time to time.
Offer for Sale	Sale of 10,00,000 Equity Shares by the Selling Shareholders, pursuant to the Red Herring Prospectus.
Pay-in Date	Bid/Issue Closing Date or the last date specified in the CAN sent to Bidders, as applicable.
Pay-in-Period	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.
Price Band	The price band of a minimum price ("Floor Price") of Rs. 140 and the maximum price ("Cap Price") of Rs. 150 and includes revisions thereof.
Pricing Date	The date on which the Company in consultation with the BRLMs finalizes the Issue Price.
Prospectus	The Prospectus, to be filed with the Registrar of Companies, Chennai, containing, <i>inter alia</i> , the Issue Price that is determined at the end of the Book Building Process, the size of this Issue and certain other information.
Public Issue Account	Account opened with the Banker to this Issue to receive monies from the Escrow Account for this Issue on the Designated Date.
Qualified Institutional Buyers or QIBs	Public financial institution as defined in section 4A of the Companies Act, 1956, scheduled commercial banks, mutual funds, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered



TERM	DESCRIPTION
	with the Insurance Regulatory and Development Authority (IRDA), provident funds with minimum corpus of Rs. 25 crores and pension funds with minimum corpus of Rs. 25 crores)
QIB Margin Amount	An amount representing at least 10% of the Bid Amount.
QIB Portion	Consists of 13,95,000 Equity Shares of Rs. 10 each aggregating Rs. [●] lacs being upto 50% of the Issue, available for allocation to QIBs. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only.
RHP/ Red Herring Prospectus	The 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 offered and size of this Issue. The Red Herring Prospectus will be filed with the RoC at least three days before the Bid/ Issue Opening Date and will become a Prospectus after filing with the RoC after determination of the Issue Price.
Registrar/ Registrar to this Issue	Intime Spectrum Registry Limited
Retail Individual Bidders	Individual Bidders (including HUFs) who have Bid for an amount less than or equal to Rs. 100,000 in any of the bidding options in this Issue.
Retail Portion	Consists of 9,76,500 Equity Shares of Rs. 10 each aggregating Rs. [●] being not less than 35% of the Issue, 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).
Stock Exchanges	Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.
Syndicate	The BRLMs and the Syndicate Member.
Syndicate Agreement	The agreement to be entered into between the Company and the members of the Syndicate, in relation to the collection of Bids in this Issue.
Syndicate Member	Keynote Capitals Limited
Transaction Registration Slip/ TRS	The slip or document issued by the Syndicate Member to the Bidders as proof of registration of the Bid.
Underwriters	The BRLMs and the Syndicate Member.
Underwriting Agreement	The Agreement among the Underwriters and the Company to be entered into on or after the Pricing Date.

GENERAL/ CONVENTIONAL TERMS

TERM	DESCRIPTION
Companies Act	The Companies Act, 1956, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depository Participant	A depository participant as defined under the Depositories Act.
Equity Shares	Equity Shares of the Company of face value of Rs. 10/- each unless otherwise specified in the context thereof.
Financial Year/ Fiscal/ FY	The period of twelve months ended March 31 of that particular year.
Indian GAAP	Generally Accepted Accounting Principles in India.



TERM	DESCRIPTION
Insurance Act	Insurance Act, 1938, as amended from time to time.
IT Act	The Income Tax Act, 1961, as amended from time to time.
IT Rules	The Income Tax Rules, 1962, as amended from time to time, except as stated otherwise.
Non Resident	A person who is not resident in India except NRIs and FIIs.
RBI	Reserve Bank of India constituted under the RBI Act.
RBI Act	The Reserve Bank of India Act, 1934 as amended from time to time.
SCRA	Securities Contract (Regulation) Act, 1956, as amended from time to time.
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SEBI	Securities and Exchange Board of India constituted under the SEBI Act.
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI Guidelines	The SEBI (Disclosure and Investor Protection) Guidelines 2000, as amended from time to time, including instructions, guidelines and clarifications issued by SEBI from time to time.
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.

ABBREVIATIONS

ABBREVIATION	FULL FORM
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India.
AY	Assessment Year
BSE	Bombay Stock Exchange Limited.
BG/LC	Bank Guarantee/ Letter of Credit
CAGR	Compounded Annual Growth Rate.
CDSL	Central Depository Services (India) Limited.
DP	Depository Participant
ECS	Electronic Clearing System
EGM	Extra Ordinary General Meeting of the shareholders.
EPS	Earnings per Equity Share.
ESOP	Employee Stock Option Plan
FCNR Account	Foreign Currency Non Resident Account.
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations issued thereunder.
FII	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time) registered with SEBI under applicable laws in India.
FIs	Financial Institutions.
FIPB	Foreign Investment Promotion Board, Department of Economic Affairs, Ministry of Finance, Government of India
FVCI	Foreign Venture Capital Investors registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000.
GDP	Gross Domestic Product
GIR Number	General Index Registry Number.
GoI/ Government	Government of India.
HUF	Hindu Undivided Family.
INR / Rs./ Rupees	Indian Rupees, the legal currency of the Republic of India.



ABBREVIATION	FULL FORM
NAV	Net Asset Value.
NR	Non Resident
NRE Account	Non Resident External Account.
NRO Account	Non Resident Ordinary Account.
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited.
P/E Ratio	Price/Earnings Ratio.
PAN	Permanent Account Number.
RoC/Registrar of Companies	The Registrar of Companies, Block no.6, B Wing, 2 nd Floor, Shastri Bhawan 26, Haddows Road, Chennai, Tamil Nadu - 600 034
RoNW	Return on Net Worth.

COMPANY/INDUSTRY RELATED TERMS

Keyword	Definition
3B2	Software Name
ASCII	American Standard Code for Information Interchange
BPO	Business process outsourcing
CD	Compact Disc
ChemDraw	Software Name
CorelDraw	Software Name
DTD	Document Type Definition
Edgar	Electronic Data Gathering, Analysis and Retrieval
EPS	Encapsulated Postscript
Framemaker	Software Name
HTML	Hypertext Markup Language
ICR	Intellectual Character Recognition
ITES	Information Technology enabled services
KPO	Knowledge Process outsourcing
LaTeX	Coding Language
NASSCOM	National Association of Software and Service Companies
OCR	Optical Character Recognition
PageMaker	Software
PDF	Portable Document Format
Quark	Quark is Page layout software for design and publishing professionals.
RTF	Rich Text Format
SEC	Securities Exchange Commission
SGML	Standard General Markup Language
U.K.	United Kingdom
U.S.A/ U.S.	United States of America
VAT	Value Added Tax
XML	eXtensible Markup Language



CERTAIN CONVENTIONS; USE OF MARKET DATA

In this Red Herring Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word "Lakh" or "Lac" means "one hundred thousand" and the word "million" means "ten lac" and the word "Crore" means "ten million". In this Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off.

Throughout this Red Herring Prospectus, all figures have been expressed in Lacs unless otherwise stated all references to "India" contained in this Red Herring Prospectus are to the Republic of India.

For additional definitions used in this Prospectus, see the section "Definitions and Abbreviations" on page i of this Red Herring Prospectus. In the section entitled "Main Provisions of Articles of Association of our Company" on page 169 of this Red Herring Prospectus, defined terms have the meaning given to such terms in the Articles of Association of the Company. Industry data used throughout this 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 we believe industry data used in this 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.

CURRENCY OF PRESENTATION

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



FORWARD-LOOKING STATEMENTS

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

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

- ◆ General economic and business conditions in India;
- ◆ The ability to successfully implement the strategy, growth and expansion plans and technological changes;
- ◆ Changes in the value of the Rupee and other currency changes;
- ◆ Changes in the Indian and international interest rates;
- ◆ Allocations of funds by the Government;
- ◆ Changes in laws and regulations that apply to the customers of the Company and of IT and ITES Industry.
- ◆ Increasing competition in and the conditions of the customers of the Company and the IT and ITES Industry.
- ◆ 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 ix of this 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 Managers 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 Managers will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.



SECTION I: RISK FACTORS

An Investment in Equity Shares involves a high degree of risk. You should carefully read all the information mentioned in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Company's Equity Shares. If any of the following risks actually occur, our business, financial condition and results of operation could suffer, the trading price of our Equity shares could decline, and you may lose all or part of your investment. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify financial or other implications of any risks mentioned herein.

I. Risks Related To Our Business

1. There are Legal proceeding pending against our group companies and the promoter company.

a) Cases against the promoter company

Tutis Technologies Ltd

1. Tutis Technologies Ltd is in use, occupation, possession and enjoyment of office premises at Andheri East, pursuant to the leave and licence Agreement dated 22nd August 2005 which has expired on 30/04/2008. Disputes have arisen between the licensors and Tutis regarding renewal of the licensed period and the license fee payable for the renewal period. Tutis has filed LD Suit No. 67 of 2008 in the Court of Small Causes Court at Bombay, (Bandra Branch). By the order dated 25th April, 2008 passed by the Hon'ble Court, the licensors have been directed to maintain Status quo as regard with possession of the Suit premises, which order is till date in operation. The matter has been now adjourned to 27th June, 2008.
2. Tutis Technologies Ltd had purchased four residential premises in Nerul, Navi Mumbai pursuant to agreements dated 22nd October, 2002 from M/s. Mayuresh Developers for valuable consideration. All the aforesaid Agreements have been duly registered with the Sub-Registrar of Assurances. By virtue of some disputes between SIDBI and Alpik Finance Ltd., the aforesaid four residential premises came to be attached by the Warrant of Attachment dated 7th April, 2008 passed by the Recovery Officer, Mumbai DRT No. 2. TTL is pursuing proceedings for raising the said attachment. The next date of hearing is 9th July, 2008.

b) Cases against the group company

Amex Exports Pvt. Ltd.:

Company petition No.881 of 2002 has been filed by Mr. Devang Master against Amex Exports Pvt. Ltd., interalia seeking to recover Rs. 13.59 lacs from the company. The dispute arose in the view of Service Agreement dated 02/08/96 between Amex Information Technologies Ltd. and Mr. Devang Master. The said Company petition is pending disposal in the Bombay High Court.

2. Contingent liabilities

As of March 31, 2008 the contingent liabilities appearing in our financial statements are as follows:

Particulars	Amount (Rs. Lacs)
Tax matters	92.82
TOTAL	92.82



The company has during the financial year received a Demand Notice dated December 22nd, 2006 from the Indian Tax Authorities for payment of Income Tax of Rs.92.82 lacs, including interest of Rs.23.03 lacs, upon completion of their Tax Review for Assessment Year 2004-05. The tax demand is mainly on account of disallowance of a portion of the deduction claimed by the company u/s 10A of the Income Tax Act.

The company has filed an Appeal before the Hon'ble CIT (Appeals) XXV and the said appeal is yet to be disposed off. In the meantime, the company has deposited an on account payment of Rs.24 lacs for the assessment Year 2004-05 and the balance amount is under abeyance till the disposal of the Appeal by the CIT (Appeals) XXV.

3. *We rely on 3 clients for around 56% 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 limited number of (15) clients. Our three largest clients; UK client contributed 21%, European client contributed 19% and American client contributed for 16% of the income for the year ended March 2008. We expect that a significant portion of our income will continue to be attributable to a limited number of clients in the near future. Some of these clients could stop outsourcing work to us without terminating or being in breach of their contract which may affect the profitability of the company. The loss or financial difficulties of any of our significant clients, or significant decreases in the volumes of work from our clients, would have a material adverse effect on our business, results of operations, financial condition and cash flows.

4. *We have not identified the premises in Chennai and Mumbai where we would be investing around Rs. 1677.50 lacs out of the proceeds of the issue.*

We have not entered into any definite agreements for purchasing a property/ premises in Chennai and Mumbai nor have we finalized any location for the purchase. With the increase in the realty prices we may not be in a position to buy the property as desired.

5. *The project of the company is not appraised by any appraising agency*

The expansion plans as per the objects of the present issue of the company are not appraised by any appraising agency and are based on the management estimates. Any deviation from the management estimates would delay the expansion plans of the company and affect the financial performance of the company.

6. *We have yet not purchased/ taken on lease any property for setting up subsidiaries abroad. The firm steps would be initiated on availability of the issue proceeds.*

We would be setting up subsidiaries in the United States of America and United Kingdom to cater to the local clients. There are no specific approvals required for setting up subsidiary companies in UK and USA. As on date there are no concrete plans or agreements/ memorandum entered into. However the company would take all the requisite steps to comply with the local regulatory authorities once the issue proceeds are obtained. Any delay in obtaining the necessary approvals would have an adverse effect such as delay in assignment execution, loss of clients etc.

7. *Our subsidiary M/s. Basiz Fund Accounting Services Pvt. Ltd. has reported a loss of Rs.9.41 lacs for period ending March 31, 2007. Our group company M/s. Amex Exports Private Limited has reported a loss of Rs.0.49 lacs for the period ending March 2007.*



The loss incurred by our subsidiary M/s. Basiz Fund Accounting Services Ltd. was on account of provision made for deferred taxes. As our group company M/s. Amex exports Pvt. Ltd. does not have any business activity for past 4 years; the loss reported is towards fixed costs incurred by the company.

8. *We have reported negative cash flow from operating, investing and financing activities.*

The company has incurred negative cash flows from operating and investing activities during the financial year ended March 31, 2008. The negative cash flows from operating activities was on account of Minimum Alternate Tax (MAT) which became applicable to the company from the financial year 2007-08 due to the amendments in the Income Tax Act, 1961

9. *The Price Earning Ratio of our Company will be higher than that of the industry average calculated on the upper end of the price band.*

The industry average Price Earning (PE) ratio is 11.80 and the PE ratio at which the company is proposing on the lower end of the price band is 11.10 and the higher end of the price band is 11.90 which is higher than the average industry PE ratio.

10. *The issue of shares in the present public issue of the company are at a variance to the shares issued to IDBI Capital Market Services Ltd.*

IDBI Capital Market Services Ltd. one of the book running lead managers to the issue and has been allotted 3,10,000 equity shares of Rs.10 each at a price of Rs.120 per shares on 10th March 2008 which is lower than the price band suggested for the present issue.

11. *Our inability to effectively manage our rapid growth could have a material adverse effect on our operations, results of operations and financial condition.*

Since we were incorporated in May 1994, we have experienced rapid technological advancements, changes in the systems, growing competition and employee attrition and significantly expanded our operations. Since 1994, we have expanded our operations in Chennai and Mumbai within India, the United States, and the United Kingdom and increased our employee base from 5 during incorporation to 210 full-time employees and 100 second line operators under probation period as of September 1, 2007. We intend to continue expansion in the foreseeable future to pursue existing and potential market opportunities.

This rapid growth places significant demands on our management and operational resources. In order to manage growth effectively, we must implement and improve operational systems, procedures and internal controls on a timely basis. If we fail to implement these systems, procedures and controls on a timely basis, or if there are weaknesses in our internal controls that would result in inconsistent internal standard operating procedures, we may not be able to service our clients' needs, hire and retain new employees, pursue new business, complete future acquisitions or operate our business effectively. 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.

12. *We may fail to attract and retain enough sufficiently trained employees to support our operations, as competition for highly skilled personnel is intense and we experience significant employee turnover rates.*

The IT/ITES industry is highly labour intensive and our success depends to a significant extent on 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. The industry, including our company,



experiences high employee turnover. There is significant competition for professionals in India with skills necessary to perform the services we offer to our clients. Increased competition for these operators, in the IT/ITES industry or otherwise, could have an adverse effect on us. High attrition rates among our tenured employees, in particular, could result in a loss of domain and process knowledge operators, which could result in poor service quality and lead to breaches by us of our contractual obligations. Some of our contracts may be terminated by the client if certain of our key personnel working on the client project leave our employment and we are unable to find suitable replacements.

Our ability to maintain and renew existing engagements and obtain new business will depend, in large part, on our ability to attract, train and retain personnel with skills that keep pace with the demand for outsourcing, evolving industry standards and changing client preferences. A lack of sufficiently qualified personnel could also inhibit our ability to establish operations in new markets and our efforts to expand geographically. Our failure either to attract, train and retain personnel with the qualifications necessary to fulfill the needs of our existing and future clients or to assimilate new employees successfully could have a material adverse effect on our business, results of operations, financial condition and cash flows.

There is intense competition for experienced senior management and personnel with technical and industry expertise in the business process outsourcing industry and if we lose the services of any of these or other key individuals and are unable to find suitable replacements in a timely manner, our ability to realize our strategic objectives could be impaired.

13. *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 United States 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 IT/ITES to 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 United States and Europe, which is reducing 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 employees that our business requires. Wage increases in the long term may reduce our profit margins. Additionally, because the large majority of our employees are based in India and paid in Indian rupees, while our income is primarily in U.S. dollars and pounds sterling, our employee costs as a percentage of income may increase or decrease significantly if the exchange rates among the Indian rupee, the pound sterling and the U.S. dollar fluctuate significantly.

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

The market for IT/ITES is rapidly evolving and is highly competitive. We expect that the competition we face will continue to intensify. We face competition from:

1. Datamatics Technologies Ltd., Hexaware Technologies Ltd. and Ninestar Information Technologies Ltd. for data digitization
2. Emantaras, Zen Data Services Pvt. Ltd., Lason India Ltd. Vikatan Publishing Solutions Pvt. Ltd., Scientific Publishing Services Pvt. Ltd. for XML conversion.
3. Thopmson Press, TnQ Books & Journals Pvt. Ltd. and NewGen Imaging Systems Pvt. Ltd. for e-publishing activities.
4. Including certain of our clients, who choose to perform their own business processes internally through offshore captive business processing units established specifically for this purpose.



A number of our international competitors are setting up operations in India. Further, many of our other international competitors with existing operations in India are expanding these operations, which have become an important element of their delivery strategy. This has resulted in increased employee attrition among Indian BPO services companies and increased wage pressure to retain skilled employees and reduce such attrition. Many of our competitors have significantly greater financial, technical and marketing resources and generate greater income than we do. Moreover, our competitors' success depends upon a number of factors that are beyond our control, including their ability to attract and retain highly qualified technical employees, the price at which they offer comparable services and their responsiveness to client needs.

Some of our clients may, for various reasons including to diversify geographical risk, seek to reduce their dependence on any one country and may seek to outsource their operations to countries such as China and the Philippines.

15. *Outsourcing of certain business processes may become obsolete with the development of technology that may automate and eliminate the need for some of the services we currently provide.*

Businesses are constantly evolving and seeking ways to increase their efficiency, control costs and maintain high levels of service quality. In time, as businesses become more efficient at managing their own processes internally and through technological advances, we expect that the need to outsource certain processes currently performed by us may be substantially reduced or eliminated. 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.

16. *Some of our clients may terminate contracts without cause and with little or no notice or payment of penalty before completion or may choose not to renew contracts, which could adversely affect our business and reduce our income.*

Certain of our contracts with our clients have an initial term of three to five years, while certain others are rolling short-term contracts. Typically, these contracts can be terminated by our clients with cause by giving little or no notice. Most of the contracts can also be terminated without cause and only some of those contracts provide for compensation to be paid to us if the client terminates in such circumstances. The length of notice required to terminate without cause varies; some clients must give six months' notice, while other clients may terminate immediately upon giving notice. Termination of a key client contract or a number of smaller contracts could adversely affect our business and reduce our income. Failure to meet contractual requirements could also result in service level penalties, termination of a contract for cause, or a client not renewing their contract at the end of its term.

A contract termination or significant reduction in work assigned to us by a key client or a number of smaller clients could cause us to experience a higher than expected number of unassigned employees and unutilized infrastructure deployed and dedicated to those clients, which would increase our expenditure as a percentage of income until we are able to reduce or reallocate our resources. We may not be able to replace any client that elects to terminate or not renew its contract with us, which would adversely affect our business and income.

Any of these contractual provisions could reduce our income, hinder our ability to compete in the market and operate profitably and could result in the payment of significant penalties by us to our clients, any of which in turn could have an adverse effect on our business, results of operations, financial condition and cash flows.

17. *Our operating results may experience significant variability and as a result it may be difficult for us to make accurate financial forecasts.*

Our operating results may vary significantly from period to period. The long selling cycle for our services and the budget and approval processes of prospective clients make it difficult to predict the



timing of new client acquisitions. The timing of income recognition under new client agreements also varies depending on when we complete the implementation phase. The completion of implementation varies significantly based upon the complexity of the processes being implemented. Our period-to-period results have in the past and may also in the future fluctuate due to other factors, including client losses, delays or failure by our clients to provide anticipated business, variations in employee utilization resulting from changes in our clients' operations, delays or difficulties in expanding our operational facilities and infrastructure (including hiring new employees or constructing new delivery centers), changes to our pricing structure or that of our competitors, currency fluctuation, seasonal changes in the operations of our clients and other events identified under "**Forward-Looking Statements.**"

Our income is also affected by changes in pricing under our contracts at the time of renewal or by pricing under new contracts. Sometimes the pricing under these contracts is linked to the volume of business a client refers to us, yet many of our contracts do not commit our clients to provide us with a minimum level of business.

These factors may make it difficult to make accurate financial forecasts or replace anticipated income that we do not receive as a result of delays in implementing our services or client losses. If our actual results do not meet any estimated results that we announce, or if we underperform market expectations as a result of such factors, trading prices for our common stock could be adversely affected.

18. *Our trade name and logo have yet not been registered.*

We have made an application to Registrar of Trademarks vide our letter dated January 25th, 2007 and December 10th 2007 for "Vishal" as the trade name and the logo of "Vishal". The application is pending for the final approval from the Registrar of Trademarks.

In the event our logo is not registered, we would not enjoy the statutory protection accorded to a registered trademark and our ability to use our logo may be impaired.

19. *We may need to make significant investments in upgrading our technological infrastructure and in maintaining sufficient levels of bandwidth and connectivity redundancy, each of which would impact our profitability.*

Our technological and connectivity infrastructure is essential to our business and must be kept up to date and at sufficient levels to maintain the level of services provided to our clients. Connectivity to client systems is a major key component of our solution and service offerings. In order to ensure uninterrupted services to our clients, we may need to continue to invest in building and maintaining a redundant network and procuring additional bandwidth. These will translate into additional expenses for us and may impact our profitability. Further, our current technology, such as our hardware, software and network systems may become obsolete and we may have to make significant investments in upgrading our technological infrastructure to be current with market trends. This would require significant capital expenditure from us and would impact our profitability.

20. *We may be liable to our clients for substantial damages caused by unauthorized disclosure of sensitive and confidential information or breach of intellectual property rights, whether through a breach of our computer systems, through our employees or our sub-contractors or their employees or otherwise.*

We are typically required to manage, utilize and store sensitive or confidential client data in connection with the services we provide and to protect our clients' intellectual property rights. Under the terms of our client contracts, we are required to keep such information strictly confidential. The collection, use and processing of personal data is more heavily regulated in the United Kingdom and



the United States and the transfer of personal data to an outsourcing company in a jurisdiction with a less robust data protection regime is an issue that may cause concern for clients in those jurisdictions.

21. *We operate out of leased facilities which can be terminated for cause by the lessor. The lease is valid upto September 30, 2012..The property is taken as a lease from Mr.A.L. Narayanan.*

We operate entirely out of leased property in Chennai 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, and 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.

22. *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. Our insurance coverage may not be available on reasonable terms or to be available in suitable amounts to cover one or more large claims, and our insurers may disclaim coverage as to any future claim. Insurance coverage may be and adequate remedy where the loss suffered is not easily quantifiable. Presently, we have insured our Chennai unit for an aggregate amount of Rs.5.02 crores under Standard Fire & Special perils, burglary, personal accidents and natural calamities. We feel that the coverage is adequate for our business.

II. Risks Related to India and the International Nature of our Business – External Risk Factors

23. *The international nature of our business exposes us to several risks, such as significant currency fluctuations and changes in the regulatory requirements of multiple jurisdictions.*

We have operations in India and we service clients across United Kingdom, United States of America and Asia. Our corporate structure also spans multiple jurisdictions, with intermediate and operating subsidiaries incorporated in India and the United Kingdom. As a result, we are exposed to risks typically associated with conducting business internationally, many of which are beyond our control. These risks include:

- significant currency fluctuations between the U.S. dollar and the pound sterling (in which our income is principally denominated) and the Indian rupee (in which a significant portion of our costs are denominated);
- social political or regulatory developments that may result in an economic slowdown in any of these regions;
- legal uncertainty owing to the overlap of different legal regimes, and problems in asserting contractual or other rights across international borders;
- potentially adverse tax consequences, such as scrutiny of transfer pricing arrangements by authorities in the countries in which we operate;
- potential tariffs and other trade barriers;
- changes in regulatory requirements;
- the burden and expense of complying with the laws and regulations of various jurisdictions; and
- terrorist attacks and other acts of violence or war.



The occurrence of any of these events could have a material adverse effect on our results of operations and financial condition.

24. Our facilities are at risk of damage by natural disasters.

Our operational facilities and communication hubs may be damaged in natural disasters such as earthquakes, floods, heavy rains, tsunamis, tornados, hurricanes and cyclones. For example, in the recent floods in Mumbai in July 2005, our operations were adversely affected as a result of the disruption of these cities' public utility and transport services, making it difficult for our associates to commute to our offices. Further, natural disasters, such as the tsunami that affected Southeast Asia, including India, on December 26, 2004, may lead to disruption of information systems and telephone service for sustained periods. Damage or destruction that interrupts our provision of outsourcing services could damage our relationships with our clients and may cause us to incur substantial additional expenses to repair or replace damaged equipment or facilities. We may also be liable to our clients for disruption in service resulting from such damage or destruction. While we believe we have adequate insurance, our insurance coverage may not be sufficient. Furthermore, we may be unable to secure such insurance coverage at premiums acceptable to us in the future or secure such insurance coverage at all. Prolonged disruption of our services as a result of natural disasters would also entitle our clients to terminate their contracts with us.

25. Our financial condition could be negatively affected if the Government of India reduces or withdraws tax exemptions or benefits and other incentives it currently provides to companies within our industry, or if the same are not available for other reasons.

We benefit from certain tax incentives provided by the Government of India. For example, currently we do not pay service tax on the income we earn in connection with the export of our services out of India. If in the future the Government of India changes the service tax law, requiring us to pay a service tax on our income from exports or to pay an increased service tax on our domestic business, our results would be impacted and our profitability would decline. Further, export profits from our operations in India are exempt from taxes under the Income Tax Act, 1961, because they constitute profits from industrial undertakings situated in a Software Technology Park of India. Under Sections 10A and 10B of the Income Tax Act, 1961, this exemption is available only until March 2009.

Notes to Risk Factors

1.

Pre issue Networth as per the restated financials (as on 31/03/2008)	:	Rs. 5246.60 Lacs
Post Issue Networth	:	Rs. [•] lacs.
Issue Size	:	Public Issue of 27,90,000 equity shares of Rs. 10/- each for cash at a premium of Rs. [•] per share in the price band of Rs. 140 - Rs.150 per share aggregating to Rs. [•] lacs.
Cost per share to the promoter	:	Rs. 29.48
Net Asset Value per share as per the restated financials as on 31/03/2008 (Face Value Rs. 10/- per share)	:	Rs. 59.01

2. The company, its directors, company's associates or group companies have not been prohibited from accessing the capital market under any order or direction passed by SEBI. The promoters, their relatives, issuer, group companies, associate companies are not detained as willful defaulters by RBI/Government authorities and there are no violations of securities laws committed in the past or pending against them.



3. The aggregate value of the related party transactions for the period ended March 2008 amounts to Rs. 12 lacs. For details of related party transactions, please refer to the section entitled "Related Party Transactions" beginning on page 111 of this RHP,
4. Investors are advised to refer to the paragraph entitled "Basis for Issue Price" beginning on page no. 34 of this RHP before making an investment in this issue.
5. Except as mentioned in the sections titled "Capital Structure" beginning on page no. 21 of this RHP, the company has not issued any equity shares in the last twelve months.
6. The Book Running Lead Managers and the Company shall update this Prospectus and keep the shareholders/public informed of any material changes till the listing and trading commencement.
7. Investors are free to contact the Book Running Lead Managers for any clarification or information pertaining to the Issue. All information shall be made available by the BRLMs 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.
8. In the event of over-subscription, allotment shall be made on a proportionate basis in accordance with the SEBI guidelines and in consultation with BSE (The Designated Stock Exchange) as per the prevailing guidelines in this regard. If the Issue is oversubscribed, the Designated Stock Exchange along with the Registrar to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner.
9. There are no transactions in the securities of the Company during preceding 6 months which were financed directly or indirectly by the promoters, their relatives, their group companies or associates or by the above entities directly or indirectly through other persons.



PART - I SECTION II: INTRODUCTION

SUMMARY

Overview

IT-enabled services encompass a wide range of information services that rely on information technologies as the means of production and the Internet as the transport medium. IT-enabled services (ITES) include all business processes being outsourced or off-shored by companies facilitated by Internet, telecom and similar means.

Several factors contribute to a company's decision regarding and where it will outsource IT work. Many studies have examined why a company will outsource; that is, the factors that drive a company to outsource in the first place. Among many reasons, companies outsource IT work to; reduce costs, maximize internal IT resources, focus on core competency, find specific skills, and reduce ramp-up time

The Indian IT-enabled Business Services (referred to as ITES-BPO) segment continues to chart strong year-on-year growth, estimated at over 32 % 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.

According to the annual NASSCOM survey, in FY 07, the Indian ITES-BPO segment grew by 33.5% per cent contributing USD 8.4 billion to the total software and services exports of USD 31.4 billion.

Sustaining this impressive growth are large unaddressed potential markets and the demonstrated leadership of Indian ITES-BPO that is reflected in the list of corporations sourcing an expanding range of services from India. Yet, under the covers of a seemingly unchanged environment of heady growth and a backdrop of large unaddressed market potential, the global ITES-BPO industry is witnessing significant changes.

Steady growth was observed across the following key service categories:

- Finance & Accounting (F&A)
- Customer Interaction Services (CIS)
- Human Resource Administration (HRA)

The impressive growth brings challenges also - like sourcing of human resources, information security best practices and most importantly, continuous pressure to scale up the business. As a result, experienced buyers are increasingly placing greater emphasis on supplier capabilities to deliver on parameters of flexibility and innovation - in addition to cost, quality and information security, which are now accepted as pre-requisites to compete.

Meanwhile, the industry also faces increasing challenges with regard to the policy and regulatory environment within the country. Even as issues related to the extension of the STPI scheme exercise the industry, the rise in the Rupee against the US Dollar and the too-rapidly-escalating wage rates create considerable additional pressure.

(Source: Extracts from www.nasscom.in and www.banknetindia.com)

INDIAN SCENARIO

The IT enabled services (ITES) sector in India has evolved radically over the past few years. From having mere call-centre operations, the sector today provides a whole range of deliverables in the areas of transaction services, process management, business transformation, and analytics services.



Global shift towards process outsourcing backed by low cost local talent pool has seen the Indian BPO industry grow at an impressive pace.

In the past three years, the BPO industry in India grew at a CAGR of 39 per cent. As per the latest Nasscom survey, exports from BPO operations rose by 33 per cent to \$8.4 billion in FY07. Today, the sector provides employment to 5.5 lacs people forming more than one-third of the total workforce in the IT-ITES-related services. ITES in India has become an important set of deliverables in terms of economic value creation and employment generation. (Source: *The Times of India*, 7th Sept, 2007)

India offers many competitive advantages such as, technological ability, quality, flexibility, cost control and faster time-to-market. India is a talent rich country and currently exports software to more than 95 countries around the world.

India provides high-quality services which are cost-effective. Organizations in India also employ the latest in technology to provide world class solutions. Many organizations are choosing to outsource to India for professional and skilled services.

With high speed internet access invading the average household, an odd 320 million households with broadband access in 2007 worldwide, digital publishing (e-books, e-papers, online research papers, etc) is evolving into big business. Publishers are taking their content online to reach out to a wider audience across geographies.

Most universities and libraries are digitizing books (fiction, research, white papers, etc); advantages being that people can read samples online and then buy books online or buy a part of the book that they want as opposed to buying the whole book.

Globally, digital publishing is a \$430 billion industry. In the west, digitization has witnessed a revolutionary growth. Microsoft and the British Library announced a partnership to digitize 25 million pages from 100,000 out-of-copyright books in the British Library's collection in 2006.

New gizmos (iPods, PDAs, e-readers, etc) facilitating 'anywhere reading' have provided with much impetus. Sony Reader, Sony's pint-sized e-book reader broke open the e-book market. In China, lately, the government decided to supply 165 million students with an e-reader in order to avoid all the physical costs associated with textbooks. India has been a big beneficiary of digitization in terms of outsourcing. The Indian publishing industry grew by over 15 per cent this fiscal year. Major international book and journal publishers such as Oxford, Cambridge University Press, Prentice Hall, Macmillan, Elsevier and Springer have been outsourcing a lot of business to India in content transformation (which has a price advantage of 40 per cent) and the work goes beyond the printed word to CDs and other electronic formats.

The Rs. 80 billion publishing industry in India is riding a wave of success, thanks to innovative marketing strategies like blog discussions, e-mail to readers and preview booklets to promote new titles. Of the total titles produced in India, 45 per cent are in English, making India the third largest producer of books in the language after US and Britain.

(Source: Extracts from www.rediff.com/money/2008/feb/13pub.htm)

ABOUT THE COMPANY

VITL was incorporated on May 2nd, 1994 and is one among the first few companies to venture in the field of ITES/BPO services. VITL is a subsidiary of Tutis Information Technologies Ltd. (formerly known as Amex Information Technologies Ltd.). Our company has expertise in the areas of data digitization, E-publishing, digital library, E-accounting and fund accounting. Our company covers almost all the range in IT enabled services other than voice call center. Our company specializes in the production of large print files specially aimed for the visually impaired. The focus of our



company is channeled towards maximum utilization of the group's expertise in terms of the technical skills.

VITL is one of the pioneers in the concept called "Digital Library for Visually Impaired and Blind" in respect of Classic series. This concept was presented to an UK based institution who promotes the causes and challenges of visually impaired and blind. This concept on E-publishing for visually impaired involves conversion of small print books to large print books and make available as ready to print PDF both in digital, talking book and print format.

The UK based Institute for the Blind has estimated that about 3 million people in UK are denied from the Right to Read and we are presently catering the demands for this social cause. There are barriers to access the information by the visually impaired and blind which are now being removed by tools such as:

- Magnification – on paper or on screen and
- Audio format on a range of platforms

The Disability Discrimination Acts of 1995 and 2005 of UK have placed duties on public bodies and other literature providers which in turn have created a niche market for a social cause for VITL. This Act has explored new business models such as print on demand. Our company does not infringe the Copyright Act of 1988 of United Kingdom as the service is offered only to Non- Profit Bodies or Educational Institutions which in turn offer the print material only to visually impaired.

Presently the revenues for VITL are generated by the core areas which are identified as Projects & services and E-publishing

1. **Data digitization:** We are into this activity since the year 2000. The broad outline of the division's activity is summarized:

Text conversion: Conversion of typed and handwritten text into SGML/HTML/XML, CD Publishing, image processing (scanning, cropping, labeling, masking), data-base entry, other mark-ups to XML conversion, Quark Express to XML conversion, SGML conversion with handwritten mark-ups, TeX and LaTeX, SGML & DTD making and CD publications with software, paper case/ images to electronic conversion, Optical Character Recognition (OCR), Intelligent character recognition (ICR), microfilms and microfiche conversion.

E-book conversion – PDF for Acrobat E-book reader, E-book conversion LIT for Microsoft E-book reader, Quark Express Formatting and conversion through Mac.

Presently we have reached the capacity limit digitizing 2,50,000 pages per month using the services of vendor chains and in-house quality assurance.

2. **E-Publishing:** VITL ventured into e-publishing in the year 2006 since it had a similar work and skill pattern like data digitization. This activity consists of typesetting and pagination in Framemaker, 3B2, Quark, etc. This activity is especially oriented towards large publishing houses, financial institutions, etc. where the work involves large volume books conversion of smaller fonts to larger fonts to encompass visually impaired, PDF files to XML for the visually impaired, word files to LaTeX for a college in the UK, converting of annual returns and prospectus into ASCII/word format, Edgar conversion of annual returns and prospectus as per SEC compliance to a financial printer in the UK.

E-publishing is our specialty area which includes typesetting in Indesign and Quark and delivering Adobe PDF high resolution files. We have gained expertise in content management and we provide back up support services relating to content management. Our editorial services include services like abstracting, indexing, content creation, content enhancement and research and data mining. We are catering to the demands of world renowned publishing houses.



3. **Digital Library:** We commenced digitization of out of copyright books in the year 2007. This vertical involves converting of any reading material like a book into a readable electronic format which can be downloaded by the end user to read/refer at leisure.

Digital Library (DL) caters to the reading needs of the visually impaired in the United Kingdom. The copyright (visually impaired persons) Act allows individuals and educational establishments to make copies of printed material in other formats, such as Braille, without applying for permission. The exception does not apply if there are commercially published versions of a work, which are accessible to blind and partially sighted people. We load the large print versions in the DL. The revenues generated by DL are through direct sales of print version; direct online selling of the print version and direct online selling through downloads from our website.

VITL has entered into contract with one of the world's largest Print on Demand (POD) Company to convert their publisher's popular titles from small print to large print. These converted titles are sold online through an arrangement with Amazon.com and other similar sites with the POD company.

The various alternatives to print format are:

- Audio
- Electronic text
- Large Print
- Braille

4. **Print on Demand (POD):** POD is an extension of Digital Library which started in the year 2007. We convert the books from the regular font to the large font as per the specifications and requirements prescribed by the customer.

VITL began with a turnover of less than Rs.1 Crore during the year 1994 and has grown to Rs.30 crores IIES company covering 15,000 sq. ft. of office area covered in Mumbai and Chennai, employing 210 personals and working through a channel of 800 vendors who cater exclusively to VITL's internal consumption need.

VITL is planning to grow by introduction of new infrastructure with an added infusion of better facilities and enter into new verticals where the company has already made pilot inroads successfully.

VITL has sought business from the Small and Medium segment of companies who have adapted the model outsourcing accounting functions to a Chartered Accountant firm which in turn maintains a client relationship with a back office processing services from us.

Basiz Fund Accounting Services Pvt. Ltd. (Basiz)

Basiz is a subsidiary of VITL in which we hold 86.92% of shares and was incorporated on 17th January 2006 and has its registered office in Chennai. Basiz is a sub fund accounting and administration KPO, that primarily focuses on servicing Hedge funds, Mutual funds, Private Equity, Family offices, Insurance portfolios and managed accounts. Basiz is primarily involved in back-office function that begins once trade is struck and ends when information is sent to investors/ broker dealers. This service covers uploads, trade validation, trade processing & valuations, maintenance, quarterly results, annual activities. Basiz has received a capital investment of Rs. 856 lacs from NEA Indo-US Venture Capital LLC, a company registered in Mauritius towards investments in equity and cumulative convertible participative preference shares on 13/06/08.

The following is the description of various services provided by Basiz:

1. **Financial Statements Preparation:** An end to end service that relieves the stress of preparing financial statement be it US GAAP or IFRS. Basiz team handles right from the draft stage of



Hedge Funds Accounts to final sign off by Fund's auditors.. Basiz uses proprietary SIPOC/PERT/ CRM technique unique to the fund Industry.

2. **GAAP Conversion for Investment Funds:** Many a time, qualified investors are required by their stake holders to present financial statements, in the GAAP of the domiciles/base. Basiz offers these funds, a service that helps in this transformation.
3. **NAV Support Services:** Fund accounting is specialized segment of accounting that combines the knowledge of securities, GAAP and skills of disciplined processes. Basiz offers NAV support services to the industry that caters to the pains of capacity, exotic investment strategies, difficult to account securities and instruments that do not have automated solutions. Basiz does an end to end investment accounting from transaction processing to NAV declaration based on SIPOC methodology of Six Sigma and also uses unique & proprietary graphical checkpoints for processing and review by 2 level Independent reviewers. Basiz covers daily, weekly and monthly funds covering with Long/Short, Global Macro, Absolute return, OTC, derivatives, IRS, Equity basket swaps and CDS strategies. Basiz offers similar services for **PMS Accounts, NAV for Private Equity Funds.**
4. **Legacy Conversion:** Fund administrators are supported in new fund set up. Alternatively we support transfer/conversion of client information from the old administrator to new administrator. Basiz uses six sigma based mapping techniques SIPOC and PERT CPM. It migrates the information, while ensuring accuracy and integrity of tax lots. It back testing of NAV and reconciliation to NAV from the old system. Basiz also irons out any issues that existed in the previous data. This service includes a research and analysis service.
5. **K1 Services:** Basiz offers K1 services & 1065 services for fund administrator. This is primarily for US partnerships. A complete end to end or modular service that covers creation of tax trial balances along with reclassification entries from a book trial balance. Preparation of 1065 along with schedules and preparation of K1 from 1065.

Our competitive strengths

Ability to provide customized solutions

We provide services and customized solutions in the areas of data-digitization, E-publishing, E-accounting and digital library. We utilize our understanding of specific requirements of our clients and implement end-to-end solutions to meet their specific requirements. We give our clients options to choose from to achieve higher levels of efficiency and cost reduction.

Deep domain knowledge

We have developed deep understanding and specialization in services that we provide to our customers. This deep domain knowledge has helped us to reduce the time taken for each activity, costs involved in implementation of the solution, pricing and time management.

Print on Demand

We are one of the pioneers for the concept called "Digital Library for Visually Impaired & Blind" This concept was promoted through a UK based institution who promotes the causes and challenges of Visually Impaired & Blind.

Strong management team

We have an experienced, qualified and dedicated management team; many of them have over 2 decades of experience in their respective fields. Our experienced management and its in-depth understanding of the market in India will enable us to continue to take advantage of both current and future market opportunities.



Our weaknesses

High employee attrition rates

Our company is a manpower intensive company. The people joining our company are starting at the age of 21 years and tend to leave the work for their further studies or better job opportunities.

High infrastructural cost

The infrastructural network and teleom costs are high in India in terms of the bandwidth. This affects the overall operational cost to the company.

Our strategy and target markets

We have gained proficiency and identified three verticals to focus our efforts of marketing. The revenue for the company is contributed to a major extent by these core functions which are projects and services and E-publishing.

We have defined a road map to achieve our targets. They are:

1. **Subsidiary Company in UK and USA:** One of the objects of the issue is opening of subsidiary companies in UK and USA where the market will give boost to our prospects manifolds. The opening of our subsidiary would add to our advantage while participating in competitive project bidding or in tenders and also in terms of operations this will lead to seamless flow while handling marketing demands.
2. **Appointment of local marketing person:** The local markets in UK and USA respond faster to a national of British or American origin. We propose to enhance our presence by employing the people of the land which would make marketing easier and participation in the local tenders. This marketing office will follow up on their own with their regular contacts apart from attending to:
 - a. Existing clients
 - b. Leads given by clients
 - c. Email & Tele-calling campaigns
 - d. Tenders or enquiries floated in lay press.
3. **Tenders:** Every Government & Semi-Government organization makes purchase through tenders. This appears in lay press on a regular basis. Apart from this there are agencies that collate such information on a daily basis and update the same. VITL will make cold calls and participate in such tenders. Having a local office in the UK & USA will enhance our effort while such participation.
4. **Email & Telecalling campaigns:** This is a method which is easy to adopt & deploy. Mass emails are sent regularly to all of our target audiences. Similarly tele-callers keep up the marketing activities by making random and routine calls to prospective customers.
5. **Growing our existing client relationships:** We believe that there are significant opportunities for additional growth within our existing client base. We intend to leverage our domain expertise, understanding of our target industry and close relationship with our clients to expand the scope of current services as well as provide services in new areas and businesses. We will continue to build our account management teams working within client organizations, to deepen relationships with our clients and to identify new business opportunities.



SELECTED FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES-RESTATED

VISHAL INFORMATION TECHNOLOGIES LTD.

(Rs. in lacs)

PARTICULARS	As on	For the Financial Year Ended			
	31/03/2008	31/03/2007	31/03/2006	31/03/2005	31/03/2004
Fixed Assets					
Gross Block	1028.24	988.85	497.95	490.37	490.37
Less: Depreciation	443.73	381.57	305.66	235.72	174.28
Net Block	584.51	607.28	192.29	254.65	316.09
Total-A	584.51	607.28	192.29	254.65	316.09
Investments-B	25.00	0.00	447.00	0.00	0.00
Current Assets, Loans & Advances					
Inventory	805.63	408.20	423.14	386.49	155.40
Sundry Debtors	2958.57	2459.76	1431.49	1235.29	547.09
Cash & Bank Balance	486.93	150.25	46.71	49.94	45.58
Loans & Advances	659.68	302.51	254.51	108.33	166.15
Total-C	4910.81	3320.72	2155.85	1780.05	914.22
Total Assets (A+B+C)=D	5520.32	3928.00	2795.14	2034.70	1230.31
Liabilities and Provisions					
Secured Loan	48.65	5.67	50.59	99.61	108.71
Unsecured Loan	0.00	7.59	0.00	23.00	41.96
Deferred Tax Liabilities	23.04	19.78	8.72	8.72	8.72
Current Liabilities	43.03	122.81	26.67	27.65	24.52
Provisions	31.87	25.59	23.80	23.81	23.80
Total-E	146.59	181.44	109.78	182.79	207.71
Net Worth (D-E)	5373.73	3746.56	2685.36	1851.91	1022.60
Net Worth Represented by					
Share Capital	911.43	880.43	858.00	858.00	500.00
Reserves & Surplus	4556.33	2979.13	1957.21	1142.31	689.55
Total	5467.76	3859.56	2815.21	2000.31	1189.55
Less: Miscellaneous Expenditure (Not adjusted)	94.03	113.00	129.85	148.40	166.95
Net Worth	5373.73	3746.56	2685.36	1851.91	1022.60

On an average the debts outstanding are for a period of 7-9 months. During the year 2006-07 the company has achieved a turnover of around Rs.2459.76 lacs. The projects executed by the company were mainly for data conversion/ digitization which takes around 6 months on an average for completion. It takes around 6-9 months for us to receive the payments from the date of submission of invoices. Hence there is an increase in the level of debtors.

During the financial year 2005-06 the company started its operations in Chennai and the company had to appoint new vendors and other contractors for carrying out its data conversion/ digitization work. As most of the new vendors were dealing with the company for the first time, the company had to pay advances to them. Due to this there is a increase in loans, advances and other current assets.

The increase in current liabilities is due to increase in the business during the financial year ended March 31, 2007.


CONSOLIDATED STATEMENT OF PROFIT AND LOSSES-RESTATED
VISHAL INFORMATION TECHNOLOGIES LTD.
(Rs. in lacs)

PARTICULARS	As on	For the Financial Year Ended			
	31/03/2008	31/03/2007	31/03/2006	31/03/2005	31/03/2004
SALES & OTHER INCOME					
Sales	4087.22	3144.07	2564.28	2082.33	1388.22
Other Income	1.50	0.00	0.00	0.00	1.06
Total	4088.72	3144.07	2564.28	2082.33	1389.28
EXPENDITURE					
Operating Expenses	2182.38	1735.22	1535.64	1290.52	769.29
Administrative & Other Expenses	418.11	293.69	134.27	77.84	115.03
Total	2600.49	2028.91	1669.91	1368.36	883.32
Earnings Before Interest and Tax	1488.23	1115.16	894.37	713.97	504.96
Interest	7.64	5.21	9.65	14.89	13.48
Depreciation	72.10	75.91	62.85	61.43	52.06
Net Profit before tax and extra ordinary items	1408.49	1034.04	821.87	637.65	439.42
Less :Provision for taxes					
-Current Taxes	167.13	0.26	0.00	0.00	15.39
-Deferred Taxes Adjustments	3.26	11.06	0.00	0.00	3.12
-Fringe Benefit Taxes	1.90	1.52	0.00	0.00	0.00
Net Profit before extra ordinary items	1236.20	1021.20	821.87	637.65	420.91
Net Profit after extra ordinary items	1236.20	1021.20	821.87	637.65	420.91
Adjustment on account of prior period expenses	0.00	0.00	7.09	0.00	0.00
Adjustment Profit	1236.20	1021.20	814.78	637.65	420.91


RESTATED STATEMENT OF ASSETS AND LIABILITIES
VISHAL INFORMATION TECHNOLOGIES LTD.
(Rs. in lacs)

PARTICULARS	As on	For the Financial Year Ended			
	31/03/2008	31/03/2007	31/03/2006	31/03/2005	31/03/2004
Fixed Assets					
Gross Block	547.43	516.26	497.95	490.37	490.37
Less: Depreciation	400.56	370.64	305.66	235.72	174.28
Net Block	146.87	145.62	192.29	254.65	316.09
Total-A	146.87	145.62	192.29	254.65	316.09
Investments-B	447.00	447.00	447.00	0.00	0.00
Current Assets, Loans & Advances					
Inventory	805.63	408.20	423.14	386.49	155.40
Sundry Debtors	2840.98	2434.43	1431.49	1235.29	547.09
Cash & Bank Balance	481.73	137.56	46.71	49.94	45.58
Loans & Advances	637.47	301.74	254.51	108.33	166.15
Total-C	4765.81	3281.93	2155.85	1780.05	914.22
Total Assets (A+B+C)=D	5359.68	3874.55	2795.14	2034.70	1230.31
Liabilities and Provisions					
Secured Loan	44.94	5.67	50.59	99.61	108.71
Unsecured Loan	0.00	0.00	0.00	23.00	41.96
Deferred Tax Liabilities	10.06	8.72	8.72	8.72	8.72
Current Liabilities	30.71	99.99	26.67	27.65	24.52
Provisions	27.37	24.93	23.80	23.81	23.80
Total-E	113.08	139.31	109.78	182.79	207.71
Net Worth (D-E)	5246.60	3735.24	2685.36	1851.91	1022.60
Net Worth Represented by					
Share Capital	889.00	858.00	858.00	858.00	500.00
Reserves & Surplus	4450.35	2988.54	1957.21	1142.31	689.55
Total	5339.35	3846.54	2815.21	2000.31	1189.55
Less: Miscellaneous Expenditure (Not adjusted)	92.75	111.30	129.85	148.40	166.95
Net Worth	5246.60	3735.24	2685.36	1851.91	1022.60


RESTATED STATEMENT OF PROFIT AND LOSSES
VISHAL INFORMATION TECHNOLOGIES LTD.
(Rs. in lacs)

PARTICULARS	As on	For the Financial Year Ended			
	31/03/2008	31/03/2007	31/03/2006	31/03/2005	31/03/2004
SALES & OTHER INCOME					
Sales	3807.84	3060.10	2564.28	2082.33	1388.22
Other Income	0.00	0.00	0.00	0.00	1.06
Total	3807.84	3060.10	2564.28	2082.33	1389.28
EXPENDITURE					
Operating Expenses	2182.37	1735.21	1535.64	1290.52	769.29
Administrative & Other Expenses	304.18	223.25	134.27	77.84	115.03
Total	2486.55	1958.46	1669.91	1368.36	884.32
Earnings Before Interest and Tax	1321.29	1101.64	894.37	713.97	504.96
Interest	6.86	4.91	9.65	14.89	13.48
Depreciation	39.84	64.98	62.85	61.43	52.06
Net Profit before tax and extra ordinary items	1274.59	1031.75	821.87	637.65	439.42
Less :Provision for taxes					
-Current Taxes	151.21	0.00	0.00	0.00	15.39
-Deferred Taxes Adjustments	1.35	0.00	0.00	0.00	3.12
-Fringe Benefit Taxes	1.23	1.12	0.00	0.00	0.00
Net Profit before extra ordinary items	1120.80	1030.62	821.87	637.65	420.91
Net Profit after extra ordinary items	1120.80	1030.62	821.87	637.65	420.91
Adjustment on account of prior period expenses	0.00	0.00	7.09	0.00	0.00
Adjustment Profit	1120.80	1030.62	814.78	637.65	420.91

The above should be read in conjunction with the Significant Accounting Policies & notes to accounts given in Annexure 7 to the Auditors Report as appearing on page 109 of this Red Herring Prospectus.



THE ISSUE

ISSUE BREAK-UP

Fresh Issue	17,90,000 Equity Shares
Offer for Sale	10,00,000 Equity Shares
Total size of the issue	27,90,000 Equity Shares
<i>Of which::</i>	
QIB Portion	Upto 13,95,000 Equity Shares (allocation on proportionate basis) out of which 5% of the QIB Portion or at least 69,750 Equity Shares (assuming the QIB Portion is 50% of the Issue) shall be available for allocation on a proportionate basis to Mutual Funds only (Mutual Funds Portion), and the balance Equity Shares (assuming the QIB Portion is 50% of the Issue) shall be available for allocation to all QIBs, including Mutual Funds.
Non-Institutional Portion	Upto 4,18,500 Equity Shares shall be made available for allocation on proportionate basis
Retail Portion	Not less than 9,76,500 Equity Shares shall be made available for allocation on proportionate basis
Equity Shares outstanding prior to the Issue	88,90,000 Equity Shares
Equity Shares outstanding post the Issue	1,06,80,000 Equity Shares
Use of Issue Proceeds	See the section titled "Objects of the Issue" on page no. 29 of this Red Herring Prospectus.

ISSUE PROGRAM

BID/ ISSUE OPENS ON	BID/ ISSUE CLOSES ON
MONDAY, JULY 21ST 2008	THURSDAY, JULY 24TH 2008



GENERAL INFORMATION



VISHAL INFORMATION TECHNOLOGIES LIMITED

(The company was incorporated on 2nd May, 1994 as a private limited company in the name of Shree Vishal Data Systems Pvt. Ltd. which was changed to Shree Vishal Data Systems Ltd. w.e.f 13th March 2000. The name of the company was changed to Vishal Information Technologies Limited on 17th April, 2000. The company is subsidiary of: Tutis Technologies Limited formerly: Amex Information Technologies Limited)

Name of the Company	: VISHAL INFORMATION TECHNOLOGIES LIMITED
Address of the Registered Office	: Kingsley Chambers, Block No.26, Ramasamy Street, T Nagar, Mambalam, Guindy Taluk, Chennai – 600 017 Tel: 044- 24362751- 55 Fax no : 044 - 24362756 Website : www.vishalinfotech.com E-mail : investors@vishalinfotech.com Contact Person: Mr. Sunil S Soni
Address of the Corporate Office	: C-409, Solaris -1, Opp. L&T Gate No.6, Saki Vihar Road, Andheri (E), Mumbai – 400 072
Registrar of Companies	: The Registrar of Companies, Block No.6, B Wing, 2nd Floor, Shastri Bhawan 26, Haddows Road, Chennai, Tamil Nadu – 600 034
Registration Number	: 061452
CIN	: U32109TN1994PLC061452

BOARD OF DIRECTORS

The composition of the Board of Directors of the VITL is as follows:

NAME OF THE DIRECTOR	DESIGNATION	STATUS
Mr. D.M. Shirodkar	Chairman	Non-Executive Independent Director
Mr. G.S. Viswanathan	Whole Time Director	Executive Non-Independent Director
Mr. Dilip C Parekh	Whole Time Director	Executive Non-Independent Director
Mr. G.S. Chandrashekar	Director	Non-Executive Non- Independent Director
Mr. Sunil Parekh	Director	Non-Executive Non-Independent Director
Mr. Ghanshyam Joshi	Director	Non-Executive Independent Director

The brief details of the Board of Directors of the company are as follows:

Mr. D.M. Shirodkar, Chairman & Independent Director aged 72 years holds a masters degree in commerce and is a Rtd. Senior Management Executive from IDBI. He is an independent director on the Board of the promoter company M/s. Tutis Technologies Limited. He has vast experience in banking and industrial finance.



He was associated with World Bank, Washington for its first programme for development bankers on management of human resource. He has worked as a World Bank Advisor to Nigerian Bank for Commerce and industry, Lagos, Nigeria.

Mr. G.S.Viswanathan, Wholetime Director aged 57 years is a Science Graduate and has more than 20 years of experience in IT industry in India. He has worked as Regional Manager in Boehringer Knoll Ltd. for 14 years prior to switching to IT industry in 1984. He has experience in setting up and running Computer Education Schools in various centers in Mumbai.

Mr. Dilip C Parekh, Wholetime Director- Finance aged 61 years is a Science graduate with an additional LLB qualification and has more than 3 decades of business experience in various fields of business like trading and manufacturing of dyes & chemicals, textile stores, marketing of yarn, computer hardware, textiles, diamonds and financial services.

Mr. G.S. Chandrashekar, Director, aged 55 years is a Chartered Accountant by qualification. He has worked with Apte Group of companies for about 11 years as Vice President (Finance) and has worked on several turnkey projects as a financial consultant. He is Chairman & Managing Director of Tutis Technologies Ltd. (formerly known as: Amex Information Technologies Ltd.) the holding company of Vishal Information Technologies Ltd.

Mr.Sunil J Parekh, Director aged 44 years is a computer Engineer, having 14 years of industry experience, having graduated as a gold medalist from Institute of Technology, Benares Hindu University, Vanarasi. Thereafter, he completed his Post Graduation in Computer Engineering from Virginia Polytechnic Institute and State University, Virginia, USA. He is instrumental in VITL imparting the e-governance solutions to Government of Chennai and educational institutions in Chennai.

Mr. Ghanshyam Joshi, Independent Director aged 64 years is a science graduate from Mumbai University and has 3 decades of experience in managing day to day operations of limited companies. He is an associate member on the Board of Somani High School, Mumbai. He has played an instrumental role in imparting computer education in schools over a decade.

ISSUE MANAGEMENT TEAM

Compliance Officer

Mr. Sunil S Soni
Kingsley Chambers, Block No.26,
Ramasamy Street, T Nagar,
Mambalam, Guindy Taluk,
Chennai - 600 017
Tel: (044)- 24362751- 55 **Fax no :** (044) - 24362756
E-mail : investors@vishalinfotech.com

Auditors to the Company

K.P. Joshi & Co.
607, Sharda Chambers,
15, New Marine Lines,
Mumbai - 400 020
Tel no: (022) - 2200 8618/ 3499
Fax: (022) - 2200 8889
E-mail: kpjoshiandco@hotmail.com

Bankers to the Company

United Bank of India
25, Sir P.M. Road,
Fort Mumbai 400 001
Tel No: (022) - 2287 3656
Fax No: (022) - 2288 6909
Email: bmbom@unitedbank.co.in
Website: www.unitedbankofindia.com

Punjab National Bank
Plot 237, 27th Road,
Off. Linking Road,
Bandra (W), Mumbai 400 050
Tel No: (022) - 2655 9539/40
Fax No: (022) - 2642 0456
Email: pnbbandra@pnb.co.in
Website: www.pnbindia.com



Book Running Lead Manager

KEYNOTE

CORPORATE SERVICES LTD

KEYNOTE CORPORATE SERVICES LIMITED

4th Floor, Balmer Lawrie Building,
5, J.N. Herdia Marg,

Ballard Estate, Mumbai – 400 001

Tel.: (022) 22671321/30266000-3

Fax: (022) 22694323

Website: www.keynoteindia.net

E-mail: mbd@keynoteindia.net

SEBI Regn. No.: INM 000003606

AMBI Regn No: AMBI/040

Contact person: Ms. Swati Sinha

Registrars to the Issue



Intime Spectrum Registry Ltd.

C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai – 400 078

Tel No: (022) – 2596 0320 (9 lines)

Fax: (022) – 2596 0328/29

Website: www.intimespectrum.com

E-mail: vitl.ipo@intimespectrum.com

SEBI Registration no: INR 000003761

Contact person: Mr.Sachin Achar

Legal Advisors to the issue

M&M Legal Ventures

Advocates and Solicitors

Law House, 1st Floor, 8, Pitha Street,

Off. P.M. Road, Fort,

Mumbai – 400 001

Tel No: (022) – 2281 4651/54

Fax No: (022) – 2288 5754

Email: mm_legalventures@yahoo.com

Bankers to the Issue

ABN Amro Bank

Brady House,

14 Veer Nariman Road,

Hornimon Circle, Fort,

Mumbai 400 001

Tel: +91-22-66585858/17 Fax no: +91-22-22042673

E-mail : akhouri.malay@in.abnamro.com

Contact person : Mr. Akhouri Malay

Book Running Lead Manager



IDBI CAPITAL MARKET SERVICES LIMITED

5th Floor, Mafatlal Center,
Nariman Point,

Mumbai – 400 021

Tel.: (022) 2289 7521/ 2289 7500

Fax.: (022) 22838782

Website: www.idbicapital.com

E-mail: vitl.ipo@idbicapital.com

SEBI Regn. No.: INM 000010866

AMBI Regn No: AMBI/088

Contact Person: Mr. Indrajit Bhagat

Syndicate Member

KEYNOTE CAPITALS LIMITED

4th Floor, Balmer Lawrie Building,

5, J.N. Herdia Marg,

Ballard Estate, Mumbai – 400 001

Tel.: (022) 302 66044

Fax: (022) 22694323

Website: www.keynoteindia.net

E-mail: kcl@keynoteindia.net

Contact person: Mr. Alpesh Mehta



HDFC Bank Ltd.

2nd Floor, Process House,
Kamala Mills Compound
Senapati Bapat Marg, Lower Parel
Mumbai – 400 013
Tel : +91-22-24988484; Fax : +91-22- 24963871
E-mail : deepak.rane@hdfbank.com
Contact Person : Mr. Deepak Rane

ICICI Bank Ltd.

Capital Markets Division,
30, Mumbai Samachar Marg,
Mumbai – 400 001
Tel.: +91-22-22627600; Fax:+91-22-22611138
Email: venkataraghavan.t@icicibank.com
Contact Person: Mr. Venkataraghavan

IDBI Bank Ltd.

Cash Management Services,
224, 'A' Wing, Mittal Court,
Nariman Point,
Mumbai 400 021
Tel No.: +91 22 6658 8265
Fax No.: +91 22 2288 0131

HSBC

HSBC, 52/60, M.G. Road Fort,
Mumbai 400001
Tel No. +91 22 4035 7458
Fax No. +91 22 6653 6002
Email ID: swapnilpavale@hsbc.co.in
Contact Person: Prateek Verma/
Swapnil Pavale

Brokers to the Issue

All the brokers registered with SEBI will be brokers to the said issue of equity shares.

IPO Grading

This issue has been graded by Creadit Analysis & Research Ltd. (CARE) and has been assigned the "IPO Grade 3" indicating Average Fundamentals, through its letter dated 09/06/2008, which is valid for a period of three months. The IPO grading is assigned on a five point scale from 1 to 5 with an "IPO grade 5" indicating strong fundamentals and an "IPO Grade 1" indicating poor fundamentals. A copy of the report provided by CARE, furnishing the rationale for its grading is available for inspection at our Registered office from 10.00 am to 4.00 pm on Working Days from the date of this Red Herring Prospectus until the Bid/Issue Closing Date.

A summary of the rationale for the grading assigned by CARE to the Issue is extracted below:

The grading factors in VITL's experienced and well qualified management team, company's established relationship with renowned international organizations like United Nations (UN), Royal National Institute of Blind (RNIB), etc stable revenue growth recorded in the past, good profitability and encouraging industry prospects. The grading is however constrained by VITLs' small size of operations in a low entry barriers, relatively high client concentration risk and unproven ability of the company to generate revenue from its foray into digital library and Print-on-demand (POD) markets. The grading is also limited by the challenges of operating in a highly competitive environment.

Disclaimer: CARE's IPO Grading is a one time assessment and the analysis draws heavily from the information provided by the issuer as well as information obtained from sources believed by CARE to be accurate and reliable. However, CARE, does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CARE's IPO grading does not take cognizance of the price of the security and it is not a recommendation to buy, sell or hold shares/securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the future market performance and the earnings prospects of the issuer; also it does not indicate compliance/violation of various statutory requirements. CARE shall not be liable for any losses incurred by users from any use of the IPO grading



Trustees

As the Issue is of Equity Shares, the appointment of trustees is not required.

Monitoring Agency

The Company has not appointed any monitoring agency for this issue.

Underwriting

This present issue has not been underwritten.

Appraising Agency

The objects of the issue have not been appraised by any appraising agency.

Statement Of Inter Se Allocation Of Responsibilities For The Issue

The following table sets forth the distribution of responsibility and co-ordination for various activities among Keynote Corporate Services Limited, and IDBI Capital Market Services Limited the Book Running Lead Managers to the issue:

Activities	Responsibility	Co-ordinator
Capital structuring with relative components and formalities.	Keynote	Keynote
Due diligence of Company's operations/ management/ business plans/ legal etc. Drafting and design of Draft Red Herring Prospectus and of statutory advertisement including memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI, including finalization of Prospectus and RoC filing.	Keynote	Keynote
Drafting and approval of all statutory advertisements.	Keynote and IDBI Capital	Keynote
<ul style="list-style-type: none"> • Preparation and finalization of the road-show presentation, • Preparation of FAQs for the road-show team, and • Approval of all non-statutory advertisement including corporate advertisements. 	IDBI Capital and Keynote	IDBI Capital
Appointment of Printers, Advertisement Agency and Registrar	Keynote and IDBI Capital	Keynote
Appointment of Escrow Collection Banks	IDBI Capital and Keynote	IDBI Capital
Retail / HNI marketing strategy which will cover, among other things, <ul style="list-style-type: none"> • Finalizing centers for holding conferences for brokers, etc • Formulating media, marketing and, Public Relations strategy; • Follow-up on distribution of publicity and Issuer 	IDBI Capital and Keynote	IDBI Capital



Activities	Responsibility	Co-ordinator
material including form, prospectus and deciding on the quantum of the Issue material; and <ul style="list-style-type: none"> Finalizing collection centers. 		
Institutional marketing of the Issue, which will cover, among other things, <ul style="list-style-type: none"> Finalizing the list and division of investors for one to one meetings; and Finalizing road show schedule and investor meeting schedules. 	IDBI Capital and Keynote	IDBI Capital
Co-ordination with stock exchanges for book building software, bidding terminals and mock trading.	Keynote and IDBI Capital	Keynote
Managing the book and finalization of Pricing in consultation with our Company.	IDBI Capital and Keynote	IDBI Capital
The Post bidding activities including management of Escrow Accounts, co-ordination of allocation and intimation of allocation with Registrar and Banks, Refund to Bidders, etc. The post Issue activities of the Issue will involve essential follow up steps, which include finalization of listing and trading of instruments, despatch of certificates, demat and delivery of shares and refunds, with the various agencies connected with the work such as Registrar to the Issue, Bankers to the Issue and the bank handling refund business. The BRLMs shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with our Company.	IDBI Capital	IDBI Capital

NO OFFER IN THE UNITED STATES

The rights and the shares of our Company are not registered under the United States Securities Act, 1933, as amended, and the Issue is not, and under no circumstances is to be construed as, an offering of any shares or rights for sale in the United States of America or the territories or possessions thereof.

BOOK BUILDING PROCESS

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

The principal parties involved in the Book Building Process are:

- (1) The Company;
- (2) The Book Running Lead Managers, in this case being Keynote Corporate Services Limited and IDBI Capital Market Services Limited;
- (3) The Syndicate Member who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as underwriters. Syndicate Members are appointed by the BRLMs;
- (4) The Registrar to the Issue in this case being Intime Spectrum Registry Ltd; and
- (5) Escrow Collection Banks

The Equity Shares are being offered to the public through the 100% Book Building Process in accordance with the SEBI Guidelines, wherein upto 50% of the Issue shall be allocated on a proportionate basis to QIBs, including up to 5% of the QIB Portion that shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder of the QIB Portion shall



be available for Allocation on a proportionate basis to all QIB Bidders, including Mutual Funds. Further, upto 15% of the Issue shall be available for allocation on a proportionate basis to the Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

In accordance with SEBI Guidelines, QIBs are not allowed to withdraw their Bid(s) after the Bid/ Issue Closing Date. **In addition, as per the present SEBI Guidelines, QIBs are required to pay 10% Margin Amount upon submission of the Bid cum Application Form during the Bidding Period and allocation to QIBs will be on a proportionate basis.** For further details see section titled “Issue Structure” on page 144.

The Company shall comply with the SEBI Guidelines and any other directions issued by SEBI for this Issue. In this regard, the Company has appointed Keynote Corporate Services Limited and IDBI Capital Market Services Limited as the Book Running Lead Managers to manage the Issue and to procure the subscriptions to the Issue.

Illustration of Book Building and Price Discovery Process

(Investors may note that this illustration is solely for the purpose of easy understanding and is not specific to the Issue.)

Bidders can bid at any price within the price band. For instance, assuming a price band of Rs.40 to Rs.48 per share, issue size of 6,000 equity shares and receipt of nine bids from bidders, details of which are shown in the table below, the illustrative book would be as below. A graphical representation of the consolidated demand and price would be made available at the bidding centers during the bidding period. The illustrative book as shown below indicates the demand for the shares of the 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	Subscription
500	48	500	8.33%
700	47	1,200	20.00%
1,000	46	2,200	36.67%
400	45	2,600	43.33%
500	44	3,100	51.67%
200	43	3,300	55.00%
2,700	42	6,000	100.00%
800	41	6,900	115.00%
1,200	40	8,100	135.00%

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.42 in the above example. The issuer, in consultation with the BRLMs will finalize the issue price at or below such cut-off price i.e. at or below Rs.42. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

Steps to be taken for Bidding:

1. Check eligibility for making a Bid (see “Issue Procedure- Who Can Bid” on page no. 147 of this Red Herring Prospectus);
2. Ensure that the Bidder has a demat account and the demat account details are correctly mentioned in the Bid cum Application Form;
3. Ensure that you have mentioned your PAN in the Application Form; and



4. Ensure that the Bid cum Application Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid cum Application Form.

Bidding Period/Issue Period

BID/ISSUE OPENS ON	MONDAY, JULY 21 ST , 2008
BID/ISSUE CLOSES ON	THURSDAY, JULY 24 TH , 2008

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 3 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid cum Application Form except that on the Bid /Issue Closing Date, the Bids shall be accepted **only between 10 a.m. and 1 p.m.** (Indian Standard Time) and uploaded until such time as permitted by the BSE and the NSE on the Bid /Issue Closing Date. Bids will only be accepted on working days i.e. Monday to Friday (excluding any public holidays).

The Company reserves the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. The cap on the Price Band shall not be more than 20% of the floor of the Price Band.

In case of revision in the Price Band, the Issue Period will be extended for three additional days after revision of 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 web sites of the BRLMs and at the terminals of the Syndicate.

Underwriting Agreement

After the determination of the Issue Price but prior to filing of the Prospectus with ROC, the Company proposes to enter into an Underwriting Agreement with the Underwriter for the Equity Shares proposed to be offered through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Member does not fulfill its underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriter are subject to certain conditions, as specified therein.

The Underwriter has indicated its intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be completed prior to filing of the Prospectus with ROC)

Name and Address of the Underwriter	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. lacs)
Keynote Corporate Services Limited 4 th Floor, Balmer Lawrie Building, 5, J.N. Herdia Marg, Ballard Estate, Mumbai - 400 001	[•]	[•]
IDBI Capital Market Services Limited 5 th Floor, Mafatlal Center, Nariman Point, Mumbai - 400 021	[•]	[•]
Keynote Capitals Limited 4 th Floor, Balmer Lawrie Building, 5, J.N. Herdia Marg, Ballard Estate, Mumbai - 400 001	[•]	[•]
TOTAL	[•]	[•]



The amounts mentioned above are indicative and this would be finalized after determination of Issue Price and actual allocation of the Equity Shares. The Underwriting Agreement is dated [●].

In the opinion of the Board of Directors (based on a certificate given to them by BRLMs and the Syndicate Member), the resources of the Underwriter are sufficient to enable it to discharge its underwriting obligations in full. The above-mentioned Underwriter is registered with SEBI under Section 12(1) of the SEBI Act or registered as broker/Merchant Banker with the Stock Exchange[s].

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



CAPITAL STRUCTURE OF THE COMPANY

Particulars		Nominal Value (Rs.)	Total Amount (Rs.)
A	AUTHORISED 1,20,00,000 equity shares of Rs. 10/- each	12,00,00,000	12,00,00,000
B	ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL 88,90,000 equity shares of Rs. 10/- each	8,89,00,000	8,89,00,000
C	PRESENT ISSUE TO THE PUBLIC IN TERMS OF THIS RHP 27,90,000 Equity Shares of Rs. 10/- each <i>Which comprises of:</i> a) Fresh Issue: 17,90,000 Equity shares of Rs. 10/- each b) Offer for sale: 10,00,000 Equity shares of Rs. 10/- each	1,79,00,000 1,00,00,000	[•] [•]
D	Out of (C) above : a) QIB Portion of upto 13,95,000 Equity Shares* b) Non-institutional portion upto 4,18,500 equity shares * c) Retail portion not less than 9,76,500 equity shares*	1,39,50,000 41,85,000 97,65,000	[•] [•] [•]
E	TOTAL PAID UP CAPITAL AFTER THE PUBLIC ISSUE 1,06,80,000 equity shares of Rs. 10/- each	10,68,00,000	[•]
F	SHARE PREMIUM ACCOUNT Before the Public Issue After the Public Issue	-- [•]	-- [•]

**Under-subscription, if any, in any of the above categories would be allowed to be met with spill over inter-se from any other categories, at the sole discretion of the Company and BRLMs.*

Details of increase in the authorized share capital of VITL, since incorporation, are as follows:

Sr.No.	Details of increase in authorized share capital	Date
1.	Incorporation Rs. 5,00,000 divided into 50,000 Equity Shares of Rs. 10 each.	02/05/1994
2.	Increased to Rs. 20,00,000 divided into 2,00,000 Equity Shares of Rs. 10 each.	28/03/1998
3.	Increased to Rs. 2,00,00,000 divided into 20,00,000 Equity Shares of Rs. 10 each.	10/04/1999
4.	Increased to Rs.2,50,00,000 divided into 25,00,000 Equity shares of Rs.10 each.	12/09/2000
5.	Increased to Rs.2,70,00,000 divided into 27,00,000 Equity shares of Rs.10 each.	15/05/2001
6.	Increased to Rs.4,00,00,000 divided into 40,00,000 Equity shares of Rs.10 each.	15/01/2002
7.	Increased to Rs.5,00,00,000 divided into 50,00,000 Equity shares of Rs.10 each.	10/07/2003
8.	Increased to Rs.8,60,00,000 divided into 86,00,000 Equity shares of Rs.10 each.	11/10/2004
9.	Increased to Rs.12,00,00,000 divided into 1,20,00,000 Equity shares of Rs.10 each.	23/11/2007

Offer for Sale by Selling Shareholders

The Public Issue comprises of an offer for sale of 10,00,000 equity shares by Mr.Rohit Mehta, M/s. Balaji Universal Tradelink Pvt. Ltd.,The Metal Rolling Works Ltd. Ms.Anju Saraf, Ms. Jyoti Doshi and Mr. Bharat Doshi (the "selling shareholders") in the following proportion:



Name of Selling Shareholder	No. of Equity Shares	Date of acquisition
Mr. Rohit Mehta	4,00,000	03/11/2006
M/s. Balaji Universal Tradelink Pvt. Ltd.	4,00,000	06/11/2006
M/s. The Metal Rolling Works Ltd.	1,00,000	06/11/2006
Ms. Anju Saraf	70,000	06/11/2006
Ms. Jyoti Doshi	15,000	06/11/2006
Mr. Bharat Doshi	15,000	06/11/2006
TOTAL	10,00,000	

The selling shareholders are in no way related to the promoter/ directors of the company.

The Equity Shares constituting the Offer for Sale have been held by the respective Selling Shareholders for a period of more than one year till the date of the filing of the Red Herring Prospectus with SEBI.

Notes to the Capital Structure:

1. History of Paid-up Equity Share Capital of the Company is as follows:

Date of Allotment	Number of Shares	Face Value Per Equity Share (Rs.)	Issue Price Per Equity Share (Rs.)	Nature of Payment of Consideration	Reason for allotment	Cumulative number of shares
02/05/1994	20	10/-	10/-	Cash	Signatories for the MOA	20
28/02/1995	8,190	10/-	10/-	Cash	Further issue of shares	8,210
24/03/1995	5,290	10/-	10/-	Cash	Further issue of shares	13,500
31/03/1999	1,86,500	10/-	10/-	Cash	Further issue of shares	2,00,000
15/04/1999	18,00,000	10/-	10/-	Cash	Further issue of shares	20,00,000
20/03/2001	1,40,025	10/-	10/-	Cash	Further issue of shares	21,40,025
24/03/2001	2,42,475	10/-	10/-	Cash	Further issue of shares	23,82,500
26/03/2001	1,17,500	10/-	20/-	Cash	Further issue of shares	25,00,000
17/05/2001	1,70,000	10/-	10/-	Cash	Further issue of shares	26,70,000
10/02/2002	13,30,000	10/-	10/-	Cash	Further issue of shares	40,00,000
11/07/2003	3,07,300	10/-	10/-	Cash	Further issue of shares	43,07,300
15/10/2003	4,14,780	10/-	10/-	Cash	Further issue of shares	47,22,080
23/02/2004	2,77,920	10/-	10/-	Cash	Further issue of shares	50,00,000
01/11/2004	7,20,000	10/-	24/-	Cash	Further issue of shares	57,20,000
30/11/2004	28,60,000	10/-	NIL	Bonus	Bonus issue in the ratio of 2:1	85,80,000



Date of Allotment	Number of Shares	Face Value Per Equity Share (Rs.)	Issue Price Per Equity Share (Rs.)	Nature of Payment of Consideration	Reason for allotment	Cumulative number of shares
10/03/2008	3,10,000	10/-	120/-	Cash	Further issue of shares to IDBI	88,90,000

2. History of share capital of the promoters and lock in:

Name of Promoter	Date of allotment/ transfer	No of shares allotted/ transferred	Consideration	Face Value (Rs.)	Issue Price (Rs.)	% to post issue capital
Tutis Technologies Ltd	15.04.1999	1,50,000	Cash	10/-	10/-	1.40
	31.03.2000	6,30,000	Cash	10/-	10/-	5.90
	17.05.2001	1,20,000	Cash	10/-	10/-	1.12
	15.01.2002	5,02,500	Cash	10/	30/-	4.71
	01.02.2002	3,50,000	Cash	10/	20/-	3.28
	01.03.2002	19,89,975	Cash	10/	20/-	18.63
	16.02.2004	(1,10,000)	Cash	10/-	10/-	(1.03)
	05.03.2004	(40,000)	Cash	10/-	10/-	(0.37)
	10.03.2004	(8,000)	Cash	10/-	10/-	(0.07)
	06.04.2004	(20,000)	Cash	10/-	10/-	(0.19)
	10.04.2004	(50,000)	Cash	10/-	10/-	(0.47)
	21.05.2004	(18,000)	Cash	10/-	10/-	(0.17)
	30.11.2004	17,48,237	Bonus shares	10/-	--	16.37
	15.03.2005	(9,00,000)	Cash	10/-	13.30/-	(8.43)
	31.03.2006	15,00,000	Cash	10/-	60/-	14.04
	04.10.2006	10,10,000	Cash	10/-	74.26/-	9.46
	03.11.2006	(4,00,000)	Cash	10/-	74.26/-	(3.75)
	06.11.2006	(6,10,000)	Cash	10/-	74.26/-	(5.71)
	02.04.2007	(8,15,650)	Cash	10/-	70/-	(7.64)
	28.05.2007	(4,50,000)	Cash	10/-	70/-	(4.21)
	TOTAL	45,79,062				42.87

Note: Shares that have been sold/ transferred by the promoters are shown in brackets.

3. Promoters Contribution and Lock-In:

All the Equity Shares, which are being locked-in are eligible for computation of promoter's contribution and lock-in under Clause 4.6 of the SEBI Guidelines.

Pursuant to the SEBI Guidelines, an aggregate of 20% of the post issue capital of the Company i.e. 21,36,000 equity shares of Rs.10/- each held by the Promoter shall be locked-in for a period of three years from the date of Allotment in the Issue.

Lockin as per clause 4.1 of SEBI (DIP) Guidelines, 2000 for a period of 3 years is as under:

Name of Promoter	Date of allotment / transfer	No of shares allotted/ transferred	Consideration	Face Value (Rs.)	Issue Price (Rs.)	% to post issue capital
Tutis	31.03.2006	15,00,000	Cash	10/-	60/-	14.04



Technologies Ltd.	04.10.2006	6,36,000	Cash	10/-	74.26/-	5.96
	TOTAL	21,36,000				20.00

Specific written consent has been obtained from the Promoter for inclusion of the Equity Shares for ensuring lock-in of three years to the extent of minimum 20% of post-Issue paid-up equity share capital from the date of allotment in the proposed public issue. Promoters' contribution does not consist of any private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary.

Other requirements in respect of lock in

As per clause 4.15.1 of the SEBI Guidelines, the locked-in Equity Shares held by the Promoter can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of loan. However, Equity Shares locked-in as minimum promoters' contribution under clause 4.11.1, of the SEBI Guidelines, can be pledged, only if, in addition to fulfilling the aforementioned requirements, such loans have been granted by such banks or financial institutions for the purpose of financing one or more of the objects of the issue.

Under Clause 4.16.1(a) of the SEBI Guidelines, the Equity Shares held by persons other than the Promoter 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 and as amended.

Further, under Clause 4.16.1(b) of the SEBI Guidelines, the Equity Shares held by the Promoter may be transferred to and amongst 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 and as amended.

Details of pre-Issue Equity Share capital locked in for one year

Other than as stated above and excluding the Equity Shares forming part of the Offer for Sale portion, the entire pre-Issue Equity Share capital of the Company will be locked-in for a period of one year from the date of Allotment of Equity in this Issue.

4. Transactions in our Company's Equity Shares by our Promoter & their relatives or the directors of our Company during a period of six months preceding the date of filing of this Red Herring Prospectus with SEBI.

The promoters have not been allotted or have not acquired or transferred any shares during the last six months preceding the date of filing of this Red Herring Prospectus with SEBI.

5. Pre & Post issue Shareholding pattern of the Company

Shareholder's Category	Pre-Issue		Post-Issue	
	No. of Shares	%age	No. of Shares	%age
Promoter Holding				
<i>A) Promoter</i>				
Tutis Technologies Limited	45,79,062	51.51	45,79,062	42.88
Sub Total (A)	45,79,062	51.51	45,79,062	42.88
<i>B) Immediate Relative of the promoter (Spouse, Parent, Child, Brother, Sister)</i>	NA	NA	NA	NA



Shareholder's Category	Pre-Issue		Post-Issue	
	No. of Shares	%age	No. of Shares	%age
C) Company in which 10% or more of the share Capital is held by the promoter his immediate Relative firm or HUF in which the promoter Or his immediate relative is a member	NA	NA	NA	NA
D) Company in which the Company mentioned in © above holds 10% or more of the share capital	NA	NA	NA	NA
E) HUF in which aggregate share of the promoter and his immediate relative is equal or more than 10% or more of the share capital.	NA	NA	NA	NA
Non Promoter Holding				
F) Selling Shareholders				
Body Corporates	5,00,000	5.62	-	-
NRI	8,00,000	9.00	4,00,000	3.75
Other Individuals	1,10,000	1.24	10,000	0.09
Sub Total (F)	14,10,000	15.86	4,10,000	3.84
G) Others				
Body Corporate/ HUF	4,57,538	5.15	56,90,938	53.29
NRI	18,00,000	20.25		
Resident Individuals	6,43,400	7.23		
Sub Total (G)	29,00,038	32.63	56,90,938	53.29
GRAND TOTAL (A+B+C+D+E+F+G)	88,90,000	100.00	1,06,80,000	100.00

6. We, nor our Directors/ Promoters/ Promoters Group, nor their respective Directors and the BRLMs have entered into any buy-back and/or standby or similar arrangements for purchase of Equity Shares from any person.

7 (a). Our top ten shareholders and the number of Equity Shares held by them as on date of filing of this Red Herring Prospectus with SEBI:

Sr. No.	Name of the Shareholder	Number of Shares	% of issued Capital
1	M/s. Tutis Technologies Ltd.	45,79,062	51.51
2	Mr. Mahesh Patel *	13,35,300	15.02
3	Mr. Rohitkumar B Mehta	8,00,000	9.00
4	M/s. Balaji Universal Tradelink Pvt. Ltd.	4,00,000	4.50
5	IDBI Capital Market Services Ltd.	3,10,000	3.49
6	Mr. Bhavish Patel	2,70,500	3.04
7	Mr. Niral Patel	1,68,500	1.90
8	M/s. The Metal Rolling Works Ltd.	1,00,000	1.12
9	M/s. Mandvi Dyes and Chemicals Co. Pvt. Ltd.	90,038	1.01
10	Ms. Anju P Saraf	80,000	0.90
	Total	81,33,400	91.49

7(b) Our top ten shareholders and the number of Equity Shares held by them ten days prior to the date of filing of this Red Herring Prospectus with SEBI:

Sr. No.	Name of the Shareholder	Number of Shares	% of issued Capital
1	M/s. Tutis Technologies Ltd.	45,79,062	51.51
2	Mr. Mahesh Patel *	13,35,300	15.02
3	Mr. Rohitkumar B Mehta	8,00,000	9.00
4	M/s. Balaji Universal Tradelink Pvt. Ltd.	4,00,000	4.50
5	IDBI Capital Market Services Ltd.	3,10,000	3.49
6	Mr. Bhavish Patel	2,70,500	3.04



Sr. No.	Name of the Shareholder	Number of Shares	% of issued Capital
7	Mr. Niral Patel	1,68,500	1.90
8	M/s. The Metal Rolling Works Ltd.	1,00,000	1.12
9	M/s. Mandvi Dyes and Chemicals Co. Pvt. Ltd.	90,038	1.01
10	Ms. Anju P Saraf	80,000	0.90
	Total	81,33,400	91.49

7(c.) Our top ten shareholders and the number of Equity Shares held by them two years prior to the date of filing of the Prospectus with SEBI:

Sr. No.	Name of the Shareholder	Number of Shares	% of issued Capital
1	M/s. Tutis Technologies Ltd.	43,44,712	48.87
2	Mr. Mahesh Patel	13,35,300	15.02
3	M/s. Mandvi Dyes and Chemicals Co. Pvt. Ltd.	3,00,950	3.39
4	Mr. G.S. Chandrashekar	5,36,880	6.04
5	Mr. Anthony Lopez	2,54,288	2.86
6	Ms. Kunda Jathar	1,61,700	1.82
7	Ms. Usha Javalkar	1,50,000	1.69
8.	Mr. Bhavish Patel	2,70,500	3.04
9.	Ms. Poorna Chandrashekar	1,24,200	1.40
10.	Mr. Aniket Jathar	97,020	1.09
	Total	75,75,550	85.21

Mr. Mahesh Patel holds more than 10% of the shares of the company but is not the promoter of the company as he is a strategic investor in the company.

8. ESOP Scheme:

Pursuant to a resolution of the shareholders of the Company dated November 23, 2007 passed in terms of Section 81 (1A) of the Companies Act 1956, our company is in the process of implementing the ESOP Scheme. Under the provisions of the ESOP Scheme, we intend to grant employee stock option to the employees of our Company. These employee stock options upon vesting and exercise will enable the employee to an equal number of Equity Shares.

The Company has implemented Employee Stock Option Plan (ESOP) approved by their shareholders in the Extra-Ordinary General Meeting held on November 23, 2007, in their Compensation Committee Meeting held on June 12, 2008

	Particulars	2008-09
a	Options granted	515,450
b	Exercise Price	Rs.50/-
c	Options Vested	440,580
d	Options Exercised	0
e	Total no. of shares arising as result of exercise of Options	515,450
f	Options lapsed *	0
g	Variation in terms of Options	None
h	Money realized by exercise of Options	0.00
i	Total number of options in force	515,450
	*Lapsed options include options forfeited and options cancelled / lapsed	



j	Employee wise details of options granted to:		
	Senior Managerial Personnel	Name of Key Managerial Personnel	No of Options granted under ESOS 2008
		G. S. Vishwanathan	200,000
		Dilip. C Parekh	200,000
	- any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	Name of the Employee	Number of options granted under ESOS 2008
		G. S. Vishwanathan	200,000
		Dilip. C Parekh	200,000
		Suthesh Nair	30,000
	- employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding warrants and conversions) of the company at the time of grant	Name of the Employee	Number of options granted under ESOS 2008
		G. S. Vishwanathan	200,000
		Dilip. C Parekh	200,000
k	Weighted average exercise price of Options granted during the year whose		
(a)	Exercise price equals market price		50
(b)	Exercise price is greater than market price		NA
(c)	Exercise price is less than market price		NA
The Senior Management and the Employees have confirmed that there would not be any sale of equity shares arising pursuant to the exercise of the options granted within three months after the date of listing of the shares			
As the Grant of Options is made post reporting date of the Financials appearing in the offer document i.e. March 30, 2008, the disclosures regarding the Fair Value of Options as per Black Scholes Option pricing Model are not applicable. However, the detailed disclosures will be made in the "Director's report disclosures" in the forthcoming annual report.			

9. Total number of shareholders as on date is 48.
10. There is no "buy back" or "stand by" arrangement for purchase of Equity Shares by VITL, its Promoters, Directors, BRLMs for the equity shares offered through this Red Herring Prospectus.
11. The company has not availed of any bridge loans to be repaid from the proceeds of the issue.
12. The Equity Shares will be issued and traded on the stock exchange only in dematerialized form. Hence the market lot of the equity shares is 1 (One share).
13. The shareholders of the Company do not hold any warrant, options, convertible loan or any debenture, which would entitle them to acquire further shares of the Company.
14. At any given time there shall be only one denomination for the shares of our Company and the disclosures and accounting norms specified by SEBI from time to time shall be complied with.
15. We presently do not intend or propose to alter the capital structure for a period of six months from the bid/issue opening date, by way of split or consolidation of the denomination of Equity shares or further issue of Equity shares (including issue of securities convertible into or exchangeable, directly or indirectly, for equity shares) whether preferential or otherwise, except if we enter into acquisitions, joint ventures or other arrangements, we may, subject to necessary



approvals, consider raising additional capital to fund such activity or use Equity shares as currency for acquisition or participation in such joint venture.

16. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, and rights issue or in any other manner during the period commencing from submission of this Red Herring Prospectus with SEBI until the Equity Shares to be issued pursuant to the issue have been listed. However, our company is considering the pre-IPO placement of certain equity shares with certain investors, prior to the completion of the issue. In such a case the issue size offered to the public would be reduced to the extent of such pre-IPO placement subject to such minimum issue size of the post issue capital being offered to the public as may be permitted.
17. The company has not issued any equity shares out of revaluation reserves.
18. Except as disclosed in the section titled “our Management” beginning on page 81 of this RHP none of the Directors and key managerial personnel hold any equity shares.
19. The entire issue price is to be paid on application. Hence, there will be no partly paid up shares arising out of this issue.
20. Other than the stock options granted under the ESOP Scheme as detailed note 8 above, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into the Equity shares.



OBJECTS OF THE ISSUE

The objects of the issue are:

- To finance the cost of expansion of the facilities in Chennai.
- To finance the cost of setting up of Quality Assurance Center and Marketing office in Mumbai
- To set up a subsidiary in the United Kingdom and United States of America
- To meet the requirements of the general corporate purposes
- To meet the issue expenses

Our company plans to expand its market share by way of expansion of the facilities of its existing services and also going in for new verticals. The issue proceeds would also be utilized for setting up of marketing offices in UK and USA which would be 100% subsidiaries of Vishal and also marketing office in Mumbai. The details of the existing capacity and the future capacity after the proposed expansion are as tabled below:

Services	Present seating capacity	Proposed seating Capacity
Data digitalization	250	450
E-publishing	150	250
Digital Library	75	100

The fund requirements and intended use of the Proceeds as described therein are based on management estimates and our current business plan. Our management, in response to the competitive and dynamic nature of the industry, may require to revise the business plan from time to time depending on our expenditure fund requirements and external factors which may be beyond the control of our management. Consequently our funding requirement and deployment of funds may change. This may include rescheduling the proposed utilization of the Proceeds and increasing or decreasing expenditure for a particular object vis-à-vis the utilization of the Proceeds. Such decisions would be taken by our Board. In case of variations in the actual utilization of funds earmarked for the purposes set forth, increased fund requirements for a particular purpose may be financed by surplus funds, which are available, for other purposes as indicated below. If surplus funds are unavailable, the required financing will be through our internal accruals and/or debt.

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

FUNDS REQUIREMENT

		(Rs. in lacs)
Sr. No	Particulars	Amount
1.	Facilities expansion at Chennai	1605.00
2.	Setting up of Quality Assurance Center and Marketing office in Mumbai	543.50
3.	Setting up a subsidiaries in United Kingdom and United States of America	600.00
4.	General Corporate Purposes	[•]
5.	Issue Expenses	[•]
	Total	[•]

Not more than 25% of the issue proceeds will be utilized towards General Corporate Purposes.



MEANS OF FINANCE

(Rs. in lacs)

	Particulars	Amount
1.	Equity Capital from IDBI	372.00
2.	Proceeds from the fresh issue	[•]
	Total	[•]

Breakup of the funds requirement

1. Expansion of facilities at Chennai:

Presently we operate from leased facilities in Chennai and Mumbai with approximately 475 workstations. As part of our expansion plans, we intend to setup new facilities to support the increase in business from existing and new clients. We propose to buy an office space of approximately 15,000 sq. ft. at Special Economic Zone (SEZ) in Chennai at an approximate cost of Rs. 1237.50 lacs (inclusive of the stamp duty and the registration charges). The other costs for setting up the facilities at Chennai would include installing of furniture and fixtures, Computers and peripheral. The details of the other costs are as mentioned below:

Furniture & Fixtures: - Based on the estimates given by the M/s. Design Consortium Ltd. the design architects, an amount of Rs. 147 lacs would be spent on the interiors and installation of furniture and fixtures at the new premises.

Computer and peripherals: - The following are the details of the costs that would be incurred for making functional the new facility at Chennai. These costs are based on the estimates received from M/s. Neat Systems Pvt. Ltd., Mumbai vide their quotations dated January 07, 2008.

(Rs.in lacs)

Sr. No.	Particulars	Quantity	Amount
1	Computers	200	81.65
2	17" TFT Monitor	10	0.95
3	Notebook	3	1.65
4	Servers	10	12.76
5	Printers	30	10.45
6	Scanners	8	5.14
7	Back NAS	15	4.39
8	Routers & switches	14	10.01
9	Switch rack	1	24.23
10	160 GB Portable HDD	20	1.10
11	4GB Pen Drive	20	0.30
12	Various Software's	-	25.45
13	Genets	3	30.00
14	U P S	6	12.42
	Grand Total		220.50

2. Setting up of Quality Assurance Center and marketing office in Mumbai:

Presently at Mumbai, we operate from the premises of our holding Company, M/s. Tutis Technologies Ltd. located at Saki Vihar, Andheri. As a part of the expansion plans we propose to set up our Quality Centers and Marketing offices in Mumbai. We are exploring commercial areas around our existing premises and would be investing in a workspace of approximately 5,000 sq. ft. area at an approximate cost of Rs.440 lacs (inclusive of the stamp duty and the registration charges).



Furniture & Fixtures: - Based on the estimates given by the M/s. Design Consortium Ltd. the design architects, an amount of Rs. 49 lacs would be spent on the interiors and installation of furniture and fixtures at the new premises

The computers and peripherals required for the new location in Mumbai would be purchased from Neat and the breakup of the same is as mentioned below:

(Rs.in lacs)			
Sr. No.	Particulars	Quantity	Amount
1.	Computers	47	19.19
2.	17" TFT Monitor	4	0.38
3.	Servers	4	5.10
4.	Printers	10	3.48
5.	Scanners	3	1.93
6.	Back NAS	5	1.46
7.	Routers & switches	6	4.29
8.	160 GB Portable HDD	5	0.27
9.	4GB Pen Drive	5	0.07
10.	Genets	1	10.00
11.	U P S	4	8.33
	Grand Total		54.50

3. Investment in subsidiaries in United Kingdom and United States of America

Majority of our business are predominantly sourced from the United Kingdom and United States of America through tenders floated by the various government authorities, educational institutes, etc. Presently we do not have any presence in the UK and USA which many a times acts as hindrance for getting the work allotted. We feel that our offshore presence in the form of a subsidiary company would enable VITL's participation in the bidding process more active and fruitful. The various other marketing activities for Vishal would also be carried out from these subsidiaries. As on date there are no concrete steps taken for setting up the subsidiary abroad.

For the Setting up of the subsidiaries in UK and USA and to meet its working capital requirement for around one year we would utilize Rs. 600 lacs from the Issue proceeds. The breakup of the utilization amount is given as under.

(Rs.in lacs)			
Sr. No	Purpose	Amount to be invested	
		In UK	In USA
1.	Purchase/rent of office space and other office requirements	105.40	57.10
2.	Recruitment of manpower	198.40	96.90
3.	General expenses	96.20	46.00
	TOTAL	400.00	200.00

Conversion rates:

1 USD = Rs. 42.97

1 GBP = Rs. 84.75

(Source: www.rbi.org.in as on June 23rd, 2008)

4. Public Issue Expenses:

The expenses for the issue include among others, fees payable to lead managers, selling commissions, printing and distribution expenses, legal fees, statutory advertising expenses and listing fees payable to the stock exchanges. The estimated Issue expenses are as follows:



(Rs. in lacs)

Particulars	Amount
Fees to the intermediaries	[•]
Advertising & Marketing expenses	[•]
Printing, Stationary, Dispatch	[•]
Miscellaneous	[•]
Total	[•]

All the expenses relating to the issue would be borne by the company and the selling shareholders in the proportion as may be agreed between them.

5. General corporate purposes

In accordance with the policies set up by the Board, the company proposes to retain flexibility in applying the remaining Net Proceeds for general corporate purposes, including strengthening of our marketing capabilities, working capital requirement and upgradation of infrastructure. In accordance with the policies of the Board, the management of the Company will have flexibility in utilizing Issue proceeds earmarked for general corporate purposes.

Schedule of Implementation / Utilization of Issue Proceeds

The major activities in the implementation of the project have been listed and the average time for implementation of the project is estimated at 9 months:

Sr. No.	Major Activities	Commencement	Completion
1	Facilities expansion at Chennai	July 2008	December 2008
2	Setting up of Quality Assurance Center and Marketing office in Mumbai	July 2008	December 2008
3	Setting up subsidiaries in United Kingdom and United States of America	July 2008	March 2009

Sources and deployment of Funds

As per Certificate given by K.P. Joshi & Co. (Chartered Accountants) dated July 1st, 2008, an amount of Rs.98.79 lacs has been spent on the various objects of the issue upto June 30th 2008. The details of which are as under:

Application of Funds

Particulars	Amount (Rs. In lacs)
Advances paid towards issue expenses	73.79
Advances paid for computer	25.00
Total	98.79

Sources of Funds

Particulars	Amount (Rs. In lacs)
Equity capital from IDBI	98.79
Total	98.79



Appraisal Report

None of the projects for which proceeds will be utilized have been financially appraised and the estimates of the cost of projects mentioned above are based on internal estimates of the company.

Interim Use of Proceeds

The management, in accordance with the policies laid down by the Board, will have flexibility in deploying the proceeds received from the Issue. Pending utilization for the purposes described above, the Company intends to temporarily invest the funds in high quality interest or dividend bearing liquid instruments including deposits with banks for the necessary duration. Such investments would be in accordance with any investment criteria approved by the Board of Directors from time to time.

Offer for sale

The issue includes an offer for sale of 10,00,000 Equity Shares aggregating to not less than Rs. [•] lacs by selling shareholders of our company and we will not benefit from such proceeds.

Monitoring of Utilization of Funds

Our Board will monitor the utilization of the proceeds of the Issue.

Except for proceeds from Offer for Sale by selling shareholders, 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.

Basic terms of the issue

The Equity shares being offered are subject to the provision of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, the terms of this offer document and other terms and conditions as may be incorporated in the Allotment advice and other documents /certificates that may be executed in respect of the issue. The Equity shares shall also be subjected 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, RBI, ROC and /or other authorities as in force on the date of issue and to the extent applicable.



BASIS FOR ISSUE PRICE

Ability to provide customised solutions

We are a provider of data management and data conversion solutions. We utilise our understanding of importance of records and documents and we design and implement end-to-end process solutions to meet specific client business needs. We believe that such solutions enable our clients achieve higher levels of efficiency and cost reduction.

Ability to manage huge physical data, film strips and other data storage devices

Our client data is usually in hard copies and requires a high level of accuracy and management involvement. We have developed particular skills in managing many such huge data across different businesses with an efficient delivery structure, allowing us to scale effectively. This is a key asset as we grow our business and enhance our service offerings.

Deep domain knowledge

We have developed deep understanding and specialisation in several domains which help as cultivate client relationships in industry verticles such as universities, government organisations and financial services, where we are engaged by some of the world's largest companies to increase revenues, reduce operating costs and boost profits.

Proven delivery model

We are reputed for our service delivery. Our clients trust our ability to understand requirements and to design and implement outsourced solutions that meet requirements. Additionally, some of our software tools have been adapted to service the needs of multiple customers in a single industry allowing us to gain efficiencies of scale.

Experienced management team

We have an experianced leadership team with diverse backgrounds and extensive general management experience.

QUANTITATIVE FACTORS

Information presented in this section is derived from the audited financial statements

i) Earnings per Share (on Rs. 10/- per share)

Year	EPS (Rs)	Wts
2005-06	9.59	1
2006-07	12.01	2
2007-08	12.61	3
Weighted Average EPS (WEPS)	11.91	

ii) P/E Ratio

Price per share	[•]
P/E (based on pre-issue EPS as on 31/03/2008)	[•]

iii) Return on Networkth

Year Ended	RONW (%)	Wts
March 31, 2006	30.36	1
March 31, 2007	27.59	2



March 31, 2008	21.36	3
Weighted Average RONW	26.44	

iv) **Minimum Return on Increased Networth required to maintain pre-issue EPS: [•]**

v) **Net Asset Value (Rs.)**

Pre issue as on 31/03/2008	59.01
Post Issue	[•]

vi) **Industry P/E Ratio**

Highest (HOV Services Ltd.)	163.57
Lowest (Teledata Informatics Ltd.)	1.04
Average	11.80

Source: Capital Market - June 16-29, 2008; Segment - ITES

vii) **Comparison with other companies**

Name of the company	Equity	Face value	Sales	Net Profit	EPS (Rs.)	BV (Rs.)	RONW %	(Rs in Crore)	
								Price as on 20/06/2008	P/E
Core Projects & Technologies Ltd.	16.59	2	200.0	44.3	5.3	38	21.40	188.3	35.53
CSS Technergy Ltd. (Formerly known as C S Software Enterprise Ltd.)	5.47	10	13.20	1.90	3.50	26.30	13.20	41.0	11.71
Datamatics Technologies Ltd.	20.36	5	67.40	14.1	3.5	62.1	8.9	30.80	8.8
eClerx Services Ltd.	18.87	10	117.0	43.9	23.3	70	-	238.7	10.24
FCS Software Solutions Ltd.	14.43	10	131.30	23.20	15.7	63	28.80	101.0	6.43
Hexaware Technologies Ltd.	28.72	2	468.8	87.8	6.1	47.4	26.10	57.6	9.44
HOV Services Ltd.	12.55	10	6.2	0.90	0.70	64.7	6.10	114.5	163.57
Tera Software Ltd.	11.51	10	59.3	12.2	10.6	32.7	44.60	46.1	4.35
Teledata Informatics Ltd.	34.33	2	1022.6	256.6	14.9	36.5	44.60	15.5	1.04
Tricom India Ltd.	11.66	10	30.20	14.40	12.00	45.30	40.50	127.6	10.63
Vishal Information Technologies Ltd.	8.89	10	38.07	11.21	12.61	59.01	21.36	--	--

(Source: Capital Market - June 16-29, 2008; Segment - ITES)

The peer group listed companies, as stated above, are not strictly comparable. VITL is into providing end-to-end integrated project management and production support services for books, journals and reference works - from data capture to XML, SGML, and HTML solutions. VITL also offers services for format conversion, online journals/e-books/ database, etc and in CD ROM. The company wishes to enhance and expand its capacities.

viii) **The face value of Equity Shares of Vishal Information Technologies Limited is Rs.10 and the Issue price is [•] time of the Face Value.**

The Issue Price is Rs. [•] has been determined on the basis of the demand from the investors through the Book-building Process and is justified based on the above factors. The face value of the equity shares is Rs.10 each. The issue price is 14 times the face value of the lower end of the price band and 15 times the face value at the higher end of the price band.

On the basis of the above parameters the issue price of Rs. [•] per share is justified.



STATEMENT OF TAX BENEFITS

To,
The Board of Directors
Vishal Information Technologies Ltd,
26, Ramasamy Street,
T. Nagar , Chennai - 600017.
Tamil Nadu .

SUB: STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS Shareholders

Dear Sirs,

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

The benefits discussed in the enclosed statement 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 tax advice. In view of the individual nature of the tax consequences and the changing tax laws and the fact that the Company will not distinguish between 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.

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

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

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

For K.P. Joshi & Co
Chartered Accountants
Sd/-
K.P.Joshi
Proprietor
Dated:10/06/2008
Place : Mumbai



STATEMENT OF TAX BENEFITS AVAILABLE TO VISHAL INFORMATION TECHNOLOGIES LIMITED. (THE COMPANY") AND ITS SHAREHOLDERS

1. BENEFITS TO THE COMPANY UNDER THE INCOME TAX ACT, 1961 ("THE 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 IT 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-à-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, 2009 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).

Exemption of Capital Gain Tax to Offer for Sale Shareholders:

1. Under section 10(36) of the Act, Long term capital gains arising on eligible equity share in a company sold through a recognized stock exchange in India will be exempt from tax.
2. As the proceeds of offer for sale of all the shareholders will be sold through the recognized stock exchange, they will be exempt from long term capital gains tax from the proceeds of the sale.

General tax benefits available to the Company

DIVIDENDS EXEMPT UNDER SECTION 10 (34)

Under section 10 (34) of the act, the Company will be eligible for exemption of income by way of dividend from any domestic company referred to in section 115-O of the Act.

INCOME FROM UNITS OF MUTUAL FUNDS EXEMPT UNDER SECTION 10(35):

The company will be eligible for exemption of income received from units of mutual funds specified under section 10(23D) of the Act, income received in respect of units from the administrator of specified undertaking and income received in respect of units from the specified company in accordance with and subject to the provisions of section 10(35) of the Act.

1.4. COMPUTATION OF CAPITAL GAINS:

Capital assets may be categorized in to short term capital assets and long term capital assets based on the period of holding Shares in a Company, listed securities or units of Unit Trust of India or unit of Mutual Fund specified under section 10(23D) or a zero coupon bond 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 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.

As per the provisions of section 112 of the Act, long term gains as computed above that are not exempt under section 10(36) or 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and educational 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 (whether listed or unlisted) or zero coupon bond, 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 educational cess).

As per the provisions of section 111A of the 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 Securities Transaction Tax ("STT") shall be subject to tax rate of 10 percent (plus applicable surcharge and educational cess).

EXEMPTION OF CAPITAL GAIN FROM INCOME TAX:

1. Under section 10 (36) of the Act, long term capital gains arising on eligible equity share in a company (acquired on or after the 1st day of March 2003 and before the 1st day of March 2004) sold through a recognized stock exchange in India will be exempt from tax.
2. Under section 10 (38) of the Act, long term capital gains arising out of sale of equity shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to STT. However, such income shall be taken into account in computing the book profit tax payable under section 115JB.
3. According to the provisions of section 54EC of the Act and subject to the conditions specified therein, long term capital gains not exempt under 10 (38) 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. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately. 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. Investments so made u/s 54EC on or after 1.4.2007 by an assessee during any financial year shall not exceed Rs. 50,00,000/-.

OTHER SPECIFIED DEDUCTIONS:

Subject to the fulfillment of conditions, besides General Deduction mentioned under section 37 of the Income Tax Act, 1961 the company will be eligible, inter-alia, for the following specified deductions in computing its business income:-

Section 35(1)(i) and (iv) of the Act, in respect of any revenue or capital expenditure incurred, other than expenditure on the acquisition of any land, on scientific research related to the business of the company.

Section 35(1)(ii) and (iii) of the Act, in respect of any sum paid to a scientific research association which has as its object, the undertaking of scientific research or to any approved university, college or other institution to be used for scientific research or for research in social sciences or statistical research to the extent of a sum equal to one and one fourth times the sum so paid.

Subject to compliance with certain conditions laid down in section 32 of the Act, the company will be entitled to deduction for depreciation:



Depreciation shall be allowed:

- (a) In respect of tangible assets (being buildings, machinery, plant or furniture) and intangible assets (being know-how, patents, copyrights, trademarks, licenses, franchises or any other business or commercial rights of similar nature acquired on or after 1st day of April, 1998) at the rates prescribed under the Income – tax rules, 1962;
- (b) In respect of any new machinery or plant which has been acquired and installed after 31st March 2005 by an assessee engaged in the business of manufacture or production of any article of thing, a further sum of 20% of the actual cost of such machinery or plant;

Under section 36(1)(i) of the Act, A deduction is available to the Company for any premium paid in respect of insurance against risk of damage, or destruction of stocks or stores, used for the purpose of business.

Under section 36(1)(ib) of the Act, a deduction is available to the Company in respect of any premium paid to keep in force an insurance on the health of the employees.

Under section 36(1)(ii) of the Act, Bonus or commission paid to employees is eligible for deduction to the Company.

Under section 36(1)(iv), 36(1)(v), 36(1)(va), a deduction is available to the Company for any sum contributed in Recognized Provident Fund, Approved Gratuity Fund and other staff welfare scheme and any sum received by the company from its employees in respect of amounts specified in section 2(24)(x) of the I.T.Act provided that the same is remitted to appropriated authorities within the stipulated time.

Any bonafide expenditure incurred by the Company for the purpose of promoting family planning among its employees is allowable as deduction. If however, such expenditure is of a capital nature, one-fifth of such expenditure is allowable as deduction for the previous year in which it was incurred and the balance is deductible in equal installments in the next four years u/s 36(1)(ix) of the Act.

Under Section 80G of the Act, deduction is available to the Company for any sum paid as Donation to certain fund, Charitable institution @ 50 % and 100 % at the case may be, subject to Net Qualifying Amount.

II BENEFITS AVAILABLE TO RESIDENT SHAREHOLDERS:

DIVIDENDS EXEMPT UNDER SECTION 10 (34):

Under section 10 (34) of the Act, income earned by way of dividend from domestic company referred to in section 115-O of the Act is exempt from income tax in the hands of the shareholders.

COMPUTATION OF CAPITAL GAINS:

Capital assets may be categorized into short term capital assets and long term capital based on the period of holding. Share in a company, listed securities or units of UTI or unit of Mutual Fund specified under section 10 (23D) of the Act or a zero coupon bond 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 Act, which prescribes the mode of computation of capital gains, provides for deduction 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 by a cost inflation index as prescribed from time to time.



As per the provisions of section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the 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 or zero coupon bond, 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 educational cess).

As per the provisions of section 111 A of the Act, short term capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 10 percent (plus applicable surcharge and education cess).

EXEMPTION OF CAPITAL GAIN FROM INCOME TAX:

1. under section 10 (38) of the Act, long term capital gains arising out of sale of equity shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to STT.
2. According to the provisions of section 54EC of the Act and subject to the conditions specified therein, long term capital gains not exempt under section 10(38) 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. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately. In such a case, the cost of such long term specified asset will not qualify for deduction under section 80C of the Act.

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.

Investments so made u/s 54EC on or after 1.04.2007 by an assessee during any financial year shall not exceed Rs. 50,00,000/-.

3. According to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a Hindu Undivided Family ("HUF"), gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If only a part of such net consideration is invested within the prescribed period in a residential house, the exemption shall be allowed proportionately. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer, provided the said assessee does not own more than one residential house other than the new asset on the date of transfer of the original asset so sold.

REBATE UNDER SECTION 88E:

Section 88E provides that where the total income of a person includes income chargeable under the head " profits and gains of business or profession" arising from taxable securities transactions, he shall get rebate of STT paid by him in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax.



III BENEFITS AVAILABLE TO NON-RESIDENT INDIAN SHAREHOLDERS (OTHER THAN FIIs AND FOREIGN VENTURE CAPITAL INVESTORS):

DIVIDENDS EXEMPT UNDER SECTION 10(34):

Under section 10 (34) of the Act, income earned by way of dividend from domestic company referred to in section 115 -O of the Act is exempt from income tax in the hands of the shareholders.

COMPUTATION OF CAPITAL GAINS:

Capital assets may be categorized in to short term capital assets and long term capital assets based on the period of holding. Shares in a company, listed securities or units of UTI or units of mutual fund specified under section 10 (23D) of the Act or a zero coupon bond will be considered as long term capital assets if they are held for a period exceeding 12 months.

Section 48 of the Act contains special provisions in relation to computation of capital gains on transfer of shares of an Indian company by non-residents. Computation of capital gains arising on transfer of shares in case on non- residents has to be done in the original foreign currency, which was used to acquire the shares. The capital gain (i.e. sale proceeds less cost of acquisition /improvement) computed in the original foreign currency is then converted in to Indian rupees at the prevailing rate of exchange.

According to the provisions of section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess).

In case investment is made in Indian rupees, the long-term capital gain is to be computed after indexing the cost. According to the provisions of section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the 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 or zero coupon bond, 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 educational cess).

As per the provisions of section 111A of the Act, short term capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 10 percent (plus applicable surcharge and education cess).

Options available under the Act

Where shares have been subscribed to in convertible foreign exchange-

Option of taxation under chapter XII-A of the Act:

Non-resident Indians [as defined in section 115C(e) of the Act], being shareholders of an Indian company, have the option of being governed by the provisions of chapter XII-A of the Act, which inter-alia entitles them to the following benefits in respect of income from shares of an Indian company acquired, purchased or subscribed to in convertible foreign exchange:

- According to the provisions of section 115D read with section 115E of the Act and subject to the conditions specified therein, long term capital gains arising on transfer of shares in an Indian company not exempt under section 10(38), will be subject to tax at the rate of 10 percent (plus applicable surcharge and education cess), without indexation benefit.

According to the provisions of section 115F of the Act and subject to the conditions specified therein, gains arising on transfer of a long term capital asset being shares in an Indian company shall not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of six months in any specified asset.



If a part of such net consideration is invested within the prescribed period of six months in any specified asset the exemption will be allowed on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

Further, if the specified asset in which the investment has been made is transferred within a period of three years from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred.

- . As per the provisions of section 115G of the Act, non-resident Indians are not obliged to file a return of income under section 139(1) of the Act, if their source of income is only investment income and/ or long term capital gains defined in section 115C of the Act, provided tax has been deducted at source from such income as per the provisions of chapter XVII-B of the Act.
- . Under section 115H of the Act, where the non-resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the assessing officer, along with his return of income for that year under section 139 of the Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from any foreign exchange asset being asset of the nature referred to in sub clause (ii),(iii),(iv) and (v) of section 115C(f) for that year and subsequent assessment years until such assets are converted into money.
- . As per the provisions of section 115-I of the Act, non-resident Indian may elect not to be governed by the provisions of chapter XII-A for any assessment year by furnishing his return of income for that assessment year under section 139 of the Act, declaring therein that the provisions of chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.

Exemption of capital gains from income tax

- . Under section 10(38) of the Act, long term capital gains arising out of sale of equity shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to STT.
- . According to the provisions of section 54EC of the 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. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately.

In such a case, the cost of such long term specified asset will not qualify for deduction under section 80C of the Act. 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.

- . According to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual, gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If only a part of such net consideration is invested within the prescribed period in a residential house, the exemption shall be allowed proportionately. For this purpose, net consideration means full



value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

Rebate under section 88E

Section 88E provides that where the total income of a person includes Income chargeable under the head “ Profits and gains of business or profession” arising from taxable securities transactions, he shall get rebate of STT paid by him in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax.

4. BENEFITS AVAILABLE TO OTHER NON-RESIDENT SHAREHOLDERS (OTHER THAN FIIS AND FOREIGN VENTURE CAPITAL INVESTORS):

Dividends exempt under section 10 (34)

Under section 10(34) of the Act, income earned by way of dividend from domestic company referred to in section 115-O of the Act is exempt from income in the hands of the shareholders.

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 of UTI or units of mutual fund specified under section 10 (23D) of the Act or a zero coupon bond 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 Act contains special provisions in relation to the computation of capital gains on transfer of shares of an Indian company by non-residents. Computation of capital gains arising on transfer of shares in case of non-residents has to be done in the original foreign currency, which was used to acquire the shares. The capital gain (i.e. sale proceeds less cost of acquisition/improvement) computed in the original foreign currency is then converted into Indian rupees at the prevailing rate of exchange.

As per the provisions of section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess).

In case investment is made in Indian rupees, the long- term gains as computed after indexing the cost.

As per the provisions of section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the 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 or zero coupon bond, 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 educational cess).



As per the provisions of section 111 A of the Act, short-term capital gains on sale of equity shares, where the transaction of sale is chargeable to STT, shall be subject to tax at a rate of 10 percent (plus applicable surcharge and educational cess).

Exemption of capital gain from income tax

- Under section 10(38) of the Act, long term capital gains arising out of sale of equity shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to STT.
- According to the provisions of section 54EC of the Act and subject to the conditions specified therein, long term capital gains not exempt under section 10(38) 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. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately.

In such a case, the cost of such long-term specified asset will not qualify for deduction under section 80C of the Act. However, if the assessee transfers or converts the notified bonds 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.

- According to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a HUF, gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If only a part of such net consideration is invested within the prescribed period in a residential house, the exemption shall be allowed proportionately. For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

Rebate under section 88E

Section 88E provides that where the total income of a person includes income chargeable under the head "Profits and gains of business or profession" arising from taxable securities transactions, he shall get rebate of STT paid by him in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax.

5. BENEFITS AVAILABLE TO FOREIGN INSTITUTIONAL INVESTORS ('FIIS'):

Dividends exempt under section 10(34)

Under section 10(34) of the Act, income earned by way of dividend from domestic company referred to in section 115-O of the Act is exempt from income tax in the hands of the shareholders.

Taxability of capital gains

Under section 10(38) of the Act, long term capital gains arising out of sale of equity shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to STT.



The income by way of short term capital gains or long term capital gains [in cases not covered under section 10(38) of the Act] realized by FIIS on sale of shares of the company would be taxed at the following rates as per section 115 AC of the ACT-

- . Short term capital gains, other than those referred to under section 111A of the Act shall be taxed @30% (plus applicable surcharge & education cess).
- . Long term capital gains @ 10% (plus applicable surcharge and education cess) (without cost indexation).

It may be noted here that the benefits of indexation and foreign currency fluctuation protection as provided by section 48 of the Act are not applicable.

According to the provisions of section 54EC of the Act and subject to the conditions specified therein, long term capital gains not exempt under section 10(38) 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. If only part of the capital gains is so reinvested, the exemption shall be allowed proportionately.

However, if the assessee transfers or converts the notified bonds 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.

Rebate under section 88E

Section 88E provided that where the total income of a person includes income chargeable under the head "profits and gains of business or profession" arising from taxable securities transactions, he shall get rebate of STT paid by him in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax.

6. BENEFITS AVAILABLE TO MUTUAL FUNDS

As per the provisions of section 10(23D) of the Act, any income of mutual funds registered under the Securities And Exchange Board of India Act, 1992 or regulations made there under, mutual funds set up by public sector banks or public financial institutions or authorized by the Reserve bank of India would be exempt from income tax. However, the mutual funds shall be liable to pay tax on distributed income to unit holders under section 115R of the Act.

7. VENTURE CAPITAL COMPANIES/FUNDS

In terms of section 10(23FB) of the Act, all venture capital companies/funds registered with securities and exchange of India, subject to the conditions specified, are eligible for exemption from income tax on all their income, including profit on sale of shares of the company.

8. TAX TREATY BENEFITS

An investor has an option to be governed by the provisions of the 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. BENEFITS AVAILABLE UNDER THE WEALTH-TAX ACT, 1957

Shares of the company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth Tax Act, 1957, hence no wealth tax will be payable on the market value of shares of the company held by the shareholders of the company.

Notes:

1. All the above benefits are as per the current tax law as amended by the Finance Act, 2007.
2. The stated benefits will be available only to the sole/first named holder in case the shares are held by joint holders.
3. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the issue.



SECTION III: ABOUT THE ISSUER COMPANY

INDUSTRY OVERVIEW

IT-enabled services (ITES) include all business processes being outsourced or off-shored by companies facilitated by Internet, telecom and similar means.

The Indian IT-enabled Business Services (referred to as ITES-BPO) segment continues to chart strong year-on-year growth, estimated at over 32 % 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.

According to the annual NASSCOM survey, in FY 07, the Indian ITES-BPO segment grew by 33.5% per cent contributing USD 8.4 billion to the total software and services exports of USD 31.4 billion.

Sustaining this impressive growth are large unaddressed potential markets and the demonstrated leadership of Indian ITES-BPO that is reflected in the list of corporations sourcing an expanding range of services from India. Yet, under the covers of a seemingly unchanged environment of heady growth and a backdrop of large unaddressed market potential, the global ITES-BPO industry is witnessing significant changes.

Steady growth was observed across the following key service categories:

- Finance & Accounting (F&A)
- Customer Interaction Services (CIS)
- Human Resource Administration (HRA)

The impressive growth brings challenges also - like sourcing of human resources, information security best practices and most importantly, continuous pressure to scale up the business. As a result, experienced buyers are increasingly placing greater emphasis on supplier capabilities to deliver on parameters of flexibility and innovation - in addition to cost, quality and information security, which are now accepted as pre-requisites to compete.

Meanwhile, the industry also faces increasing challenges with regard to the policy and regulatory environment within the country. Even as issues related to the extension of the STPI scheme exercise the industry, the rise in the Rupee against the US Dollar and the too-rapidly-escalating wage rates create considerable additional pressure.

(Source: extracts from www.nasscom.in and www.banknetindia.com)

The IT enabled services (ITES) sector in India has evolved radically over the past few years. From having mere call-centre operations, the sector today provides a whole range of deliverables in the areas of transaction services, process management, business transformation, and analytics services. Global shift towards process outsourcing backed by low cost local talent pool has seen the Indian BPO industry grow at an impressive pace.

In the past three years, the BPO industry in India grew at a CAGR of 39 per cent. As per the latest Nasscom survey, exports from BPO operations rose by 33 per cent to \$8.4 billion in FY07.

Today, the sector provides employment to 5.5 lacs people forming more than one-third of the total workforce in the IT-ITES-related services.

ITES in India has become an important set of deliverables in terms of economic value creation and employment generation.

(Source: The Times of India, 7th Sept, 2007)



India offers many competitive advantages such as, technological ability, quality, flexibility, cost control and faster time-to-market. India is a talent rich country and currently exports software to more than 95 countries around the world.

India provides high-quality services which are cost-effective. Organizations in India also employ the latest in technology to provide world class solutions. Many organizations are choosing to outsource to India for professional and skilled services.

With high speed internet access invading the average household, an odd 320 million households with broadband access in 2007 worldwide, digital publishing (E-books, E-papers, online research papers, etc) is evolving into big business. Publishers are taking their content online to reach out to a wider audience across geographies.

Most universities and libraries are digitizing books (fiction, research, white papers, etc); advantages being that people can read samples online and then buy books online or buy a part of the book that they want as opposed to buying the whole book.

Globally, digital publishing is a \$430 billion industry. In the west, digitization has witnessed a revolutionary growth. Microsoft and the British Library announced a partnership to digitize 25 million pages from 100,000 out-of-copyright books in the British Library's collection in 2006. New gizmos (iPods, PDAs, e-readers, etc) facilitating 'anywhere reading' have provided with much impetus. Sony Reader, Sony's pint-sized e-book reader broke open the e-book market. In China, lately, the government decided to supply 165 million students with an e-reader in order to avoid all the physical costs associated with textbooks. India has been a big beneficiary of digitization in terms of outsourcing. The Indian publishing industry grew by over 15 per cent this fiscal year.

Major international book and journal publishers such as Oxford, Cambridge University Press, Prentice Hall, Macmillan, Elsevier and Springer have been outsourcing a lot of business to India in content transformation (which has a price advantage of 40 per cent). And the work goes beyond the printed word to CDs and other electronic formats. The Rs 80 billion publishing industry in India is riding a wave of success, thanks to innovative marketing strategies like blog discussions, e-mail to readers and preview booklets to promote new titles. Of the total titles produced in India, 45 per cent are in English, making India the third largest producer of books in the language after US and Britain.

(Source: extracts www.rediff.com/money/2008/feb/13pub.htm)

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 of quality:** demonstrated process quality and expertise in service has been a key factor driving India's sustained leadership in global service delivery. Since the inception of the industry in India, players with 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 recognize 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 organization.
- **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, recognizing 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. (Source: Nasscom Analysis: Indian ITES-BPO industry – Fact Sheet)

IMPACT OF UNION BUDGET 2007-08 ON IT AND ITES

The IT & ITES industry has achieved a turnover of USD 37.4 billion in financial year (FY) 2006 (Year-over-year growth of 31%) entry into new geographies, addition of new service-lines, and a significant rise in investments by multi-national companies (during FY '07, investments aggregating USD 10 billion have already been announced), the industry is estimated to achieve turnover of USD 47.8 billion in FY' 07.

During FY'07, contribution of IT-ITES industry to GDP is estimated to be 5.4% as compared to 4.8% in FY'06. The number of people employed by the industry (excluding hardware industry) has grown rapidly, from 0.28 million in FY'00 to 1.6 million for FY'07.

The industry can be divided into four segments viz; IT services, ITES-BPO, IT products (engineering services and R&D software products) and hardware. Further categorization can be done in terms of domestic and exports segment.

Success of front-line IT companies like Tata Consultancy Services (TCS), Infosys, Wipro, Satyam and HCL Technologies in bagging larger contracts augurs well for the export performance of the industry and the country.



BACKGROUND OF THE COMPANY

Vishal Information Technologies Ltd. (VITL) is one among the first few companies to venture in the field of ITES/BPO services. VITL was incorporated on 2nd May, 1994 as Shree Vishal Data Systems Pvt. Ltd. and has gained the expertise in the areas of data digitization, E-publishing and digital library. VITL covers almost all the range in IT enabled services other than voice call center.

VITL can handle 2.5 lac pages of digitization a month. The focus of the company is channeled towards maximum utilization of the group's expertise in terms of the technical skills. The programming & project management skills of Tutis Technologies Ltd. are utilized in easing out bottlenecks in ITES.

VITL is one of the pioneers in the concept called "Digital Library for Visually Impaired and Blind" in respect of Classic series. This concept was presented to an UK based institution who promotes the causes and challenges of visually impaired and blind. This concept on e-publishing for visually impaired involves conversion of small print books to large print books and make available as ready to print PDF both in digital, talking book and print format.

The UK based Institute for the Blind has estimated that about 3 million people in UK are denied from the Right to Read and we are presently catering the demands for this social cause. There are barriers to access the information by the visually impaired and blind which are now being removed by tools such as:

- Magnification – on paper or on screen and
- Audio format on a range of platforms

The Disability Discrimination Acts of 1995 and 2005 of UK have placed duties on public bodies and other literature providers which in turn have created a niche market for a social cause for VITL. This Act has explored new business models such as print on demand. Our company does not infringe the Copyright Act of 1988 of United Kingdom as the service is offered only to Non- Profit Bodies or Educational Institutions which in turn offer the print material only to visually impaired.

Presently the revenues for VITL are generated by the core areas which are identified as Projects & services (P&S) and e-publishing. P&S includes data digitization and the prospective clients are from Non-Government Organizations (NGO's), government organizations, universities, courts and hospitals. P&S also includes data capture, forms processing, microfilm digitization and XML conversion.

Presently VITL focuses on the following business verticals:

1. **Data digitization:** Our company is into this activity since the year 2000. The following gives the broad outline of the division's activity which is:

Text conversion: Conversion of typed and handwritten text into SGML/HTML/XML, CD Publishing, image processing (scanning, cropping, labeling, masking), data-base entry, other mark-ups to XML conversion, Quark Express to XML conversion, SGML conversion with handwritten mark-ups, TeX and LaTeX, SGML & DTD making and CD publications with software, paper case/ images to electronic conversion, Optical Character Recognition (OCR), Intelligent character recognition (ICR), microfilms and microfiche conversion.

E-book conversion – PDF for Acrobat E-book reader, E-book conversion LIT for Microsoft E-book reader, Quark Express Formatting and conversion through Mac.

Presently the company has reached the capacity limit digitizing 2,50,000 pages per month using the services of vendor chains and in-house quality assurance.



2. **E-Publishing:** VITL ventured into e-publishing in the year 2006 since it had a similar work and skill pattern like data digitization. This activity consists of typesetting and pagination in Framemaker, 3B2, Quark, etc. This activity is especially oriented towards large publishing houses, financial institutions, etc. where the work involves large volume books conversion of smaller fonts to larger fonts to encompass visually impaired, PDF files to XML for the visually impaired, word files to LaTeX for a college in the UK, converting of annual returns and prospectus into ASCII/word format, Edgar conversion of annual returns and prospectus as per SEC compliance to a financial printer in the UK.

E-publishing is our specialty area which includes typesetting in Indesign and Quark and delivering Adobe PDF high resolution files. We have gained expertise in content management and we provide back up support services relating to content management. Our editorial services include services like abstracting, indexing, content creation, content enhancement and research and data mining. We are catering to the demands of world renowned publishing houses.

Microfilming and Microfilm Scanning

Our company has the expertise to handle microfilming in the form of roll films, microfiche and aperture cards. We ensure that the final output formats adhere to international standards. The production labs are equipped with state-of-the-art scanners and licensed image enhancement software. This helps the company digitize the existing microfilm or microfiche images with precision and pixel perfection. Thus, the client can access all image data with the same electronic information management solution. A team of Graphic Designers with specialized skills in Adobe Photoshop, Adobe Illustrator, CorelDraw, and ChemDraw also help in delivering graphically enriching content.

We also offer web-enabled content development with keywords, key phrases, meta descriptions, titles and specialized Indexing of Scientific Reports and Journals etc.

3. **Digital Library:** We commenced digitization of out of copyright books in the year 2007. This vertical involves converting of any reading material like a book into a readable electronic format which can be downloaded by the end user to read/refer at leisure.

Digital Library (DL) caters to the reading needs of the visually impaired in the United Kingdom. The copyright (visually impaired persons) Act allows individuals and educational establishments to make copies of printed material in other formats, such as Braille, without applying for permission. The exception does not apply if there are commercially published versions of a work, which are accessible to blind and partially sighted people. We load the large print versions in the DL. The revenues generated by DL are through direct sales of print version; direct online selling of the print version and direct online selling through downloads from our website.

VITL has entered into contract with one of the world's largest Print on Demand (POD) company to convert their publisher's popular titles from small print to large print. These converted titles are sold online through an arrangement with amazon.com and other similar sites with the POD company.

The various alternatives to print format are:

- a. Audio
- b. Electronic text
- c. Large Print
- d. Braille

4. **Print on Demand (POD):** POD is an extension of Digital Library which started in the year 2007. We convert the books from the regular font to the large font as per the specifications and requirements prescribed by the customer.



VITL began with a turnover of less than Rs.1 Crore during the year 1994 and has grown to Rs.30 crores IIES company covering 15,000 sq. ft. of office area covered in Mumbai and Chennai, employing 195 personals and working through a channel of 800 vendors who cater exclusively to VITL's internal consumption need.

VITL is planning to grow by introduction of new infrastructure with an added infusion of better facilities and enter into new verticals where the company has already made pilot inroads successfully.

VITL has sought business from the Small and Medium segment of companies who have adapted the model outsourcing accounting functions to a Chartered Accountant firm which in turn maintains a client relationship with a back office processing services from us.

Basiz Fund Accounting Services Pvt. Ltd. (Basiz)

Basiz is a subsidiary of VITL in which we hold 86.92% of shares and was incorporated on 17th January 2006 and has its registered office in Chennai. VITL has invested an amount of Rs.447 lacs in the unquoted shares of Basiz based on the valuation report of M/s. K.P. Joshi & Co. (Chartered Accountants) Basiz has received a capital investment of Rs.856 lacs from NEA Indo-US Venture Capital LLC, a company registered in Mauritius towards investments in equity and cumulative convertible participative preference shares on 13/06/08. Basiz is a sub fund accounting and administration KPO, that primarily focuses on servicing Hedge funds, Mutual funds, Private Equity, Family offices, Insurance portfolios and managed accounts. Basiz is primarily involved in back-office function that begins once trade is struck and ends when information is sent to investors/ broker dealers. This service covers uploads, trade validation, trade processing & valuations, maintenance, quarterly results, annual activities

The following is the description of various services provided by Basiz:

1. **Financial Statements Preparation:** An end to end service that relieves the stress of preparing financial statement be it US GAAP or IFRS. Basiz team handles right from the draft stage of Hedge Funds Accounts to final sign off by Fund's auditors. Basiz uses proprietary SIPOC/PERT/CRM technique unique to the fund Industry.
2. **GAAP Conversion for Investment Funds:** Many a time, qualified investors are required by their stake holders to present financial statements, in the GAAP of the domiciles/base. Basiz offers these funds, a service that helps in this transformation.
3. **NAV Support Services:** Fund accounting is specialized segment of accounting that combines the knowledge of securities, GAAP and skills of disciplined processes. Basiz offers NAV support services to the industry that caters to the pains of capacity, exotic investment strategies, difficult to account securities and instruments that do not have automated solutions. Basiz does an end to end investment accounting from transaction processing to NAV declaration based on SIPOC methodology of Six Sigma and also uses unique & proprietary graphical checkpoints for processing and review by 2 level Independent reviewers. Basiz covers daily, weekly and monthly funds covering with Long/Short, Global Macro, Absolute return, OTC, derivatives, IRS, Equity basket swaps and CDS strategies. Basiz offers similar services for PMS Accounts, NAV for Private Equity Funds.
4. **Legacy Conversion:** Fund administrators are supported in new fund set up. Alternatively we support transfer/conversion of client information from the old administrator to new administrator. Basiz uses six sigma based mapping techniques SIPOC and PERT CPM. It migrates the information, while ensuring accuracy and integrity of tax lots. It back testing of NAV and reconciliation to NAV from the old system. Basiz also irons out any issues that existed in the previous data. This service includes a research and analysis service.



5. **K1 Services:** Basiz offers K1 services & 1065 services for fund administrator. This is primarily for US partnerships. A complete end to end or modular service that covers creation of tax trial balances along with reclassification entries from a book trial balance. Preparation of 1065 along with schedules and preparation of K1 from 1065.

Our competitive strengths

Ability to provide customized solutions

We are the providers for the data digitization, E-publishing, E-accounting and digital library. We utilize our understanding of specific requirements of our clients and implement end-to-end solutions to meet their specific requirements. We give our clients options to choose from to achieve higher levels of efficiency and cost reduction.

Deep domain knowledge

We have developed deep understanding and specialization in services that we provide to our customers. This deep domain knowledge has helped us to reduce the time taken for each activity, costs involved in implementation of the solution, pricing and time management.

Print on Demand

We are one of the pioneers for the concept called “Digital Library for Visually Impaired & Blind” This concept was promoted through a UK based institution who promotes the causes and challenges of Visually Impaired & Blind.

Strong management team

We have an experienced, qualified and dedicated management team; many of them have over 2 decades of experience in their respective fields. Our experienced management and its in-depth understanding of the market in India will enable us to continue to take advantage of both current and future market opportunities.

QUALITY CONTROL (QC)

VITL over the years have evolved methods to suit individual project peculiarity. Our procedure includes input from the clients on a broad spectrum and the output is tailor made. For e.g. the input could be hardcopy in the form of newspaper, books, loose papers, images, text files, WORD/PDF document, Microfilms/Microfiche etc. The output could be in any digital format for e.g. HTML, XML, Quark, Database, Excel, PDF, Images, ICR/OCR extraction & conversion etc. This can further branch into individual requirement of the client. As a result every project needs a plotting of the QA process carefully to meet the current & local need.

On a broader scale the overall approach which is valid for all the spectrum of project follows the following Project Methodology:

- Scope Definition and Turnaround Signoff
- Core Team Formation
- Pilot – Approval and Data interchange test
- Knowledge Acquisition (onsite if required)
- Define & Setup Project Specific Training
- Project Planning
- Define alterations & modifications required
- Project Execution and Seamless Integration
- Delivery and Feedback

After the scope, specifications and expectations are defined, the conversion process begins. Quality assurance steps are usually separate phases in the process taking place after data has been converted. Quality assurance processes typically involves inspecting 100 percent of the work completed while in



the PILOT stage. When errors are found the data is sent back to previous steps to be re-worked. The data then loops around again to the QA process, where another 100 percent inspection has been done.

The finished PILOT product goes through another QA process and is generally initiated by the client upon receipt of the data. Frequently, the customer initiates a 100 percent inspection process if errors are found during this inspection the data is returned to the company for re-working. This data again passes through the QA process, both on our end and on the client end on a cyclic scale. Finally when the entire data is rectified, the loop closes when fewer than "X" number of errors are found. The standard error ratio in the data production industry is five errors for every 10,000 bits of information processed. The ratio of error is project dependent as specified in the scope by the client. Normally accuracy is defined at 99.5% to 99.995%.

This closes the Pilot stage when the company and the client rewrite and freeze the specification.

As we also follow "Zero - Defect" technique to provide best services to our customers we deploy the following steps and to achieve our target of 99.995% of accuracy in the data that is converted as per the clients' requirement.

- a. Define the specifications and the expectations for the project.
- b. Define the overall process flow required to create the end product.
- c. Divide the data process into phases.
- d. Define the expectations for each step.
- e. Ask at every step of the process, "What are the tasks within each step that, if completed, will produce Zero Defects?" Note all these tasks down in order. During this stage the time to complete is disregarded to complete these tasks in order to find error free process.

The above process makes the document ready for the pilot stage to be reviewed by the Quality Assurance Executives. These executives on the basis of random sampling ensure accuracy in the document keeping in view the turn around time. Generally upto 5% of the data goes through 100% quality check. Incase if there are any discrepancies in the document or the document processed is not as per the required quality standards then the whole batch of documents is sent for re-processing.

The production and a quality check exercise is carried out in Chennai and then the processed document is sent for a second round of quality check in our Mumbai Quality Center. The Mumbai unit acts as the third party audit to ensure the quality of the documents before it is dispatched to the clients finally.

Based on the above process flow of Quality Check the following is the example of the practice to the same.

Project Description: Converting documents consisting of reports, articles, journals published by Charitable Organization on fisheries & agriculture country specific, ocean specific.

Paper to tiff images

1. Original documents are received
2. Numbering and coding of documents is done
3. Inward register is maintained and the missing documents are informed to the client
4. Sending the papers to scanning team
5. Marking the entire document beginning to end
6. Scanning the documents in bulk scanners
7. Checking for missed scanning for re-scan
8. Naming files according to protocol
9. Scanning through images for quality. Flagging the images for re-scan if quality fails
10. Naming the individual files with substitute codes for future reference
11. Marking the register for document status
12. Dispatching images to image process team
13. Returning the original documents back to client.



Image process:

1. Receiving images from scanning department and marking inward register of images
2. Image cropping exercise
3. Image De-speckling
4. Image de-skewing
5. Quality check exercise
6. Copy images to CD's, DVD's
7. Prepare index of images copied to individual CD's
8. Dispatch for OCR and data entry

OCR process:

1. Image receipt from imaging process
2. Name individual images with substitute codes for future reference
3. Copy images to folders for batch process OCR
4. Run the images through OCR engine
5. Extract text
6. Compare text with dictionary
7. Extract picture/diagram images from pages, mark and store them for future process

Data entry process

1. Image receipt from OCR process
2. Naming individual images with substitute codes for future reference
3. Printing individual images
4. Making lots of individual printed pages
5. Distribution for data entry
6. Receipt from data entry operators
7. Extracting images from pages, marking and storing them for future process

Quality checks

1. Compare ONE process where file 1 and file 2 are compared running them through a software to locate character errors and produce Compare1 file
2. Compare TWO process where file 1 and file 2 are compared running them through a software to locate character errors and produce Compare2 file
3. Compare THREE process where Compare1 and Compare2 are compared running them through a software to locate character errors and produce Compare3 file
4. Compare3 file is run through Line check where individual line endings of each lines are compared with the original
5. All such small individual files after the above process are merged to make one whole document
6. This is then tagged as per client spec. All the picture/diagram images which were copied above are now tagged along with individual pages for document viewing and flow
7. Final Quality Checking - Global checking for all possible errors

This completes end to end process involved inclusive of QA involved specific to Charitable organization project.

Apart from the above there are other factors which are indirectly responsible for assuring quality. These are namely Non-Disclosure & the Confidentiality clause that are signed with the operators or and third party vendors as the case may be.

Technical and Financial Agreements

We have not entered into any technical and/or financial agreement.



Case Studies:

Case 1: Data Conversion

Client: International Multilateral Agencies - Europe

International Multilateral Agencies (**IMA**) acts as a neutral forum where all nations meet as equal nations to negotiate agreements and debate policies for the development of the country. IMA is also a source of knowledge and information and helps developing countries and countries in transition to modernize and improve agriculture, forestry and fisheries practices and ensure good nutrition for all. Since its foundation IMA, have focused special attention on developing rural areas, home to 70 percent of the world's poor and hungry people.

Client's requirements:

IMA conducts continues research and studies in various countries through out the world. All the research material collected is published in the form of printed books, journals etc. in various languages which are stored in form of printed books, microfilms and tiff images. The result is they have to store huge inventory in the form of printed books and microfilms for which the cost of storing, maintaining and retrieving the relevant data/information is very high. For them to distribute the books among various members' countries and keeping track of the books distributed is tedious job.

IMA was looking for a solution to make all these data readily available over their internet and intranet which would save the storage costs and would be accessible at ease to the subscribers.

IMA's activities comprise four main areas:

1. Putting information within reach.
2. Sharing policy expertise.
3. Providing a meeting place for nations.
4. Bringing knowledge to the field.

Solution:

IMA came out with the global tender in the 2001 to convert all the books into electronic and web format in multiple languages which could be edited as required by the client. We participated in the tender and were awarded with the contract for digitizing the data and making it accessible to the subscribers.

For this project, we leveraged the latest, proven technological advances and its data conversion expertise to convert data from the publications into XML, HTML, RTF and PDF for processing by VITL.

We maintained the accuracy level in excess of 99.997% was as required by our client. We provided XML, HTML, RTF and PDF files as specified in the contract and with the guaranteed accuracy rates for keying in the data and other conversion services:

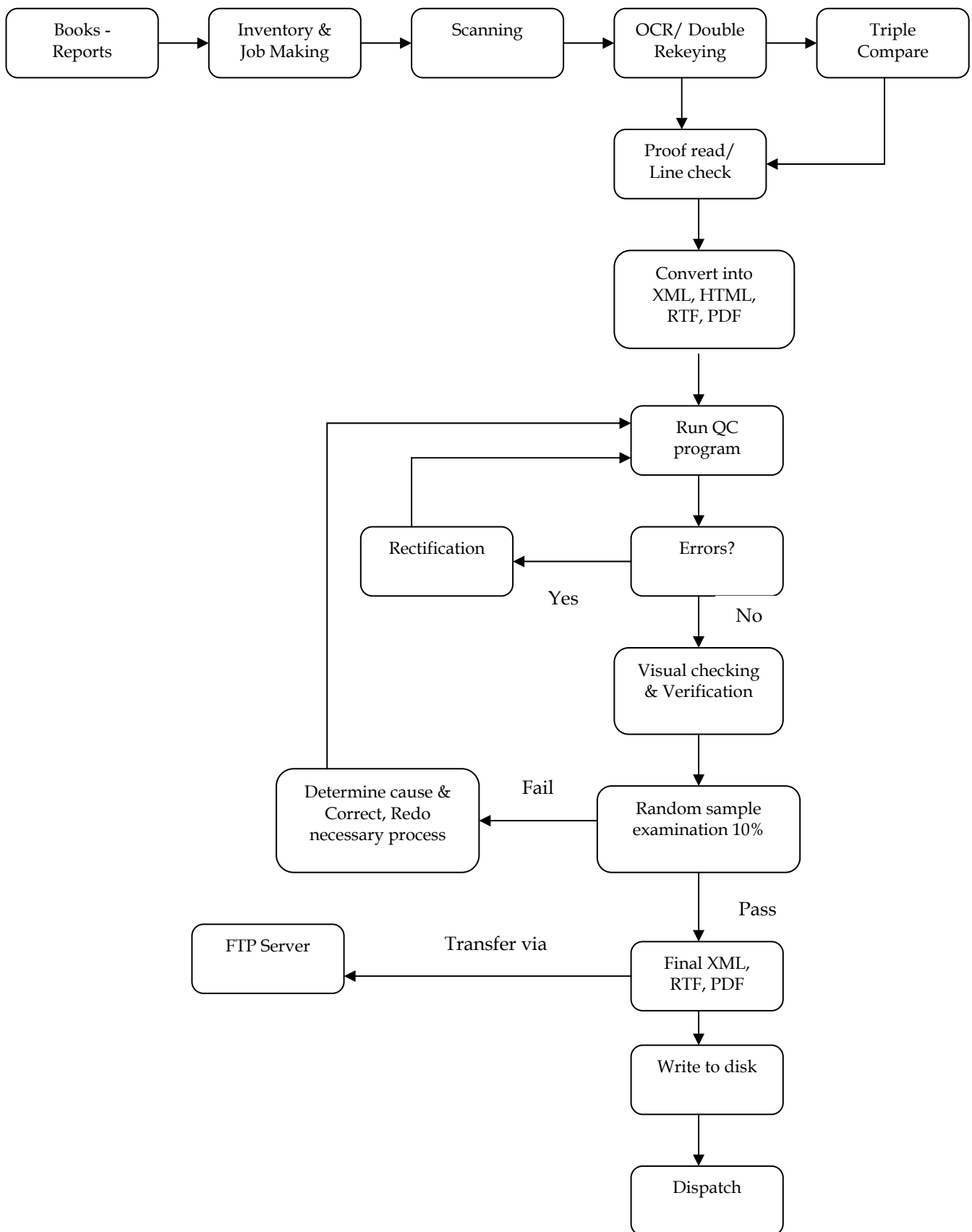
- We mined the input document for all relevant fields described in the XML, HTML, RTF and PDF format requirements.
- Created files according to XML, HTML, RTF and PDF format and the accompanying specific implementation requirements.
- Transmitted the converted files daily to an FTP site on organization's servers.

Results:

IMA has migrated the content delivered by us to their internet and intranet servers. They are now able to distribute the journals and books online to their member's countries and are saving on the printing cost, microfilming cost, distribution cost, stock caring cost and warehousing cost which are huge in nature.



Workflow:





Case 2: University Studies

Client: Central Planning Department

The Central Planning Department (CPD) is an ESRC Resource Centre, based at the Institute of Education, University of London. CPD houses three of Britain's internationally-renowned birth cohort studies:

- 1958 National Child Development Study (NCDS)
- 1970 British Cohort Study (BCS70)
- Millennium Cohort Study (MCS)

The studies involve multiple surveys of large numbers of individuals from birth and throughout their lives. CPD has collected information on education and employment, family and parenting, physical and mental health, and social attitudes. As the studies are longitudinal studies that follow the same groups of people throughout their lives, they show how histories of health, wealth, education, family and employment are interwoven for individuals, and varies from time to time at every stage of life. By comparing the different generations in the three cohorts, CPD charts social changes and untangle the reasons behind it. Findings from these studies are contributing and have contributed in the past to the debates and enquiries in a number of policy areas over the last half-century including: education and equality of opportunity; poverty and social exclusion; gender differences in pay and employment; social class differences in health; changing family structures; and anti-social behavior. All these study materials are in the form of Microfiche and Paper documents.

Client's requirement:

The client required all the above data to be captured in such a form that it could be made available online in the form of research material and statistics for further scientific studies along with the support and production facilities to scan a body of material in documentary form.

The study material was organized in three separate collections and each collection consisted of series of surveys, each survey gathered information about group of individuals. The study material was highly complicated as there was a lot of input and collection of data which had to be correlated by sequences. Also it had a mix of supportive documents which were not in order. A single longitudinal survey belonging to one individual had to be captured in an organized and sequential manner. The final output was in the form of indexed PDF file comprising of scanned images.

Solution:

The documents were provided to us were in book form which was stapled together for each survey.

All survey documents had to be separated by removing the staple or by the guillotining of the spine of the document.

All page sides were scanned to tiff images having a resolution of 300 dpi and a bit depth of 1-bit bitonal with intelligent threshold to ensure all content is captured. All Microfiche were scanned directly in film scanner and were converted to tiff images. The page images for a single form were combined and saved as a concatenated image only PDF file.

Finally a quality check was made to ensure all page images have been successfully captured.

The forms for an individual were grouped together either using elastic bands or the original plastic packages or repackaged into the same boxes for return to the client.

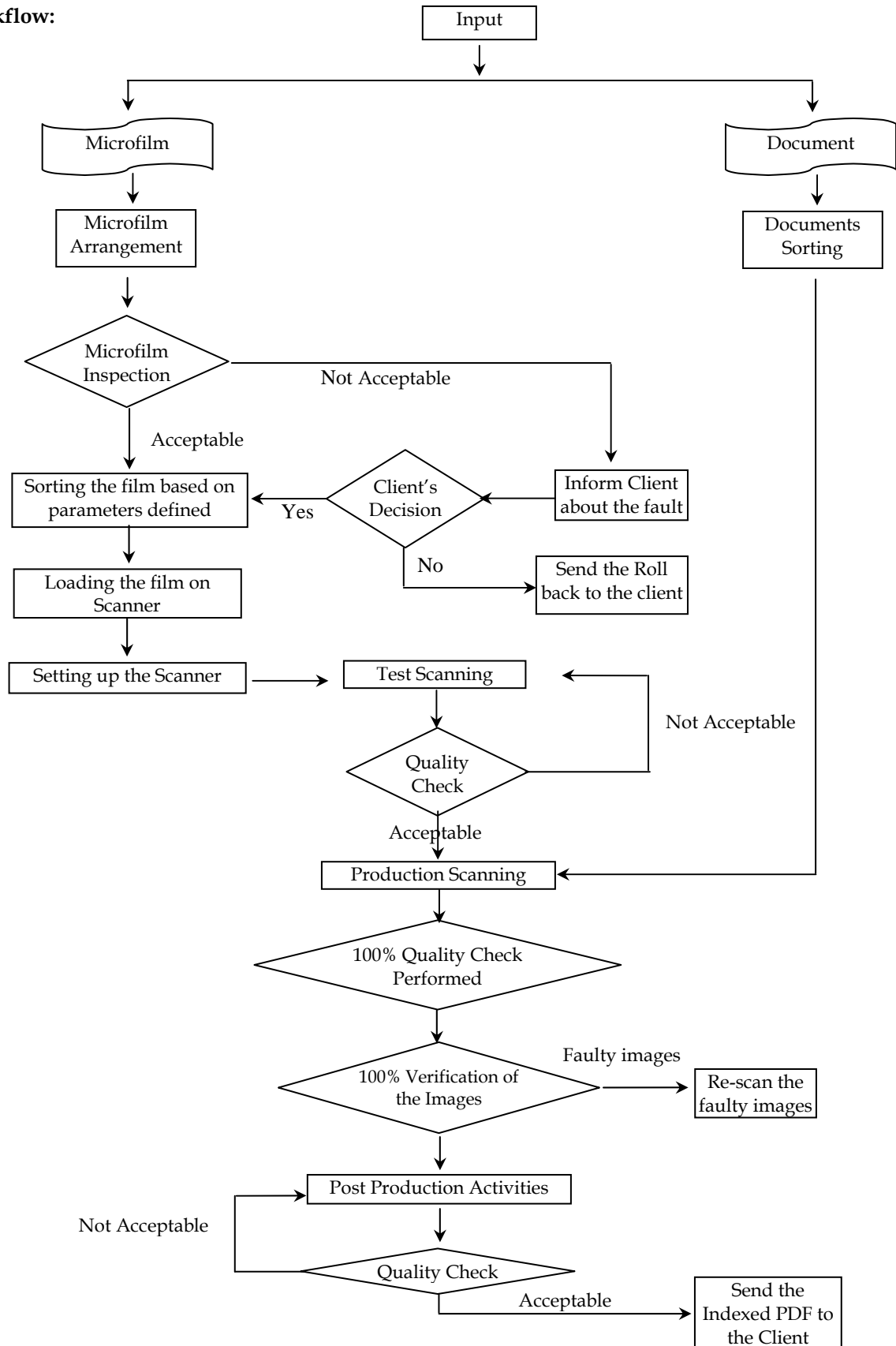
Results:

Now this Data from the studies is available free of charge from the UK Data Archive, which is administered by the Economic and Social Data Service (ESDS), University of Essex.

Public access to the studies makes them a scientific and civic resource of immense value to the research, educational and policy communities in the UK and abroad.



Workflow:





Case 3:

Client: County (USA)

The County Clerk of a county in USA has a public office which provides the “checks and balances” for local government as accountant and auditor for the Board of Country Commissioners; the collector and distributor of statutory assessments; guardian of the public records, public funds and public property.

Client’s requirement:

The county clerk maintains the land records of the state and these land records contain the mortgage documents as a part of the original land records. The county maintained all these records in the form of paper documents and 16/32 mm microfilms. These details contained sensitive and confidential information of the public such as social security number, bank account details, debits, charges, or credit card number.

Every person in the county has a right to request that the Clerk of the Circuit Court to remove the above sensitive information from an image or copy of a court document.

Solution:

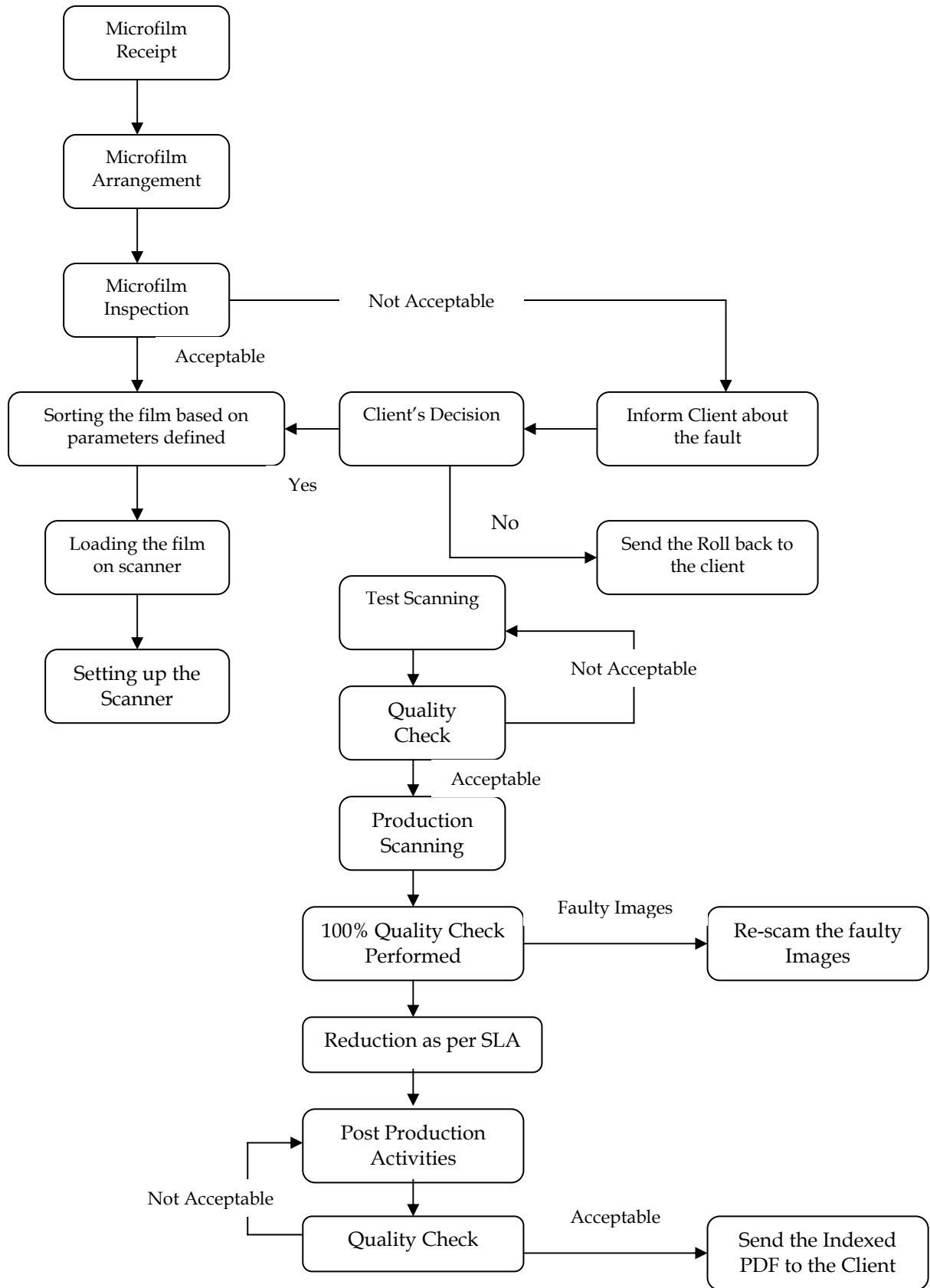
We handled these sensitive documents in client specific secured area to maintain the confidentiality. The client provided us with 16/32 mm microfilms which contained these documents. We scanned the images through microfilm scanner, setup the process to clean, de-skew the images and recreate the documents. Every Document had an ID number by which an individual can be tracked. We masked these ID numbers with own internally generated codes to make the document secure at the first level. We made a process by which such sensitive information was identified and blanked out.

Results:

We have successfully delivered large volume of electronic documents by black striping them of such sensitive information. The County now publishes this information on the internet.



Workflow:





Case 4: Print on Demand

Client: Publisher (United Kingdom)

The UK based publisher is the leader in demand-driven book manufacturing and distribution solutions to the publishing industry. They represent major publishers in getting the normal print books converted into large print. They have very large chain of channel partners through whom they sell and distribute books in volumes.

Client's Requirement:

The publisher required a solution to convert various input formats into Large Print Books. Large print books enable the partially visual impaired and elderly people to enjoy reading popular fiction, non-fiction, and journals.

Solution:

Using the multiple input-single output concepts, we converted all inputs into ASCII format and used InDesign for page layout.

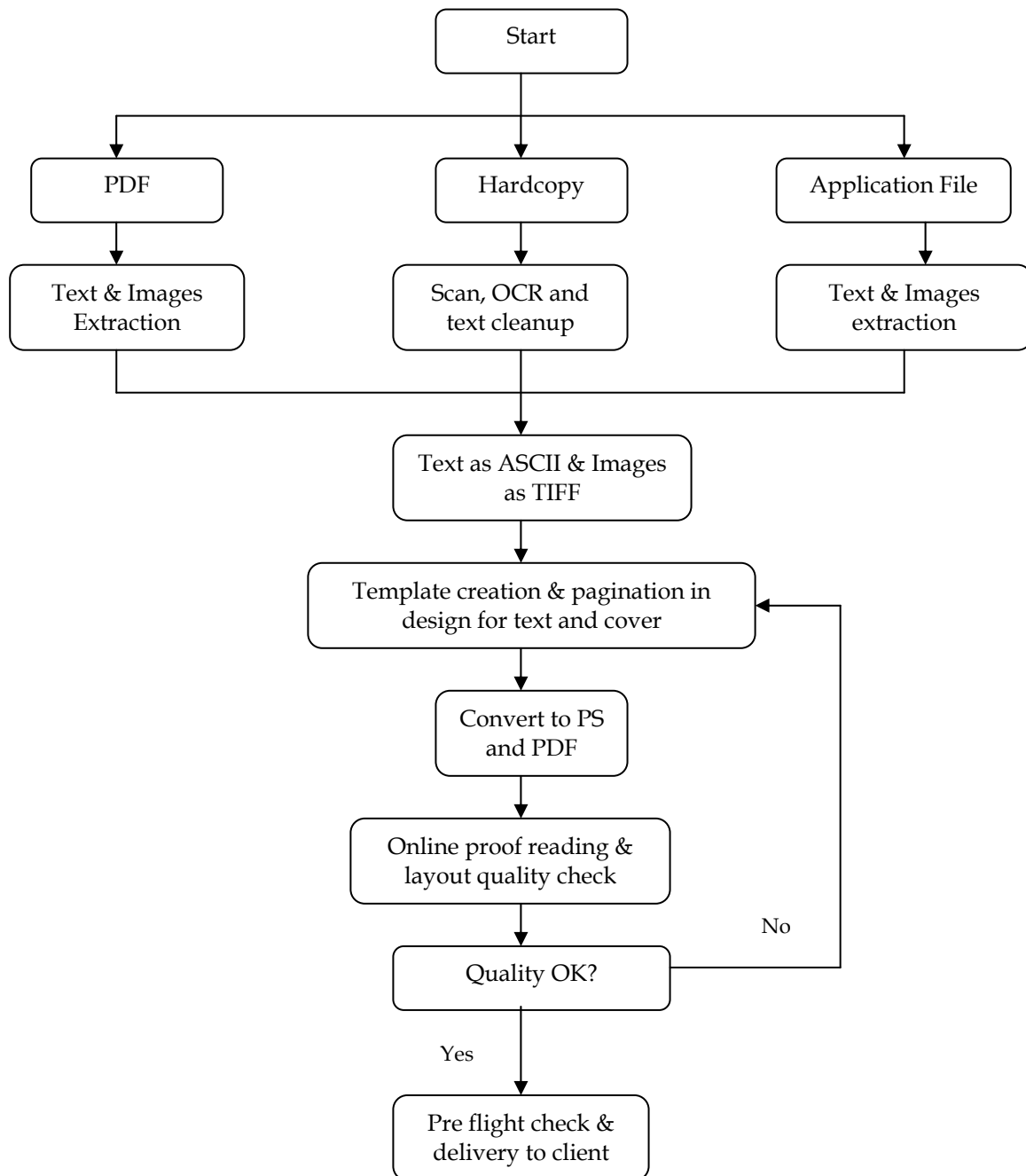
1. Through constant interaction with the clients and continuous sampling method, we zeroed in on the perfect delivery methodology.
2. Any input (searchable and non-searchable PDF, application files, and printed book copy) were converted into an ASCII file
3. ASCII files were exported on to an InDesign template with LS layout specifications predefined. ASCII files are imported to WORD template with LS layout specifications predefined. We do the Cover generation using Indesign template using LS specification.
4. Font and text size that are easily legible by visually partially impaired or aged persons
5. A thorough proof reading is performed to ensure text accuracy.
6. Book covers are created using the font and image supplied or as specified by the publisher.
7. Images are either extracted from the PDF or scanned from the hardcopy depending upon the input format.

Result:

We have been successfully delivering cover and text PDF for hundreds of large print titles to major publishers through the present client.



Workflow:





Case study 5:

Data conversion for the visually impaired

Client: Charitable Institute for Blind (UK)

Charitable Institute for Blind (Institute) is a leading non-governmental organization for the visually impaired people in the UK. The Institute supports blind and partially sighted people by providing information, support and advice various issues. One of their important activities is to make conventional printed books available in the form of Large Print Books, Braille Books, and Talking Books for the benefit of blind and partially sighted people.

Problem:

The Institute publishes books and materials especially for use of the blind or visually impaired. They publish material in Braille for the blind and in Audio format. They also publish large print books and other publications especially aimed for the visually impaired. All these three outputs are in format with no co-relation to each other. It is a time consuming and expensive process. So the Institute required printed books to be converted to a common format to facilitate output in Large Print, Braille, and Audio Book, using their specifications.

Solution:

VITL suggested a solution of producing a common XML file using a custom made DTD (Document Type Definition). The XML files so created could be converted any format such as Audio Book, Braille Book, or Large Print Book with minimal or no change required to the XML.

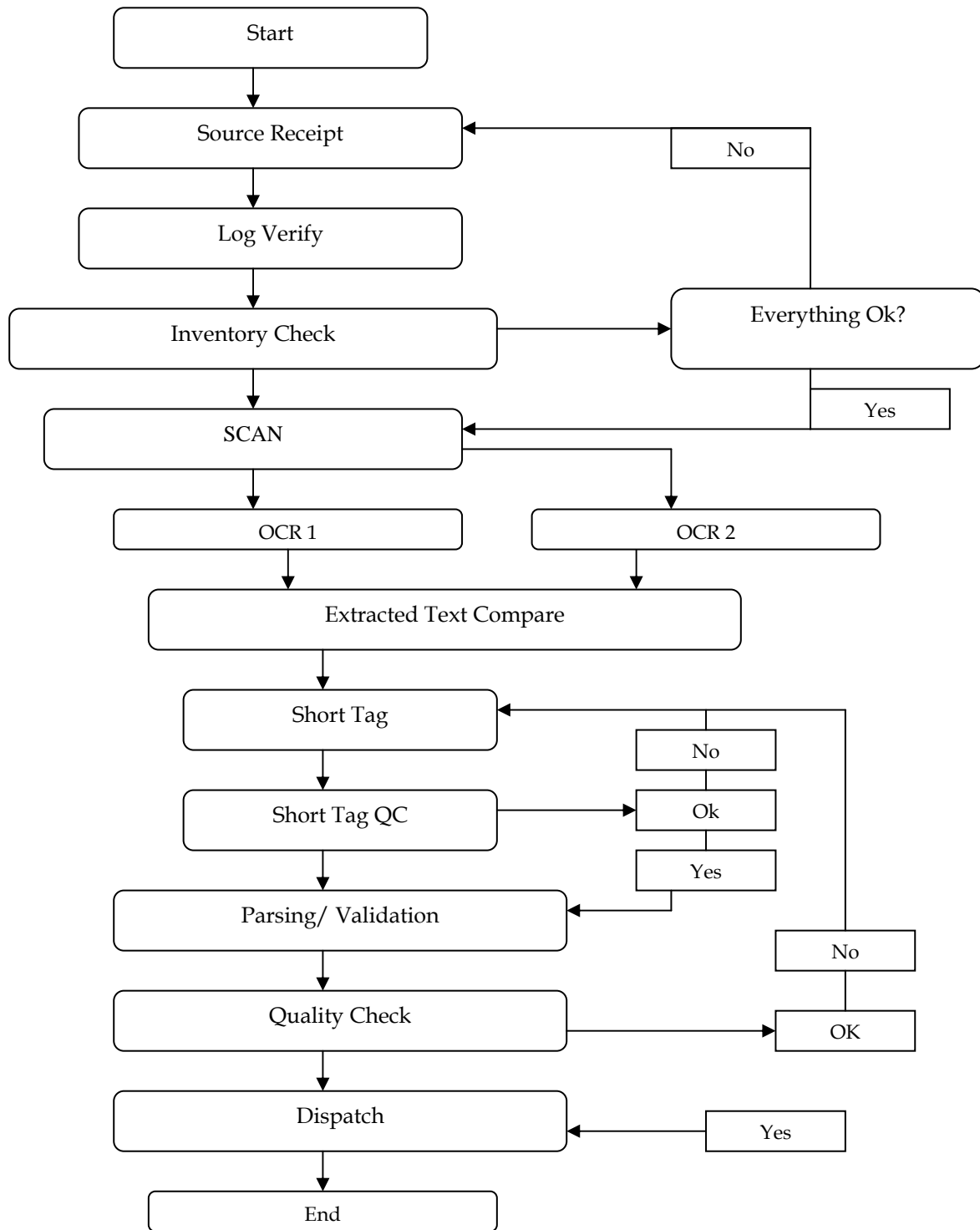
1. Through constant interaction with the client and continuous sampling method, we zeroed in on the perfect delivery methodology.
2. Two OCR engines were used to ensure completeness and perfection of text
3. Spell check was performed on the text extracted from the page (TIFF format)
4. In-house tools were developed to insert short tags and convert short tags into valid XML tags.
5. To accommodate client's specific requirement we use Altova XML Spy & Corel WordPerfect for viewing & parsed to validate the XML file.

Result:

We have been successfully delivering single full-text XML file to cater to all the needs of the institute. The Institute makes this information available through XML in their online library and online stores.



Workflow:





Case study: 6

Client: Criminal Court (United Kingdom)

The cases ruled in this court starts from 14th Century. All these proceedings are recorded in the old Gothic and Victorian English.

Client's requirement:

All the proceedings starting from 14th Century are stored in the Microfilm and Microfiches and papers which are fading. These proceedings of the past are of public interest. The present day lawyers, Law Students and the public at large did not have access to these interesting court cases and to make it accessible to majority the court wanted to convert all the cases into digital format which then can be viewed over the internet.

The criminal court through a University in UK; who acted as consultant commissioned VITL to give a solution to the court's requirement.

Solution:

Starting with microfilms of the original Proceedings, page images were digitized, creating TIFF files, from which GIF files have been created for transmission over the internet.

In order to create a fully searchable resource, it was necessary to digitize the entire text and not just page images of the Proceedings. This text could be searched for any character string desired. Current optical character recognition programmes cannot consistently read eighteenth-century fonts, particularly where the original pages are faded or damaged. Consequently, it was necessary to have the text manually typed. This was performed by the process known as 'double re-keying', whereby the text is typed in twice, by two different typists, and then the two files are compared by computer. Differences are identified and then resolved manually.

Due to the nature of English text which was belonging to ancient times some of the characters in the text were unidentifiable. So VITL had to evolve a training strategy to educate the operators in ancient English.

With a perfectly clear original text, this conversion resulted in an accuracy rate of 99.8%. However, the fourteenth, seventeenth and eighteenth-century originals are often faded or suffer from 'bleed through' (where print on the other side of the page bleeds through), and these defects are sometimes exacerbated by the processes of microfilming and image digitization. Consequently, not all text could be transcribed with optimal accuracy. Where re-keyers had particular difficulty reading text due to poor quality of the original, a symbol of a torn page appears on your screen next to the transcribed text. By clicking on the thumbnail icon of the original page, you will be able to see an image of the original and interpret the text for yourself.

Where a perfectly accurate reading of the text is required, users are thus advised to open the original page image files and read the original.

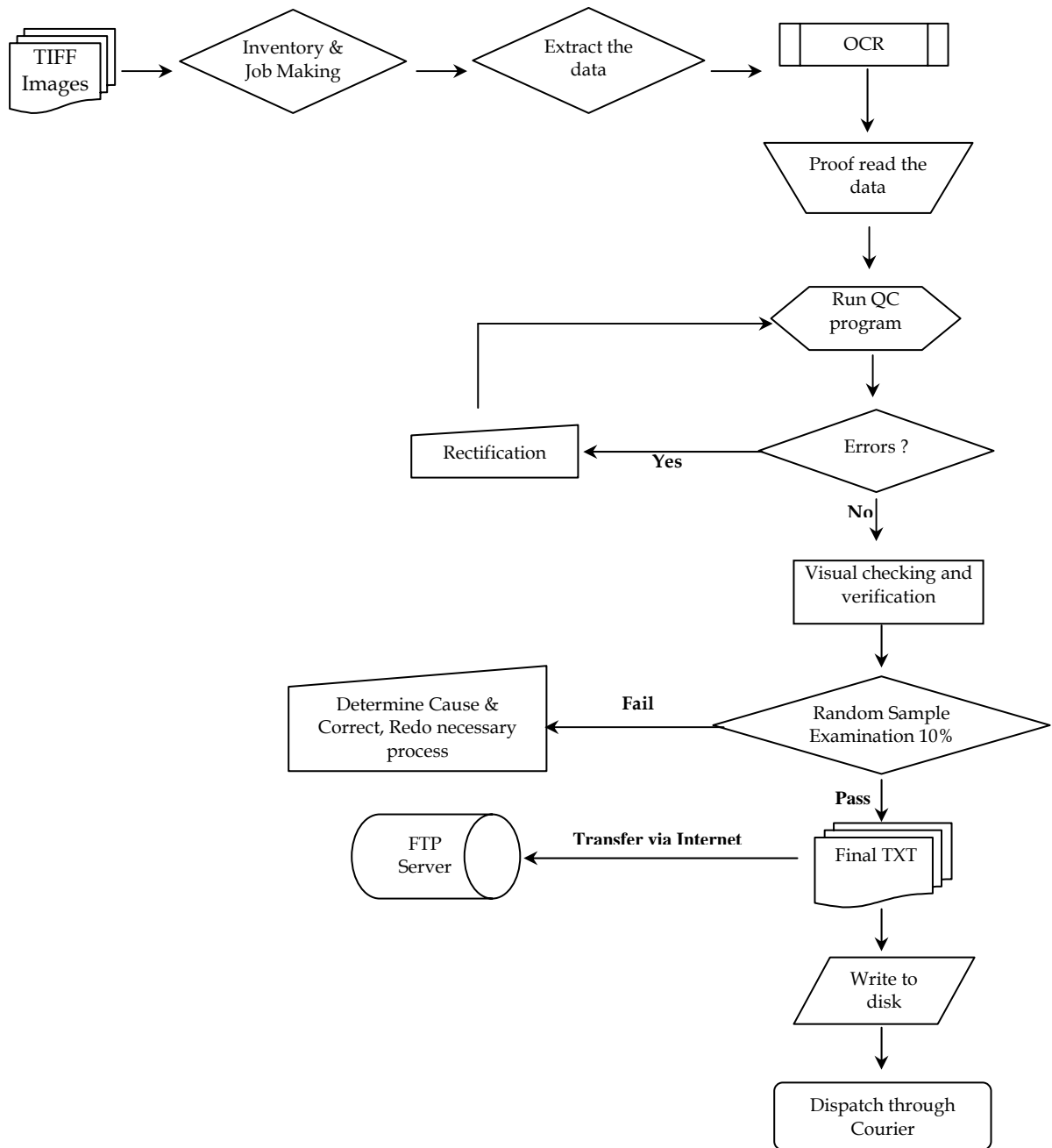
Results:

This project has created a fully digitized and structured version of all surviving published trial accounts between 14th to 19th centuries, and made them available as a searchable online resource.

Users are able to search for entries in specific fields, such as crime, or defendant's occupation, or search the whole text for any text string. It is also possible to tabulate specific fields, such as sex of defendant by type of crime. Beyond this, information on related documents and sources found in the libraries and archives of London is linked to each trial, creating a trail of information that leads users from the internet to the original manuscript sources for eighteenth-century crime.



Workflow:





COMPETITION:

We compete in a highly competitive and rapidly evolving global market. For our service offerings, we face competition from:

- BPO service providers operating from offshore locations including India and BPO arms of large information technology companies.
- Clients who may choose to run their processes, either in their home countries or through captive units located offshore.
- Niche service providers that provide services in a specific geographic market, industry segment or service.
- Other English speaking countries emerging as BPO hubs in countries like China, Philippines and other Asian countries.

RISK MANAGEMENT AND COMPLIANCE:

Information Security: We manage sensitive and confidential data of our clients by maintaining the confidentiality, integrity and security of such data which is of paramount importance. We ensure that there is no duplication of information on any device such as floppies, cd's, and pen drives, etc.

We have secured firewalls which enable us to prevent data from leaking through the emails.

Business continuity and disaster recovery: We maintain alternative resources to reduce the risk of failure of internet links or intranet networks. We have systems enabling automatic switching to such alternate internet service providers and replacement warranties for our servers. We have the backup of the Chennai facilities in Mumbai which enables us to recover the data in case of any disaster on either of the locations.

MARKET:

Presently the global markets are catered by the BPO arms of the Multinational IT companies. Countries like China, Philippines and Indonesia are emerging as the low cost English speaking countries offering BPO services and setting up call centers for non voice based operations.

The domestic markets are catered by the various BPO offices located in the various SEZ's of the country.

Our strategy and target markets

We have gained proficiency and identified three verticals to focus our efforts of marketing. The revenue for the company is contributed to a major extent by these core functions which are projects and services and e-publishing.

We have defined a road map to achieve our targets. They are:

1. **Subsidiary Company in UK and USA:** One of the objects of the issue is opening of subsidiary companies in UK and USA where the market will give boost to our prospects manifolds. The opening of our subsidiary would add to our advantage while participating in competitive project bidding or in tenders. Also in terms of operations this will lead to seamless flow while handling marketing demands.
2. **Appointment of local marketing person:** The local markets in UK and USA respond faster to a national of British or American origin. We propose to enhance our presence by employing the people of the land which would make marketing easier and participation in the local tenders. This marketing office will follow up on their own with their regular contacts apart from attending to:



- Existing clients
 - Leads given by clients
 - Email & Tele-calling campaigns
 - Tenders or enquiries floated in lay press.
3. **Tenders:** Every government & semi-government organization makes purchase through tenders. This appears in lay press on a regular basis. Apart from this there are agencies that collate such information on a daily basis and update the same. VITL will make cold calls and participate in such tenders. Having a local office in the UK & USA will enhance our effort while such participation.
 4. **Email & Tele-calling campaigns:** This is a method which is easy to adopt & deploy. Mass emails are sent regularly to all of our target audiences. Similarly tele-callers keep up the marketing activities by making random and routine calls to prospective customers.
 5. **Growing our existing client relationships:** We believe that there are significant opportunities for additional growth within our existing client base. We intend to leverage our domain expertise, understanding of our target industry and close relationship with our clients to expand the scope of current services as well as provide services in new areas and businesses. We will continue to build our account management teams working within client organizations, to deepen relationships with our clients and to identify new business opportunities.

Properties

Sr. No.	Location	Title	Area (Square feet)	Date of Agreement	Validity
1	Kingsley Chambers, Block No. 26, Ramasamy Street, T Nagar, Mambalam, Guindy Taluk, Chennai-600017	Leased	3681 (total built up area of 6329)	08/10/2007	Valid upto September 2012
2	Solaris 1, C-409, Opp. L & T Gate no 6, Sakivihar Road, Powai, Mumbai - 400072	Leased	3425	*	*

- * For the Mumbai operations our company is using the premises of our promoting Company M/s Tutis Technologies Limited. No agreement has been entered into by our Company for the use of this property and no rent is also being paid for the same.



KEY INDUSTRY REGULATIONS AND POLICIES

Our Company is engaged in the business of providing data conversion, data digitization, E-Publishing and Print on demand services to large global organizations. These services are provided using a mix of custom designing data processes, assembling a delivery team comprising generalists and domain specialists and developing customized software to integrate our processes with those of the clients.

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 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 in to 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 qualify their producer or provider of such products and 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 custom duties.
2. An STP unit is exempt from payment of corporate tax up to the Fiscal year 2009. 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).
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 5 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 unauthorized 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.

Labor laws

India has stringent labor 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 labor 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 there under, inter alia determines the working hours, overtime payable, the leave policy, weekly holidays and maternity benefits. Termination of a non-workman is governed by the terms of the relevant employment contract and applicable labor 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 labor, removal and certain financial obligations up on 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 labor laws that may be applicable have been provided below.

The Minimum Wages Act, 1948

The Minimum Wages Act, 1948 (“MWA”) came in to 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, and 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 Provided 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 years 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. 3,50,000 for an employee. The POG Act also requires the 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 woman 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 establishment 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 Organization 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 percent foreign investments in 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 & CORPORATE STRUCTURE OF THE COMPANY

The company was incorporated on 2nd May, 1994 as a private limited company in the name Shree Vishal Data Systems Pvt. Ltd. which was changed to Shree Vishal Data Systems Ltd. w.e.f 13th March 2000. The name of the company was changed to Vishal Information Technologies Limited on 17th April, 2000.

The company has its offices in Chennai and Mumbai in India and provides knowledge process outsourced services to clients abroad. VITL is in the business of technology for conversion of the normal fonts into the Braille script and creating larger font for the visually handicapped. As on date VITL has converted approximately 8,000 books. The company is successfully managed by the promoter company "Tutis Technologies Ltd." (TTL) which was earlier known as "Amex Information Technologies Ltd." TTL is a listed company at The Bombay Stock Exchange Ltd. (BSE) and trades under Indonext group. TTL is into the business of providing IT enabled services and biometric solutions to the corporate world and has reputed clients such as Wipro Ltd., Siemens Information Technologies Ltd., HCL Infosys Ltd, L&T Ltd. and AGS Infotech Pvt. Ltd.

VITL has a subsidiary viz; Basiz Fund Services Pvt. Ltd. (Basiz) was incorporated in the year 2006 which is in the business of providing fund account services.

MILESTONES

Year	Description
May 1994	Incorporation of the company on 2nd May, 1994 as Shree Vishal Data Systems Pvt. Ltd.
March 2000	Company started functioning as full fledged ITES/ BPO company.
May 2000	The company received its first project from United Kingdom for converting Tiff image based records to database format.
June 2000	The company received its first "Bibliographic" tagging and indexing job from University in UK.
August 2000	The company received its first Microfilm based conversion project from "Barnet Hospital" UK to capture patient's records to Text based in CSV format.
August 2000	The company received its first XML Conversion job from UK consisting of Quark Express files to XML coding.
March 2001	Developed in-house data verification programme for attaining 99.998% accuracy level.
August 2001	The company signed a major contract with International Multilateral Agencies - Europe for a three year period against global bidding and competition.
October 2001	Received a major contract from University in UK for XML conversion project for Court in UK for digitizing criminal cases starting from 15 th Century onwards.
February 2003	We signed a major contract with a County in USA for Microfilm to Tiff images and further process for Index and data capture.
June 2003	University in UK directly approached the company for its data conversion demands.
June 2004	Renewal of contract with International Multilateral Agencies - Europe for a further period of three years.
April 2005	The company started a new vertical for E-publishing.
April 2005	The company signed with a major Online Book Printer and Publisher to convert small font book to large font for the visually impaired.
March 2006	University in UK signed a contract with the company for their project comprising of longitudinal studies conducted on the Social, Educational and Economic progress.
March 2006	The company invested in Basiz making it a 100% subsidiary.
June 2007	Charitable Institute for Blind (UK), UK signed a contract with the company (signed contract for conversion of their repository of books to Large font PDF files and XML format.)



Year	Description
October 2007	Completed digitization and conversion of 10,000 books to Large print PDF files for the Visually Impaired.
October 2007	We have entered into contract with a leading publisher and printer for selling of the Large and Regular print PDF files through the online stores like Amazon.com
October 2007	Marketing of the books to wholesalers and publishers through the leading publisher.

Main objects of the company

To manufacture, assemble, design, import, export, repair, buy, sell and deal in electronic systems, computers, telecommunication systems, monitoring systems, testing systems, data processing systems, information technology systems their raw materials components, parts, attachments and accessories.

To carry on the business of trading, dealing , exporting, importing , providing, rendering services of every kind including setting up of call centers for medical transcription, legal transcription, data management, data processing , data help desk, back office operation, E Mail Management, microfilming, scanning and converting into electronic format, insurance claim processing, payroll processing, providing e- Governance solutions, set up web based customer interactive service infrastructure and such other technological services with the use of the latest information technology tools wherever necessary and to provide training for such services.

To design, develop, procure, buy, import, export, lease, web enable and deal in or make available or to trade in the services of every kind including software, engineering, management, educational, training, commercial, financial, marketing, market survey, technical, statistical, accounting, human resources, legal and medical transcription and other technological, life enrichment, human empowerment, social and other services and technical know how and consultancy and to use the latest Information Technology tools such as Internet, E Commerce

To provide consultancy, advisory and marketing services relating to the Computer Software Industry such as providing technical know how and any or all kinds of services including preparation and maintenance of Accounts, statistical, scientific, mathematical information and reports , data processing, programming, collecting, storing, processing and transmitting data of every kind and description, systems analysis and machine services for solving or aiding commercial, industrial scientific, research and problems relating to all fields, execution of turnkey projects .

To carry on the trade or business of exporting, importing, providing, rendering, services of consultation in the areas of computer consultancy, management consultancy, programming, system design and analysis, computer selection, documentation planning, computerization of the manual systems, production planning, scheduling, production and commercial operations, and also to create, prepare, design, provide and sell software.

To carry on the business of consultants in computers, computer oriented systems, all branches of computer science, civil, electrical, electronic, mechanical, chemical, optical, metallurgical and all other branches of engineering including communication systems and allied technologies.

To design, develop, process, compile, service, renovate, remodel, construct, assemble, render technical know - how, to run Education center and coaching classes, consultancy services concerning computer, scientific knowledge and to compile, make available, render, assist in the field of electronics, mechanical engineering, marketing, economic and research and to render services and know-how in systems and management relating to computers, computer machinery, computer installation, data processing and computer science.



Changes in Memorandum of Association

Date of shareholders' approval	[Type of change/ Reasons for change]
Date of EGM 12-04-1999 Fresh Certificate of Incorporation issued consequent to change of name is dated 13-03-2000	Change of Name of the Company under Section 21 and Section 44 of the Companies Act, 1956 From Shree Vishal Datasystems Private Limited To Shree Vishal Datasystems Limited Reason: For future expansion of the business, Company wanted to allot Equity shares which may exceed the number of members beyond 50
Date of EGM 07-03-2000 Fresh Certificate of Incorporation issued consequent to change of name is dated 17-04-2000	Change of name of the Company under Section 21 of the Companies Act, 1956 From Shree Vishal Datasystems Limited To Vishal Information Technologies Limited Reason: To cover wide range of technical activities and to diversify company's activities into related areas of Technology.
Date of EGM 03-07-2006 Change is effective from 20-10-2006	Change in Registered Office of the Company from the State of Maharashtra to the State of Tamilnadu under Section 17(1)
	From: B/119, Solaris I, Opp Gate no.6, Saki Vihar, Andheri (E), Mumbai-400072. To: Kingsley Chambers, Block No. 26 Ramasamy Street, T Nagar, Mambalam, Guindy Taluk, Chennai-600017 Reason: The major activity of the company was being processed from Chennai.
Changes in Memorandum of Association	
Date of EGM 28-03-1998	Clause V altered as authorised capital increased from Rs.5,00,000/- to Rs.20,00,000/-.
Date of EGM 10-04-1999	Clause V altered as authorised capital increased from Rs.20,00,000/- to Rs.2,00,00,000/-.
Date of EGM 12-04-1999 Fresh Certificate of Incorporation issued consequent to change of name is dated 13-03-2000	Clause I altered as Name of the Company changed from Shree Vishal Datasystems Private Limited to Shree Vishal Datasystems Limited
Date of EGM 07-03-2000 Fresh Certificate of Incorporation issued consequent to change of name is dated 17-04-2000	Clause I altered as Name of the Company changed from Shree Vishal Datasystems Limited to Vishal Information Technologies Limited
Date of EGM 12-09-2000	Clause V altered as authorised capital increased from Rs.2,00,00,000/- to Rs.2,50,00,000/-.
Date of EGM 01-02-2001	Sub-Clause 51 to 56 were inserted in Clause III(C) Other Objects.
Date of EGM 15-05-2001	Clause V altered as authorised capital increased from Rs.2,50,00,000/- to Rs.2,70,00,000/-.
Date of EGM 15-01-2002	Clause V altered as authorised capital increased from Rs.2,70,00,000/- to Rs.4,00,00,000/-.
Date of EGM 10-07-2003	Clause V altered as authorised capital increased from Rs.4,00,00,000/- to Rs.5,00,00,000/-.
Date of EGM 11-10-2004	Clause V altered as authorised capital increased from Rs.5,00,00,000/- to Rs.8,60,00,000/-.
Date of EGM 03-07-2006	Clause II altered as Registered office of the Company shifted from



Date of shareholders' approval	[Type of change/ Reasons for change]
Change is effective from 20-10-2006	the State of Maharashtra to the State of Tamilnadu.
Date of EGM 23-11-2007	Clause V altered as authorised capital increased from Rs.8,60,00,000/- to Rs.12,00,00,000/-.
	Changes in Articles of Association
Date of EGM 28-03-1998	Article No.3 altered as Authorised Capital of the Company increased from Rs.5,00,000/- to Rs.20,00,000
Date of EGM 10-04-1999	Article No.3 altered as Authorised Capital of the Company increased from Rs.20,00,000/- to Rs.2,00,00,000/-
Date of EGM 12-04-1999	Adoption of new set of Articles of Association
Date of EGM 07-03-2000	Adoption of new set of Articles of Association
Date of EGM 12-09-2000	Article No.3 altered as Authorised Capital of the Company increased from Rs.2,00,00,000/- to Rs.2,50,00,000/-
Date of EGM 15-05-2001	Article No.3 altered as Authorised Capital of the Company increased from Rs.2,50,00,000/- to Rs.2,70,00,000/-
Date of EGM 15-01-2002	Article No.3 altered as Authorised Capital of the Company increased from Rs.2,70,00,000/- to Rs.4,00,00,000/-
Date of EGM 10-07-2003	Article No.3 altered as Authorised Capital of the Company increased from Rs.4,00,00,000/- to Rs.5,00,00,000/-
Date of EGM 11-10-2004	Article No.3 altered as Authorised Capital of the Company increased from Rs.5,00,00,000/- to Rs.8,60,00,000/-
Date of EGM 23-11-2007	Article No.3 altered as Authorised Capital of the Company increased from Rs.8,60,00,000/- to Rs.12,00,00,000/- Alteration of Article of Association by adding Article 8A for buy-back of Shares, Article 11B for further issue of shares, Article 19B for issue of new certificate in place of defaced, lost or destroyed and substituting Article 59A in place of exciting Article 59 and adding Article 163A for unpaid or unclaimed dividend.

Subsidiary of VITL:

Basiz Fund Accounting Services Pvt. Ltd. (Basiz)

Basiz is a subsidiary of VITL in which we hold 86.92% of shares and was incorporated on 17th January 2006 and has its registered office in Chennai. Basiz is a sub fund accounting and administration KPO, that primarily focuses on servicing Hedge funds, Mutual funds, Private Equity, Family offices, Insurance portfolios and managed accounts. Basiz is primarily involved in back-office function that begins once trade is struck and ends when information is sent to investors/ broker dealers. This service covers uploads, trade validation, trade processing & valuations, maintenance, quarterly results, annual activities. Basiz has received a capital investment of Rs.856 lacs from NEA Indo-US Venture Capital LLC, a company registered in Mauritius towards investments in equity and cumulative convertible participative preference shares on 13/06/08.

The following is the description of various services provided by Basiz:

- Financial Statements Preparation:** An end to end service that relieves the stress of preparing financial statement be it US GAAP or IFRS. Basiz team handles right from the draft stage of Hedge Funds Accounts to final sign off by Fund's auditors.. Basiz uses proprietary SIPOC/PERT/ CRM technique unique to the fund Industry.
- GAAP Conversion for Investment Funds:** Many a time, qualified investors are required by their stake holders to present financial statements, in the GAAP of the domiciles/base. Basiz offers these funds, a service that helps in this transformation.
- NAV Support Services:** Fund accounting is specialized segment of accounting that combines the knowledge of securities, GAAP and skills of disciplined processes. Basiz offers NAV support



services to the industry that caters to the pains of capacity, exotic investment strategies, difficult to account securities and instruments that do not have automated solutions. Basiz does an end to end investment accounting from transaction processing to NAV declaration based on SIPOC methodology of Six Sigma and also uses unique & proprietary graphical checkpoints for processing and review by 2 level Independent reviewers. Basiz covers daily, weekly and monthly funds covering with Long/Short, Global Macro, Absolute return, OTC, derivatives, IRS, Equity basket swaps and CDS strategies. Basiz offers similar services for **PMS Accounts, NAV for Private Equity Funds.**

4. **Legacy Conversion:** Fund administrators are supported in new fund set up. Alternatively we support transfer/conversion of client information from the old administrator to new administrator. Basiz uses six sigma based mapping techniques SIPOC and PERT CPM. It migrates the information, while ensuring accuracy and integrity of tax lots. It back testing of NAV and reconciliation to NAV from the old system. Basiz also irons out any issues that existed in the previous data. This service includes a research and analysis service.
5. **K1 Services:** Basiz offers K1 services & 1065 services for fund administrator. This is primarily for US partnerships. A complete end to end or modular service that covers creation of tax trial balances along with reclassification entries from a book trial balance. Preparation of 1065 along with schedules and preparation of K1 from 1065.

Board of Directors

The following are the details of the Board of Directors of Basiz:

Name	Designation
Mr.A.V.Seshadrinathan	Managing Director
Mr. G S Chandrashekar	Director
Mr. Dilip C Parekh	Director
Mr. Suthesh K Nair	Director

Shareholding Pattern

The shareholding pattern of Basiz as on December 31, 2007 is as follows:

Sr. No.	Name of the Shareholder	Number of Equity Shares of Rs. 10/- each	% of the Equity Capital
1.	Promoter holding		
	Vishal Information Technologies Ltd	14,90,000	86.92
	Director's holding		
	A.V. Seshadrinathan	2,14,285	12.50
	Other's		
	Anthony Lopes	10,000	0.58
	Total	17,14,285	100.00

Financial Performance

Particulars	(Rs. In lacs)	
	2007-08	2006-07
Sales	279.38	83.96
Other Income	1.50	0.00
Total Income	280.88	83.96
Profit After Tax	115.39	-9.41
Equity Share Capital	171.43	171.43
Reserves & Surplus	105.98	0.00
EPS (Rs.)	6.73	NIL
Book Value Per Share (Rs.)	16.18	9.35



Government Approvals and licences:

- a. Registration under Service tax

Registration No.	Date of Issue
AACCB8229KST001	02/02/2007

- b. Income Tax Act, 1961

Particulars	Registration No.
PAN	AACCB8229K
TAN	CHEB05923B

- c. Certificate of Importer-Exporter Code (IEC)

License/ Registration No.	Date of Issue	Issuing Authority
0407012966	27/07/2007	S. Thangam, Foreign Trade Development Officer

Shareholders' Agreement

We have entered into the Shareholders Agreement by and between Vishal Information Technologies Limited and Founders of Vishal Information Technologies Limited and IDBI Capital Market Services Limited. The main extracts of the shareholders agreement are reproduced as below:

TRANSFER OF SHARES

Restrictions on Transfer

The Parties hereby agree that the Founders and their Affiliates shall not transfer any Shares held by them until the closing of an IPO, without the consent of the Investor. Any consent given by the Investor shall be deemed to be always subject to the condition that any transfer of Shares by Founders or their Affiliates shall be valid only if made in accordance with the provisions of this Section, where applicable.

Right of First Refusal

Subject to the provisions of Clause 4.1, if at any time, any Shareholder (other than the Investor) desires to sell or transfer any of the Shares or any part thereof or any interest therein ("Selling Shareholder"), except for offer for sale along with the IPO, to any Person ("Third Party Purchaser") it shall first offer such Shares ("Offered Shares") to the Investor and the other non selling Shareholders (not being Affiliates of the Selling Shareholder) in proportion to their shareholding calculated on a fully diluted basis ("Continuing Shareholders") by written notice ("Offer Notice"). The Offer Notice shall clearly state the price per Share offered ("Offer Price") and any other material terms and conditions of the offer.

The Continuing Shareholder(s) shall have 30 (thirty) days after receipt of the Offer Notice to accept the offer. If the Continuing Shareholder(s), either jointly or severally, accept/s the offer, they shall purchase the Offered Shares within 30 [thirty] days from the date of acceptance of the offer. If any one or more of the Continuing Shareholders have not accepted the offer to purchase all or part of the Offered Shares, the unsold portion of the Offered Shares shall be offered on the same terms as set out in the Offer Notice to the other Continuing Shareholder in proportion to their shareholding calculated on a fully diluted basis by written notice ("Second Offer Notice").



Call Option

If the Company does not achieve the Milestone Parameters, the Investor may elect to call upon the Founders, and the Founders shall be bound to, repurchase all of the Investor Shares owned by the Investor at such price that provides the Investor with a 20% IRR on the investment amount.

COVENANTS OF THE COMPANY AND THE FOUNDERS

Covenants with respect to use of proceeds

The Company and the Founders shall ensure that the amount received by the Company from the Investor towards the subscription of the Investor Shares are utilized in accordance with a business plan that has been approved by the Investor.

Covenant regarding achievement of Milestone Parameters-

The Investor has agreed to subscribe to the Investor Shares pursuant to the representation and warranties provided in this Agreement by the Company and the Founders including the achievement of certain milestone parameters which are as follows ("**Milestone Parameters**"), failing which, the Investor will be take any further action related to achieve the same.

- (a) Bringing an IPO on or before March 31, 2009.

Other Agreements

We have not entered into any other agreement/contract.

Financial Partners

There are no financial partnership agreements entered into by our Company.

Strategic Partners

There are no strategic partnership agreements entered into by our Company.



OUR MANAGEMENT

Board of directors and list a brief about their background

Under the Articles of Association our company is required to have at least 3 Directors and not more than 12 directors. As at the date of this Red Herring Prospectus, the Company has six Directors.

The following table sets out certain details of the Directors, as at the date of this Red Herring Prospectus:

Name, Father's name, Residential Address, Nationality, & Occupation	Educational Qualifications	Salary	Age (years)	Date of Appointment & Term of Appointment	Other Directorships
Mr. D.M.Shirodkar Chairman & Non-Executive Independent Director <i>s/o: Mr.Murari Kamanu Shirodkar</i> Address: 905, Woodlan Avenue, Gandhi Bhavan Road,Pune – 411 029 Nationality: Indian Occupation: Consultant DIN No: 00664555	M.Com, LLB, CAIIB and DCIF	NIL	72	10/01/2008 Period of appointment from 10/01/2008 to 09/01/2011	Tutis Technologies Ltd.
Mr. G.S. Vishwanathan Executive Non-Independent Director <i>s/o: Mr.G.S. Subramanium</i> Address: A-304, Tara, Shrushti Complex, Saki Vihar Road, Opp. L&T Gate No.7, Andheri (E), Powai, Mumbai – 400 072 Nationality: Indian Occupation: Business DIN No: 00030535	Bachelor of Science	Rs.1 lac per month	57	07/01/2000 Reappointed on 05/02/2006 Period of appointment from 05/02/2006 to 04/02/2011	NIL
Mr. Dilip C Parekh Executive Non-Independent Director <i>s/o: Mr.Chandulal Parekh</i> Address: 128, Cumballa Hill, 2 nd Floor, A.K. Marg, Mumbai – 400 036 Nationality: Indian Occupation: Business DIN No: 00029371	Bachelor of Science; LLB and DFM Qualification	Rs.1 lac per month	61	07/01/2000 Reappointed on 05/02/2006 Period of appointment from 05/02/2006 to 04/02/2011	<ul style="list-style-type: none"> • Tutis Technologies Ltd. • Basiz Fund Service Pvt. Ltd. • Stock Planet Pvt. Ltd. • Three Dimensional Metaphor Pvt. Ltd. • SPD Kelvat Infra Projects Pvt. Ltd.



Name, Father's name, Residential Address, Nationality, & Occupation	Educational Qualifications	Salary	Age (years)	Date of Appointment & Term of Appointment	Other Directorships
					<ul style="list-style-type: none"> Bollywood Media Net (India) Pvt. Ltd.
Mr. G.S. Chandrashekar Non-Executive Non-Independent Director <i>s/o: Mr.G.S. Subramaniam</i> Address: 6/67-68, Amar Kunj, Pestom Sagar Road No.2, Tilak Nagar P.O. Chembur, Mumbai - 400 089 Nationality: Indian Occupation: Business DIN No: 0029573	Chartered Accountant	NIL	55	01/02/2001	<ul style="list-style-type: none"> Tutis Technologies Ltd. Amex Exports Pvt. Ltd. Tutis E-Publishing Services Pvt. Ltd. Basiz Fund Service Pvt. Ltd.
Mr. Sunil Parekh Non-executive Non-Independent Director <i>s/o: Mr Jitendra Parekh.</i> Address: A 504 Panchsheel Heights, Mahavir Nagar, Kandivali (W), Mumbai - 400 067 Nationality: Indian Occupation: Business DIN No: 01657203	Computer Engineer	NIL	44	02/05/1994	<ul style="list-style-type: none"> Tutis Technologies Ltd.
Mr. Ghanshyam Joshi Non-executive Independent Director <i>s/o: Mr. Kamalashankar Prabhashankar Joshi</i> Address: Flat no. 102, Navkrishnakunj Co-Op Hsg. Soc. Ltd., Walkeshwar, Mumbai - 400007 Nationality: Indian Occupatio :Service DIN: 01032861	Bachelor of Science	NIL	64	15/01/2008 Period of appointment from 15/01/2008 to 14/01/2011	<ul style="list-style-type: none"> Tecil Hydropower Limited Universal Bearing Company Pvt. Ltd. Landmark Shelter Pvt. Ltd.

The brief details of the Board of Directors of the company are as follows:

Mr. D.M. Shirodkar, Chairman & Non-Executive Independent Director aged 72 years holds a masters degree in commerce and is a Rtd. Senior Management Executive from IDBI. He is an independent director on the Board of the promoter company M/s. Tutis Technologies Limited. He has vast experience in banking and industrial finance.



He was associated with World Bank, Washington for its first programme for development bankers on management of human resource. He has worked as a World Bank Advisor to Nigerian Bank for Commerce and industry, Lagos, Nigeria.

Mr. G.S. Viswanathan, Executive Non-Independent Director aged 57 years is a Science Graduate and has more than 20 years of experience in IT industry in India. He has worked as Regional Manager in Boehringer Knoll Ltd. for 14 years prior to switching to IT industry in 1984. He has experience in setting up and running Computer Education Schools in various centers in Mumbai.

Mr. Dilip C Parekh, Executive Non-Independent Director aged 61 years is a Science graduate with an additional LLB qualification and has more than 3 decades of business experience in various fields of business like trading and manufacturing of dyes & chemicals, textile stores, marketing of yarn, computer hardware, textiles, diamonds and financial services.

Mr. G.S. Chandrashekar, Non-Executive Non-Independent Director, aged 55 years is a Chartered Accountant by qualification. He has worked with Apte Group of companies for about 11 years as Vice President (Finance) and has worked on several turnkey projects as a financial consultant. He is Chairman & Managing Director of Tutis Technologies Ltd. (formerly known as: Amex Information Technologies Ltd.) the holding company of Vishal Information Technologies Ltd.

Mr. Sunil J Parekh, Non-executive Non-Independent Director aged 44 years is a computer Engineer, having 14 years of industry experience, having graduated as a gold medalist from Institute of Technology, Benares Hindu University, Varanasi. Thereafter, he completed his Post Graduation in Computer Engineering from Virginia Polytechnic Institute and State University, Virginia, USA. He is instrumental in VITL imparting the e-governance solutions to Government of Chennai and educational institutions in Chennai.

Mr. Ghanshyam Joshi, Non-executive Independent Director aged 64 years is a science graduate from Mumbai University and has 3 decades of experience in managing day to day operations of limited companies. He is an associate member on the Board of Somani High School, Mumbai. He has played an instrumental role in imparting computer education in schools over a decade.

Borrowing Powers of Directors

Subject to the provisions of Sections 58A, 292 and 293 of the Act and of the Articles, the Board may, from time to time at its discretion, by a resolution passed at a meeting of the Board accept deposits from members, either in advance of call or otherwise) and generally borrow or raise or secure the payment of any sum or sums of money so borrowed for the purposes of the Company, provided, however, that where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), exceed the aggregate of the paid up capital of the company and its free reserves, (not being reserves set apart for any specific purpose) the Board shall not borrow such moneys without the consent of the Company in General Meeting.

As per the resolution passed at the EGM held on December 31st, 2007, the Board has the authority to borrow at any time amount not exceeding Rs.100 crores.

Subject to the provisions of the Act, the payment or repayment of money borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit and in particular by the issue of debentures, debenture-stock of the Company, charges upon all or any part of the property of the Company (both present and future), including its uncalled capital for the time being and debentures, debenture- stock and other securities may be made assignable free from any equities between the company and the person to whom the same may be issued.



Relationship Among directors

Mr. G.S. Chandrashekar, Director of the Company and Mr. G.S.Vishwanathan, Whole Time Director of the Company are brothers.

Interest of promoters, Directors

All 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 a Committee thereof as well as to the extent of other remuneration, reimbursement of expenses payable to them under the Articles of Association of the Company. The whole time directors will be interested to the extent of remuneration paid to them for services rendered by them as officers or employees of the Company. All the directors of the company may also be deemed to be interested to the extent of equity shares, if any, already held by them or their relatives in the Company, or that may be subscribed for and allotted to them, out of the present Issue in terms of this Offer Document and also to the extent of any dividend payable to them and other distributions in respect of the said equity shares.

Except as mentioned in the Related Party Transactions as mentioned in section titled "Financial Statements" beginning on page 111.

Changes in the Board of Directors during the past three years

There have been no changes in the directorship of the company during the past three years except as under:

Name of the Director	Date of appointment	Date of resignation
Mr. D.M.Shirodkar	10 th January, 2008	--
Mr. Ghanshyam Joshi	15 th January, 2008	--
Mr. Aniket Jathar	--	5 th February, 2008

CORPORATE GOVERNANCE COMPLIANCE

The Company believes in adopting the best Corporate Governance practices, based on the under mentioned principles in order to maintain utmost level of transparency, accountability and ethics.

In compliance with Clause 49 of the Listing Agreement of the Stock Exchange(s) , the Company has formed Audit Committee, Remuneration Committee and Shareholders grievances/ Share Transfer Committee, the details of whereof are as under:

Audit Committee

The company has constituted an Audit Committee pursuant to provisions of the Companies Act, 1956. The Audit Committee was constituted by the Board of Directors at their meeting held on 14th September 2004. Subsequently, on 15th November 2007 the Audit Committee was given additional scope of reference as required in terms of Clause 49 of the Listing Agreement. The audit committee has been reconstituted on January 15th, 2008 on account of appointment of Independent Director on the Board of the Company. The Audit Committee of the Board consists of two Independent Directors and Non- Executive Non-Independent Director.

The Audit Committee has the following powers:

- 1) Overseeing the Company's financial reporting process and ensuring correct, adequate and credible disclosure of financial information.
- 2) Recommending appointment and removal of internal as also external auditors and fixing of their fees



- 3) Reviewing with management the annual financial statements before submission to the Board with special emphasis on accounting policies and practices, compliance with accounting standards and other legal requirements concerning financial statements.
- 4) Reviewing the adequacy of the Audit and Compliance function, including their policies, procedures, techniques and other regulatory requirements and
- 5) Any other term of reference assigned by the Board from time to time.

The details of the Audit Committee are:

Name of the Director	Designation	Status
Mr. D.M. Shirodkar	Chairman and Independent Director	Chairman
Mr. Ghanshyam Joshi	Independent Director	Member
Mr. G.S. Chandrashekar	Director	Member
Mr. Sunil S Soni	Company Secretary	Secretary

Remuneration Committee:

The Remuneration Committee of the Company was approved and constituted by a meeting of the Board of directors at their meeting held on 2nd January 2006. The Remuneration Committee was reconstituted on January 15th, 2008 on account of appointment of Independent Directors on the Board of the Company. The committee comprises of two independent directors as members and Non-Executive Non- Independent Director:

The remuneration committee consists of the following members:

Name of the Director	Designation	Status
Mr. D.M. Shirodkar	Chairman and Independent Director	Chairman
Mr. Ghanshyam Joshi	Independent Director	Member
Mr. Sunil J Parekh	Director	Member
Mr. Sunil S Soni	Company Secretary	Secretary

The terms of reference to the said committee are as follows:

- 1) To review market practices and to decide/ make recommendations to the Board on remuneration packages applicable to the Managing Director, the Executive Directors and the Senior Executives of the Company.

Shareholders Grievances/ Share Transfer Committee:

The Share Transfer & Investors Grievance Committee was constituted on 15th November 2007. The committee was reconstituted on January 15th, 2008 on account of appointment of Independent Directors on the Board of the Company. The Shareholders Grievances/ Share Transfer Committee of the Board comprises of two independent directors as members and Non-Executive Non- Independent Director:

The shareholders grievances/ share transfer committee consists of the following members:

Name of the Director	Designation	Status
Mr. D.M. Shirodkar	Chairman and Independent Director	Chairman
Mr. Ghanshyam Joshi	Independent Director	Member
Mr. G.S. Chandrashekar	Director	Member
Mr. Sunil S Soni	Company Secretary	Secretary



The terms of reference of the Committee:

- 1) The committee shall oversee share transfers and monitor redressal of shareholders, depositors and investors' complaints.
- 2) The committee shall also review the processes and service standards adopted by the in-house share department/ Registrar and, share transfer agent, the complaints received by the company.

Qualification Shares required to be held by our Directors

Our directors are not required to hold any qualification shares.

Remuneration to the Directors of the company

The Directors, who are non-executive directors, are entitled only for the sitting fees for the Board / Committee meeting attended by them,

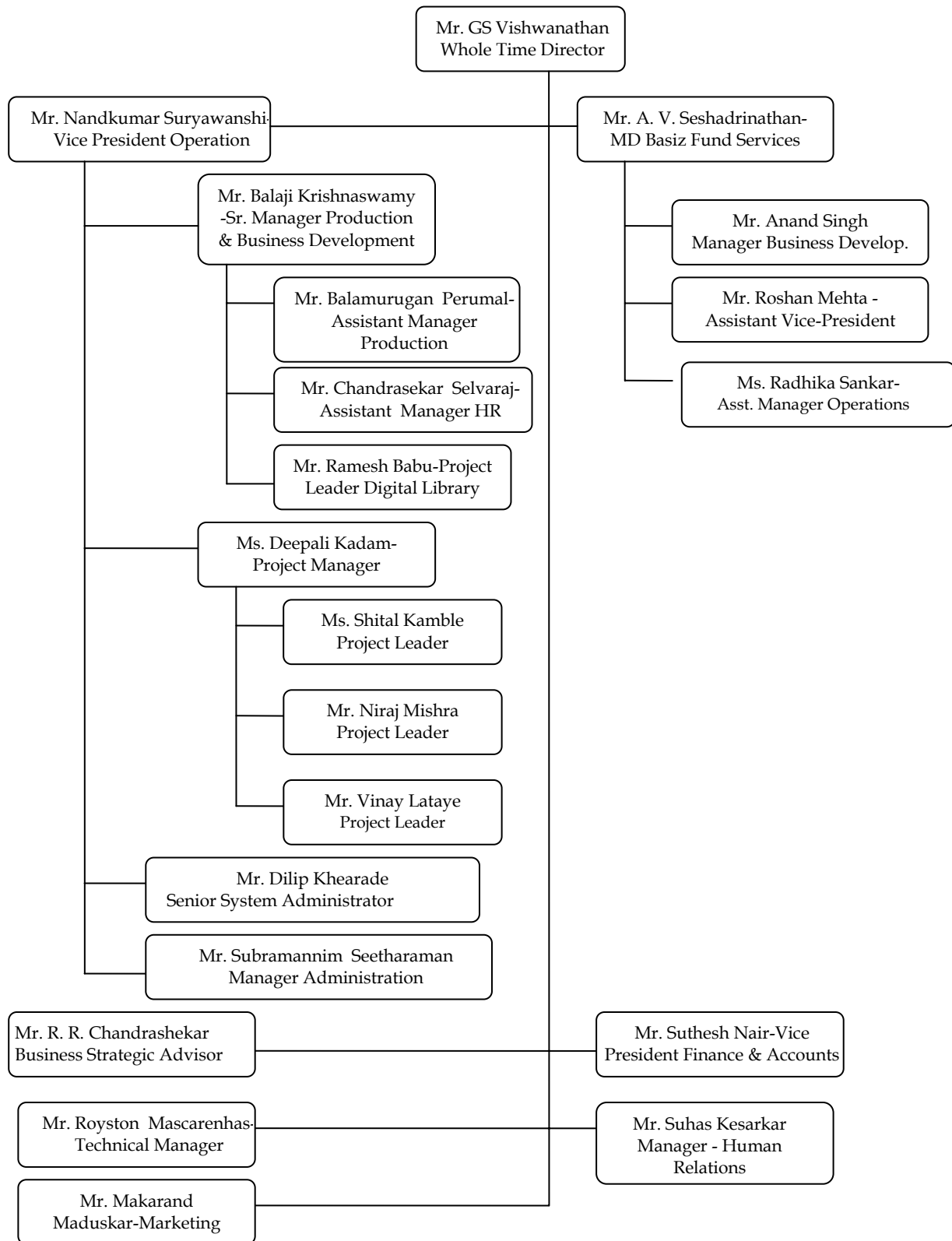
Shareholding of the Directors in the Company

Our Directors do not hold any shares in the company.



Management Organization Structure

Our management organization structure is set forth below:





Manpower:

Breakup of the present manpower in the Company

Location	No. of professionals	No. of administrative staff	Total
Chennai	160	10	170
Mumbai	35	5	40
Total	195	15	210

We have 85 employees on the payrolls of the company and 125 employees are on contract/ temporary basis.

The company proposes to add the following staff after expansion and shall take the necessary steps for recruitment of additional manpower shortly:

Location	No. of professionals	No. of administrative staff	Total
Chennai	150	10	160
Mumbai	30	5	35
Total	180	15	195

Recruitment Strategy

We hire people with engineering, management, financial services or outsourcing services background. We also recruit from a variety of educational institutions. Our selection process involves a series of activities including interviews, and skill tests.

Retention

We appraise our employees on both quantitative and qualitative terms, and conduct employee reviews, where such reviews include a 360 degree feedback. We gauge employee satisfaction through annual surveys and fine tune our human resources policies to address concerns. We also attempt to increase job satisfaction through promotions and increments.

Our Key Managerial Personnel

In addition to our whole-time Director, the details of our key managerial employees, as of the date of this Red Herring Prospectus, are as follows:

Name	Age (Yrs)	Designation	Qualification	Date of Joining	Salary (Rs. P.a.)	Total Experience (in years)	Previous Employer
Mr. Nandkumar Suryawanshi	38	Vice President - Operations	B.A. (Economics)	15/05/2000	Rs.9,60,000	15	Sansui Software Pvt. Ltd.
Mr. Suthesh Kunjuny Nair	37	Vice President - Finance & Accounts	B.Com, ACA	16/02/1998	Rs.7,20,000	17	R. Devarajan & Co. Chartered Accountants, Mumbai
Ms. Deepali Kadam	29	Project Manager	B.Com	17/05/2000	Rs.4,20,000	8	Sansui Software Pvt. Ltd.
Mr. Balaji Krishnasamy	40	Sr. Production Manager	M.A (English & comparative Literature)	06/06/2007	Rs.7,50,000	15	Spi BPO
Mr. Balmurugan Perumal	32	Asst. Production Manager	B.E. Mining Engineering	01/06/2005	Rs. 2,46,000	5	Newgen Imaging Systems Pvt. Ltd.



Name	Age (Yrs)	Designation	Qualification	Date of Joining	Salary (Rs. P.a.)	Total Experience (in years)	Previous Employer
Mr. Selvaraj Chandrashekar	39	Asst. HR Manager	M.Sc., PGDBM	21/08/2006	Rs.4,20,000	14	Exceed Technologies Pvt. Ltd.
Mr. Seetharaman Subramani	37	Manager-Admin	M.A. Public Administration	01/05/2006	Rs.2,40,000	16	Gardener & White Furniture
Mr. Duraivel Ramaraj	32	Asst. Project Manager	M.A. M.Sc.	16/03/2006	Rs.1,20,000	5	Anam InfoTech Pvt. Ltd.
Mr. Vinayagam Kumaravel	29	Asst. Project Manager	BCA	11/10/2006	Rs,2,24,000	7	SPI Publisher Services
Mr. Palchamy Ramesh Babu	33	Asst. Project Manager	M.Lisc, M.Sc.	23/06/2006	Rs.1,60,000	7	Vels Srinivasa College of Engg. & Technology

The above persons are on the rolls of the company as permanent employees

Relationship with Directors/ Promoters of the company

None of the key managerial personnel are related to the promoters, directors of VITL and other key managerial personnel.

Changes in the key managerial personnel of the company during last three years

The following professionals had joined our company during the last three years as a part of expansion of the business activities. The following key managerial personnel are still the employees of the company.

Name	Age (Years)	Designation	Qualification	Date of Joining
Mr. Balmurugan Perumal	32	Asst. Production Manager	B.E. Mining Engineering	01/06/2005
Mr. Selvaraj Chandrashekar	39	Asst. Manager HR	M.Sc., PGDBM	21/08/2006
Mr. Seetharaman Subramani	37	Manager- Administration	M.A. Public Administration	01/05/2006
Mr. Duraivel Ramaraj	32	Asst. Project Manager	M.A. M.Sc.	16/03/2006
Mr. Palchamy Ramesh Babu	33	Asst. Project Manager	M.Lisc, M.Sc.	23/06/2006
Mr. Vinayagam Kumaravel	29	Asst. Project Manager	BCA	11/10/2006
Mr. Balaji Krishnasamy	40	Sr. Production Manager	M.A (English & Comparative Literature)	06/06/2007

Employee Stock Option Plans

For details on Employees Stock Option Scheme please refer to page. 26 of this Red Herring Prospectus

Shareholding of the Key Managerial Personnel

None of our key managerial personnel hold our Equity Shares, except as mentioned below:

Sr. No.	Name	No. of Equity Shares of Rs. 10/-
1.	Mr. Suthesh K. Nair	1,050



Bonus or Profit Sharing Plan for our Key Managerial Personnel

Company as good will gesture provides various incentives, bonus, Ex-gratia to its key Managerial Personnel. There are ESOP schemes for our key managerial personnel. The details of the ESOPs mentioned on page no. 26

Loans to Key Managerial Personnel

There are no loans outstanding against our key managerial personnel.

Interest of Key Managerial Personnel

Except as disclosed below none of our key managerial personnel have any interest in our Company except to the extent of remuneration and reimbursement of expenses.

Set forth below are our key managerial personnel who are directors in our Promoter Group companies.

Sr. No.	Name	Name of the group company
1.	Mr. Suthesh K. Nair	Basiz Fund Service Pvt Ltd

Changes in the Key Managerial Personnel in the last one year

The changes in our key managerial personnel during the last one year are as follows:

Mr. Balaji Krishnasamy one of our Key Managerial Personnel has joined our company on June 6th, 2007 as a Senior Manager - Production. There were no more changes in the key managerial persons in the company except as stated above in the last one year.

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

No benefit or payments have been made to any officer of our company. The company does not intend to give any benefit or any payment to any of our employees in future except incentives and ESOPs as explained above. As far as payment of directors is concerned no benefits have been allowed except as per the terms of the contract for the services.



OUR PROMOTERS AND PROMOTER GROUP

Promoters

Our company has been promoted by M/s. Tutis Technologies Ltd. The details of our promoting company are as follows:

Identification Particulars	Details
Permanent Account Number	AAACA7948L
CIN No.	L30007MH1991PLC063382
Bank Account Number	0082002100063176
<p>Tutis Technologies Limited, the company, bearing Registration Number 63382, was registered with Registrar of Companies, Maharashtra, Mumbai, as "Amex Information Technologies Limited". The name of our Company was subsequently changed to "Tutis Technologies Ltd." w.e.f 12th October, 2006. The Registered Office is located at Solaris 1, C-409, Opp. L & T Gate No 6, Saki Vihar Road, Powai, Andheri (E), Mumbai - 400072. The Company is promoted by Mr. G.S. Chandrashekar & Mr. Aniket Jathar.</p>	

Tutis Technologies Ltd. holds 45,79,062 equity shares of Vishal Information Technologies Ltd. i.e., 51.51% as on March 7, 2008. Vishal is the subsidiary of Tutis Technologies Ltd. (formerly: Amex Information Technologies Ltd.)


Board of Directors

Sr. No.	Name	Designation	DIN Nos.
1.	Mr. G.S. Chandrashekar	Chairman and Managing Director	00029573
2.	Mr. Aniket Jathar	Whole Time Director	00029491
3.	Mr. Dilip Parekh	Independent Director	00029371
4.	Mr. Sunil Parekh	Independent Director	01657203
5.	Mrs. Amita S Desai	Independent Director	0006933
6.	Dr. Uday Pai	Independent Director	01412034 (provisional)
7.	Mr. D.M. Shirodkar	Independent Director	00664555


There is no change in management of the company. Tutis Technologies Ltd. holds 45,79,062 equity shares of Vishal Information Technologies Ltd. i.e., 51.51% as on March 7, 2008

We confirm that the Permanent Account Number, Bank Account Number, the Company registration numbers and the Registrar of Companies where the company is registered has been submitted to the Stock Exchanges at the time of filing of the Offer Document.

Further, the details of the promoters of Tutis are as follows:

	<p>Mr. G.S. Chandrashekar, aged 55 years is a Chartered Accountant by qualification. He has worked with Apte Group of companies for about 11 years as Vice President (Finance) and has worked on several turnkey projects as a financial consultant. He is Chairman & Managing Director of Tutis Technologies Ltd. (formerly known as: Amex Information Technologies Ltd.) the holding company of Vishal Information Technologies Ltd.</p> <p>Driving license no. : 83CO18294 PAN No: ACCPG6727C</p>
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	<p>Mr. Aniket Jathar, aged 44 years, holds a post graduate diploma in Software Technology and Computing Techniques (PGDST) from NCSDCT and has an experience of 15 years in the Software Development business. He has contributed his best to the growth and development in software department of Tutis. His responsibilities include formulation of software, providing solutions and services to the clients, research and development in software and providing trainings to the employees in the software department of Tutis.</p> <p>Driving license no. : MH04/95/19231 PAN No: AAEPJ5340C</p>
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Shareholding Pattern as on 06/06/2008 of Tutis Technologies Ltd.

Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in demat form	Total shareholding as a percentage of total number of shares	
					As a % of (A+B)	As a % of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group					
1	Indian					
(a)	Individuals/ Hindu Undivided Family	11	2054638	2019088	12.27	12.27
(b)	Central Government/ State Government(s)	0	0	0	0.00	0.00
(c)	Bodies Corporate	2	141590	140090	0.85	0.85
(d)	Financial Institutions/ Banks	0	0	0	0.00	0.00
(e)	Any Others(Specify)	0	0	0	0.00	0.00
	Sub Total(A)(1)	13	2196228	2159178	13.11	13.11
2	Foreign					
A	Individuals (Non-Residents Individuals/ Foreign Individuals)	0	0	0	0.00	0.00
B	Bodies Corporate	0	0	0	0.00	0.00
C	Institutions	0	0	0	0.00	0.00
D	Any Others(Specify)	0	0	0	0.00	0.00
d-i	Mutual funds				0.00	0.00
	Sub Total(A)(2)	0	0	0	0.00	0.00
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	13	2196228	2159178	13.11	13.11
(B)	Public shareholding					
1	Institutions					
(a)	Mutual Funds/ UTI	0	0	0	0.00	0.00
(b)	Financial Institutions / Banks	0	0	0	0.00	0.00
(c)	Central Government/ State Government(s)	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0.00	0.00
(f)	Foreign Institutional Investors	0	0	0	0.00	0.00



Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in demat form	Total shareholding as a percentage of total number of shares	
					As a % of (A+B)	As a % of (A+B+C)
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00
(h)	Any Other (specify)	0	0	0	0.00	0.00
(i)	Trusts					
	Sub-Total (B)(1)	0	0	0	0.00	0.00
B 2	Non-institutions					
(a)	Bodies Corporate	338	3089810	3083660	18.45	18.45
(b)	Individuals					
I	Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh	10299	6492325	6361415	38.77	38.77
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	91	2760295	2760295	16.48	16.48
(c)	Any Other (Trust)	2	7500	7500	0.04	0.04
(c-i)	Clearing Members				0.00	0.00
(c-ii)	Market Maker	18	38835	38835	0.23	
(c-iii)	Foreign Nationals					
(c-iv)	Non Resident Indians (Repat)	65	1450326	1450126	8.66	8.66
(c-v)	Non Resident Indians (Non Repat)	5	10501	10501	0.06	0.06
(c-vi)	Foreign Companies					
(c-vii)	Overseas Bodies Corporates					
(c-viii)	Independent Directors	10	701155	700930	4.19	4.19
	Sub-Total (B)(2)	10828	14550747	14413262	86.89	86.65
(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)	10828	14550747	14413262	86.89	86.65
	TOTAL (A)+(B)	10841	16746975	16572440	100.0	99.8
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0.00	0.00
	GRAND TOTAL (A)+(B)+(C)	10841	16746975	16572440	100.00	99.77



Market data

Tutis Technologies Limited is listed on the Bombay Stock Exchange Limited (BSE). Quotations for last six months at BSE are as follows:

High price in the last 6 months	BSE: Rs. 36.05
Low price in the last 6 months	BSE: Rs. 09.05

Month	BSE	
	High (Rs)	Low (Rs)
December 2007	34.90	16.10
January 2008	36.05	16.05
February 2008	20.00	14.25
March 2008	16.00	09.45
April 2008	16.70	10.80
May 2008	18.90	15.25

Financial Performance

Particulars	(Rs. in Lacs)		
	March 31, 2006	March 31, 2007	March 31, 2008
Total Income	1760.78	2221.46	1887.09
PBT	188.93	176.08	183.07
PAT/ (Loss)	147.40	129.77	127.72
Share Capital	1674.69	1674.69	1674.69
Reserves & Surplus	2250.80	2380.57	2508.29
Net Current Assets	2016.30	2387.99	2256.54

Other Details

Public Issue or rights issue in the preceding 3 years	No
whether the company has become a sick company within the meaning of sick industrial companies (Special Provisions Act, 1985 or is under winding up	No

Government approvals and licenses:

- a. Employees Provident Fund & Miscellaneous Provisions Act, 1952

Code No.	Date of Issue	Rate of Contribution
MH/ 44437	01/07/1999	12%

- b. Registration under Service Tax

Registration No.	Date of Issue
S.T/M-II/OID/Regn/135/03	26/05/2003

- c. Registration under Sales Tax

Particulars	Registration No.
M. VAT	27250011402V
C.S.T	27250011402C
TIN	27250011402V



d. Value Added Tax

Registration No.	Date of Issue
TIN - 27250011402V	01/04/2006

e. Income Tax Act, 1961

Particulars	Registration No.
PAN	AAACA7948L
TAN	MUMA25747B

f. Certificate of Importer-Exporter Code (IEC)

License/ Registration No.	Date of Issue	Issuing Authority
039626681	21/08/1996	Bina Chedha, Hindi Officer, Foreign Trade Development Officer

Common Pursuits

Our promoters and directors do not have an interest in any venture that is involved in any activities similar to those conducted by the company or any member of the promoter group. We shall adopt the necessary procedures and practices as permitted by law to address any conflict situations, as and when they may arise. For further details on the related party transactions, to the extent of which our company is involved, please refer to page no. 111 "Related Party Transactions".

Interest in promotion of Our Company

Our promoter and directors have no interest in the promotion of our company except to the extent of remuneration drawn by the directors.

Interest in the property of Our Company

Our Promoter do not have any interest in any property acquired by our Company within two years preceding the date of this Red Herring Prospectus or proposed to be acquired by our Company.

Relationship of Promoters with each other and with the Directors

There is no relationship between our promoting company and the directors of our company, except to the extent that Mr. G. S. Chandrashekar, Mr. Dilip Parekh and Mr. Sunil Parekh directors in the promoting companies are also directors in our company and Mr. G.S. Chandrashekar and Mr. G.S. Vishwanathan directors in our company are brothers.

Payment of benefits to our Promoters during the last two years

There are no payments of benefits to our promoters during the last two years.

Related Party Transactions

For details of the related party transactions, see the "Related Party transactions" forming part of section titled "Financial Statements" on page no. 111 of this RHP.

Financial & Other Information of Companies Promoted by Promoters and Group Companies

The Companies that are part of our Group Companies are as follows:

Sr. No.	Name of the Group Companies
1.	Amex Exports Private Limited
2.	Tutis E-Publishing Private Limited



The details of our Group Companies are as below:

a. Amex Exports Private Limited.

Amex Exports Private Limited (AEPL) is a group company under the same management. AEPL has its registered office at Solaris 1, C- 409, Opp. L & T Gate no 6, Saki Vihar Road, Powai, Andheri (E), Mumbai - 400072. The company was incorporated as a private limited company under the Companies Act, 1956 on July 3, 1996 and the registration number of the company is 100748 and CIN No is U51900MH1996PTC100748.

The objective of the company is investment in shares of other listed companies. Presently AEPL holds 1,40,090 shares of Rs.10/- each in TTL.

Board of Directors

The Board of Directors of AEPL currently comprises of the following:

Sr. No.	Name
1.	Mr. G.S. Chandrasekhar
2.	Mr. Aniket Jathar

Shareholding Pattern

The shareholding pattern of AEPL as on December 31, 2007 is as follows:

Sr. No.	Name of Shareholder	Number of Equity Shares	% of Equity Capital
1	Mr. G.S. Chandrasekhar	30,400	60.80
2	Mr. Aniket Jathar	19,600	39.20
	Total	50,000	100.00

Financial Performance

(Rs. in Lacs)

Particulars	Financial Year Ended 31 st March		
	2005-06	2006-07	2007-08
Sales	2.75	0.00	0.00
Other Income	0.00	0.00	0.00
Processing Fees	0.00	0.00	0.00
Total Income	2.75	0.00	0.00
Profit After Tax	2.70	-0.19	-0.17
Equity Share Capital	50.00	50.00	50.00
Reserves & Surplus	0.00	1.96	1.79
EPS (Rs.)	5.39	-0.37	-0.17
Book Value Per Share (Rs.)	8.86	13.92	10.36

Government Approvals and licenses:

Income Tax Act, 1961

Particulars	Registration No.
PAN	AACCA9791M



b. Tutis E-Publishing Services Pvt. Ltd (TEPL)

Tutis E-Publishing Services Pvt. Ltd. was incorporated in April 26th, 2007 with an objective of printing data and document in various forms either electronically or mechanically and publishing data and documents, data digitization, indexing and converting data into various formats.

TEPL has not commenced any business as on date.

Board of Directors

The Board of Directors of Tutis E-publishing Services Pvt. Ltd. currently comprises of the following persons:

Sr. No.	Name
1.	Mr. G.S.Chandrashekar
2.	Mr. Aniket Jathar

Shareholding Pattern

The shareholding pattern of Tutis E-publishing Services Pvt. Ltd. as on September 30, 2007 is as follows:

Sr. No.	Name of Shareholder	Number of Equity Shares	% of Equity Capital
	Director's holding		
1.	Mr. G.S.Chandrashekar	5,000	50%
2.	Mr. Aniket Jathar	5,000	50%
	Total	10,000	100%

Financial Performance

The financials of the company are not available as the company has not commenced any operations and was incorporated in the year 2006-07

Particulars	2007-08
Sales	0.00
Other Income	0.00
Total Income	0.00
Profit After Tax	-0.02
Equity Share Capital	10.00
Reserves & Surplus	0.00
EPS (Rs.)	-0.21
Book Value Per Share (Rs.)	10



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.

We have not declared any dividends since incorporation.



FINANCIAL STATEMENTS

AUDITORS' REPORT

To,
The Board of Directors,
Vishal Information Technologies Ltd.,
26, Ramasamy Street,
T Nagar, Chennai 600017.

Dear Sirs,

We have examined the Restated Financial Information of VISHAL INFORMATION TECHNOLOGIES LTD. (the Company) annexed to this report for the purpose of inclusion in the Red Herring Prospectus ('the RHP').. The said Restated 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 ("SEBI")-Disclosure AND investor Protection Guidelines,2000 ('the Guidelines'), as amended vide notification No.SEBI/CFD/DIL/DIP/14/2005/25/1 dated January 25,2005 issued by the Securities and Exchange Board of India in pursuance of Section 11 of the Securities and Exchange Board of India Act,1992 and related clarification and in accordance with the terms of reference received from the Company requesting us to carry out work in connection with the offer document being issued by the Company in connection with its Proposed Initial Public Offer ('IPO') of the equity shares. The Restated Financial Information has been prepared by the Company and approved by the Board of Directors.

A. Financial Information as per Audited Financial Statement:

We have examined the attached " Restated Summary Statement of Assets and Liabilities' of the Company as at 31st March 2008, 31st March, 2007, 31st March, 2006, 31st March, 2005, 31st March, 2004 and 31st March, 2003 (**Annexure 1 and 4**) and the attached 'Restated Statement of Profit and Loss (**Annexure 2 and 5**) and the attached 'Restated Statement of Cash Flows' (**Annexure 3 and 6**) for each of the years ended on 31st March 2008, 2007,2006,2005,2004 and 2003 together referred to as 'Restated Summary Statement'. These Summary Statements have been extracted from the annual financial statements of the year ended on 31st March, 2008,2007,2006,2005,2004 and 2003 audited by us and other auditors of the Company for those years, and have been adopted by the Board of Directors/Members for those respective years have been adopted by the Board of Directors and examined by us based on our examination of these summary statements, we state that:

- i) The 'Restated Summary Statements' have to be read in conjunction with the Significant Accounting Policies given in **Annexure 7** and 8 and with the Notes to Accounts and Qualifications to Accounts given in **Annexure 20** to this report
- ii) The 'Restated Summary Statements' of the Company have been restated with retrospective effect to reflect the significant accounting policies being adopted by the Company as on 31st March 2008.
- iii) The restated profits have been arrived at after charging all expenses including depreciation and after making such adjustment and regroupings as in our opinion are appropriate in the year/period to which they are related.

B. Other Financial Information:

We have examined the following information in respect of the years ended on 31st March 2008, 2007,2006,2005,2004 and 2003 of the Company, proposed to be included in the DRHP/RHP, as approved by the Board of Directors and annexed to this report:

- i) Restated Schedule of Investments -Vishal Information Technologies Ltd. **Annexure-9**
- ii) Restated Schedule of Rates of Dividend- Vishal Information Technologies Ltd. **Annexure-10**
- iii) Accounting Ratios-Vishal Information Technologies Ltd.- **Annexure-11**



- iv) Capitalization Statement-Vishal Information Technologies Ltd.- **Annexure-12**
- v) Statement of Taxation-Vishal Information Technologies Ltd.- **Annexure-13**
- vi) Restated Schedule of other Income-Vishal Information Technologies Ltd.- **Annexure-14**
- vii) Schedule of Loans-Vishal Information Technologies Ltd.- **Annexure-15**
- viii) Unsecured Loans-Vishal Information Technologies Ltd.- **Annexure-16**
- ix) Schedule of Sundry Debtors-Vishal Information Technologies Ltd.- **Annexure-17**
- x) Contingent Liabilities-Vishal Information Technologies Ltd.- **Annexure-18**
- xi) Schedule of Sundry Creditors-Vishal Information Technologies Ltd.- **Annexure-19**
- xii) Statement of Changes in the Significant Accounting Policies -Vishal Information Technologies Ltd.-**Annexure-20**
- xiii) Statement of Related Party Transactions-Vishal Information Technologies Ltd.-**Annexure-21**

In our opinion, the 'Financial Information as per Audited Financial Statements' and 'Other Financial Information' mentioned above for the year ended 31st March, 2008, 2007, 2006, 2005, 2004 and 2003 have been prepared in accordance with Part II of schedule II of the Act and the Guidelines.

This report should not in any way be construed as a re-issuance or re-drafting of any of the previous audit report given by us or by other firms of Chartered Accountants nor should this be construed as a new opinion on any of the financial statements referred to herein.

This report is intended solely for your information and for inclusion in the Red Herring Prospectus in connection with the proposed IPO of the Company and not to be used, referred to or distributed for any other purpose without our prior written consent.

For K.P. Joshi & Co
Chartered Accountants
Sd/-
K.P. Joshi
Proprietor

Place: Mumbai
Date: 10th June, 2008.



Annexure "1"

RESTATED STATEMENT OF ASSETS AND LIABILITIES-VISHAL INFORMATION TECHNOLOGIES LTD.

(Rs. in lacs)

PARTICULARS	As on	For the Financial Year Ended			
	31/03/2008	31/03/2007	31/03/2006	31/03/2005	31/03/2004
Fixed Assets					
Gross Block	547.43	516.26	497.95	490.37	490.37
Less: Depreciation	400.56	370.64	305.66	235.72	174.28
Net Block	146.87	145.62	192.29	254.65	316.09
Total-A	146.87	145.62	192.29	254.65	316.09
Investments-B	447.00	447.00	447.00	0.00	0.00
Current Assets, Loans & Advances					
Inventory	805.63	408.20	423.14	386.49	155.40
Sundry Debtors	2840.98	2434.43	1431.49	1235.29	547.09
Cash & Bank Balance	481.73	137.56	46.71	49.94	45.58
Loans & Advances	637.47	301.74	254.51	108.33	166.15
Total-C	4765.81	3281.93	2155.85	1780.05	914.22
Total Assets (A+B+C)=D	5359.68	3874.55	2795.14	2034.70	1230.31
Liabilities and Provisions					
Secured Loan	44.94	5.67	50.59	99.61	108.71
Unsecured Loan	0.00	0.00	0.00	23.00	41.96
Deferred Tax Liabilities	10.06	8.72	8.72	8.72	8.72
Current Liabilities	30.71	99.99	26.67	27.65	24.52
Provisions	27.37	24.93	23.80	23.81	23.80
Total-E	113.08	139.31	109.78	182.79	207.71
Net Worth (D-E)	5246.60	3735.24	2685.36	1851.91	1022.60
Net Worth Represented by					
Share Capital	889.00	858.00	858.00	858.00	500.00
Reserves & Surplus	4450.35	2988.54	1957.21	1142.31	689.55
Total	5339.35	3846.54	2815.21	2000.31	1189.55
Less: Miscellaneous Expenditure (Not adjusted)	92.75	111.30	129.85	148.40	166.95
Net Worth	5246.60	3735.24	2685.36	1851.91	1022.60



Annexure "2"

RESTATED STATEMENT OF PROFIT AND LOSSES-VISHAL INFORMATION TECHNOLOGIES LTD.

(Rs. in lacs)

PARTICULARS	As on	For the Financial Year Ended			
	31/03/2008	31/03/2007	31/03/2006	31/03/2005	31/03/2004
SALES & OTHER INCOME					
Sales	3807.84	3060.10	2564.28	2082.33	1388.22
Other Income	0.00	0.00	0.00	0.00	1.06
Total	3807.84	3060.10	2564.28	2082.33	1389.28
EXPENDITURE					
Operating Expenses	2182.37	1735.21	1535.64	1290.52	769.29
Administrative & Other Expenses	304.18	223.25	134.27	77.84	115.03
Total	2486.55	1958.46	1669.91	1368.36	884.32
Earnings Before Interest and Tax	1321.29	1101.64	894.37	713.97	504.96
Interest	6.86	4.91	9.65	14.89	13.48
Depreciation	39.84	64.98	62.85	61.43	52.06
Net Profit before tax and extra ordinary items	1274.59	1031.75	821.87	637.65	439.42
Less :Provision for taxes					
-Current Taxes	151.21	0.00	0.00	0.00	15.39
-Deferred Taxes Adjustments	1.35	0.00	0.00	0.00	3.12
-Fringe Benefit Taxes	1.23	1.12	0.00	0.00	0.00
Net Profit before extra ordinary items	1120.80	1030.62	821.87	637.65	420.91
Net Profit after extra ordinary items	1120.80	1030.62	821.87	637.65	420.91
Adjustment on account of prior period expenses	0.00	0.00	7.09	0.00	0.00
Adjustment Profit	1120.80	1030.62	814.78	637.65	420.91



Annexure "3"

RESTATED STATEMENT OF CASH FLOW -VISHAL INFORMATION TECHNOLOGIES LTD.

(Rs. in lacs)

PARTICULARS	As on 31/03/2008	For the Financial Year Ended			
		31/03/2007	31/03/2006	31/03/2005	31/03/2004
Cash Flow From Operating Activities					
Net Profit Before Tax & Extraordinary items	1274.59	1031.74	821.87	637.65	439.42
Adjustments For :					
Depreciation	39.84	64.98	62.85	61.43	52.06
Miscellaneous Expenditure Written off	18.55	18.55	18.55	18.55	18.55
Provision for Gratuity	2.74	0.24	0.71	0.13	0.34
Interest Paid	6.86	4.91	9.65	14.89	13.47
Operating Profit Before Working Capital Changes:	1342.59	1120.42	913.63	732.65	523.84
Adjustments for:					
(Increase)/Decrease in Sundry Debtors	(406.56)	(1002.94)	(196.20)	(688.20)	(113.19)
(Increase)/Decrease in Loans and Advances	(335.73)	(47.23)	(146.18)	57.82	(56.63)
(Increase)/Decrease in Inventories	(397.43)	14.94	(36.65)	(231.09)	(69.97)
Increase/(Decrease) in Current Liabilities	(87.71)	70.00	(11.23)	(196.76)	(200.97)
Cash generated from/(used in) operations	115.15	155.20	523.37	(325.58)	83.08
Tax Paid	152.44	1.12	0.00	0.00	18.51
Net cash from/(used in) operating	(37.28)	154.08	523.37	(325.58)	64.57
Cash Flow from Investing Activities					
Purchase of Fixed Assets	(31.16)	(18.31)	(7.58)	0.00	(100.22)
Purchase of Investments	0.00	0.00	(447.00)	0.00	0.00
Interest Received	0.00	0.00	0.00	0.00	0.00
Net Cash used in investing activities	(31.16)	(18.31)	(454.58)	(0.00)	(100.22)
Cash Flow from Financing Activities					
Proceeds from issue of Capital	372.00	0.00	0.00	358.00	100.00
Working Capital Loan	39.27	(44.92)	(49.02)	(9.10)	107.79
Deferred tax liability	1.34	0.00	0.00	0.00	3.13
Unsecured Loans	0.00	0.00	(23.00)	(18.96)	(155.99)
Net Cash Used in Financing Activities	412.61	(44.92)	(72.02)	329.94	54.93
Net Increase/Decrease in Cash & Cash Equivalents	344.17	90.85	(3.23)	4.36	19.28
Opening Balance of Cash & Cash Equivalents	137.56	46.71	49.94	45.58	26.30
Closing Balance of Cash & Cash Equivalents	481.73	137.56	46.71	49.94	45.58



1. The Cash flow Statement has been prepared under indirect method as set out in Accounting Statndard-3 on Cash Flow Statement issue by the Institute of Chartered Accounts of India.
2. Negative figures have been shown in brackets



Annexure "4"

**CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES-RESTATED -VISHAL
INFORMATION TECHNOLOGIES LTD.**

(Rs. in lacs)

PARTICULARS	As on	For the Financial Year Ended			
	31/03/2008	31/03/2007	31/03/2006	31/03/2005	31/03/2004
Fixed Assets					
Gross Block	1028.24	988.85	497.95	490.37	490.37
Less: Depreciation	443.73	381.57	305.66	235.72	174.28
Net Block	584.51	607.28	192.29	254.65	316.09
Total-A	584.51	607.28	192.29	254.65	316.09
Investments-B	25.00	0.00	447.00	0.00	0.00
Current Assets, Loans & Advances					
Inventory	805.63	408.20	423.14	386.49	155.40
Sundry Debtors	2958.57	2459.76	1431.49	1235.29	547.09
Cash & Bank Balance	486.93	150.25	46.71	49.94	45.58
Loans & Advances	659.68	302.51	254.51	108.33	166.15
Total-C	4910.81	3320.72	2155.85	1780.05	914.22
Total Assets (A+B+C)=D	5520.32	3928.00	2795.14	2034.70	1230.31
Liabilities and Provisions					
Secured Loan	48.65	5.67	50.59	99.61	108.71
Unsecured Loan	0.00	7.59	0.00	23.00	41.96
Deferred Tax Liabilities	23.04	19.78	8.72	8.72	8.72
Current Liabilities	43.03	122.81	26.67	27.65	24.52
Provisions	31.87	25.59	23.80	23.81	23.80
Total-E	146.59	181.44	109.78	182.79	207.71
Net Worth (D-E)	5373.73	3746.56	2685.36	1851.91	1022.60
Net Worth Represented by					
Share Capital	911.43	880.43	858.00	858.00	500.00
Reserves & Surplus	4556.33	2979.13	1957.21	1142.31	689.55
Total	5467.76	3859.56	2815.21	2000.31	1189.55
Less: Miscellaneous Expenditure (Not adjusted)	94.03	113.00	129.85	148.40	166.95
Net Worth	5373.73	3746.56	2685.36	1851.91	1022.60



Annexure "5"

**CONSOLIDATED STATEMENT OF PROFIT AND LOSSES-RESTATED- VISHAL
INFORMATION TECHNOLOGIES LTD.**

(Rs. in lacs)

PARTICULARS	As on	For the Financial Year Ended			
	31/03/2008	31/03/2007	31/03/2006	31/03/2005	31/03/2004
SALES & OTHER INCOME					
Sales	4087.22	3144.07	2564.28	2082.33	1388.22
Other Income	1.50	0.00	0.00	0.00	1.06
Total	4088.72	3144.07	2564.28	2082.33	1389.28
EXPENDITURE					
Operating Expenses	2182.38	1735.22	1535.64	1290.52	769.29
Administrative & Other Expenses	418.11	293.69	134.27	77.84	115.03
Total	2600.49	2028.91	1669.91	1368.36	883.32
Earnings Before Interest and Tax	1488.23	1115.16	894.37	713.97	504.96
Interest	7.64	5.21	9.65	14.89	13.48
Depreciation	72.10	75.91	62.85	61.43	52.06
Net Profit before tax and extra ordinary items	1408.49	1034.04	821.87	637.65	439.42
Less :Provision for taxes					
-Current Taxes	167.13	0.26	0.00	0.00	15.39
-Deferred Taxes Adjustments	3.26	11.06	0.00	0.00	3.12
-Fringe Benefit Taxes	1.90	1.52	0.00	0.00	0.00
Net Profit before extra ordinary items	1236.20	1021.20	821.87	637.65	420.91
Net Profit after extra ordinary items	1236.20	1021.20	821.87	637.65	420.91
Adjustment on account of prior period expenses	0.00	0.00	7.09	0.00	0.00
Adjustment Profit	1236.20	1021.20	814.78	637.65	420.91



Annexure "6"

RESTATED STATEMENT OF CONSOLIDATED CASH FLOW - VISHAL INFORMATION TECHNOLOGIES LTD.

(Rs. in lacs)

PARTICULARS	As on 31/03/2008	For the Financial Year Ended			
		31/03/2007	31/03/2006	31/03/2005	31/03/2004
Cash Flow From Operating Activities					
Net Profit Before Tax & Extraordinary items	1408.50	1034.04	821.87	637.65	439.42
Adjustments For :					
Depreciation	72.09	75.91	62.85	61.43	52.06
Miscellaneous Expenditure Written off	18.97	18.97	18.55	18.55	18.55
Provision for Gratuity	2.74	0.24	0.71	0.13	0.34
Interest Paid	7.64	5.21	9.65	14.89	13.47
Operating Profit Before Working Capital Changes:	1509.94	1134.14	913.63	732.65	523.84
Adjustments for:					
(Increase)/Decrease in Sundry Debtors	(498.81)	(1028.27)	(196.20)	(688.20)	(113.19)
(Increase)/Decrease in Loans and Advances	(357.17)	(48.00)	(146.18)	57.82	(56.63)
(Increase)/Decrease in Inventories	(397.43)	14.94	(36.65)	(231.09)	(69.97)
Increase/(Decrease) in Current Liabilities	(98.56)	538.31	(11.23)	(196.76)	(200.97)
Cash generated from/(used in) operations	157.97	611.12	523.37	(325.58)	83.08
Tax Paid	169.04	12.84	0.00	0.00	18.51
Net cash from/(used in) operating	(11.07)	598.28	523.37	(325.58)	64.57
Cash Flow from Investing Activities					
Purchase of Fixed Assets	(39.40)	(490.90)	(7.58)	0.00	(100.22)
Purchase of Investments	(25.00)	0.00	(447.00)	0.00	0.00
Interest Received	1.50	0.00	0.00	0.00	0.00
Net Cash used in investing activities	(62.90)	(490.90)	(454.58)	(0.00)	(100.22)
Cash Flow from Financing Activities					
Proceeds from issue of Capital	372.00	22.43	0.00	358.00	100.00
Working Capital Loan	35.39	(44.92)	(49.02)	(9.10)	107.79
Deferred tax liability	3.26	11.06	0.00	0.00	3.13
Unsecured Loans	0.00	7.59	(23.00)	(18.96)	(155.99)
Net Cash Used in Financing Activities	410.65	(3.84)	(72.02)	329.94	54.93
Net Increase/Decrease in Cash & Cash Equivalents	336.68	103.54	(3.23)	4.36	19.28
Opening Balance of Cash & Cash Equivalents	150.25	46.71	49.94	45.58	26.30
Closing Balance of Cash & Cash Equivalents	486.93	150.25	46.71	49.94	45.58



1. The Cash flow Statement has been prepared under indirect method as set out in Accounting Statndard-3 on Cash Flow Statement issue by the Institute of Chartered Accounts of India.
2. Negative figures have been shown in brackets



Annexure "7"

SIGNIFICANT ACCOUNTING POLICIES FOR STANDALONE ACCOUNTS:

1. ACCOUNTING CONVENTION

The financial statements have been prepared on mercantile basis and they generally comply with the mandatory accounting standards issued by The Institute of Chartered Accountants of India.

2. REVENUE RECOGNITION

The Company generally adopts the accrual concepts in the preparation of accounts. Foreign currency transactions are accounted for at the exchange rate prevailing on the date of invoice. Gain/loss arising out of fluctuation in rate between date of invoice and settlement date in respect of incomes are recognized in the Profit and loss account.

3. FIXED ASSETS AND DEPRECIATION

Fixed assets are stated at cost of acquisition. Depreciation has been provided on Straight -line method and in the manner specified under Schedule XIV of the Companies Act, 1956.

4. INVESTMENTS

Investments are stated at cost. There is no diminution in the value of investments.

5. RETIREMENT BENEFITS.

The liability in respect of Gratuity payable to employees was being accounted in the year in which they were paid as per the Significant Accounting Policies that was being followed until the Year ended on 31st March 2007.

The said accounting policy was changed during the year ended 31st March, 2008. According to the changed accounting policy the liability in respect of Gratuity payable to the employees is being accounted on the basis of estimated liability.

6. TAXATION

A provision is made for income tax for the year ended 31st March 2008 based on the tax liability computed after considering tax allowances and exemptions. The Minimum Alternate Tax at the prevailing rate is provided on book profits.

The differences that result between the profit offered for income taxes and the profit as per the financial statements are identified and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences.

Provisions for FBT is made on the expenditure for the year ended March 31, 2008.



Annexure "8"

SIGNIFICANT ACCOUNTING POLICIES FOR CONSOLIDATED SUMMARY STATEMENTS:

1. BASIS OF ACCOUNTING

The financial statements have been prepared to comply with the requirements of the Companies Act, 1956, under the historical cost convention on the accrual basis of accounting and in accordance with the accounting standards issued by the Institute of Chartered Accountants of India as referred to in Section 211 (3C) of the Companies Act, 1956.

2. FIXED ASSETS AND DEPRECIATION

Fixed assets are stated at cost of acquisition. Depreciation has been provided on Straight-line method at the rates and in the manner specified under Schedule XIV to the Companies Act, 1956.

3. INVESTMENTS

Investments are stated at cost. There are no diminution in the value of Investments.

4. INVENTORIES

Inventories are valued at cost as per the percentage of work completed and as certified by the management.

5. REVENUE AND EXPENSES RECOGNITION

The Company generally adopts accrual concepts in the preparation of accounts.

Revenue from financial statements is recognized immediately on the delivery of financial statements. Revenue from NAV Support services are recognized immediately on the delivery of the NAV at the end of the month.

6. TAXATION

A provision is made for income tax for the year ended 31st March 2008 based on the tax liability computed after considering tax allowances and exemptions. The Minimum Alternate Tax at the prevailing rate is provided on book profits.

The differences that result between the profit offered for income taxes and the profit as per the financial statements are identified and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences.

Provisions for FBT is made on the expenditure incurred for the year ended March 31, 2008.

7. EMPLOYEE BENEFITS

Regular contributions of the Company are made to Provident fund and charged to revenue. Gratuity benefits are accounted for on the basis of actuarial valuation.

8. FOREIGN CURRENCY TRANSACTIONS

Revenue from overseas clients are recorded at the exchange rate as of the date of the respective transactions. Expenditure in foreign currency is accounted at the exchange rate prevalent when such expenditure is incurred. Exchange differences are recorded when the amount actually



Received on sales or actually paid when expenditure is incurred, is converted in to Indian rupees. The exchange differences arising on foreign currency transactions are recognized as income or expense in the period in which they arise.

9. ACCOUNTING FOR SUBSIDIARY COMPANIES

Accounting for subsidiary companies is made in accordance with Accounting Standard - 21 "Consolidated Financial Statements" - issued by the Institute of Chartered Accountants of India.

Accordingly all assets and liabilities of subsidiary companies have been consolidated with the assets and liabilities of parent company, investment in shares in of subsidiary companies and their share capital have been eliminated.

10. RELATED PARTY TRANSACTIONS

As per Accounting Standard -18, issued by the ICAI, the Company's related parties and transactions with them are discussed below.

A. Related parties

(a) Where control exists:

Basiz Fund Services Pvt Ltd

(b) Enterprises where Key Managerial Person and / or relative of such personnel have significant influence.

(c)

- 1) TutisTechnologiesLimited
- 2) Basiz Fund Services Pvt Ltd
- 3) Amex Exports Pvt Ltd
- 4) Tutis E-Publishing Pvt Ltd

Key Managerial Personnel

- 5) G.S. Chandrashekar (Director)
- 6) G.S. Vishwanathan (Whole-time Director)
- 7) Dilip C Parekh (Whole-time Director)

(d) Relatives of Key Management Personnel

Promoter	Name of the Relative	Relationship
Mr.G.S.Chandrashekar	Mrs. Jayalakshmi Chandrashekar	Spouse
	Mrs. Vijayalakshmi Visweswaran	Sister
	Mr. Prashant Chandrashekar	Son
	Ms. Poorna Chandrashekar	Daughter
	Mr. K Seshan	Spouse's Father
	Mr. S Rajagopal	Spouse's' Brother
	Mr Rupesh V	Son in law
	Mr. G.S. Subbiah	Brother
	Mr. G.S.Vishwanathan	Brother
	Mr. G.S.Ananthakrishnan	Brother



Promoter	Name of the Relative	Relationship
Mr.G.S.Vishwanathan	Mrs. Nirmala Vishwanathan	Spouse
	Mr. Vikram Vishwanathan	Son
	Mr. Vijay Vishwanathan	Son
	Mrs. Jayanthi Vikram	Daughter in law
	Mrs. Anupa Vijay	Daughter in law
	Mr. G.S.Chandrashekar	Brother
	Mr. G.S. Subbiah	Brother
	Mr. G.S. Ananthkrishnan	Brother
	Mrs. Vijayalakshmi Visweswaran	Sister
Mr. Dilip C Parekh	Mrs. Aruna Parekh	Spouse
	Mr. Chirag Parekh	Son
	Mr. Abhay Parekh	Brother
	Mrs. Jayashri Kundalia	Sister
	Mrs. Kalpana Doshi	Sister
	Mrs. Bharati Shah	Sister
	Mrs. Pallavi Mehta	Sister
	Mrs. Minal Ajmera	Sister

B. DETAILS OF RELATED PARTY TRANSACTIONS

The Company has identified the following related party transactions as per Accounting Standard 18 issued by Institute of Chartered Accountants of India:

<i>(Rupees in lacs)</i>								
Sr. No.	Name	Nature of Transaction	Relationship	For the year ended March 31, 2008	For the year ended March 31,2007	For the year ended March 31,2006	For the year ended March 31,2005	For the year ended March 31,2004
1	Basiz Fund Services Pvt Ltd	Rent	Subsidiary Co	1.14	1.14	-	-	-
		Electricity charges		10.86	10.86	-	-	-
2	GS Vishwanathan	Directors Remuneration	Whole-time Director	12.00	12.00	12.00	8.40	4.80
3	Dilip C Parekh	Directors Remuneration	Whole-time Director		12.00	12.00	8.40	4.80
4	Tutis Technologies Ltd	Investment in Shares of Basiz Fund Services P Ltd	Subsidiary	12.00	-	447.00	-	-
				-				

Note: Apart from the above transactions there are no other transactions with any of the above related parties in whatsoever nature.



Annexure "9"

RESTATED SCHEDULE OF INVESTMENTS-VISHAL INFORMATION TECHNOLOGIES LTD.
(Rs. in lacs)

PARTICULARS	As on 31/03/2008	As At			
		31/03/2007	31/03/2006	31/03/2005	31/03/2004
EQUITY SHARES					
UNQUOTED					
1490000 Equity shares of Basiz Fund Service Pvt Ltd of Rs. 10 each	447.00	447.00	447.00	0.00	0.00
15000 Equity shares of Vsoft Information Technologies Ltd of GBP 1 each	0.00	0.00	0.00	0.00	0.00
Total	447.00	447.00	447.00	0.00	0.00

Note : The conversion rate applicable at the time of investments was 1 GBP = Rs. 66.84

Annexure "10"

**RESTATED SCHEDULE OF RATES OF DIVIDEND-VISHAL INFORMATION
TECHNOLOGIES LTD.**

The Company has not declared any Dividends since its inception to March 31, 2008.



Annexure "11"

ACCOUNTING RATIOS - VISHAL INFORMATION TECHNOLOGIES LTD.

PARTICULARS	As on 31/03/2008	For the Financial Year Ended			
		31/03/2007	31/03/2006	31/03/2005	31/03/2004
Adjusted Profit To Income From Operation (%)	33.47	33.72	32.08	30.63	31.65
Earning Per Share (Rs)	12.61	12.01	9.59	7.43	8.43
Net Asset Value Per Share (Rs)	59.01	43.53	31.31	21.59	20.46
Return On Net Worth (%)	21.36	27.59	30.36	34.44	41.18
Number of Equity Shares	8890000	8580000	8580000	8580000	5000000
Weighted Number of Equity Shares	8890000	8580000	8580000	8580000	5000000
Net Worth (Excluding Revaluation Reserve) Rs. In Lakhs	5246.60	3735.25	2686.36	1851.91	1022.60

Notes:

1. The ratios have been computed as below:

$$\text{Earnings per Shares (Rs)} = \frac{\text{Adjusted Profit/(Loss)after tax but before extraordinary items}}{\text{Weighted average number of Equity Shares outstanding during the year}}$$

$$\text{Net Asset Value Per Share (Rs.)} = \frac{\text{Net Worth excluding revaluation reserve}}{\text{Weighted average number of Equity Shares outstanding during the year}}$$

$$\text{Return on Net Worth (\%)} = \frac{\text{Adjusted Profit/(Loss)after tax but before extraordinary items}}{\text{Weighted average number of Equity Shares outstanding during the year}}$$

2. Profit and Loss as restated has been considered for the purpose of computing the above ratios



Annexure "12"

CAPITALISATION STATEMENT - VISHAL INFORMATION TECHNOLOGIES LTD.

(Rupees in Lacs)

Particulars	Pre-Issue As At 31/3/2008	Post Issue*
TOTAL DEBTS:		
Long Term Debts	0.00	0.00
Short Term Debts:		
Cash Credit Loan	44.94	44.94
Bills Discounting Loan		
Term Loans		
Total Debts A	44.94	44.94
Shareholders Fund:		
Share Capital	889.00	[.]
Share Application Money		
Reserves & Surplus	4450.35	[.]
Total Shareholders Fund B	5339.35	[.]
Long Term Debt/Equity Ratio	0.00	[.]
Total Debts/Equity Ratio	0.05	[.]

* Share Capital and reserves and total shareholders' funds would be calculated on conclusion of Book Building Process



Annexure "13"

STATEMENT OF TAXATION-VISHAL INFORMATION TECHNOLOGIES LTD.

(Rs. in lacs)

PARTICULARS	As on 31/03/2008	For the Financial Year Ended			
		31/03/2007	31/03/2006	31/03/2005	31/03/2004
Profit After tax as restated (A)	1120.80	1030.62	821.87	637.65	420.91
Add: Provision for Tax	151.21	0.00	0.00	0.00	15.39
Add: Deferred Tax	1.35	0.00	0.00	0.00	3.12
Add: Provision for FBT	1.23	1.12	0.00	0.00	0.00
Net Profit Before Tax	1274.59	1031.74	821.87	637.65	439.42
Tax Rate	11.33	0.00	0.00	0.00	0.00
Tax as per actual rate on profits	0.00	0.00	0.00	0.00	0.00
Adjustments					
Permanent Differences					
Prior Period Expenses/Extraordinary items	0.00	0.00	7.09	0.00	0.00
Total Permanent Difference (B)	0.00	0.00	7.09	0.00	0.00
Timing Difference					
Difference between tax depreciation and book depreciation	10.26	34.25	(13.30)	(34.81)	(31.53)
Expenses U/s 35D					
Total Timing Difference -C	10.26	34.25	(13.30)	(34.81)	(31.53)
Total Adjustments D=(B+C)	10.26	34.25	(6.21)	(34.81)	(31.53)
Net Tax Incidence	0.00	0.00	0.00	0.00	0.00
Tax Under Mat	151.21	0.00	0.00	0.00	0.00
Tax payable for the year Maximum of Mat or Tax	151.21	0.00	0.00	0.00	0.00
Total Tax Payable	151.21	0.00	0.00	0.00	0.00



Annexure "14"

RESTATED SCHEDULE OF OTHER INCOME-VISHAL INFORMATION TECHNOLOGIES LTD.

(Rs. in lacs)

PARTICULARS	As on 31/03/2008	For the Financial Year Ended			
		31/03/2007	31/03/2006	31/03/2005	31/03/2004
<u>OTHER INCOME</u>					
Rent Receipt	0.00	0.00	0.00	0.00	0.48
Misc Incomes	0.00	0.00	0.00	0.00	0.58
Total	0.00	0.00	0.00	0.00	1.06
Net Profit before tax as restated	1274.59	1031.74	821.87	637.65	439.42
Percentage of Other Income	0.00	0.00	0.00	0.00	0.24

Annexure "15"

(Rs. in lacs)

SCHEDULE OF LOANS - VISHAL INFORMATION TECHNOLOGIES LTD.

	PARTICULARS	As on 31/03/2008	As on 31/03/2007
	<u>SECURED LOANS</u>		
(I)	From Banks:		
	Cash Credit Loan: Bank	40.36	0.00
	United Bank of India		
	Total From Banks		0.00
(ii)	From Others		
	Term Loan on Vehicles	4.58	5.67
	H D F C Bank Ltd		
	(Secured by hypothecation of cars & trucks)		
	Total From Others	4.58	5.67
	Total	44.94	5.67

Annexure "16"

There are no Unsecured loans from Corporate bodies, Promoters & Directors, Shareholders & Public as at 31st March 2008 & 31st March 2007.



Annexure "17"

SCHEDULE OF SUNDRY DEBTORS-VISHAL INFORMATION TECHNOLOGIES LTD.

(Rs. in lacs)

PARTICULARS	As on 31/03/2008	For the Financial Year Ended			
		31/03/2007	31/03/2006	31/03/2005	31/03/2004
Debts outstanding for a period exceeding six months	1087.90	565.67	172.16	535.97	50.02
Unsecured considered good					
Total	1087.90	565.67	172.16	535.97	50.02
Other Debts	1753.08	1868.75	1259.33	699.32	497.07
Unsecured considered good					
Total	1753.08	1868.75	1259.33	699.32	497.07
Grand Total	2840.98	2434.42	1431.49	1235.29	547.09

Annexure "18"

CONTINGENT LIABILITIES-VISHAL INFORMATION TECHNOLOGIES LTD

(Rs. in lacs)

PARTICULARS	As on 31/03/2008	For the Financial Year Ended			
		31/03/2007	31/03/2006	31/03/2005	31/03/2004
Counter Guarantees given to bank	1085.00	1085.00	0.00	0.00	0.00
Total	1085.00	1085.00	0.00	0.00	0.00

Annexure "19"

SCHEDULE OF SUNDRY CREDITORS-VISHAL INFORMATION TECHNOLOGIES LTD.

(Rs. in lacs)

PARTICULARS	As on 31/03/2008	For the Financial Year Ended			
		31/03/2007	31/03/2006	31/03/2005	31/03/2004
Other Creditors	9.15	71.99	7.62	17.80	10.74
Creditors outstanding for a period exceeding six months	7.20	12.15	0.00	2.16	0.68
Total	16.35	84.14	7.62	19.96	11.42



STATEMENT OF CHANGES IN THE SIGNIFICANT ACCOUNTING POLICIES - VISHAL INFORMATION TECHNOLOGIES LTD.

ANNEXURE: - 20

CHANGES IN THE SIGNIFICANT ACCOUNTING POLICIES IN THE LAST FIVE YEARS:

A. Accounting Policy in respect of liability in respect gratuity and earned leave payable to the employees:

The liability in respect of Gratuity payable to employees was being accounted in the year in which they were paid as per the Significant Accounting Policies that was being followed until the Year ended on 31st March 2007.

The said accounting policy was changed during the year ended 31st March , 2008 . According to the changed accounting policy the liability in respect of Gratuity payable to the employees is being accounted on the basis of estimated liability. The effect of provision towards Gratuity payable to employees has been restated in the respective accounting years.

B. Accounting of Taxes On Income:

The company has during the year ended March 31, 2008 provided for M A T at applicable rates on the book profits.

C. Amortization of Intangible Assets:

The following Accounting Policy in respect of accounting of Intangible Assets was introduced in the year ended on 31st March 2007:

- a) All Intangible Assets other than goodwill acquired at costs are amortized as per AS 26 issued by the ICAI ; and
- b) All intangible Assets, being Goodwill acquired at cost which are, in the opinion of the management have future cash flow and are not impaired in any manner are not amortized and are recognized as an asset at cost.



Annexure "21"

10. RELATED PARTY TRANSACTIONS

As per Accounting Standard -18, issued by the ICAI, the Company's related parties and transactions with them are discussed below.

A. Related parties

- (a) Where control exists
Basiz Fund Services Pvt Ltd
- (b) Enterprises where Key Managerial Person and / or relative of such personnel have significant influence.
- i) TutisTechnologiesLimited
 - ii) Basiz Fund Services Pvt Ltd
 - iii) Amex Exports Pvt Ltd
 - iv) Tutis E-Publishing Pvt Ltd
- (c) Key Managerial Personnel
- v) G.S. Chandrashekar (Director)
 - vi) G.S. Vishwanathan (Whole-time Director)
 - vii) Dilip C Parekh (Whole-time Director)
- (d) Relatives of Key Management Personnel

Promoter	Name of the Relative	Relationship
Mr.G.S.Chandrasheka	Mrs. Jayalakshmi Chandrashekar	Spouse
	Mrs. Vijayalaxmi Visweswaran	Sister
	Mr. Prashant Chandrashekar	Son
	Ms. Poorna Chandrashekar	Daughter
	Mr. K Seshan	Spouse's Father
	Mr. S Rajagopal	Spouse's' Brother
	Mr Rupesh V	Son in law
Mr.G.S.Vishwanatha	Mr. G.S. Subbiah	Brother
	Mr. G.S.Vishwanathan	Brother
	Mr. G.S. Ananthakrishnan	Brother
	Mrs. Nirmala Vishwanathan	Spouse
	Mr. Vikram Vishwanathan	Son
	Mr. Vijay Vishwanathan	Son
	Mrs. Jayanthi Vikram	Daughter in law
	Mrs. Anupa Vijay	Daughter in law
	Mr. G.S.Chandrashekar	Brother
	Mr. G.S. Subbiah	Brother
Mr. G.S. Ananthakrishnan	Brother	
Mr. Dilip C Parekh	Mrs. Aruna Parekh	Spouse



Mr. Chirag Parekh	Son
Mr. Abhay Parekh	Brother
Mrs. Jayashri Kundalia	Sister
Mrs. Kalpana Doshi	Sister
Bharati Shah	Sister
Pallavi Mehta	Sister
Minal Ajmera	Sister

B. DETAILS OF RELATED PARTY TRANSACTIONS

The Company has identified the following related party transactions as per Accounting Standard 18 issued by Institute of Chartered Accountants of India:

(Rupees in Lacs)

Sr. No.	Name	Nature of Transaction	Relationship	For the year ended March 31, 2008	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the year ended March 31, 2004
1	Basiz Fund Services Pvt Ltd	Rent	Subsidiary Co	1.14	1.14	-	-	-
		Electricity charges		10.86	10.86	-	-	-
2	GS Vishwanathan	Directors Remuneration	Whole-time Director	12.00	12.00	12.00	8.40	4.80
3	Dilip C Parekh	Directors Remuneration	Whole-time Director	12.00	12.00	12.00	8.40	4.80
4	Tutis Technologies Ltd	Investment Shares of Basiz Fund Services Pvt Ltd	Subsidiary	-	-	447.00	-	-

Note: Apart from the above transactions there are no other transactions with any of the above related parties in whatsoever nature.



MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion of our unconsolidated financial condition and results of operations should be read in conjunction with our financial statements, restated in accordance with SEBI Guidelines, including the notes thereto, included elsewhere in this RHP. Our restated financial statements were prepared in accordance with Indian GAAP. Unless otherwise indicated, references in this discussion and analysis to our results of operations or financial condition for a specified year are to our Fiscal March 31 of such year.

Overview

We provide data conversion and data digitization solutions to global enterprise clients from our delivery center in India. Our portfolio of services comprises data digitization, e-publishing, digital library and print on demand.

We currently offer our services to various Universities, Publishing Houses, Counties and Courts along with a few non-profit organizations.

We typically provide solutions to meet specific requirements of our offshore clients. Our significant value addition lies in solving business issues for clients' through a cost effective combination of people, process and technology. We have gained considerable experience in managing multiple small and complex processes across different businesses of our clients' in a cost effective manner using our specific domain skills and customized softwares. We believe that we provide our clients with benefits beyond cost reduction by providing solutions that incorporate cost benefits, data mining and data storing.

Business Outlook

Over a period we have honed our skill and have identified three verticals to focus our efforts of marketing. Revenue for the company will be generated by these core identified areas which are Projects & Services, E-Publishing & Fund Accounting.

- **Projects & Services** includes areas in Data Digitization where we started our activity. The target audiences for this are NGO's, government Organization, Universities, Courts, Hospitals etc. The other expanded areas in Data digitization includes Data Capture, Forms Processing, Microfilm Digitization where we have extensive experience catering to clients like reputed Universities, US Counties etc. XML conversion is a natural take off in this area.
- **E-Publishing:** This is a niche area where our specialty includes typesetting in Indesign & Quark & delivering Adobe PDF high resolution files. Our well appreciated specialty is production of large Print files especially aimed at Visually impaired. We have automated processes set and skill developed in large volume turnover. We are already catering to recognized print and publisher houses around the world.
- **Digital Library:** DL is a subsequent development and a natural ally to E-Publishing. Vishal's DL meets the large vacuum existing in meeting the need for study & reading materials to Visually Impaired world over. Digital Library is an important project with a social significance. The spotlight is on the ease with which VISUALLY CHALLENGED can have access to knowledge. About 3 million adults & children are denied the Right to Read only in UK apart from other English speaking countries. The Copyright (Visually Impaired Persons) Act allows individuals and educational establishments to make copies of printed material in other formats, such as Braille, without applying for permission. The exception does not apply if there are commercially published versions of a work, which are accessible to blind and partially sighted people. Large print version of reading materials (fiction & non-fiction) will be loaded to the DL. The revenue will be in 3 parts. One is Direct sales of Print version, the second is direct on line selling of titles



in print version, & the third is direct on line selling thru downloads from our website. The other revenue generating strategy is to cater to membership in DL & earn from subscription.

Components of our Income and Expenditure

Income

We earn income from contracts to provide data digitization and data conversion solutions to our clients. In the year ended March 31st, 2008, we had a total unconsolidated income of Rs. 3807.84 lacs. We attribute the growth in our income to increased volumes of contracts from existing clients, addition of new clients and selective price increases. In fiscal 2008, we had a total un-consolidated income of Rs. 3807.84 lacs compared to Rs. 3060.10 lacs in fiscal 2007, an increase of approximately 24.45 %.

For the year ended March 31st, 2008, our income from our top three clients was Rs. 21.32 CRS, constituting 56 % of our total income in that period.

Expenditure

Our total expenditure comprises employee compensation and related expenses, general and administrative expenses and selling and marketing expenses.

Employee compensation and related expenses

Our employee cost is proportionate with the volume of the pages converted at a time. Our expenditure on employee compensation and related expenses include:

- Salary and wages
- Gratuity
- Directors' remuneration
- Staff welfare expenses
- Training expenditure
- Employee stock options compensation expense

Wage levels in India have increased in recent years and we expect such increases in the future. We attempt to address the impact of wage increases, in a number of ways, which include seeking to control entry-level wages, managing our attrition rate and delivering productivity. We try to control increases in entry level wages by implementing innovative recruiting policies, emphasizing training and promotion opportunities and maintaining an attractive work atmosphere and company culture. In addition, given that we hire employees with general skills and rely on our internal knowledge management and specialized in-house training programmes to develop necessary competencies for our services, we can access much larger talent pool at a lower average cost.

General and administrative expenses

Our general and administrative expenditure includes interalia contract for services, rental charges, electricity, communication, internet charges, legal and professional fees, house keeping expenditure, conveyance charges and other miscellaneous expenditure.

Selling and marketing expenditure

Our employees travel overseas frequently to meet with clients, scope out new opportunities and to review existing programmes. Business promotion expenses are also incurred when senior management participates in global events related to our industry.

Significant development subsequent to last financial period

There has been no significant development subsequent to the last financial period.



Factors that may affect Results of Operations

Our results of operations depend on various factors, including the following:

- *Changes in laws and regulations that apply to IT Enabled industry:* We presently benefit from the tax holidays given by the government for the export of IT services from specially designated software technology parks and special economic zones in India. As a result of these incentives, which includes a 10 year tax holiday from Indian corporate income taxes for the operation of our facility in Chennai and a partial taxable income deduction for profits derived from exported IT services, our operations have been subject to relatively low tax liabilities. The finance Act 2000, phases out the 10 year tax holiday over a 10 year period from March 31, 2000 through March 31, 2009. When our tax benefits expire or terminate, our tax expense is likely to materially increase, reducing our profitability;
- *Stiff competition from established competitors in the IT Enabled industry:* There are many big IT companies who create a competition for us through their various offshore BPO arms. As the IT companies are reputed companies we do face a challenge globally from them.
- *Availability of skilled IT Personnel:* We require qualified IT professionals for the development of our various in-house softwares and procedures which in the long run are cost effective to us.
- *Amount that the Company is able to realize from the clients:* We complete the entire project assigned to us by the client and the payments made to us for the service provided are realized over a period of 6-8 months. This is due to the organizing/uploading the data on the websites of the clients by the clients and then making payments to us;
- *Changes in the foreign exchange control regulations, interest rates and tax laws in India:* Our financial statements under Indian GAAP are reported in rupees. A substantial portion of our revenues are generated in US Dollars and British Pounds while our expenses are incurred in Rupees. Consequently, our results from operations are affected to the extent the value of the Rupee fluctuates against these foreign currencies.

Overview of our Results of operations for fiscal 2004, 2005 2006, 2007 and 2008.

The following table sets forth certain information with respect to our revenues, expenditures and profits for the periods indicated.

Particulars	(Rs. In Lacs)				
	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004
Sales	3807.84	3060.10	2564.28	2082.33	1388.22
Other Income	0.00	0.00	0.00	0.00	1.06
Gross Income	3807.84	3060.10	2564.28	2082.33	1389.28
Expenditure	2486.55	1958.69	1669.91	1368.36	884.32
Profit before Interest, Depriciation and Tax	1321.29	1101.41	894.37	713.97	504.96
Depreciation	39.84	64.98	62.85	61.43	52.06
Depreciation as % of Sales	1.05	2.12	2.45	2.95	3.75
Finance Cost	6.86	4.91	9.65	14.89	13.48
Finance Cost as % of Net Sales	0.18	0.16	0.38	0.72	0.97
Profit / (loss) before Tax	1274.59	1031.75	821.87	637.65	439.42



Particulars	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004
Profit / (loss) before Tax as % of Net Sales	33.47	33.72	32.05	30.62	31.65
Provision for Taxation	1.23	1.12	0.00	0.00	0.00
Profit / (loss) after tax and extra ordinary items	1273.36	1030.64	821.87	637.65	439.42

Note: Figures have been regrouped wherever necessary to make the data comparable

Comparison of Recent Financial Years / Periods with Previous Financial Years / Periods

Financial performance for FY 2007-08 vs. FY 2006-07

Sales: The turnover of the Company during FY 2007-08 was Rs. 3807.84 lacs against turnover of Rs. 3060.10 lacs for the year ended 31/03/07. The increase in sales is on account of new clients being added to the company. This financial year the company also diverted its business activities in the filed of Print on Demand and digital library.

Expenditure: The expenses of our company have increased from Rs. 1958.69 lacs to Rs. 2486.55 lacs due to expenses incurred towards diversion of business line and acquiring new clients.

Finance cost: The Financial Expenses have increased to Rs. 6.86 lacs during F.Y. 2007-08 from Rs. 4.91 lacs for FY 2006-07 due to the cash credit facility availed by the company. The company availed this facility since April 2007.

Profit before depreciation and tax: As a result of increase in sales, profit before depreciation and tax increased to Rs. 1274.59 lacs in fiscal 2007-08 as compared Rs.1031.75 lacs in fiscal 2006-07.

Profit After Tax : The Profit After Tax is Rs. 1723.36 lacs for FY 2007-08 as against Rs. 1030.62 lacs for FY 2006-07 on account of increase in sales. The profits of the company did not increase in the proportion to the increase in sales due to the applicability of MAT to the company.

Financial performance for FY 2006-07 vs. FY 2005-06

Sales: The turnover of the Company during FY 2006-07 was Rs. 3060.10 lacs against turnover of Rs. 2564.28 lacs for the year ended 31/03/06, an increase of 19.34%. The increase in sales is on account of the realization of the income from the data conversion of the proceedings of the Court in UK.

Expenditure: The expenses of our company have increased from Rs. 1535.64 lacs to Rs. 1735.21 lacs due to increase in the hiring charges. As in the fiscal 2006-07 there was an increase in the contracts received by the company; we had hired computers and other peripherals. Further to meet the time lines effectively we had appointed data entry operators on contract basis and vendors. Employee remuneration and benefits expenses increased by 218% to Rs.70 lacs as compared to Rs.32 lacs for the year 2005-06 as we recruited new employees and professionals in our company.

The administrative and other expenses increased due to the increase in travelling expenses of our employees, printing and stationary expenses for marketing purposes. As the fiscal of 2006-07 had converted huge data from physical format to the digital format; there were freight costs incurred in transportation of the physical data back to the client. This activity increased the expenses of our company by approximately 150% from Rs. 101.5 lacs to Rs.152.9 lacs for the year ended March 31st, 2006.



Finance cost: The Financial Expenses have gone down to Rs. 4.91 lacs during F.Y. 2006-07 from Rs. 9.65 lacs for FY 2005-06 due to repayment of working capital limits enjoyed by the company.

Profit before depreciation and tax: As a result of foregoing, profit before depreciation and tax increased by 125% to Rs. 1031.74 lacs in fiscal 2006-07 as compared Rs.822.56 lacs in fiscal 2005-06.

Profit After Tax : The Profit After Tax is Rs. 1030.62 lacs for FY 2006-07 as against Rs. 822.56 lacs for FY 2005-06 on account of increase in sales. We also enjoyed the tax holiday as we are a 100% Export Oriented Unit and we prevailed the exemptions of the Software Technology Parks of India Scheme benefits.

Financial performance for the FY 2005-06 vs. Financial Year 2004-05

Sales: The turnover of the Company during FY 2005-06 was Rs. 2564.28 lacs against turnover of Rs. 2082.33 lacs for the year ended 31/03/05, an increase of 23.14%. The increase in sales is mainly on account of aggressive marketing and approaching the leading publishers for obtaining contracts for e-publishing and data conversion.

Expenditure:

The expenditure of the Company increased from Rs. 1368.36 lacs to Rs. 1669.91lacs mainly due to increase in the Scanning and conversion costs as compared to the previous year on account of increase in the volume of business during the same period.

Profit: The Profit After Tax is Rs. 822.56 lacs for FY 2005-06 as against Rs. 637.75 lacs for FY 04-05 on account of increase in sales.

An analysis of reasons for the changes in significant items of income and expenditure is given hereunder:

1. Unusual or infrequent events or transactions

There were no events, other than as described in this RHP, which may be called "unusual" or "infrequent".

2. Significant economic changes that materially affected or are likely to affect income from continuing operations

Any slowdown in the growth of Indian economy or future volatility in global commodity prices could affect the business including the future financial performance, shareholders funds and ability to implement strategy and the price of the Equity Shares.

3. Known trends or Uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations

There are no known trends or uncertainties that may have material adverse impact on the income, costs and profits of the company from continuing operations.

4. Future changes in relationship between costs and revenues, in case of events such as future increase in labor or material costs or prices that will cause a material change are known

Increase in the cost of skilled manpower in the areas in which the Company deals, will affect the profitability of the company.

5. The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices



The increase in turnover is only on account of increase in sales prices and volume.

6. Total turnover of each major industry segment in which the Company operated

The Company till FY 2006-07 had only one segment viz EPD/E Publishing. However, there are no published data available to the Company for total turnover of the industry.

7. Status of any publicly announced new product

The Company has not publicly announced new services. However during the FY 2007-08, the Company has diversified 2 new additional services model viz Digital Library & Publishing through POD which has already started earning revenues.

8. The extent to which the business is Seasonal

Our business is not seasonal. The demand for our services is continuous throughout the year.

9. Dependence on single or few suppliers / customers

During the past majority of our revenue was generated from 3 or 4 customers. As we have diversified our business in to Digital Library and Print On Demand and also through the increased marketing operations, we do not foresee any major threat to our business.

10. Competitive conditions

For details of competitive conditions please refer to Section titled, "Background of the Company" on page no 50 of this RHP.



LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS, MATERIAL DEVELOPMENTS AND OTHER DISCLOSURES

Against the company:

The issuer Company certifies that except as stated herein:

- a. There are no pending proceedings or offences for non-payment of statutory dues by the promoters of the Company.
- b. There are no cases of litigation pending against the Company or against any other Company in which Directors are interested, whose outcome could have a materially adverse effect on the financial position of the Company.
- c. There are no pending litigation against the promoters/ directors in their personal capacities and also involving violation of statutory regulations or criminal offences.
- d. There are no pending proceedings initiated for economic offences against the Directors, promoters, Companies and firms promoted by the promoters.
- e. There are no outstanding litigation, defaults etc. pertaining to matters likely to affect the operations and finances of the Company.
- f. There are no litigation against the promoters/ directors in their personal capacity
- g. The company, its promoters and other companies with which promoters are associated have neither been suspended by SEBI nor any disciplinary action has been taken by SEBI.
- h. As per the audited balance sheet as at March 31 , 2007 there are no SSI units to whom, our Company owns any sum which is outstanding.

The company has during the financial year received a Demand Notice dated December 22nd, 2006 from the Indian Tax Authorities for payment of Income Tax of Rs.92.82 lacs, including interest of Rs.23.03 lacs, upon completion of their Tax Review for Assessment Year 2004-05. The tax demand is mainly on account of disallowance of a portion of the deduction claimed by the company u/s 10A of the Income Tax Act. The deductible amount is determined by the ratio of "Export Turnover" to "Total turnover". The disallowance arose from certain expenses incurred in foreign currency being reduced from Export Turnover but not reduced from Total Turnover.

The company has filed an Appeal before the Hon'ble CIT (Appeals) XXV and the said appeal is yet to be disposed off. In the meantime, the company has deposited an on account payment of Rs.24 lacs for the assessment Year 2004-05 and the balance amount is under abeyance till the disposal of the Appeal by the CIT (Appeals) XXV.

a) Cases/ suites filed by the company

There are no cases/ suites filed by VITL.

Outstanding Litigations involving Promoting company and other Group Companies

The Income Tax Appellate Tribunal (ITAT) has given a verdict in favour of Tutis Technologies Ltd., for the appeals filed before the tribunal for the Assessment year 2002-03 on the issue of allowability of deduction under Section 80 HHC of the Income Tax act, 1961. The order giving effect to the ITAT's order has also been passed by the department in favour of the assessee.

There are Legal proceeding pending against our group companies and the promoter company.

a) Cases against the promoter company

Case One:

- a. Tutis Technologies Ltd is in use, occupation, possession and enjoyment of office premises Nos. C-507, C-508, C-509, C-510, C-511 and C-512, all in aggregate



admeasuring 4610 sq.ft in the building known as 'Solaris-1' Universal Industrial Estate, Opp. L&T Gate No. 6, Saki Vihar Road, Andheri (E), Mumbai-400 093, pursuant to the leave and licence Agreement dated 22nd August 2005.

- b. The said Agreement has expired by the efflux of time by 30th April, 2008. The said Agreement gives an option in favour of the parties to renew the said license for a further period of 33 months subject to increase in the license fee by 5%.
- c. Disputes have arisen between the licensors and Tutis regarding renewal of the licensed period and the license fee payable for the renewal period.
- d. Tutis has filed LD Suit No. 67 of 2008 in the Court of Small Causes Court at Bombay, (Bandra Branch).
- e. By the order dated 25th April, 2008 passed by the Hon'ble Court, the licensors have been directed to maintain Status quo as regard with possession of the Suit premises, which order is till date in operation. The matter has been now adjourned to 27th June, 2008.

Case II. Tutis Technologies Limited (Earlier known as Amex Information Technologies Limited) Nerul Property

- a. Amex Information Technologies Ltd, had purchased four residential premises in Balaji Towers, Nerul, New Mumbai, being Flat No. 1 on the 12th and 13th floor in Building B, Flat No.1 on the 12th floor in Building A, Flat No.1 on the 14th and 15th floor in Building A and Flat No.2 on the 14th and 15th floor of the said building, Balaji Towers.
- b. The aforesaid four residential premises were purchased by the Amex Information Technologies Ltd, pursuant to four Agreements for Sale all dated 22nd October, 2002 from M/s. Mayuresh Developers for valuable consideration.
- c. All the aforesaid Agreements have been duly registered with the Sub-Registrar of Assurances.
- d. The Company is the member of the Balaji Tower Co-operative Housing Society Ltd and have been paying all outgoings in respect of the said premises.
- e. The Society has informed CIDCO that all the aforesaid premises stand in the name of Amex Information Technologies Ltd. CIDCO has also given its clearance to the Society for enrolment of AMEX as the member of the Society.
- f. By virtue of some disputes between SIDBI and one Alpico Finance Ltd., the aforesaid four residential premises came to be attached by the Warrant of Attachment dated 7th April, 2008 passed by the Recovery Officer, Mumbai DRT No. 2.
- g. Amex is pursuing proceedings for raising the said attachment. The next date of hearing is 9th July, 2008.

b) Cases against the group company

Amex Exports Pvt. Ltd.: Company petition No.881 of 2002 has been filed by Mr. Devang Master against Amex Exports Pvt. Ltd., inter alia seeking to recover Rs. 13.59 lacs from the company. The dispute arose in the view of Service Agreement dated 02/08/96 between Amex Information Technologies Ltd. and Mr. Devang Master. The said Company petition is pending disposal in the Bombay High Court.



GOVERNMENT/ STATUTORY AND OTHER APPROVALS

On the basis of the indicative list of approvals below, the Company is permitted to carry on business activities and no further approvals from any Government authorities/RBI are required by the Company to undertake the business of the Company. It must be distinctly understood that, in granting these licenses, the Government of India and/or RBI does not take any responsibility for Company's financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf.

The Company has obtained necessary approvals and registrations from various authorities in relation to its business activities; which include:

1. Employees Provident Fund & Miscellaneous Provisions Act, 1952

Description of Unit	Vishal Information Technologies Ltd
Code Number	MH/90483
Date of Applicability	01.11.1994
Rate of Contribution	12%

2. Registration under Central Excise Act, 1944

Details of registration of the Company under Software Technology Park (STPI) are as under: -

Sr. No.	Particulars	Remarks/ details
1.	License/Registration No.	STPIC/G1482/06-07/269 & STPIC/IMSC/2006-07/268
2.	Date of Issue	10-07-2006
3.	Issuing Authority	Secretary, Software Technology Parks of India, dept of Information Technology
4.	Purpose	100 % Software Export Unit
5.	Date of Expiry	10-07-2011
6.	Date of Agreement	10.7.2006
7.	Important Terms and Conditions	The unit shall earn foreign exchange by exporting 100% of their production of Computer Software and/or Services for a period of 5 years from the date of commencement of production.

3. Registration under Sales tax

The Company is duly registered under Section 7(1) Central Sales Tax Act and its related regulations.

- a. M. VAT: 27270255249V dated 01/04/2006
- b. C.S.T: 27270255249C dated 01/04/2006
- c. TIN No.: 272702552491 dated 01/04/2006



4. Income Tax Act, 1961

The details of the Permanent Account Number (PAN) and Tax Deduction Account Number (TAN) obtained by the Company from the Income Tax Department are as follows:-

- PAN No: AAACS7326Q dated 2nd May, 1994.
- TAN No: MUMV12783B dated 29th July, 2005

5. Certificate of Importer-Exporter Code (IEC)

The details of IEC allotted to the Company are as follows:

License/ Registration No.	Date of Issue	Issuing Authority
0396007562	17/05/1996	Indira Ramkrishnan, Foreign Trade Development Officer



REGULATORY AND STATUTORY DISCLOSURES

A. Authority for the issue and details of resolution passed for the issue

The Board of Directors have, pursuant to a resolution passed at its meeting held on December 5th, 2007, authorized the issue, subject to the approval of the shareholders of the Company under Section 81 (1A) of the Companies Act.

The shareholders of Vishal Information Technologies Limited have authorized the issue by a special resolution adopted pursuant to Section 81 (1A) of the Companies Act, passed at the Extra Ordinary General Meeting held on December 31st, 2007.

B. Prohibition by SEBI , If any

The Company, its promoters, its directors or any of the Company's associates or group companies and companies with which the Directors of the Company are associated as Directors or Promoters, or directors or Promoters in control of, of the promoting Company, are currently not prohibited from accessing or operating in the capital market under any order or direction passed by SEBI.

The promoters, their relatives (as per the Act), the Company, group companies, associate companies are not detained as willful defaulters by RBI/ government authorities.

C. Eligibility of the issuer company to enter the capital market

VITL is eligible for the issue as per clause 2.2.1 of the SEBI (DIP) Guidelines as explained under:

- VITL has net tangible assets of at least Rs.30 million in each of the preceding three full years (of 12 months each), of which not more than 50% is held in monetary assets,
- VITL has a pre-issue Networth of not less than Rs.10 million in each of the three preceding full years.
- VITL has a track record of distributable profits as per Section 205 of Companies Act for at least three out of the immediately preceding five years.
- The proposed Issue size would not exceed five times the pre-issue net worth as per the audited accounts for the year ended March 31, 2007.
- The company has not changed its name during the last one year.

The distributable profits as per Section 205 of the Companies Act and Networth for the last five years as per the restated unconsolidated financial statements are as under:

Particulars	For the Financial Year Ended March (Rs.in lacs)			
	2008	2007	2006	2005
Distributable Profits (1)	1120.80	1030.40	814.78	637.65
Net worth (2)	5246.60	3735.01	2685.36	1851.91
Net Tangible Assets (3)	5291.54	3749.40	2744.67	1983.24
Monetary Assets (4)	481.73	137.56	46.71	49.94
Monetary Assets as a % of Net Tangible Assets	9.10	3.67	1.70	2.52

Note:

- (1) Distributable profits have been defined in terms of section 205 of the Companies Act.
- (2) Net worth has been defined as the aggregate of equity share capital and reserves, excluding miscellaneous expenditures, if any.
- (3) Net tangible assets means the sum of all net assets of the Company excluding intangible assets as defined in Accounting Standard 26 issued by Institute of Chartered Accountants of India.
- (4) Monetary assets comprise of cash and bank balances, public deposit account with the Government.



VITL satisfies all the eligibility criteria's, laid down in clause 2.2.1 of SEBI (DIP) Guidelines. However, the Company is making a "voluntary book-building issue" wherein the Company proposes to allot upto 50% of the Issue to QIBs and under-subscription, if any, in the QIB portion will be added back to the Issue to public.

The promoters, the company, directors of VITL are not detained as willful defaulters by the RBI/ GOI authorities and there are no violations of securities laws committed by them in the past or pending against them other than those disclosed in this Offer Document.

No penalty has been imposed by SEBI and other regulatory bodies against the company, its directors, its promoters and companies promoted their directors.

VITL undertakes that the number of allottees in the Issue shall be at least 1,000. Otherwise, the entire application money shall be refunded forthwith. In case of delay, if any, in refund, the Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

A) DISCLAIMER CLAUSE (SEBI)

AS REQUIRED, A COPY OF THIS RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI).

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT 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 OFFER DOCUMENT. THE BOOK RUNNING LEAD MANAGER, KEYNOTE CORPORATE SERVICES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN OFFER DOCUMENT, THE LEAD MERCHANT BANKER 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 KEYNOTE CORPORATE SERVICES LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 12/03/2008 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATIONS 1992 WHICH READS AS FOLLOWS :

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE OFFER DOCUMENT PERTAINING TO THE SAID ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, IT'S 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 RHP FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE PUBLIC ISSUE;**
 - (b) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID PUBLIC ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANOTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
 - (c) THE DISCLOSURES MADE IN THE RHP ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED PUBLIC ISSUE (AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 AND OTHER APPLICABLE LEGAL REQUIREMENTS).**
- 3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.**
 - 4. WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS.**
 - 5. WE CERTIFY THAT WRITTEN CONSENT FROM SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE RED HERRING PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE 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 RED HERRING PROSPECTUS.**
 - 7. WE CONFIRM THAT PROVISIONS OF CLAUSES 4.9.1 & 4.9.2, 4.9.3 & 4.9.4 OF SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 ARE NOT APPLICABLE IN RESPECT OF THE CAPTIONED ISSUE.**
 - 8. WE CERTIFY THAT REQUIREMENT OF PROMOTER'S CONTRIBUTION IS APPLICABLE IN RESPECT OF THE SAID ISSUE.**
 - 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 WILL BE MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF THE 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 THE DESIGNATED STOCK EXCHANGE AS MENTIONED IN THE RED HERRING PROSPECTUS. WE FURTHER NOTE THAT THE AGREEMENT TO BE ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SHALL SPECIFICALLY CONTAIN THIS CONDITION.

11. WE CERTIFY THAT NO PAYMENT IN THE NATURE OF DISCOUNT, COMMISSION, ALLOWANCE OR OTHERWISE SHALL BE MADE BY THE ISSUER OR THE PROMOTERS, DIRECTLY OR INDIRECTLY, TO ANY PERSON WHO RECEIVES SECURITIES BY WAY OF FIRM ALLOTMENT IN THE ISSUE.
12. WE CERTIFY THAT SINCE THE PROPOSED ISSUE SIZE IS MORE THAN RS.10 CRORES, THE PROVISION RELATING TO OPTION TO THE INVESTORS TO GET THE SHARES IN PHYSICAL MODE IS NOT APPLICABLE IN TERMS OF SECTION 68B OF THE COMPANIES ACT, 1956.
13. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE 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
 - (b) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.

THE PROMOTER/ DIRECTORS OF VISHAL INFORMATION TECHNOLOGIES LIMITED, MR. D.M. SHIRODKAR, MR. G.S. VISHWANATHAN, MR. DILIP PAREKH, MR. G.S. CHANDRASHEKAR, MR. SUNIL PAREKH AND MR. GHYANSHYAM JOSHI CONFIRM THAT NO INFORMATION/ MATERIAL LIKELY TO HAVE A BEARING ON THE DECISION OF INVESTORS IN RESPECT OF THE SHARES OFFERED IN TERMS OF THIS RED HERRING PROSPECTUS HAS BEEN SUPRESSED WITHHELD AND/ OR INCORPORATED IN THE MANNER THAT WOULD AMOUNT TO MIS-STATEMENT/ MISREPRESENTATION AND IN THE EVENT OF ITS TRANSPERING AT ANY POINT IN TIME TILL ALLOTMENT/ REFUND, AS THE CASE MAY BE, THAT ANY INFORMATION/ MATERIAL HAS BEEN UNPRESSES/ WITHHELD AND/ OR AMOUNTS TO A MIS-STATEMENT/ MISREPRESENTATION, THE PROMOTERS/ DIRECTORS UNDERTAKE TO REFUND THE ENTIRE APPLICATION MONIES TO ALL SUBSCRIBERS WITHIN 7 DAYS THEREAFTER WITHOUT PREJUDICE TO THE PROVISIONS OF SECTION 63 OF THE COMPANIES ACT.

THE FILING OF THE RHP DOES NOT, HOWEVER ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956, OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED PUBLIC ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGER FOR ANY IRREGULARITIES OR LAPSES IN THE OFFER DOCUMENT.

B) DISCLAIMER STATEMENT FROM THE COMPANY, THE SELLING SHAREHOLDERS AND THE BRLMs

Investors who bid in this offer will be required to confirm and will be deemed to have represented to the Company, the selling shareholder, 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 Selling shareholder, the underwriters and their respective directors, officers, agents, affiliates, and representatives accept to responsibility or liability for advising any investor or whether such investor is eligible to acquire equity Shares of the Company.

The Company, the Directors, and the BRLMs accept no responsibility for statements made otherwise than in this RHP or in the advertisements or any other material issued by or at instance of the above mentioned entities and anyone depending on any other source of information, including our website, www.vishalinfotech.com, would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into among the BRLMs and us dated 31/10/2007 and 21/02/2007 and the Underwriting Agreement to be entered into among the Underwriters and us.

All information shall be made available by us and BRLMs 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 or at bidding centers etc.

Neither we nor the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Caution

The Company, the Selling shareholder, the Directors and the BRLM accept no responsibility for statements made otherwise than in the Red Herring Prospectus or in the advertisements or any other material issued by or at instance of the above mentioned entities and anyone placing reliance on any other source of information would be doing so at his or her own risk.

All information shall be made available by the Company, BRLM and the Selling shareholders 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 or at bidding centers.

The Company shall not be liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

C) DISCLAIMER WITH RESPECT TO JURISDICTION

This Issue is being made in India to persons resident in India {including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under the applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds}. This Red Herring Prospectus does not, however, constitute an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Prospectus comes is required to inform him 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 Chennai, Tamil Nadu 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 Red Herring Prospectus has been filed with SEBI for observations. Accordingly, the Equity Shares, represented thereby may not be offered or



sold, directly or indirectly, and this 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 Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

G) DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

Disclaimer Clause of Bombay Stock Exchange Limited (BSE)

“Bombay Stock Exchange Limited (“the Exchange”) has given vide its letter no. DCS/IPO/SI/IPO-IP/095-2008-2009 dated 25/04/2008 permission to the Company to use the Exchange’s name in this Red Herring Prospectus as one of the stock exchanges on which this Company’s securities are proposed to be listed. The Exchange has scrutinized this Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- i. Warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; or
- ii. Warrant that this Company’s securities will be listed or will continue to be listed on the Exchange; or
- iii. Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this Red Herring Prospectus has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever”.

Disclaimer Clause of the National Stock Exchange of India (NSE)

As required, a copy of this Red Herring Prospectus has been submitted to National Stock Exchange of India Limited. NSE has given vide its letter Ref. No. NSE/LIST/73242-P dated May 14, 2008 permission to the Issuer to use the Exchange’s name in this Red Herring Prospectus as one of the stock exchanges on which this Issuer’s securities are proposed to be listed subject to the Issuer fulfilling the various criteria for listing including the one related to paid up capital and market capitalization (i.e. the paid up capital shall not be less than Rs. 10 crores and market capitalization shall not be less than Rs. 25 crores at the time of listing). The Exchange has scrutinized this Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the 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 this Red Herring Prospectus, nor does it warrant that this Issuer’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 this Issuer, its promoters, its management or any scheme or project of this Issuer.

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



H) FILING

A copy of this RHP has been filed with SEBI at SEBI Bhavan, C-4-A, G Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400051 ; Bombay Stock Exchange Limited, P.J. Towers, Dalal Street, Mumbai -400001 and National Stock Exchange of India Limited at "Exchange Plaza", Bandra-Kurla Complex, Bandra (E) 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 Red Herring Prospectus required to be filed under Section 60 of the Companies Act would be delivered for registration with the ROC, Tamil Nadu, Chennai.

I) LISTING

Applications will be made to BSE and NSE for permission to deal in and for an official quotation of the Equity Shares of the Company. Bombay Stock Exchange Limited shall be the Designated Stock Exchange with which the basis of allocation will be finalized.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the Stock Exchanges mentioned above, the Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of this RHP. If such money is not repaid within eight days after the Company becomes liable to repay it from the date of refusal or within 70 days from the date of Bid/Issue Closing Date, whichever is earlier, then the Company, and every Director of the Company who is an officer in 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 of finalization of the basis of Allotment for the Issue.

J) 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."

K) CONSENTS

Consents in writing of the Directors, the Company Secretary and Compliance Officer, the Auditors, the Legal Advisor, Bankers to the Company, BRLMs and the Registrar to the Issue to act in their respective capacities, have been obtained and will be filed along with a copy of the RHP with the ROC as required under Sections 60 and 60B.

K.P. Joshi & Co., Chartered Accountants, Auditors of the Company have also given their consent to the inclusion of their report as appearing hereinafter in the form and context in which appears in this RHP and also of the tax benefits accruing to the Company and to the members of the



Company and such consent and report have not been withdrawn up to the time of signing this RHP.

L) EXPERT OPINION OBTAINED, IF ANY

Except as stated in "Statement of Tax Benefits", the Company has not obtained any expert opinion.

EXPENSES OF THE ISSUE

The Management estimates an expense of Rs. [●] Lacs towards issue expense. The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated Issue expenses are as follows:

(Rs. in Lacs)				
Sr. No.	Nature of Expenses	Amount*	% to the Total Expenses	% to the Issue
1.	Lead Management Fee, Underwriting Commissions and Selling Commissions	[●]	[●]	[●]
2.	Advertising and Marketing Expenses	[●]	[●]	[●]
3.	Printing and Stationery	[●]	[●]	[●]
4.	Others (Registrar's Fee, Legal Fee, etc.)	[●]	[●]	[●]
	Total	[●]	[●]	[●]

* Will be incorporated after finalization of Issue Price

DETAILS OF FEE PAYABLE

Fees Payable to the Book Running Lead Managers and Syndicate Members

The total fees payable to the Book Running Lead Managers and Syndicate Members (including underwriting commission and selling commission) will be as per the memorandum of understanding between the Company and Keynote dated 31/10/2007 and between the Company and IDBI dated 21/02/2008 a copy of which is available for inspection at our registered office.

Fees Payable to the Registrar to the Issue

The fees payable by us 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 per the memorandum of understanding dated 12/02/2008 between the Registrar to the Issue and the Company.

The Registrar to the Issue will be reimbursed all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided by us 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.

UNDERWRITING COMMISSION, BROKERAGE AND SELLING COMMISSION

The underwriting commission and the selling commission for the Issue are as set out in the Syndicate Agreement amongst the Company, the BRLMs and the Syndicate Member. The underwriting commission shall be paid as set out in the Syndicate Agreement based on the Issue price and the amount underwritten in the manner mentioned on page no. 19 of the RHP.



PREVIOUS PUBLIC OR RIGHTS ISSUE

The Company has not made any public or rights issue of shares either in India or abroad in the five years preceding the date of this RHP.

PREVIOUS ISSUE OF SHARES OTHERWISE THAN FOR CASH

The Company has during the financial year 2004-05, issued bonus shares in the ratio of 2:1 aggregating to 28,60,000 equity shares by capitalising the reserves.

PURCHASE OF PROPERTY

The company has not purchased any property during the last two financial years.

REVALUATION OF ASSETS

The company has not revalued any of its assets since its inception.

COMMISSION AND BROKERAGE ON PREVIOUS ISSUES

Since this is the initial public offer of the Company, 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 Equity Shares since inception of the Company.

CAPITAL ISSUE DURING THE LAST THREE YEARS

Vishal Information Technologies Limited and its group companies have not made any capital issue during the last three years.

PROMISE vis-à-vis PERFORMANCE

This is a first issue of the Company and hence details of Promises vis -a-vis performance of the company is not applicable

PREVIOUS ISSUE OF SHARES BY THE PROMOTING COMPANY

Tutis Technologies Ltd., the promoting company, came with an Initial Public Offering of 12,50,000 equity shares or Rs.10/- each at a premium of Rs. 45/- per share aggregating to Rs. 687.50 lacs vide prospectus dated 07/07/1999. The issue opened for subscription on 29/07/1999 and closed on 04/08/1999. The objects of the issue was to fund the expansion programme of the company for setting up a software development centre at Mumbai, to invest in subsidiaries in UK, USA and Germany and to meet the long term working capital requirements. No projections were made in the document.

OUTSTANDING DEBENTURES OR BONDS AND REDEEMABLE PREFERENCE SHARES AND OTHER INSTRUMENTS

There are no outstanding debentures or bonds or redeemable preference shares and other instruments issued by the company as on the date of this RHP.

STOCK MARKET DATA

This being an initial public offering of the Company, the Equity Shares are not listed on any stock exchange.



INVESTOR GRIEVANCES AND REDRESSAL SYSTEM

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

The Registrar to the issue, namely, Intime Spectrum Registry Limited, will handle investor's grievances pertaining to the issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to the company. The Company would also be co-ordinating with the registrar to the issue in attending to the grievances to the investor. The Company assures that the Board of Directors in respect of the complaints, if any, to be received shall adhere to the following schedules:

Sr. No.	Nature of complaint	Time Table
1.	Non-receipt of refund	Within 7 days of receipt of complaint subject to production of satisfactory evidence
2.	Non Receipt of Share Certificate/Demat Credit	Within 7 days of receipt of complaint subject to production of satisfactory evidence
5.	Any other complaint in relation to Public Issue	Within 7 days of receipt of complaint with all relevant details

Redressal of investors' grievance are given top priority by the Company. The Committee oversees redressal of complaints of shareholders/investors and other important investor related matters. The Company has adequate arrangements for redressal of investor complaints as follows:

Share transfer/ dematerialization/ rematerialisation are handled by well equipped professionally managed Registrar and Transfer Agent, appointed by the Company in terms of SEBI's direction for appointment of Common Agency for physical as well as demat shares. The Registrars are constantly monitored and supported by qualified and experienced personnel of the Company.

We have appointed Mr. Sunil Soni, Company Secretary as the Compliance Officer and he may be contacted in case of any pre-issue or post-issue problems. He can be contacted at the following address:

Vishal Information Technologies Limited
 Kingsley Chambers,
 Block No. 26, Ramasamy Street,
 T. Nagar, Mambalam,
 Guindy Taluk, Chennai - 600 017
Tel.: +91- 044 - 2436 2751 - 55
Fax: +91- 044 - 24362756
E-mail: investors@vishalinfotech.com

CHANGES IN AUDITORS

There has been no change in the auditor of the Company since past three years.

CAPITALIZATION OF RESERVES OR PROFITS DURING LAST 5 YEARS

The company has issued 28,60,000 Equity Shares in the ratio of 2:1 on 30.11.2004 by capitalizing reserves or profits.



VIII. OFFERING INFORMATION

A) 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 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 Reserve Bank of India, ROC and/ or other authorities, as in force on the date of the Issue and to the extent applicable.

AUTHORITY FOR THE ISSUE

The Board of Directors, have pursuant to the resolution passed at its meeting held on 05/12/2007, authorised the issue, subject to the approval of the shareholders of our Company under Section 81(1A) of the Companies Act. The shareholders of the Company have authorised the issue by a Special Resolution adopted pursuant to Section 81 (1A) of the Companies Act, passed that the Extra Ordinary General Meeting held on 31/12/2007.

RANKING OF EQUITY SHARES

The Equity Shares being offered shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank pari passu in all respects with the existing Equity Shares including 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.

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. 140 and the Cap Price is Rs. 150 per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares subject to the applicable laws.

RIGHTS OF THE EQUITY SHAREHOLDERS

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on 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, 1956 and the Memorandum and Articles of Association of the Company.

MARKET LOT

In terms of Section 68B of the Companies Act, 1956, the Equity Shares of the Company shall be allotted only in dematerialized form. In terms of existing SEBI Guidelines, the trading in the Equity Shares of the Company shall only be in dematerialized form for all investors. Since trading of our Equity Shares will be in dematerialized mode, the tradable lot is one equity share. Allotment of Equity Shares through this Issue will be done only in electronic form in multiples of 40 Equity Shares subject to a minimum Allotment of 40 Equity Shares.



NOMINATION FACILITY TO 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:

- To register himself or herself as the holder of the Equity Shares; or
- To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, 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 dematerialized form, 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 changing the nomination, they are requested to inform their respective depository participant.

APPLICATION BY ELIGIBLE NRI'S, FII'S REGISTERED WITH SEBI AND FVCI'S REGISTERED WITH SEBI

It is to be distinctly understood that there is no specific reservation for NRIs or FIIs registered with SEBI or FVCIs registered with SEBI. As per regulations, OCBs cannot participate in the issue.

MINIMUM SUBSCRIPTION

If the company does not receive the minimum subscription of 90% of the fresh issue including devolvement of Underwriters within 60 days from the closure of the issue, the company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the company becomes liable to pay the amount, the company shall pay interest as per Section 73 of the Companies Act.

The issue comprises of fresh issue of 17,90,000 equity shares of Rs. 10/- each and an offer for sale by the selling share holders to the extent of 10,00,000 equity shares of Rs. 10/- each. In regard to the shares under the offer for sale, the requirement of minimum subscription shall not be applicable.

Our company will proceed for allotment on receipt of subscription to the extent of 26,70,000 equity shares of Rs. 10/- each, representing 25% of the post issue paid up equity capital of the company.

In case of under-subscription in the issue, equity shares in the fresh issue will be issued prior to the sale of equity shares in the offer for sale.

ARRANGEMENTS FOR DISPOSAL OF ODD LOTS

The Company has not made any arrangements for the disposal of odd lots.



RESTRICTIONS ON TRANSFER OF SHARES

There are no restrictions on transfers and transmission of shares/ debentures and on their consolidation/ splitting.

B. ISSUE STRUCTURE

Public Issue of 27,90,000 Equity Shares of face value Rs.10/- each for cash by the company issued at a price of Rs.[●] per Equity Share, aggregating Rs. [●] Lacs (hereinafter referred to as the "Issue") comprising of Fresh Issue of 17,90,000 equity shares of Rs.10/- each and Offer for sale of 10,00,000 equity shares of Rs.10/- each by the selling shareholders. The Issue would constitute 26.12% of the post Issue paid-up capital of the Company. The Issue is being made through the 100% Book Building Process:

	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	Upto 13,95,000 Equity Shares will be allotted to QIBs.	Upto 4,18,500 Equity Shares shall be available for allocation.	Not less than 9,76,500 Equity Shares shall be available for allocation.
Percentage of Issue Size available for allocation	Up to 50% of the (of which 5% shall be reserved for Mutual Funds) Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion, if any, in the Mutual Fund reservation will be available to QIBs.	Upto 15% of the Issue or Issue less allocation to QIBs and Retail Portion*	Not less than 35% of the Issue or Issue less allocation to QIBs and Non-Institutional Portion.*
Basis of allocation if respective category is oversubscribed	Proportionate (a) 69,750 Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds; and (b) 13,95,000 Equity Shares shall be allotted 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 that the Bid Amount exceeds Rs.100,000 and in multiples of 40 Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs 100,000 and in multiples of 40 Equity Shares thereafter.	40 Equity Shares and in multiples of 40 Equity Share thereafter.
Maximum Bid	Not exceeding the size of the Issue subject to	Not exceeding the size of the Issue	Such number of Equity Shares per



	QIBs	Non-Institutional Bidders	Retail Individual Bidders
	regulations as applicable to the Bidder	subject to regulations as applicable to the Bidder	Retail Individual Bidder so as to ensure that the Bid Amount does not exceed Rs.100,000.
Mode of Allotment	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply **	Public financial institutions, as specified in Section 4A of the Companies Act: scheduled commercial banks, mutual funds, foreign institutional investors registered with SEBI, multilateral and bilateral development financial institutions, foreign venture capital funds registered with SEBI, State Industrial Development Corporations, permitted insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 2500 Lacs and pension funds with minimum corpus of Rs. 2500 Lacs in accordance with applicable law, National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India.	Resident Indian individuals, HUFs (in the name of karta), companies, corporate bodies, societies and trusts.	Individuals (including HUFs in the name of karta) applying for Equity Shares such that the Bid Amount per Retail Individual Bidder does not exceed Rs.100,000 in value.
Terms of Payment	Margin Amount applicable to QIB Bidders at the time of submission of Bid-cum-Application Form to the Member of Syndicate.	Margin Amount applicable to Non-institutional Bidder at the time of submission of Bid-cum-Application Form to the Member of Syndicate.	Margin Amount applicable to Retail Individual Bidder at the time of submission of Bid - cum - Application Form to the Member of Syndicate.
Margin Amount	10% of the Bid Amount in respect of bids placed by QIB Bidder on Bidding.	Full Bid Amount on Bidding.	Full Bid Amount on Bidding.



* Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the QIB's, Non-Institutional and Retail Individual categories would be allowed to be met with spillover inter-se from any of the other categories, at the sole discretion of the Company, the BRLMs and subject to applicable provisions of the SEBI Guidelines.

** 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 in the same sequence in which they appear in the Bid-cum-Application Form.

If the aggregate demand by Mutual Funds is less than 69,750 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund reservation will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.

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.

Withdrawal of this Issue

The Company, in consultation with the BRLMs, reserves the right not to proceed with this Issue at any time, including after the Bid/ Issue Opening Date without assigning any reason thereof.

Bidding Period / Issue Period

BID / ISSUE OPENS ON	BID / ISSUE CLOSES ON
MONDAY, JULY 21 ST 2008	THURSDAY, JULY 24 TH 2008

Bids and any revision in bids shall be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid-cum-Application Form except that on the Bid/Issue Closing Date, the Bids shall be accepted only between 10 a.m. and 1 p.m. (Indian Standard Time) or uploaded till such time as may be permitted by the BSE and NSE on the Bid/Issue Closing Date.

The Price Band will be decided by the Company in consultation with the BRLMs.

The Company reserves the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band.

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 Period / Issue Period not exceeding ten working days. Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be widely disseminated by notification to the BSE and NSE by issuing a press release, and also by indicating the change on the web site and at the terminals of the members of the Syndicate.



C) ISSUE PROCEDURE

BOOK BUILDING PROCEDURE

The Issue is being made through the 100% Book Building Process wherein upto 50% of the Issue will be allocated on a proportionate basis to Qualified Institutional Buyers (“QIBs”), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Further, upto 15% of the net Issue 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 members of the Syndicate. We, in consultation with the BRLMs reserve the right to reject any QIB Bid procured by any or all members of the Syndicate provided the rejection is at the time of receipt of such Bids and the reason for rejection of the Bid is communicated to the Bidder at the time of rejection of the Bid. In case of Non-Institutional Bidders, and Retail Individual Bidders the Company would have a right to reject the Bids only on technical grounds.

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 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 allotment of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the ROC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorized our Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the ROC and as would be required by the ROC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed color of the Bid cum Application Form for various categories is as follows:

Category	Color of Bid cum Application Form
Resident Indians, Eligible NRIs applying on a non-repatriation basis	White
Eligible NRIs, FIIs, FCVIs etc. applying on a repatriation basis	Blue

Who can Bid?

- Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
- Indian nationals resident in India who are not minors in single or joint names (not more than three);
- 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;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in the equity shares;
- Mutual Funds registered with SEBI;



- Eligible NRIs on a repatriation basis or on a non-repatriation basis, subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this issue;
- Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Guidelines and regulations, as applicable);
- FIIs registered with SEBI;
- Venture Capital Funds registered with SEBI;
- State Industrial Development Corporations;
- Trusts/ societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/ societies and who are authorized under their constitution to hold and invest in equity shares;
- Scientific and/or industrial research organizations authorized to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority, India;
- Provident Funds with minimum corpus of Rs. 250 million and who are authorized under their constitution to hold and invest in equity shares;
- Pension Funds with a minimum corpus of Rs. 250 million and who are authorized under their constitution to hold and invest in equity shares; and

As per the existing regulations, OCBs cannot participate in this Issue.

Participation by associates of BRLMs and Syndicate Members

The BRLMs and Syndicate Members shall not be allowed to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLMs and Syndicate Members may subscribe for Equity Shares in the Issue, either in the QIB Portion and Non-Institutional Portion where the allotment is on a proportionate basis.

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 69,750 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIBs, be 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 concerned for which the Bid has been made.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in 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.

Bids by Eligible NRIs

Bid cum Application Forms have been made available for Eligible NRIs at the registered office of the Company and with members of the Syndicate and the Registrar to the Issue.



Eligible NRI applicants should note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for Allotment. The Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application Form meant for Resident Indians.

Bids by FIIs

As per 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 paid-up 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 post issue capital of the Company or 5% of the total issued capital, in case such sub-account is a foreign corporate or an individual.

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 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 in 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.

Bids by SEBI registered Venture Capital Funds or FVCI's

As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds:

The SEBI (Venture Capital) Regulations, 1996 prescribe investment restrictions on venture capital funds registered with SEBI. 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 upto 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 Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Bid Size

- a) **For Retail Individual Bidders:** The Bid must be for a minimum of 40 Equity Shares and in multiples of 40 Equity Shares thereafter, so as to ensure that the Bid Price 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 Price does not exceed Rs. 100,000. In case the Bid Price is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders portion. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.
- b) **For Other Bidders (Non-Institutional Bidders and QIBs):** 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 40 Equity Shares thereafter. A Bid cannot be submitted for more than the Issue. However, the



maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **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 Amount upon submission of the 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 allotment under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-Off'.

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 Red Herring Prospectus.

Information for the Bidders:

1. The Company will file the Red Herring Prospectus with the Designated Stock Exchange least 3 (three) days before the Bid/Issue Opening Date.
2. The Company and the BRLMs shall declare the Bid/ Issue Opening Date, Bid/ Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with the Designated Stock Exchange and also publish the same in four widely circulated newspapers (one each in English, Hindi, Tamil and Marathi). This advertisement, shall be in the format prescribed in Schedule XX-A of the SEBI Guidelines.
3. The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.
4. Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/ or the Bid cum Application Form can obtain the same from our Head Office or from any of the members of the Syndicate and should approach any of the BRLMs or Syndicate Members or their authorized agent(s) to register their bids.
5. The Members of the Syndicate shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.
6. The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the members of the Syndicate. Bid cum Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.
7. The Bidding/ Issue Period shall be for a minimum of 3 (three) working days and not exceeding 7 (seven) working days. In case the Price Band is revised, the revised Price Band and the Bidding/ Issue Period will be published in two weekly circulated national newspapers (one each in English and Hindi) and one regional newspaper and the Bidding/ Issue Period may be extended, if required, by an additional 3 (three) days, subject to the total Bidding/ Issue Period not exceeding 10 (ten) working days.
8. The Price Band has been fixed at Rs.140 to Rs.150 per Equity Share of Rs. 10 each, Rs. 140 being the lower end of the Price Band and Rs. 150 being the higher end of the Price Band. The Bidders can bid at any price within the Price Band, in multiples of Rs.1 (One)
9. The Company in consultation with the BRLMs, reserve the right to revise the Price Band, during the Bidding/ Issue Period, in accordance with SEBI Guidelines. The higher end of the Price Band should not be more than 20% of the lower end of the Price Band. Subject to compliance with the immediately preceding sentence, the lower end of the Price Band can move up or down to the extent of 20% of the lower end of the Price Band disclosed in the Red Herring Prospectus.



10. In case of revision in the Price Band, the Bidding/ Issue Period will be extended for 3 (three) additional working days after revision of Price Band subject to a maximum of 10 (ten) working days. 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 four widely circulated newspapers (one each in English, Hindi and Tamil) and one Marathi newspaper with wide circulation, and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate Members.
11. The Company in consultation with the BRLMs, can finalize the Issue Price within the Price Band without the prior approval of, or intimation, to the Bidders.

Method and Process of Bidding

1. 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 and Revision of Bids” on page 151 of this Red Herring Prospectus 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/ Allotment and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.
2. The Bidder cannot Bid on another Bid cum Application Form after Bid(s) on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or 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 titled “Bids at Different Price Levels and Revision of Bids” on page 151 of this Red Herring Prospectus.
3. The members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip (“TRS”) for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.
4. 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 this Red Herring Prospectus.
5. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled “Terms of Payment and Payment into the Escrow Accounts” on page 159 of this Red Herring Prospectus.

Bids at Different Price Levels and Revision of Bids

1. The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may bid at Cut-Off Price. However, bidding at Cut-Off Price is prohibited for QIB, Non-Institutional Bidders bidding in excess of Rs. 100,000 and such bids shall be rejected.
2. Retail Individual Bidders who bid at the 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 deposit the Bid Price based on the higher end of the Price Band in the Escrow Account. In the event the Bid Price is higher than the subscription amount payable by the Retail Individual Bidders who Bid at Cut off Price (i.e., the total number of Equity Shares allocated in the Issue



- multiplied by the Issue Price), the Retail Individual Bidders who Bid at Cut off Price, shall receive the refund of the excess amounts from the Escrow Account.
3. 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 higher end of the Revised Price Band (such that the total amount i.e., original Bid Price plus additional payment does not exceed Rs. 100,000 for Retail Individual Bidders, if the Bidder wants to continue to Bid at Cut-off Price), with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Price plus additional payment) exceeds Rs. 100,000 for Retail Individual Bidders the Bid will be considered for allocation under the Non- Institutional Portion in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the higher end of the Price Band 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 such Bidder is deemed to have approved such revised Bid at Cut-off Price.
 4. 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 Escrow Account.
 5. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain 40 Equity Shares irrespective of whether the Bid Price payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.
 6. 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.
 7. Revisions can be made in both the desired number of Equity Shares and the Bid price by using 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 complete all the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms.
 8. The Bidder can make this revision any number of times during the Bidding/ Issue 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 place the original Bid.
 9. 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.
 10. 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 Red Herring Prospectus. In case of the QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft or electronic transfer of funds through RTGS for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
 11. 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 revision of the original bid.**



Escrow Mechanism

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 allotment in the Issue.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Bank(s) for and on behalf of the Bidders shall maintain the monies in the Escrow Account. The Escrow Collection 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 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 shall be held for the benefit of the Bidders who are entitled to refunds. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and this 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.

Electronic Registration of Bids

1. The Members of the Syndicate will register the Bids using the on-line facilities of the BSE and the NSE. 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. The BSE and the NSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Members of the Syndicate and their authorized agents during the Bidding/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 until such time as may be permitted by the Stock Exchanges.
3. The aggregate demand and price for Bids registered on the electronic facilities of the BSE and the NSE will be uploaded on a regular basis, consolidated and displayed on-line at all bidding centers and the website of BSE and NSE. A graphical representation of consolidated demand and price would be made available at the bidding centers during the Bidding/ Issue Period.
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
 - Investor category – Individual, Corporate, Eligible NRI, FII or Mutual Fund, QIBs, etc;
 - Numbers of Equity Shares bid for;
 - Bid price;
 - Bid cum Application Form number;
 - Whether Margin Amount has been paid upon submission of Bid cum Application Form
 - 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/ allotted 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, Retail Individual Bidders, Bids would not be rejected except on the technical grounds mentioned on page 162 of this Red Herring Prospectus.
8. It is also to be distinctly understood that the approval given by the BSE and the NSE to use their network and software of the online IPO system should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that our Equity Shares will be listed or will continue to be listed on the BSE and NSE.
9. Only bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/ Allotment. In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of the BRLMs based on the physical records of the Bid cum Application Forms shall be final and binding on all concerned.

Bids and revisions of Bids must be:

1. Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white color for Resident Indians and blue color for NRIs and FIIs applying on repatriation basis).
2. Completed in full, in BLOCK LETTERS in English and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.
3. For Retail Individual Bidders, the Bid must be for a minimum of 40 Equity Shares and in multiples of 40 Equity Shares thereafter subject to a maximum Bid Amount of Rs. 100,000.
4. 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 40 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.
5. Bids by NRIs for a Bid Price of up to Rs. 100,000 would be considered under the Retail Portion for the purpose of allocation and Bids for a Bid Price of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purpose of allocation.
6. Bids by other eligible Non Resident Bidders for a minimum of such number of Equity Shares and in multiples of 40 Equity Shares thereafter that the Bid Price exceeds Rs. 100,000.
7. Bids by Non Residents, NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI on a repatriation basis shall be in the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms and partnerships, foreign nationals (excluding NRIs) or their nominees.
8. In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
9. 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.

Price Discovery and Allocation

1. After the Bid/Issue Closing Date, the BRLMs shall analyze the demand generated at various price levels and discuss pricing strategy with the Company.
2. Our Company in consultation with the BRLMs, shall finalize the Issue Price, the number of Equity Shares to be allotted in each investor category.



3. The allocation to QIBs will be upto 50% of the Issue and the availability for allocation to Non-Institutional and Retail Individual Bidders will not be less than 15% and 35% of the Issue respectively, and, would be on proportionate basis, in the manner specified in the SEBI Guidelines and this Red Herring Prospectus, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
4. Under-subscription, if any, in the Non-Institutional category and the Retail Individual category would be met with spill over from any other category at the sole discretion of the Company in consultation with the BRLMs. However, if the aggregate demand by Mutual Fund is less than 69,750 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allotted proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB Portion has been met with spill-over from any other category or combination of categories at the discretion of the Company, in consultation with BRLMs and the Designated Stock Exchange.
5. Allocation to Eligible NRIs, FIIs, foreign venture capital funds registered with SEBI applying on repatriation basis will be subject to applicable law and the terms and conditions stipulated by the RBI.

Signing of Underwriting Agreement and Filing with the Designated Stock Exchange

- (a) We, the BRLMs and the Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price and allocation/ Allotment to the Bidders.
- (b) After signing the Underwriting Agreement, we would update and file the updated Red Herring Prospectus with the Designated Stock Exchange, 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.

Filing of the Prospectus with the Registrar of Companies

We will file a copy of the Prospectus with the Registrar of Companies in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Announcement of pre-Issue Advertisement

Subject to Section 66 of the Companies Act, the Company shall after receiving final observations, if any, on the Red Herring prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI Guidelines in two widely circulated newspapers (one each in English & Hindi) and a Tamil and Marathi newspaper.

Issuance of Confirmation of Allocation Note ("CAN")

- (a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLMs 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 Allotment by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for Retail Bidders 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 BRLMs or the members of the Syndicate would then dispatch 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 entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the entire Bid Amount 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 the Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realization 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 Allotted to such Bidder.
- (d) The Issuance of CAN is subject to “Notice to QIBs - Allotment Reconciliation and Revised CANs” as set forth herein.

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. This shall be followed by a physical book prepared by the Registrar on the basis of Bid-cum-Application Forms received. Based on the electronic book or the physical book, as the case may be, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid cum Applications Forms 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 allotment 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. Any 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 Bid/Issue Closing Date. After the funds are transferred from the Escrow Accounts to the Issue Account on the Designated Date, we would ensure the credit to the successful Bidders depository account. Allotment of the Equity Shares to the successful Bidders depository account within 2 working days of the date of allotment.
- (b) In accordance with the SEBI Guidelines, Equity Shares will be issued and Allotment shall be made only in the dematerialized form to the Allottees.
- (c) Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ Allotted to them pursuant to this Issue.

OPTION TO SUBSCRIBE

In terms of section 68B to the Companies Act, 1956, the equity shares in this offer shall be allotted only in dematerialized form (i.e. not in the form of physical certificates but the fungible and be represented by the statement issued through electronic mode). Investors shall have an option to hold the shares post allotment in physical or demat form.

Availability of RHP and Bid cum application forms

The memorandum Form 2A containing the silent features of the RHP together with the Application forms and copies of the RHP may be obtained from the registered Office of the Company, the BRLMs to the issue and Syndicate members as mentioned on the application form.



GENERAL INSTRUCTIONS

Do's:

- a) Check if you are eligible to apply;
- b) Read all the instructions carefully and complete the applicable Resident Bid cum Application Form (White in color) or Non Resident Bid cum Application Form (Blue in color);
- c) Ensure that the details about Depository Participant and beneficiary account are correct as Allotment of Equity Shares will be in the DEMATERIALIZED form only;
- d) Ensure that the Bids are submitted at the bidding centers only on forms bearing the stamp of a member of the Syndicate;
- e) Ensure that you have been given a TRS for all your Bid options;
- f) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- g) Each of the Bidders, should mention his/ her Permanent Account Number (PAN) allotted under the IT Act;
- h) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects; and
- 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.

Don'ts:

- a) Do not Bid for lower than the minimum Bid size;
- b) Do not Bid/revise Bid Price to less than the lower end of the Price Band or higher than the higher end of the Price Band;
- 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 Price in cash, by money order or by postal order or by stockinvest;
- 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, for bid amount in excess of Rs. 100,000);
- 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;
- h) Do not submit the Bid without the QIB Margin Amount, in case of a Bid by a QIB;
- i) Do not submit the GIR number instead 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.



Bidder's Depository Account and Bank Account 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"). Since the Issue is being made entirely in the dematerialized form, the Bank Account details used for giving refunds to the Bidders to whom an electronic refund is being made will also be taken from the data provided by such Bidder to the Depository Participant. 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 dispatch/ credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs or the Registrar or the Escrow Collection Banks nor the Bank 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 DEMATERIALIZED 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/Allotment Advice and printing of Bank particulars on the refund orders. 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 have deemed to have authorized 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 not 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 Bank, the Registrar, Escrow Collection Bank(s) nor the BRLMs shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or pay any interest for such delay. In case of Bidders receiving refunds through electronic modes as detailed on page 167 of this Red Herring Prospectus, Bidders may note that refunds may get delayed if Bank particulars obtained from the Depository Participant are incorrect.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only at the prevailing exchange rate 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.

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 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 lodged along with the Bid cum Application Form. In case of Bids made by Mutual Funds, venture capital funds registered with SEBI and FVCIs, a certified copy of their SEBI registration certificate must be lodged along 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.

In case of the Bids made by provident funds with minimum corpus of Rs. 250 million (subject to applicable law) 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.

We, in our absolute discretion, reserves the right to relax the above condition of simultaneous submission of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that we and the BRLMs may deem fit.

PAYMENT INSTRUCTIONS

Our Company shall open Escrow Accounts with the Escrow Collection Bank(s) for the collection of the Bid Amounts payable upon submission of the Bid-cum-Application Form and for amounts payable pursuant to allotment in the Issue.

Terms of Payment and Payment into the Escrow Accounts

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/ or on allocation/ Allotment as per the following terms.

1. Each category of Bidders i.e., QIB Bidders, Non-Institutional Bidders, Retail Individual Bidders shall provide the applicable Margin Amount, and with the submission of the Bid cum Application Form draw 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 refer to the point 3 of "Terms of Payment and Payment into the Escrow Account" on page 159 of this Red Herring Prospectus) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid cum Application Forms accompanied by cash shall not be accepted. The Margin



Amount payable by each category of Bidders is mentioned under the section titled “Issue Structure” on page 144 of this Red Herring Prospectus. 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.

2. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Price, 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, which shall be a minimum period of 2 (two) days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs. If the payment is not made favoring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled.
3. The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - (a) In case of resident QIB Bidders: “Escrow Account -VITL IPO - QIB - R”
 - (b) In case of non-resident QIB Bidders: “Escrow Account -VITL IPO - QIB-NR”
 - (c) In case of resident non-QIB Bidders and eligible NRI’s applying on non-repatriation basis: “Escrow Account - VITL IPO - R”
 - (d) In case of non-resident non-QIB Bidders: “Escrow Account - VITL IPO - NR”
4. 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 Non- Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorized 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 the 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.
5. In case of Bids by FIIs/ FVCIs registered with SEBI/ multilateral and bilateral financial institutions, 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 special rupee account.
6. Where a Bidder has been allocated/ Allotted a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated/ Allotted will be refunded to the Bidder from the Refund Account.
7. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Accounts as per the terms of the Escrow Agreement into the Issue Account with the Bankers to the Issue. No later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Banks shall refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation/ Allotment to the Bidders.

Payment by Stockinvest

In terms of the Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through stockinvest would not be accepted in this Issue.



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.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all refund 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 would serve as a multiple master.
2. In this master, a check will be carried out for the same PAN/GIR numbers. In cases where the PAN/GIR numbers are different, the same will be deleted from this master.
3. The Registrar to the Issue will obtain, from the depositories, details of the applicant's address based on the DP ID and Beneficiary Account Number provided in the Bid cum Application Form and create an address master.
4. The addresses of all these applications in the multiple master will be strung from the address master. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names. The applications with same name and same address will be treated as multiple applications.
5. The applications will be scanned for similar DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.
6. Subsequent to the aforesaid procedures, a print out of the multiple master will be taken and the applications physically verified to tally signatures as also father's/husband's names. On completion of this, applications will finally 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 funds registered with SEBI and such Bids in respect of more than one scheme of the mutual funds will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

The Company, in consultation with the BRLMs, reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number or PAN/ GIR

Pursuant to the circular MRD/DoP/Circ-05/2007 dated April 27, 2007, SEBI has mandated Permanent Account Number (PAN) to be the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction with effect from July 2, 2007. Each of the Bidders should mention his/her PAN allotted under the IT 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 submit the GIR number instead of the PAN, as the Bid is liable to be rejected on this ground.

Our Right to Reject Bids

In case of QIB Bidders, the Company in consultation with the BRLMs may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders who Bid, the Company has a right to reject Bids based on technical grounds. Consequent refunds shall be made as described in this Red Herring Prospectus and will be sent to the Bidders' address at the Bidders' risk.

GROUND FOR TECHNICAL REJECTIONS

Bidders are advised to note that Bids are liable to be rejected inter alia on the following technical grounds:

- a) Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for;
- b) Bank account details (for refund) are not given;
- c) Age of First Bidder not given;
- d) 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;
- e) Bids by persons not competent to contract under the Indian Contract Act, 1872 including minors and insane persons;
- f) PAN not stated or copy of GIR number furnished instead of PAN. See the section titled "Issue Procedure - Permanent Account Number or PAN/ GIR";
- g) Bids for lower number of Equity Shares than specified for that category of investors;
- h) Bids at a price less than lower end of the Price Band;
- i) Bids at a price more than the higher end of the Price Band;
- j) Bids at Cut-off Price by Non-Institutional and QIB Bidders whose Bid Amount exceeds Rs.100,000;
- k) Bids for number of Equity Shares, which are not in multiples of 40;
- l) Category not ticked;
- m) Multiple Bids as defined in this Red Herring Prospectus;
- n) In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- o) Bids accompanied by Stockinvest/ money order/postal order/cash;



- p) Signature of sole and/or joint Bidders missing;
- q) Bid cum Application Form does not have the stamp of the BRLMs or the Syndicate Members;
- r) Bid cum Application Form does not have the Bidder's depository account details;
- s) Bid cum Application Form is not delivered by the Bidder within the time prescribed as per the Bid cum Application Forms, Bid/ Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid cum Application Forms;
- t) In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
- u) Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- v) Bids by QIBs not submitted through members of the Syndicate;
- w) Bids by OCBs;
- x) Bids by U.S. persons, other than "qualified institutional buyers" as defined in Rule 144A under the Securities Act or other than in reliance on Regulation S under the Securities Act; and
- y) Bids by persons outside India if not in compliance with applicable foreign and Indian laws or by any persons who are not eligible to acquire Equity Shares of our Company, in terms of all applicable laws, rules, regulations, guidelines and approvals.

Equity Shares in Dematerialized Form with NSDL or CDSL

As per the provisions of Section 60B of the Companies Act, the Allotment of Equity Shares in this Issue shall be only in a dematerialized form (i.e., not in the form of physical certificates but the fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among the Company, the respective Depositories and the Registrar to the Issue:

- a) Agreement dated 19/02/2008 with NSDL, the Company and the Registrar to the Issue;
- b) Agreement dated 14/02/2008 with CDSL, the Company and the Registrar to the Issue.

All bidders can seek Allotment only in dematerialized mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

- a) A bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participant of either NSDL or CDSL prior to making the Bid.
- b) 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.
- c) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
- d) Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- e) 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.
- f) 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.



- g) Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL or CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with NSDL and CDSL.
- h) The trading of the Equity Shares of the Company would be in dematerialized form only for all investors in the demat segment of the respective Stock Exchanges.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY

We 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 15 working days of the Bid/ Issue Closing Date.

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 requirements of the Stock Exchanges and the SEBI Guidelines, the Company further undertakes that:

- Allotment of Equity Shares shall be made only in DEMATERIALIZED form within 15 (fifteen) working days of the Bid/Issue Closing Date;
- Dispatch of refund orders or in case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 15 (fifteen) working days of the Bid/Issue Closing Date would be ensured; and
- The Bank shall pay interest at 15% (fifteen) per annum for any delay beyond the 15 (fifteen) day time period as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/ or demat credits are not made to investors within the 15 (fifteen) days time prescribed above as per the guidelines issued by the Government of India, 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.

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.

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 category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.



- The Issue size less Allotment to Non-Institutional 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 category is less than or equal to 9,76,500 Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.
- If the aggregate demand in this category is greater than 97,65,00 Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of 40 Equity Shares. For the method of proportionate basis of Allotment, 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 category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less Allotment to QIBs and Retail Portion shall be available for Allotment 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 4,18,500 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 4,18,500 Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of 40 Equity Shares. For the method of proportionate basis of allotment, refer below.

C. For 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 portion. The Allotment to all the QIB Bidders will be made at the Issue Price.
- The QIB Portion shall be available for Allotment to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
 - (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:
 - (i) In the event that 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 Allotment 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 above the Issue Price shall be Allotted Equity Shares on a proportionate basis for upto 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.

➤ The aggregate Allotment to QIB Bidders shall be upto 13,95,000 Equity Shares.

Method of Proportionate Basis of Allotment in the Issue

In the event the Issue is over-subscribed, the basis of Allotment shall be finalized by the Company 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 BRLMs and the Registrar to the Issue shall be responsible for ensuring that 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 by them.
- (b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of 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 40 Equity Shares per Bidder, the Allotment shall be made as follows:
 - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that portion is equal to the number of Equity Shares calculated in accordance with (b) above; and
 - Each successful Bidder shall be allotted a minimum of 40 Equity Shares.
- (e) If the proportionate Allotment to a Bidder is a number that is more than 40 but is not a multiple of one (which is the market 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 Bidders in such categories would be arrived at after such rounding off.
- (f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the 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.

PAYMENT OF REFUND

Bidders must 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 will obtain from the Depositories, the Bidders' bank account details including nine digit 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 dispatch 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 Bank, the Registrar, Escrow Collection Bank(s), Bankers to



the Issue nor the BRLMs 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.

Mode of making refunds

The payment of refund, if any, would be done through various modes in the following order of preference:

- I ECS - Payment of refund shall be undertaken through ECS for applicants having an account at any of the following 68 centers: 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 abovementioned 68 centers.
- II 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 Bank.
- III RTGS - Applicants having a bank account at any of the above mentioned fifteen centers 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 Bank. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.
- IV 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 MICR, if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Whenever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency.
- V 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. 1500 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.

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 finalization 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 the Issuer;
- That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 working days of the Bid/ Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- That the certificates of the securities/ refund orders to the Non-Resident Indians shall be dispatched within specified time; and
- That no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner shall be made until the Equity Shares offered through this Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

The Company 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.

Utilization of Issue proceeds

Our Board of Directors certify 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 utilized out of Issue referred above shall be disclosed under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilized;
- details of all unutilized monies out of the Issue, if any shall be disclosed under the appropriate head in our balance sheet indicating the form in which such unutilized monies have been invested.
- The utilization of monies received under promoters' contribution and from firm allotments and reservations shall be disclosed under an appropriate head in the balance sheet of the issuer company, indicating the purpose for which such monies have been utilized.
- The details of all unutilized monies out of the funds received under promoters' contribution and from firm allotment and reservations shall be disclosed under a separate head in the balance sheet of the issuer company, indicating the form in which such unutilized monies have been invested.



SECTION VIII- OTHER INFORMATION

MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF OUR COMPANY

Pursuant to Schedule II of the Companies Act, 1956 and the SEBI DIP Guidelines, the main provisions of the Articles of Association of the Company relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/ or their consolidation/ splitting are detailed below. Please note that each provision herein below is numbered as per the corresponding article number in the Articles of Association and capitalized/ defined terms herein have the same meaning given to them in the Articles of Association.

CAPITAL AND INCREASE AND REDUCTION OF CAPITAL

ARTICLE

- *3. The Authorised Share Capital of the Company is Rs. 12,00,00,000/- (Rupees Twelve Crores only) divided into 1,20,00,000 (One Crores Twenty Lacs) Equity Shares of Rs.10/- (Rupees Ten) each."

INCREASE OF CAPITAL OF THE COMPANY AND HOW CARRIED INTO EFFECT

4. The Company in General Meeting, may from time to time, increase its capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such amounts as the resolution shall prescribe Subject to the provisions of the act, any shares of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting resolving upon the creation thereof shall prescribe and if no direction be given, as the Directors shall determine and in particular, such shares may be issued with a preferential or qualified right to dividends, and in the distribution of assets of the Company and with a right of voting at General Meetings of the Company, in conformity with Sections 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.

***Article 3 is altered vide special resolution passed in the Extra Ordinary General Meeting of the Company held on 23rd November, 2007.**

ARTICLE ALLOTMENT OTHERWISE THAN FOR CASH

5. Subject to the provisions of the Act and these Articles, the Directors may allot and issue shares in the capital of the Company as payment or part-payment for any property or assets of any kind whatsoever, sold or to be sold or transferred or to be transferred or for goods or machinery supplied or to be supplied or for services rendered or to be rendered or for technical assistance or know-how made or to be made available to the Company or the conduct of its business and shares which may be so allotted may be issued as fully or partly paid-up otherwise than in cash and if so issued, shall be deemed to be fully or partly paid as the case may be.

BUY BACK OF SHARES

- *8A. Notwithstanding anything contained in the Articles, the Company shall have the power to buy back its own shares or specified securities in accordance with the provisions of Section 76 and 77B of the Act and the rules, regulations and guidelines prescribed in this regard.



ISSUE OF FURTHER PARI PASSU SHARES NOT TO AFFECT THE RIGHT OF SHARES ALREADY ISSUED

10. The rights conferred upon the holders of the shares of any class issued with preferred or any other rights shall not, unless, otherwise expressly provided by the terms of issue of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

*** Article 8A was inserted vide Special Resolution passed in the Extra Ordinary General Meeting of the Company held on 23rd November, 2007**

SUB-DIVISION AND CONSOLIDATION OF SHARES

11. Subject to the provisions of Section 94 of the Act, the Company in General Meeting may from time to time, sub-divide or consolidate its shares, or any of them, and the resolution whereby any share is sub-divided, 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 regards dividend, capital or otherwise over or as compared with the other or others. Subject as 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 shares so cancelled. The cancellation of shares in pursuance of this Article shall not be deemed to be a reduction of the share capital.

3. Nothing in sub-clause (c) of (1) hereof shall be deemed:

- a) To extend the time within which the offer should be accepted; or
- b) To authorise any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made had declined to take the shares comprised in the renunciation.

4. Nothing in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debenture issued or loans raised by the Company:

- i) To convert such debentures or loans into shares in the company; or
- ii) To subscribe for shares in the company (whether such option is conferred in these Articles or otherwise)

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

- a) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and
- b) In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the company in General Meeting before the issue of the debentures or raising of the loans.



SHARES AT THE DISPOSAL OF THE DIRECTORS

13. Subject to the provisions of these Articles and the Act, the shares in the capital of the Company for the time being (including any shares forming part of any increased capital of the Company) shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any one of them to such persons in such proportion and on such terms and conditions and either at a premium or at par or (subject to compliance with the provisions of the Act) at a discount and at such times as they may from time to time think fit and proper and with the sanction of the Company in General Meeting to give to any person the option to call for or allotted shares of any class of the Company either at par or at premium or subject as aforesaid at a discount during such time and for such consideration and such option being exercisable at such times as the Directors think fit; and any shares which may be so allotted may be issued as fully paid-up shares and if so issued shall be deemed to be fully paid-up shares. The Board shall cause to be filed the returns as to allotment provided for in Section 75 of the Act. Provided that the option or right to call of shares shall not be given to any person except with the sanction of the company in the General Meeting.

*** Article 11B was inserted vide Special Resolution passed in the Extra Ordinary General Meeting of the Company held on 23rd November, 2007**

SHARE CERTIFICATE

17. a) The share certificates shall be issued in market lots and where share certificates are issued in either more or less than market lots, sub-division or consolidation of share certificates into market lots shall be done free of charge.
- b) Any two or more joint allottees of a share shall, for the purposes 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 any one 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.
- c) A Directors 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.

DELIVERY OF SHARE/DEBENTURE CERTIFICATES

19. The Company shall within three months after the allotment of any of its shares or debentures or debenture-stock and within one month after the application for the registration of the transfer of any such shares or debentures or debenture-stock, complete and have ready for delivery the certificates of all shares, debentures or debenture stock allotted or transferred unless the conditions of issue of shares or debentures or debenture-stock otherwise provided. The expression "transfer" for the-purpose of this Article means, a transfer duly stamped and otherwise valid does not include any transfer which the Company is for any reason entitled to refuse to register and does not register. No share certificates shall be issued for shares held in a depository.



UNDERWRITING AND BROKERAGE - COMMISSION MAY BE PAID

25. 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 of the Company, or procuring, or agreeing to procure subscription (whether absolute or conditional) for any shares or debentures in the Company; But so that the commission shall not exceed in case of shares five percent of the price which the shares are issued and in case of debentures two and a half percent of the price at which the debentures are issued.

28. DEMATERIALISATION OF SECURITIES

DEFINITIONS

1. For the purpose of this Article 'Beneficial Owner' means a person or persons whose name is recorded as such with a depository; 'SEBI' means the Securities & Exchange Board of India;

'Depository' means a company formed and registered under the Companies Act, 1956; and which has been granted a certificate of registration to act as a depository under the Securities & Exchange Board of India Act, 1992; and

'Security' means such security as may be specified by SEBI from time to time.

DEMATERIALISATION OF SECURITIES

2. Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a Company in a dematerialised form pursuant to the Depositories Act, 1996.

OPTIONS FOR INVESTORS

3. Every person subscribing to securities offered by the Company shall have the option to receive security certificate or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time present bed, issue to the beneficial owner the required Certificate of Securities.

If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

SECURITIES HELD BY DEPOSITORIES TO BE IN FUNGIBLE FORM

4. All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Section 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.



RIGHTS OF DEPOSITORIES & BENEFICIAL OWNER

5.
 - a) Notwithstanding any thing to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.
 - b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
 - c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities, which are held by a depository.

SERVICE OF DOCUMENTS

6. Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronics mode or by delivery of floppies or discs.

TRANSFER OF SECURITIES

7. Nothing contained in section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

ALLOTMENT OF SECURITIES DEALT WITH IN A DEPOSITORY

8. Notwithstanding anything in the Act or these Articles, where securities dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

DISTINCTIVE NUMBER OF SECURITIES HELD IN A DEPOSITORY

9. Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.

REGISTER AND INDEX OF BENEFICIAL OWNERS

10. The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996 shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles."

FORFEITURE AND SURRENDER OF AND LIEN ON SHARES

IF MONEY PAYABLE ON SHARE NOT PAID NOTICE TO BE GIVEN TO MEMBERS

40. If any Member fails to pay any call or installment of call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may, at any time thereafter, during such time as the call or installment remains unpaid, give notice to him requiring him to pay the same together with any interest the may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.



TERMS OF NOTICE

41. The notice shall name a day (not being earlier than the expiry of fourteen days from the date of service of notice) and a place or places on and at which such call or installment and such interest thereon at such rate as the Directors shall determine from the day on which such call or installment ought to have been paid and expenses as aforesaid are to be paid. The notice shall also state that, in the event of the non-payment at or before the time and the place appointed, the share in respect of Which the call was made or installment is payable will be liable to be forfeited:

IN DEFAULT OF PAYMENT, SHARES MAY BE FORFEITED

42. If the requirements of any such notice as aforesaid are not complied with, every or any share in respect of which such notice has been given, may at any time thereafter, but before payment of all calls or installments, interest and expenses due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited shares and not actually paid before the forfeiture.

NOTICE OF FORFEITURE

43. When any share shall have been so forfeited, notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture or to any of his legal representatives, or to any of the persons entitled to the shares by transmission and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members but no forfeiture, shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.

FORFEITED SHARES TO BECOME PROPERTY OF THE COMPANY AND MAY BE SOLD, ETC.

44. Any share so forfeited shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of, either to the original holder thereof or to any other person, upon such term and in such manner as the Board shall think fit.

MEMBERS STILL LIABLE TO PAY MONEY DUE NOTWITHSTANDING THE FORFEITURE

45. Any member whose shares have been forfeited shall, notwithstanding the forfeiture, be liable to pay, and shall forthwith pay to the Company on demand all calls, amounts, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon from the time of the forfeiture until payment, at such rate as the Board may determine and the Board may enforce the payment thereof if it thinks fit.

EFFECT OF FORFEITURE

46. The forfeiture of a share shall involve extinction, at the time of the forfeiture, of all interest in and of all claims and demands against the Company, in respect of the share, and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.

SURRENDER OF SHARES

47. The Directors may subject to the provisions of the Act, accept a surrender of any shares from or by any Member desirous of surrendering them on such terms as they think fit.



EVIDENCE OF FORFEITURE

48. A declaration in writing that the declarant is a Director or Secretary of the Company and that a share in the Company has been duly forfeited in accordance with these Articles on the date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.

COMPANY'S LIEN ON SHARES

49. The Company shall have a first and paramount lien upon all the shares, not being fully paid-up shares, registered in the name of each Member (whether solely or jointly with another or others), and upon the proceeds of sale thereof, for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares and no equitable interest in any share shall be created except upon the footing and condition that Article 21 hereof is to have full effect. Any such lien shall extend to all dividends from time to time declared in respect of such shares. Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien if any on such shares. The Board of Directors may at any time declare any shares to be exempt, wholly or partially from the provisions of this Article.

LIEN ENFORCED BY SALE

50. For the purpose of enforcing such lien, the Directors may sell the shares subject thereto in such manner as they think fit and for that purpose may cause to be issued a duplicate certificate in respect of such shares and may authorise one of their member or some other person to execute a transfer thereof on behalf of and in the name of such member. No such sale shall be made until such time as the moneys in respect of which such lien exists or some part thereof is presently payable or the liability in respect of which such lien exists is liable to be presently fulfilled or discharged and until notice in writing of the intention to sell shall have been served on such Member, or his heirs, executors, administrators, or other representatives or upon the persons (if any) entitled by transmission to the shares or any one or more of such heirs, executors, administrators, representatives or persons, and default shall have been made by him or them in payment, fulfillment or discharge of such debts, liabilities or engagements for fourteen days after such notice.

APPLICATION OF SALE PROCEEDS

51. The net proceeds of any such sale after payment of the costs of such sale shall be applied in or towards the satisfaction of such debts, liabilities or engagements and the residue (if any) paid to such Member, or any of his heirs, executors, administrators, representatives or assigns or any of the persons (if any) entitled by transmission to the shares sold.

VALIDITY OF SALE UNDER ARTICLES

52. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the Register in respect of the Shares sold and the purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money and after his name has been entered in the Register in respect of such shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only in and against the Company exclusively.



CANCELLATION OF SHARE CERTIFICATE IN RESPECT OF FORFEITED SHARES

53. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Member) stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a new certificate or certificates in respect of the said shares to the person or persons entitled thereto.

POWER TO ANNUL FORFEITURE

54. The Board may at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

TRANSFER AND TRANSMISSION OF SHARES

REGISTER OF TRANSFERS

55. The Company shall keep a "Register of Transfers" and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any share

Notwithstanding anything contained herein, in the case of transfer of shares / debentures or other marketable securities where the Company has not issued any Certificates and where such shares or securities are being held in an electronic and fungible form, the provisions of the Depositories Act, 1996 shall apply.

FORM OF TRANSFER

56. Shares in the Company shall be transferred by an instrument in writing in such form as prescribed under Section 108 of the Companies Act, 1956, or under rules made there under from time to time

TO BE EXECUTED BY TRANSFEROR AND TRANSFEREE

57. 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 the 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 an 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.

DIRECTORS MAY REFUSE TO REGISTER TRANSFERS

58. 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, (notwithstanding that the proposed transferee be already a Member), but in such cases it shall, within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and the transferor notice of refusal to register such transfer. Provided that 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 on shares.



REFUSAL TO REGISTER TRANSFER

59. In particular and without prejudice to the generality of the above powers, the Board may subject to the provisions of Section 111 of the Companies Act, 1956 decline to register in exceptional circumstances when it is felt that the transferee is not a desirable person from the larger point of view of the interest of the Company as a whole subject to the provisions of the clause (c) of subsection (4) of Section 22A of the Securities Contract (Regulation) Act.
- 59A. Subject to the provisions of Section 111 and 111A, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the company under these Articles or in exceptional circumstances when it is felt that the transferee is not a desirable person from the larger point of view of the interest of the Company as a whole subject to the provisions of the clause (c) of subsection (4) of section 22A of the Securities Contract (Regulation) Act, otherwise to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a member in or debentures of the Company. The company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission by operation of law of the right to, any shares or interest of a Member in or debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the company has a lien on shares.

SUB-DIVISION/CONSOLIDATION IN MARKETABLE LOTS ONLY

60. Transfer of shares in whatever lot should not be refused, though there would be no objection to the company refusing to split a share certificate into several scrips of any small denominations or to consider a proposal for transfer of shares comprised in a share certificate to several parties, involving such splitting, if on the face of it such splitting/transfer appears to be unreasonable or without a genuine need. The Company should not, therefore, refuse transfer of shares in violation of the Stock Exchange listing requirements on the ground that the number of shares to be transferred is less than any specified number.

DEATH OF ONE OR MORE JOINT HOLDERS OF SHARES

61. In 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 or a deceased joint-holder for any liability on shares held by him jointly with any other person.

*** Article 59A was inserted vide Special Resolution passed in the Extra Ordinary General Meeting of the Company held on 23rd November, 2007**



TITLE TO SHARES OF DECEASED MEMBER

62. The executors or administrators or holders of a Succession Certificate or the legal representatives of a deceased Member (not being one of two or more joint holders) shall be the only person 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 Letter of Administration or Succession Certificate, as the case may be. from a duly constituted court in the Union of India provided that in case where the Board in its absolute discretion think fit, the Board may dispense with production of Probate or Letters of Administration or Succession Certificate, upon such terms -as to indemnity or otherwise as the Board in its absolute discretion may think necessary and under Article 59 register the name of any person who claims to be absolutely entitled to shares standing in the name of a deceased Member, as a Member.

NO TRANSFER TO INSOLVENT, ETC.

63. No share shall in any circumstances, be transferred to any insolvent or person of unsound mind.

REGISTRATION OF PERSON ENTITLED TO SHARES OTHERWISE THAN BY TRANSFER

64. Subject to the provisions of the Act and Articles 59 end 60 any person becoming entitled to shares in consequences of death, lunacy, bankruptcy or insolvency of any Member, or by any lawful means other than by a transfer in accordance with these Articles, may with the consent of the 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 his title, as the Board thinks sufficient, either be registered himself as the holder of the shares or elect to have some persons 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.

PERSONS ENTITLED MAY RECEIVE DIVIDENDS WITHOUT BEING REGISTERED AS MEMBERS

65. 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 shares.

FEE ON TRANSFER OR TRANSMISSION

66. No fee shall be charged for transfer and transmission of Shares or for registration of any of power of attorney, probate, letter of administration or other similar documents.



THE COMPANY NOT LIABLE FOR DISREGARD OF A NOTICE PROHIBITING REGISTRATION OF A TRANSFER

67. The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of a person or persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have any notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice or referred thereto in any book of the company, and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the company, but the company shall nevertheless be at liberty to regard and attend to any such notice, and give effect thereto if the Board shall so think fit.

The Directors may, on giving seven day's previous notice by advertisement in some newspaper circulating in city, town or place where the registered office of the Company is situated and Mumbai, close the transfer books and Register of Members or debenture holders for any time or times not exceeding in the whole forty-five days in each year but not exceeding thirty days at a time.

BORROWING POWERS

POWER TO BORROW

68. Subject to the provisions of Section 58A, 292 and 293 of the Act and of these Articles, the Board may, from time to time at its discretion, by a resolution passed at a Meeting of the Board, accept deposits from Members, either in advance of call or otherwise, and generally raise or borrow or secure the payment of any sum or sums of money for the purposes of the company provided however, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company and its free reserves (that is to say, reserves not set apart for any specific purpose) the Board shall not borrow such moneys without the consent of the Company in General Meeting.

THE PAYMENT OR REPAYMENT OF MONIES BORROWED

69. The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit, and in particular by a resolution passed at a meeting of the Board (and not by Circular Resolution) by the Issue of debentures of the Company, charged upon at or any part of the property of the Company (both present and future) including its uncalled capital for the time being, and debentures, and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

REMUNERATION OF DIRECTORS

118. The remuneration of Directors and Executives of the Company, including the fees payable to the Directors of the Company in attending the Meeting of the Board or the Committees of the Board, shall be determined by the Board of Directors from time to time, provided that the sitting fees payable to the Directors as aforesaid shall be within the maximum limits of such fees that may be prescribed under the provision to Section 310 of the Companies Act, 1956.



DIRECTORS TRAVELLING EXPENSES

119. In addition to the remuneration payable to them, the Directors shall be entitled to be paid all traveling, hotel and other incidental expenses properly incurred by them in attending and returning from meetings of the Board of Directors or any Committee thereof or General Meetings or in connection with the business of the Company. The rules in this regard may be framed by the Board of Directors from time to time.

SPECIAL REMUNERATION FOR PERFORMING EXTRA SERVICES

120. If any Director be called upon to perform extra services or special exertions or efforts (which expression shall include work done by a Director as a Member of any committee formed by the Director(s)) the Board may arrange with such Directors for such special remuneration for such extra services or special exertions or efforts either by a fixed sum or otherwise as may be determined by the Board and such remuneration may be either in addition to or in substitution for his remuneration, subject to provisions of the Act and confirmation by the Company in General Meeting.

THE SEAL, ITS CUSTODY AND USE

151. a. The Board shall provide a common seal for the purposes of the Company and shall have 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.

DIVISION OF PROFITS

153. The profits of the Company, subject to any special rights relating thereto created or authorised to be created by 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.

DIVIDEND TO BE PAID PRO-RATA

157. a. Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof dividend is paid but if and so long as nothing is paid upon any shares in the Company, dividends may be declared and paid according to the amounts of the shares.
- b. No amount paid or credited as paid on shares in advance of calls shall be treated for the purpose of this Article as paid on shares.
- c. 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 shares is issued on terms providing that it shall rank for dividend as from a particular date such shares shall rank for dividend accordingly.



MANNER OF PAYMENT OF DIVIDEND

162. Unless otherwise directed, any dividend may be paid by cheque or warrant or by a pay slip or receipt having the force of a cheque or warrant sent through the post to the registered address of Member or person entitled or in case of joint holder to that one of them first named in the Register in respect of the joint holder. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be responsible for any cheque or warrant or pay slip or receipt lost in transmission or for any dividend lost to the Member or person entitled thereto by the forged signature of any pay slip or receipt or the fraudulent recovery of the dividend by any other means.

INTEREST ON DIVIDENDS

163. No unpaid dividend shall bear interest as against the Company. No unclaimed dividend shall be forfeited by the Board unless the claim thereto becomes barred by law and the Company shall comply with all the provisions of Section 205A of the Act in respect of unpaid or unclaimed dividend.

UNPAID OR UNCLAIMED DIVIDEND

- 163A. Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 30 days, open a special account in that behalf in any scheduled bank called "Unpaid Dividend of Vishal Information Technologies Limited" and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.

Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the fund known as Investor Education and Protection Fund established under section 205C of the Act

WINDING UP

DISTRIBUTION OF ASSETS

179. The Liquidator on any winding up (whether voluntary and supervision or compulsory) may with the sanction of a Special Resolution, but subject to the rights attached to any preference share capital, divide among the contributors in specie any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in trustees Upon such trusts for the benefit of the contributors, as the liquidator, with the like sanction shall think fit.

INDEMNITY AND RESPONSIBILITY

OFFICER'S AND OTHERS RIGHT TO INDEMNITY

180. Every officer or agent for the time being of the Company shall be indemnified out of the assets of the Company against all liability incurred by him in relation to the business of the company in defending any proceedings whether civil or criminal in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court.



DIRECTORS, MANAGERS ETC. NOT LIABLE FOR ACTS OF OTHERS

181. Subject to provisions of Section 201 of the Act no Director Manager or other Officer of the Company shall be liable for the act, receipts, neglects of any other director or officer or for joining in any receipts or other act for conformity or for any loss or expenses happening to the company through the insufficiency or deficiency of title any property acquired by order of the directors for and on behalf of the company or for the insufficiency or deficiency of any securities in or upon which any of the moneys of the company shall be invested or for any loss or damage arising from bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects shall be deposited or for any loss occasioned by an error of judgement or oversight on his part, or for any other loss, damage or misfortunes whatever which all happen in the execution of the duties of this officer or in relation thereto unless the same happens through his own dishonesty.



SECTION VIII

MATERIAL CONTRACT AND DOCUMENTS FOR INSPECTION

The Contracts referred to in para (A) below which are or may be deemed material, have been entered into by the Company.

The contracts together with the documents referred to in paragraph (B) below, copies of all of which have been attached to the copy of this Red Herring Prospectus may be inspected at the Registered Office of the Company between 10.00 a.m. and 5.00 p.m. on any working day from the date of this Red Herring Prospectus until the closing of the subscription list.

A. MATERIAL CONTRACTS

1. Copy of Memorandum of Understanding dated 31/10/2007 between Vishal Information Technologies Ltd. and Keynote Corporate Services Limited, Book Running Lead Manager.
2. Copy of Memorandum of Understanding dated 21/02/2008 between Vishal Information Technologies Ltd. and IDBI Capital Market Services Ltd., Book Running Lead Manager.
3. Copy of Memorandum of Understanding dated 12/02/2008 between Intime Spectrum Registry Limited, Registrar to the Issue and Vishal Information Technologies Ltd., the Company.
4. Copy of the Shareholders Agreement by and between Vishal Information Technologies Limited and Founders of Vishal Information Technologies Limited and IDBI Capital Market Services Limited dated 07/03/2008
5. Copy of tripartite agreement dated 19/02/2008 between the Company, National Securities Depository Limited (NSDL) and Intime Spectrum Registry Limited
6. Copy of tripartite agreement dated 14/02/2008 between the Company, Central Depository Services (India) Limited (CDSL) and Intime Spectrum Registry Limited
7. Copy of the Escrow Agreement dated [•] between the Company, BRLMs, Bankers to the issue and Registrar to the issue
8. Copy of the Syndicate Agreement dated [•] between the Company, BRLMs and the Syndicate Members.
9. Copy of the Underwriting Agreement dated [•] between the Company, BRLMs and the Syndicate Members.

B. DOCUMENTS FOR INSPECTION

1. Copy of Memorandum and Articles of Association of Vishal Information Technologies Ltd.
2. Copies of Annual report of Vishal Information Technologies Ltd. for the year ended 31.03.2004, 31.03.2005, 31.03.2006, 31.03.2007 and balance sheet dated 31.03.2008.
3. Memorandum and Articles of Association and Annual reports of the promoting company Tutis Technologies Ltd. and group companies Amex Exports Pvt. Ltd. and Tutis E-Publishing Services Pvt. Ltd; for last three financial years ending 31st March 2005, 2006 and 2007.
4. Copy of lease Agreement for property in Chennai dated 08/10/2007.



5. Copy of Special Resolution under section 81, 81(1A) and other relevant provisions of Companies Act, 1956 dated 31/12/2007 passed at the Extra Ordinary General Meeting of the company authorizing present issue of equity shares.
6. Copy of certificate dated 10/06/2008 issued by M/s K.P. Joshi & Co., Chartered Accountant & Statutory Auditors of the Company reporting financials of Vishal Information Technologies Ltd. in terms of part II schedule II of the Companies Act, 1956 and including capitalization statement, taxation statement, accounting ratios.
7. Letter dated 15/12/2007 from the auditors of the company M/s K.P. Joshi & Co., Chartered Accountants confirming tax benefits as mentioned in the Offer Document.
8. Copies of undertakings from Vishal Information Technologies Ltd. as submitted to SEBI on 12/03/2008.
9. Copies of Consents from the Directors of the Company, Company Secretary, Compliance officer, Registrar to the Issue, Lead Mangers to the Issue, Auditors, Tax Auditor, Banker to the Company, Legal Advisor, Bankers to the Issue.
10. Copies of Quotations obtained and Purchase Orders for purchase of Equipments for 2007-08.
11. No Objection certificate from United Bank of India and Punjab National Bank for the proposed public issue dated 09/02/08 and 11/03/08 respectively.
12. Copy of the letter from the Architect- M/s Design Consortium dated 14/01/2008.
13. Copy of in-principle listing permission received from BSE vide their letter no. DCS/IPO/SI/IPO-IP/095/2008-09 dated April 25, 2008
14. Copy of in-principle listing permission received from NSE vide their letter no. NSE/LIST/73242-P dated May 14, 2008
15. Copy of the valuation certificate from M/s, K.P.Joshi , the Auditor of the company for valuation of Baziz Fund Services Pvt. Ltd.
16. Copy of the IPO Grading letter by CARE dated 09/06/2008.
17. Due Diligence Certificate dated 12/03/2008 to SEBI from M/s. Keynote Corporate Services Ltd.
18. Copy of SEBI Observation letter no. CFD/DIL/PB/EHM/128188/2008 dated 10/06/2008 in respect of the Public Issue of the Company and pursuant reply to SEBI by Keynote Corporate Services, the Book Running Lead Manager vide their letter-dated 27/06/2008.

PART III

DECLARATION

The Board of Directors of the Company jointly & severally declare that all the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under or guidelines issued, as the case may be. The Board of Directors of the Company further certifies that all the statements in this Red Herring Prospectus are true and correct.

SIGNED BY ALL THE DIRECTORS OF VISHAL INFORMATION TECHNOLOGIES LTD.

Sd/-

D.M. Shirodkar

Chairman & Independent Director

Sd/-

G.S. Vishwanathan

Whole Time Director

Sd/-

Dilip Parekh

Whole Time Director

Sd/-

G.S. Chandrashekar

Director

Sd/-

Sunil Parekh

Director

Sd/-

Ghanshyam Joshi

Independent Director

Date: July 07, 2008

Place: Chennai



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