



allied digital services limited

(The Company was incorporated on February 10, 1995 as Allied Digital Services Private Limited under the Companies Act, 1956, later the Company was converted into a public limited company and received a fresh certificate of incorporation dated March 31, 2006. For details of incorporation and change in name, please refer the Section titled "Our History and Corporate Structure" on Page 116 of this Red Herring Prospectus).

Registered Office: 375, J.S.S Road, 5th Floor, Vidyut, Mumbai – 400 002, India.

Corporate Office: 3rd Floor, Kimmatrai Building, 77/79, Maharshi Karve Marg, Marine Lines, Mumbai – 400 002. **Tel:** +91-22-2200 2020, **Fax:** +91-22-2206 4170;

Compliance Officer: Mr. Ravindra V. Joshi; **E-mail:** ipo@alliedindia.com; **Website:** www.alliedindia.com.

(For changes in Registered Office, see the Section titled "Our History and Corporate Structure" at Page 116 of this Red Herring Prospectus).

PUBLIC ISSUE OF 45,22,435 EQUITY SHARES OF RS. 10 EACH FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF RS [●] PER EQUITY SHARE) AGGREGATING TO RS. [●] LAKHS, (HEREINAFTER REFERRED TO AS "THE ISSUE"), BY ALLIED DIGITAL SERVICES LIMITED ("THE COMPANY" or "THE ISSUER"). THE ISSUE COMPRISES A RESERVATION FOR EMPLOYEES OF UP TO 2,00,000 EQUITY SHARES AGGREGATING RS. [●] LAKHS ("THE EMPLOYEE RESERVATION PORTION") AND THE NET ISSUE TO PUBLIC CONSISTS OF 43,22,435 EQUITY SHARES OF RS. 10 EACH AGGREGATING RS. [●] LAKHS ("NET ISSUE TO PUBLIC"). THE NET ISSUE TO PUBLIC WOULD CONSTITUTE 25% OF THE FULLY DILUTED POST-ISSUE PAID UP CAPITAL OF THE COMPANY.

PRICE BAND: RS. 170/- TO RS. 190/- PER EQUITY SHARE OF RS. 10/- EACH

ISSUE PRICE IS 17 TIMES OF THE FACE VALUE AT THE LOWER END OF PRICE BAND AND 19 TIMES OF THE FACE VALUE AT THE UPPER END OF PRICE BAND

In case of revision in the Price Band, the Bidding/ Issue Period will be extended for three additional working days after revision of the Price Band subject to the Bidding/ Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding/ Issue Period, if applicable, will be widely disseminated by notification to 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 the Book Running Lead Manager and at the terminals of the Syndicate.

The Issue is being made through the 100% Book Building process wherein up to 50% of the Net Issue to Public shall be allocated to Qualified Institutional Buyers ("QIBs") on a proportionate basis. Out of the portion available for allocation to the QIBs, 5% shall be available for allocation to Mutual Funds. Mutual Fund applicants shall also be eligible for proportionate allocation under the balance available for the QIBs. Further, not less than 15% of the Net Issue to Public shall be available for allocation on a proportionate basis to Non- Institutional Bidders and not less than 35% of the Net Issue to Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. Further, up to 200,000 Equity Shares shall be available for allocation on a proportionate basis to the Employees, subject to valid Bids being received at or above the Issue Price.

RISK IN RELATION TO THE FIRST ISSUE

This being the first issue of the 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/- and the Floor Price is 17 times and Cap Price is 19 times of the face value. The Issue Price (as determined by the Company in consultation with the Book Running Lead Manager, on the basis of assessment of market demand for the Equity Shares by way of Book Building) should not be taken to be indicative of the market price of the equity shares after the equity shares are listed. No assurance can be given regarding an active and / or sustained trading in the equity shares of the Company or regarding the price at which the equity shares will be traded after listing.

GENERAL RISKS

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

Specific attention of the investors is invited to the section titled "Risk Factors" beginning on page xii of this Red Herring Prospectus.

IPO GRADING



The Company has not opted for IPO Grading

ISSUER'S ABSOLUTE RESPONSIBILITY

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

LISTING

The Equity Shares offered through this Red Herring Prospectus are proposed to be listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited ("NSE"). We have received in-principle approval from BSE and NSE for the listing of our Equity Shares pursuant to letters dated February 20, 2007 and March 01, 2007 respectively. BSE shall be the Designated Stock Exchange.

| BOOK RUNNING LEAD MANAGER | REGISTRAR TO THE ISSUE |
|---|--|
|  <p>ANAND RATHI SECURITIES LIMITED Times Tower, 11th Floor, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013. Tel: + 91-22-4047 7000 Fax: + 91-22-4047 7070 E-mail: alliedipo@rathi.com Website: www.rathi.com Contact Person: Mr. Rupesh Khant</p> |  <p>INTIME SPECTRUM REGISTRY LIMITED C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai – 400 078. Tel: +91 22 2596 0320 Fax: +91 22 2596 0329 Email: alliedipo@intimespectrum.com Website: www.intimespectrum.com Contact Person: Mr. Sachin Achar</p> |

BID / ISSUE PROGRAMME

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| BID / ISSUE OPENS ON : MONDAY, JULY 2, 2007 | BID / ISSUE CLOSES ON : THURSDAY, JULY 5, 2007 |
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SECTION I: DEFINITIONS AND ABBREVIATIONS

CONVENTIONAL / GENERAL TERMS

| Term | Description |
|--|--|
| “Allied Digital Services Limited” or “Allied Digital” or “Allied” or “the Company” or “the Issuer” or “we” or “us” or “our” or “Allied and its subsidiaries” | Unless the context otherwise requires, refers to Allied Digital Services Limited, a limited Company incorporated under the Companies Act, together with its subsidiaries, having its registered office at 375, J.S.S. Road, 5 th floor, Vidyut, Mumbai 400 002. |
| “the Group” or “the Group Companies” or “Group Companies” | Unless the context otherwise requires, refers to those companies mentioned in “Our Group Companies” on page 138 of this Red Herring Prospectus |

ISSUE RELATED TERMS

| Term | Description |
|---------------------------------------|---|
| Articles / Articles of Association | Articles of Association of Allied Digital Services Ltd. |
| Auditors | The statutory auditors of our Company, M/s K.M. Kapadia & Associates, Chartered Accountants. |
| Banker(s) to the Issue | UTI Bank Limited, Standard Chartered Bank, ABN AMRO Bank, The Hongkong and Shanghai Banking Corporation Limited (HSBC) |
| Bid | An indication to make an offer by a prospective investor to subscribe for Equity Shares of our Company at a price within the Price Band, during the Bidding Period and includes all revisions and modifications thereto. |
| Bid Amount | The highest value of the optional Bids indicated in the Bid-cum-Application Form and payable by the Bidder on submission of the Bid in the Issue. |
| Bid/Issue Closing Date | The date after which the Syndicate Members to the Issue will not accept any Bids for the issue; any such date shall be notified through a notice in an English national newspaper, Hindi national newspaper and a Marathi newspaper |
| Bid/Issue Opening Date | The date on which the Syndicate Members to the Issue shall start accepting Bids for the Issue; any such date shall be notified through a notice in an English national newspaper, Hindi national newspaper and a regional newspaper |
| Bid-cum-Application Form | The form in terms of which the Bidder shall Bid for the Equity Shares of our Company and shall, upon allocation of the Equity Shares by the BRLM and filing of the Prospectus with the RoC, be considered as the application for allotment of the Equity Shares in terms of this Red Herring Prospectus . |
| Bidder(s) | Any prospective investor who makes a Bid for Equity Shares in terms of this Red Herring Prospectus through the Book Building Process. |
| Bidding Period | The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which period prospective investors can submit their Bids. |
| Board / Board of Directors | Board of Directors of Allied Digital Services Limited or a committee thereof. |
| Book Building Process/ Method | Book building route as provided in Chapter XI of the SEBI Guidelines, in terms of which this Issue is made. |
| Confirmation of Allocation Note / CAN | Means the note, advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in |

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| | accordance with the Book Building Process. |
| Cap Price | The price advertised by our Company prior to the Bid/Issue Opening Date, above which the Issue Price will not be finalized and above which no Bids will be accepted. |
| Companies Act | The Companies Act, 1956, as amended from time to time. |
| Cut-off / Cut-off Price | The Issue price finalized by our Company in consultation with the BRLM |
| 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 / DP | A depository participant as defined under the Depositories Act. |
| Designated Date | The date on which funds are transferred from the Escrow Account to the Public Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall transfer / allot the Equity Shares to successful Bidders. |
| Designated Stock Exchange | Bombay Stock Exchange Limited |
| DIP Guidelines | SEBI (Disclosure and Investor Protection) Guidelines, 2000, issued by SEBI effective from January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time |
| Director(s) | Director(s) of Allied Digital Services Limited, unless otherwise specified. |
| Draft Red Herring Prospectus / DRHP | This Draft Red Herring Prospectus means which is not a Prospectus issued in accordance with Section 60 of the Companies Act which does not have complete particulars on the price at which the Equity Shares are offered and the size of the Issue. It carries the same obligations as are applicable in case of a Prospectus and will be filed with RoC at least three days before the Bid/ Issue Opening Date. It will become a Prospectus after filing with RoC after the pricing and allocation. |
| Eligible Employee / Employees (in the Employee Reservation Portion) | All or any of the following: a) A permanent employee of our Company; b) A Director of our Company (whether a whole-time Director, part time Director or otherwise); and an Employee, as used in the context of the Employee Reservation Portion, should be an Indian national, based in India and physically present in India on the date of submission of the Bid cum-Application Form. Also, such person should be an Employee on the payroll of our Company on the date of filing this Red Herring Prospectus with RoC. Promoter Directors and / or their relatives are not permitted to participate in this Issue. |
| Employee Reservation Portion | The portion of this Issue being 2,00,000 Equity Shares of Rs.10/- each available for allocation for Eligible Employees |
| Equity Shares | Equity Shares of our 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 favour the Bidder will issue cheques or drafts in respect of the Bid Amount. |
| Escrow Agreement | Agreement to be entered into among our Company, the Registrar to this Issue, the Escrow Collection Banks, the BRLM and the Refund Banker in relation to the collection of the Bid Amounts and dispatch of the refunds (if any) of the amounts collected, to the Bidders. |

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| Escrow Collection Bank(s) | The banks, which are registered with SEBI as Banker (s) to the Issue at which the Escrow Account for this Issue will be opened. |
| FEMA | Foreign Exchange Management Act, 1999, as amended from time to time and the regulations framed there under. |
| FII(s) / Foreign Institutional Investors | Foreign institutional investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India. |
| Financial year/Fiscal/FY | The twelve months ended March 31 of a particular year (unless otherwise specified). |
| 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 this Issue Price will not be finalized and below which no Bids will be accepted. |
| FVCI | Foreign Venture Capital Investors registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000 |
| Income-Tax Act | The Income Tax Act, 1961, as amended from time to time. |
| Issue/Public issue | The issue of 45,22,435 new Equity Shares of Rs.10/- each at a price of Rs.[●] per equity shares for cash aggregating Rs.[●] lakhs by our Company under this Red Herring Prospectus. |
| Issue Price | The final price at which Equity Shares will be issued and allotted in terms of this Red Herring Prospectus. The Issue Price will be decided by our Company in consultation with the BRLM on the Pricing Date. |
| 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. |
| Margin Amount | The amount paid by the bidder at the time of submission of his/her bid, being 10% to 100% of the bid amount. |
| Memorandum / Memorandum of Association | The Memorandum of Association of Allied Digital Services Limited |
| Net Issue to the Public | The Issue of Equity Shares other than that included in the Employee Reservation Portion i.e. the issue of 43,22,435 Equity Shares of Rs.10/- each |
| 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.1,00,000. |
| Non-Institutional Portion | The portion of this Issue being not less than 15% of the Net Issue consisting of 6,48,365 Equity Shares of Rs.10/- each, available for allocation to Non Institutional Bidders. |
| Non Residents | All Bidders who are not persons resident in India. |
| NRI / Non Resident Indian | Non-resident Indian, is a person resident outside India, as defined in FEMA and who is a citizen of India or a Person of Indian Origin, and as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. |
| OCB / Overseas Corporate Body | Overseas corporate body, is a Company, partnership, society and other corporate body owned directly or indirectly to the extent of at least 60% by NRI's and includes overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRI's directly or indirectly as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. |

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| Pay-in Date | Bid/Issue Closing Date or the last date specified in the CAN sent to Bidders receiving allocation who pay less than 100% margin money at the time of bidding, as applicable. |
| Pay-in-Period | 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 QIBs, whose Margin Amount is 10% 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.170/- and the maximum price ("Cap Price") of Rs.190/- and includes revisions thereof. |
| Pricing Date | The date on which our Company in consultation with the BRLM finalises the Issue Price. |
| Promoters | Mr. Nitin Shah and Mr. Prakash Shah |
| Prospectus | The Prospectus, filed with the RoC 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 / Qualified Institutional Bidders / QIBs | Public financial institutions as specified in Section 4A of the Companies Act, FIIs, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs.2500 lakhs and pension funds with minimum corpus of Rs.2500 lakhs. |
| QIB Margin Amount | An amount representing at least 10% of the Bid Amount. |
| QIB Portion | The portion of the Issue being upto 50% of the Net Issue to Public consisting of not more than 21,61,217 Equity Shares of Rs.10/- each available for allocation to QIB Bidder(s). |
| Registrars | Registrars to the Issue, being Intime Spectrum Registry Ltd. |
| Retail Bidder(s) | Individual Bidders (including HUFs) who have Bid for an amount less than or equal to Rs.1,00,000 in any of the bidding options in this Issue. |
| Retail Portion | The portion of this Issue being at least 35% of the Net Issue to Public consisting of 15,12,853 Equity Shares of Rs.10/- each, available for allocation to Retail Individual Bidders. |
| Revision Form | The form used by the Bidders to modify the quantity of Equity Shares or the Bid price in any of their Bid-cum-Application Forms or any previous Revision Form(s). |
| RHP or Red Herring Prospectus | Means the document issued in accordance with the SEBI Guidelines, which does not have complete particulars of the price at which the Equity Shares are offered and the size of this Issue. The Red Herring Prospectus, which will be filed with RoC at least 3 (three) days before the Bid Opening Date and will become a Prospectus after filing with RoC after pricing and allocation. |
| SCRA | The Securities Contract (Regulation) Act, 1956, as amended |
| SEBI | Securities and Exchange Board of India constituted under the SEBI Act, 1992. |

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| SEBI Act | Securities and Exchange Board of India Act, 1992, as amended from time to time. |
| Stock Exchanges | BSE and NSE |
| Syndicate | The BRLM and the Syndicate Members. |
| Syndicate Agreement | The agreement to be entered into between our Company and the members of the Syndicate, in relation to the collection of Bids in this Issue. |
| Syndicate Members | Intermediaries registered with SEBI and eligible to act as Underwriters. Syndicate Members are appointed by the BRLM. |
| TRS or Order Confirmation Note | The slip or document issued by the Syndicate Members to the Bidders as proof of registration of the Bid. |
| Underwriters | The BRLM and the Syndicate Members. |
| Underwriting Agreement | The Agreement among the Underwriters and our Company to be entered into on or after the Pricing Date. |
| Venture Capital Fund / VCF | Venture Capital Funds registered with SEBI under the SEBI (Venture Capital Funds) Regulations, 1996, as amended from time to time. |

TECHNICAL AND INDUSTRY TERMS

| Term | Description |
|---------------------|---|
| AMC | Annual Maintenance Contract |
| Application Hosting | Third party hosting whereby the host charges its clients a fee for the right to use its software applications |
| ASP | Application Service Provider |
| BGA | Ball Grid Array |
| BPO | Business Process Outsourcing |
| BPR | Business Process Re-engineering |
| BFSI | Banking and Financial Service Industry |
| CCTV | Closed Circuit TV |
| DPSP | Dealer Preferred Service Provider |
| EMS | Enterprise Management Services |
| EPROM | Erasable Programmable Read Only Memory |
| ERP | Enterprise Resource Planning |
| FMS | Facilities Management Services |
| IDC | International Data Corporation |
| IDS | Intrusion Detection Systems |
| ILM | Information Lifecycle Management |
| IP | Internet Protocol |
| IPR | Intellectual Property Right |
| IPS | Intrusion Prevention System |
| ISDN | Integrated Service Digital Network |
| ISP | Internet Service Provider |
| IT | Information Technology |
| ITES | Information Technology Enabled Services |
| ITIL/ITSM | Information Technology Infrastructure Library / Information Technology Service Management |
| LAN | Local Area Network |
| MAIT | Manufacturer's Association of Information Technology |
| MMS | Multimedia Messaging Service |
| MSP | Management Services Provider |
| MSS | Managed Security Services |
| MPLS | Multi Protocol Label Switching |
| NASSCOM | The National Association of Software and Service Companies |
| NOC | Network Operation Centre |
| ODM | Original Device Manufacturer |
| OEM | Original Equipment Manufacturer |

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| OS | Operating System |
| Patch | A definition file that is used to plug-in vulnerabilities (loopholes) of a software system or application. |
| PC | Personal Computer |
| PDA | Personal Digital Assistant |
| QoS | Quality of Service |
| RAD | Rapid Application Development |
| RFID | Radio Frequency Identification Device |
| RMA | Return Material Authorization |
| RMS | Remote Management Services |
| SCM | Supply Chain Management |
| SI | System Integrator |
| SLA | Service Level Agreement |
| SMB / SME | Small and Medium Business |
| SMS | Short Message Service |
| SOC | Security Operation Centre |
| SOHO | Small Office and Home Office |
| T-BPO | Technical Business Process Outsourcing |
| TRC | Test & Repair Centre |
| UMS | Unified Messaging Solution |
| URL | Universal Resource Locator |
| VAS | Value Added Services |
| VLAN | Virtual Local Area Network |
| VPN | Virtual Private Network |
| VoFR | Voice over Frame Relay |
| VoIP | Voice over Internet Protocol |
| VSAT | Very Small Aperture Terminal |
| WAN | Wide Area Network |
| Whitelist | A list of accepted items or persons in a set |
| Wi-Fi | Wireless Fidelity |
| Wireless Hotspot | Any public area where computer users have access to internet over wireless networks using Wi-Fi standards |
| XSP | Any service provider (of IT / Business Services) |

ABBREVIATIONS

| Term | Description |
|-----------------|---|
| AGM | Annual General Meeting |
| ARSL/ARS | Anand Rathi Securities Limited |
| BRLM | Book Running Lead Manager in this case being Anand Rathi Securities Limited |
| BSE | Bombay Stock Exchange Limited |
| CAGR | Compounded Annual Growth Rate |
| CDSL | Central Depository Services (India) Limited |
| CEO | Chief Executive Officer |
| CFO | Chief Financial Officer |
| CEPS | Cash Earning per Equity Share |
| ECS | Electronic Clearing System |
| EGM | Extraordinary General Meeting |
| ENAM | Enam Securities Private Limited |
| EPS | Earnings Per Share |
| ESOS | Employee Stock Option Scheme |
| ESOP | Employee Stock Option Plan |
| FCNR Account | Foreign Currency Non Resident Account |
| FDI | Foreign Direct Investment |
| FIPB | Foreign Investment Promotion Board |
| GAAP | Generally accepted accounting principles |
| GDP | Gross Domestic Product |
| GIR | General Index Registry Number |
| GoI | Government of India |
| HUF | Hindu Undivided Family |
| IPO | Initial Public Offering |
| NAV | Net Asset Value |
| 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 |
| PAT | Profits After Taxation |
| PBT | Profits Before Taxation |
| RBI | The Reserve Bank of India |
| RoC | Registrar of Companies, Mumbai |
| RONW | Return on Net Worth |
| RTGS | Real Time Gross Settlement |
| Rs./ Rupees | Indian Rupees, the legal currency of the Republic of India. |
| Sec. | Section |
| SCRA | The Securities Contract (Regulation) Act, 1956, as amended from time to time. |
| SCRR | The Securities Contracts (Regulation) Rules, 1957, as amended from time to time. |
| SEBI | The Securities and Exchange Board of India constituted under the SEBI Act, 1992. |
| SEBI Act | The Securities and Exchange Board of India Act, 1992, as amended from time to time. |
| Stock Exchanges | BSE and NSE |
| UIN | Unique Identification Number issued in terms of SEBI (Central Database of Market Participants) Regulations, 2003, as amended from time to time. |
| UoI | Union of India. |
| U.K. | United Kingdom |
| U.S./ U.S.A | United States of America |
| USD/ \$/ US\$ | The United States Dollar, the legal currency of the United States of America. |
| WTD | Whole-Time Director |

CERTAIN CONVENTIONS; USE OF MARKET DATA

Unless stated otherwise, the financial data in this Red Herring Prospectus is derived from our financial statements prepared in accordance with Indian GAAP and included in this Red Herring Prospectus. Our fiscal year commences on April 1 and ends on March 31.

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

For definitions, please see the Section titled "Definitions and Abbreviations" on page ii of this Red Herring Prospectus.

Unless stated otherwise, industry data used throughout this Red Herring Prospectus has been obtained from industry publications. 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 that industry data used in this Red Herring Prospectus is reliable, it has not been independently verified.

CURRENCY OF PRESENTATION

In this Red Herring Prospectus all references to “Rupees” and “Rs” are to the legal currency of India. Unless the context otherwise requires, all references to the word “Lakh” or “Lac”, means, “One hundred thousand” and the word “million” means “Ten Lakhs” and the word “Crore” means “ten million”. In this Red Herring Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding off.

Any percentage amounts, as set forth in “Risk Factors”, “Business Overview”, “Management’s Discussion and Analysis of Financial Conditions and Results of Operation” and elsewhere in this Red Herring Prospectus, unless otherwise indicated, have been calculated on the basis of our financial statements prepared in accordance with Indian GAAP. In this Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off.

FORWARD LOOKING STATEMENTS

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

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

- Our ability to successfully implement our strategy, growth and expansion plans and technological changes;
- Increasing competition in and the conditions of the global and Indian IT industry;
- General economic and business conditions in India;
- Changes in the value of the Rupee and other currencies; and
- Changes in laws and regulations that apply to the Indian and global software / IT industry.

For further discussion of factors that could cause our actual results to differ, please refer to the Section titled “Risk Factors” beginning on page xii 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 we, our Directors, any member of the Syndicate nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, we and BRLM will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

SECTION II: RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all of the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. If any of the following risks actually occur, our business, results of operations and financial condition could suffer, the trading price of its 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 the financial or other implications of any of the risks described in this Section.

This Red Herring Prospectus also includes statistical and other data regarding the Indian IT industry. This data was obtained from industry publications, reports and other sources that the Lead Manager and we believe to be reliable. Neither the Lead Manager nor we have independently verified such data.

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

INTERNAL RISKS

- 1. The objects of the Issue have not been appraised by any bank or financial institution. We have not entered into any definitive agreements to utilize the proceeds of the Issue.**

Management Perception: The main objective of raising funds through this present issue is primarily towards setting up of a new global service delivery centre, upgradation and expansion of existing infrastructure, setting up of new strategic business units, strategic acquisition and financing working capital requirements. The requirement of funds and its deployment are based on internal management estimates.

We, as a part of the growth and expansion plan, are in process of identifying space for our new global delivery centre in Mumbai. We have already acquired the property on lease for the proposed Network and Security Operations Centre at Mahape and the infrastructure work is in progress. The quotations for all the required equipments have been obtained from reputed suppliers.

For further details please refer the Section “Objects of the Issue” on page 30 of this RHP.

- 2. One of the Objects of the Issue is to finance acquisition of strategic stake in Companies. However the target has not been identified.**

Management Perception: Inorganic growth is faster way to scale up and grow. We intend to acquire strategic stake in Company which we will effectively synergize with our existing operations and our future growth plans. We are in the advanced process of identifying companies and in talks with some of the target companies for acquisition of a strategic stake in India and abroad. The funds earmarked for this object translates to 41% and 46% of the funds to be raised through this public issue at the higher and lower end of the price band respectively. For further details please refer page 38 of this RHP.

- 3. Dependence on Public Issue proceeds, our expansion plan is partially funded from this Public Issue. Any delay / failure of the same, may adversely impact the implementation of the project.**

Management Perception: The management will make alternate funding arrangements through an equitable mix of secured or unsecured loans and contribution from our promoters, should there be any eventuality such as delay or failure of IPO.

- 4. The success of our Company depends upon highly skilled personnel and our ability to attract and retain these personnel.**

IT-ITES industry in which we operate is human capital intensive with a high rate of attrition. There is a possibility that we may not be able to retain skilled professionals or attract new skilled professionals in future. Competition for senior management in the IT industry is intense, and we may not be able to retain such senior management personnel or attract and retain new senior management personnel in future. The loss of any of the members of senior management or other senior professionals may adversely affect our business, results of operations and financial condition.

Management Perception: We have been able to consistently attract, motivate and retain the skilled personnel through innovative human resource initiatives and continuous training and skill development programs. Moreover, we have been able to provide our employees with a congenial work environment and a rewarding career. The majority of the senior management and key personnel of our organization have been with us since inception. For further information, please refer to the heading “Key Managerial Personnel” on page 132 of this RHP.

5. Changes in technology may render our current technologies obsolete or require us to make substantial new investments.

We need to anticipate and develop new services and enhance existing services in order to keep our clients satisfied. The failure to do so may affect our market share.

Management Perception: We have been in the business of implementing and architecting solutions on all the emerging technologies from time to time since inception. We have been in the forefront in adopting the latest technology and offering services around the same. We see the constant changes in technology as a business opportunity rather than as a threat.

6. Our revenues and expenses are difficult to predict and can vary significantly from period to period, which could cause our share price to decline.

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

Factors which affect the fluctuation of our operating results include:

- the size, timing and profitability of significant service projects and product sales;
- the mix of services and product revenues;
- the ability to modify and enhance our suite of product offerings based on customer needs and evolving technologies;
- changes in our pricing policies or those of our competitors;
- the effect of wage pressures, seasonal hiring patterns and the time required to train and productively utilize new employees, particularly information technology, or IT, professionals;
- the size and timing of facilities expansion;
- unanticipated cancellations, contract terminations or deferrals of projects; and
- unanticipated variations in the duration, size and scope of our projects.

In addition, a significant portion of our revenues is dependent upon the timely completion of project milestones, which is dependent not only on our abilities but also on the readiness and capability of the project teams of our clients. Delays in meeting project milestones resulting from the deficiencies in our client's project teams will cause cost overruns and adversely affect our working capital.

In FY 2007, 10.36% of our total operating expenses, particularly expenses related to personnel are fixed in advance for any particular period. As a result, unanticipated variations in the number and timing of our projects or employee utilization rates, or the accuracy of our estimates of the resources required to complete ongoing projects, may cause significant variations in our operating results in any particular period.

There are also a number of factors, other than our performance, that are not within our control that could cause fluctuations in our operating results from period to period. These include:

- the availability and duration of tax holidays or exemptions and the availability of other Government of India incentives;
- currency exchange rate fluctuations, particularly when the Rupee appreciates in value against foreign currencies, such as the U.S. Dollar, which reduce the Rupee value of our foreign currency revenues. The revenue earned in foreign currency is 6.09% of our total revenue for the year ended March 31, 2007. We have an arrangement with our bankers to hedge the foreign currency fluctuation risk by entering into the forward contracts;

- changes in Indian law relating to foreign exchange management and to foreign equity ownership of Indian IT companies that could constrain our ability to raise capital outside India through the issuance of equity or convertible debt securities; and
- the economies of India, the United States and our other principal international markets, as well as other general economic factors.

7. We could become liable to customer claims, suffer adverse publicity and incur substantial costs as a result of defects in our products or services, which in turn could adversely affect our results of operations.

Management Perception: Many of our contracts involve providing products and services that are critical to the operations of our customers' business. Any failure or defect in our software solution or service or in our customers' products, networks or computer systems could result in a claim against us for substantial damages, regardless of our responsibility for such a failure or defect. Although we attempt to limit our contractual liability for all damages, including consequential damages, in rendering our services, we cannot be assured that the limitations on liability we provide for in our service contracts will be enforceable in all cases, or that they will otherwise be sufficient to protect us from liability for damages. There have been no such instances of customer claims or any such defaults which could adversely affect our results of operations.

8. Intense competition in the market for IT infrastructure and services could affect our cost advantages, which could reduce our share of business from clients and may adversely impact our revenues and profitability.

The IT infrastructure and services markets are highly competitive. Given the wide platform of goods and services that we offer, our competitors include large consulting firms, large multinational technology firms, IT outsourcing firms, Indian IT services firms, software firms and in-house IT departments of large corporations. The IT industry is experiencing rapid changes that are affecting the competitive landscape, including recent divestitures and acquisitions that have resulted in consolidation within the industry. These changes may result in larger competitors with significant resources. In addition, some of our competitors have added or announced plans to add cost-competitive offshore capabilities to their service offerings.

Management Perception: We believe that our ability to compete also partially depends on factors outside our control, such as the price at which our competitors offer comparable products and services, and the extent of our competitors' responsiveness to their clients' needs. Growing competition may force us to reduce the prices of our offerings and services, which may reduce our revenues and margins and/or decrease our market share, any of which could have a material adverse effect on our business, financial condition and results of operations. Some of our competitors have greater financial, technical and marketing resources, generate greater revenues. We cannot assure you that we will be able to compete successfully every time against such competitors or that we will not lose clients to such competitors. Also, to obtain engagements for our business solutions, we will need to successfully compete with such large, well-established international IT service and consultancy firms, resulting in increased competition and marketing costs. Our major competition is with Wipro Infotech, CMC, HCL Infosystem, CMS Computers, Datacraft and Netsol from their respective different business streams.

However, we perceive that we have a clear early mover advantage in terms of setting up a direct delivery model combined with establishing a vast reach across the country which any other players may not have. It is our ability to take fast decisions which differentiates us from our competitors. Direct presence of ours blended with Agility, Flexibility & Adaptability enables us being fast responsive to our customer's need.

9. Our revenues are highly dependent on clients located in India. Economic slowdowns and other factors that affect the economic health of India may affect our business.

Management Perception: We perceive that during any economic slow down it is usually a few industry verticals that get affected and as the Company over the years has built a customer base across all major industry verticals it would not affect our operations. Moreover, our foray into newer areas of business and a continuous drive to diversify our product and service offerings and to expand our activities and target medium and large enterprises in the overseas markets such as U.S.A., U.K., Australia, Middle East and Asia will further diversify our clientele. This further diversification would ensure reduction of our dependence on Indian economy.

10. The insurance coverage may not be adequate enough to protect our Company against certain operating hazards and this may have a material adverse effect on our business.

Management Perception: While we believe that the insurance coverage we maintain would reasonably adequate to cover all normal risks associated with the operation of our business, there can be no assurance that any claim under the insurance policies maintained by us will be honored fully, in part or on time. To the extent that we suffer loss or damage that is not covered by insurance or exceed our insurance coverage, our results of operations and cash flow may be adversely affected. For details regarding our current insurance coverages, please refer the heading titled “Insurance” under section titled “Business Overview” on page no. 110 of this RHP.

11. We may acquire or make strategic investments in complementary businesses, technologies, services or products, or enter into strategic partnerships or alliances with third parties, which may not turn out to be successful.

Management Perception: These difficulties could disrupt our ongoing business, distract our management and employees and affect our profitability. We have got a successful track record of strategic partnerships and alliances. In the past, we entered into a joint venture with CNT International, a Sri Lanka based Company to form Allied CNT Solutions Pvt. Ltd. We want to acquire only businesses that are similar to our business where we can leverage on our experience and add value.

12. Possible difficulties in managing future investments, strategic partnerships, alliances or acquisitions.

As part of our growth strategy, we may make strategic investments, establish partnerships and/or make acquisitions relating to complementary businesses, technologies, services or products. It may not be able to identify suitable investment opportunities, partners or acquisition candidates. If we does identify suitable investment opportunities, partners or acquisition candidates, we may be unable to negotiate terms commercially acceptable to us or complete those transactions at all. If we acquires another company or forms a new joint venture or other strategic partnership, we could have difficulty in integrating that our business, including personnel, operations, technology and software, with our business. In addition, the key personnel of an acquired company may decide not to work for us. Any potential acquisition, alliance or joint venture could involve a number of specific risks, including diversion of management's attention, higher costs, unanticipated events or circumstances, legal liabilities, failure of the business of the acquired company, fall in value of investments and amortisation of acquired intangible assets, some or all of which could have a material adverse impact on its business, financial condition and results of operations. In the event that we plans to acquire or invest in an overseas company, we may be required to obtain the prior approval of the RBI, other regulators and/or the Government of India and there can be no assurance that such approvals will be obtained in a timely manner or at all.

We may finance future investments, partnerships or acquisitions with a portion of the net proceeds from the Issue, as well as with cash from operations, our existing cash balances, debt financing, the issuance of additional Equity Shares or a combination of these. We cannot guarantee that we will be able to arrange financing on acceptable terms, if at all, to complete any such transaction. Investments, partnerships or acquisitions financed by the issuance of our Equity Shares would dilute the ownership interest of its shareholders. As of the date of this Red Hering Prospectus, we have no definitive commitment or agreement for any material investment, partnership or acquisition.

Management Perception: We have a track record of managing business through strategic alliances working with people of varied backgrounds. We expect this management strength to help us address the above risks.

13. Increases in wages for IT professionals could reduce our cash flows and profit margins.

Management Perception: Historically, wage costs in the Indian IT services industry have been significantly lower than wage costs in the developed countries for comparable skilled technical personnel. However, in recent years wage costs in the Indian services industry have been increasing at a faster rate than those in certain developed countries. In the long term, wage increases may make us less competitive unless we are able to continue increasing the efficiency and productivity of our professionals and the prices we can charge for our offerings and services. Increases in wages, including an increase in the cash component of our compensation expenses, may reduce our cash flows and our profit margins.

14. Any inability to manage our growth could disrupt our business and reduce our profitability.

Management Perception: We have grown at a CAGR of 58% over the last three years ending FY 2007. Our operating income has grown from Rs.89 crores in FY 2006 to Rs.156 crores in FY 2007 which shows a y-o-y growth of 76% over FY 2006. Our total employee strength grew from 553 in March, 2004 to 1,146 in March, 2007. At present the strength of our employee is around 1,250 people. We have been increasing our presence pan India and currently we offer our products and services in 92 different locations. We are now exploring into the Managed Services. We expect our growth to place significant demands on our management and other resources. Specifically, through the deployment of a countrywide ERP system, we will need to continue to develop and improve our operational, financial and other internal controls, both in India and elsewhere.

We have induced a well monitored, controlled and a process driven approach that in turn helps increasing our operational efficiency and hence cost control.

15. Our Company is promoted by first generation entrepreneurs and the investors will be subject to all consequential risk associated with such ventures.

Management Perception: Our promoters are IT industry veterans with more than two decades of experience in this industry. They are supported by other directors and key managerial personnel who also have rich experience in this industry. For further details on Promoters please refer to the Section titled "Our Promoters" on page 136 of this RHP.

16. There are legal proceedings pending against us.

Our Company is involved in legal proceedings and claims with respect to certain civil, criminal and taxation matters incidental to our business. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. Should any new developments arise, such as a change in Indian law or rulings against us by trial or appellate courts or tribunals, we may need to make provisions in our financial statements, which could increase our expenses and our current liabilities. We can give no assurance that these legal proceedings will be decided in our favour. Furthermore, if a claim is determined against us and we are required to pay all or a portion of the disputed amount, it could have a material adverse effect on our results of operations and cash flows. A classification of the legal proceedings instituted against our Company, our Promoters and Promoter Group and the monetary amount involved in these cases is mentioned in brief below:

Cases filed against us

| Types of Litigation | Total Number of Pending Cases | Remarks and Amount Involved |
|----------------------------|--------------------------------------|---|
| Civil – Labour Court | 1 | Claim amount : Nil A case filed by an Ex-Employee alleging that he was illegally terminated from the job and claims reinstatement. Our Company claims that the ex-employee had refrained from attending to his duties and thereby voluntarily abandoned his job without notice to our company. The matter is pending before the Labour Court. Date of last hearing: April 17, 2007 Date of next hearing: July 2, 2007 |
| Income Tax | 3 | 1. For A.Y. 2003-04 Rs.19.72 lakhs We have filed all their replies with the Commissioner of Income Tax- IV, Mumbai. By the order dated 09.02.2007, the Commissioner of Income-tax has disposed the appeal filed by us, by partly allowing the appeal. By the aforesaid order, the Commissioner has: (i) deleted the addition of Rs.15,39,085/- made on account of sundry balances written off; (ii) deleted the disallowance of Registration fee of Rs.33,500/-; (iii) confirmed the addition towards payment of contribution towards Provident Fund and ESIC to the extent of |

| | | |
|-------------------------------|---|---|
| | | <p>Rs.2,19,866/- only;</p> <p>(iv) confirmed the addition of Rs.1,33,077/- on account of repairs and maintenance and Rs.93,977/- towards credit card expenses.</p> <p>By the aforesaid order, the appeal filed by our Company has been partly allowed.</p> <p>2. For A.Y. 2001-02 Rs.16.29 lakhs, we have filed all their replies. The appeal has been allowed by the Commissioner but the Revenue has preferred appeal to the Income Tax Tribunal.</p> <p>Date of last hearing: June 28, 2007</p> <p>Date of next hearing: To be intimated by the department</p> <p>3. For A.Y. 1998-99 Rs.9.60 lakhs the disallowance of expenses paid by us. It was remanded back to the AO for a fresh Adjudication.</p> <p>Date of last hearing: May 28, 2007</p> <p>Date of next hearing: To be intimated by the department</p> |
| Sales Tax / Central Sales Tax | 4 | <p>1. Appeal filed before the Deputy Commissioner of Sales Tax (Appeals) against the Assessment Order dated 12-6-2000. Demand as per assessment order Rs.2.41 lakhs and demand under CST act was Rs.28,828.</p> <p>Last date of hearing: September 3, 2005</p> <p>Next date of hearing: To be intimated by the department</p> <p>2. For the assessment year 1999-2000, order was passed on 05.05.2004. Demand as per the Assessment order under Bombay Sales Tax Act (BST Act) was Rs.32,83,471/- and a refund of Rs.12,12,215 under Central Sales Tax Act (CST Act). Appeal filed by our Company resulted in refund of Rs.21,00,105/- under BST Act and a refund of Rs.13,09,405/- under CST Act. Second Appeal was filed by us against the order under CST Act before the Sales Tax Appellate Tribunal on 19.03.2005, being Second Appeal No.349 of 2005.</p> <p>Last date of hearing: July 1, 2005</p> <p>Next date of hearing: To be intimated by the Department</p> <p>3. Demand under CST for assessment year 2000-2001 was Rs.2.99 lakhs. On appeal, an order was passed ordering Rs.85,442/- demand under CST Act. Second appeal was filed against the order before the Maharashtra Sales Tax Tribunal and the matter is pending before the Tribunal.</p> <p>Last date of hearing: February 14, 2006</p> <p>Next date of hearing: To be intimated by the Department</p> <p>4. Demand for Rs.1.31 lakhs for the assessment year 2000-2001. An Appeal against this demand was dismissed for non attendance on 12-01- 2006. The Appeal is now restored on filing a restoration application on 1-02-2006.</p> <p>Last date of hearing: February 14, 2006</p> <p>Next date of hearing: To be intimated by the Department</p> |

We are defendants in claim against us by the Labour court, State Consumer Dispute Redressal Forum, Income Tax authority, Sales Tax authority and the amount of claims aggregates to Rs.52.61 lakhs.

For more information regarding litigations involving us, our subsidiaries, our promoters and our directors, refer to the Section “Outstanding Litigations and Defaults” on page 177 of this Red Herring Prospectus.

17. Our failure to complete fixed-price contracts within budget and on time will negatively affect our profitability.

Most of our contracts for IT services are on a fixed-price basis, rather than on a time-and-materials basis. Fixed-price contracts are those contracts where the aggregate amount to be billed is specified in the

contract. If we fail to estimate accurately the resources and time required for a project, future wage inflation rates, or currency exchange rates or if we fail to complete our contractual obligations within the contracted time frame, our profitability may suffer.

Management Perception: We use our software engineering methodologies and processes and past project experience to reduce the risks associated with estimating, planning and performing fixed-price and fixed-time frame projects. Till date we have always succeeded to complete our contractual obligations within the contracted time frame.

- 18. We have not registered any of our intellectual property under the relevant intellectual property laws. The name 'Allied Digital Services Limited' has not been registered under the Trade Marks Act, 1999. The logo of our Company has not been registered under the relevant intellectual property laws.**

Management Perception: We have applied for registration under the Trade Marks act, 1999 in May, 2006 for registration of "IT services" under clause 42 of the Act. The said Application is pending with the Registrar of Trade Marks.

- 19. Our Promoters and promoter group will control us as long as they own a majority of our Equity Shares, and our other shareholders will be unable to affect the outcome of shareholder voting during such time.**

Management Perception: After completion of the Issue, our Promoters and promoter group will continue to own 58.71% of our post issue Equity Share Capital. So long as our Promoters and promoter group own a majority of our Equity Shares, they will continue to influence our decisions and our operations.

- 20. Most of our offices and branches are on lease.**

Management Perception: Most of our offices and branches are being taken on lease. However, we intend to set up a Global Service Delivery Centre which is forming the principal objective of raising funds through this public issue. Besides, the office spaces is obtained for our new SBUs viz. NOC and SOC at Mahape (MIDC) on lease for a term of 95 years. For further details please refer to page 111 of this RHP.

- 21. Any future equity offerings or issue of options under our employee stock option scheme may lead to dilution of your shareholding in our Company which might not be beneficial to you.**

Management Perception: Purchasers of Equity Shares in this Issue may experience dilution of their shareholding to the extent we make future equity offerings and to the extent additional options are issued under our employee stock option scheme.

- 22. Top 5 customers contributed around 34% of our revenues for the year ended March 31, 2007.**

Our revenue flows are determined to a considerable extent upon our relationships with a limited number of customers and our customer-retention rate, given the fact that a sizeable percentage of our revenues comes from an identifiable and limited customer base. The percentage of total revenues during fiscal 2004, 2005, 2006 and 2007 that we derived from contracts with our top customers is as follows:

(% of total Revenue)

| Particulars | For the Year ended on March 31 | | | |
|--|--------------------------------|------|------|------|
| | 2007 | 2006 | 2005 | 2004 |
| Top client contribution to revenues | 12% | 13% | 10% | 17% |
| Top 5 client contribution to revenues | 34% | 38% | 28% | 32% |
| Top 10 client contribution to revenues | 47% | 52% | 41% | 40% |

Management Perception: We have diversified product and service offerings and we cater to companies belonging to various business vertical segments. Furthermore, we are foraying into newer areas of businesses. All these keeps adding new customers to our client profile thereby reducing our dependency on the top few customers.

- 23. Security Risk: If we are unable to successfully protect our IT infrastructure from security risk, our business may suffer.**

Management Perception: We being in the business of information security implementation and consulting have taken adequate security measures for our own infrastructure that encompass the entire IT infrastructure and network. We are also in the process of getting ISO 27001 Information Security Certification. For details pertaining to the above, please refer to paragraph under the Section “Business Overview” on “Risk Management” on page 105 of this RHP.

24. **We have been operating on a smaller scale uptill now and the operations after the proposed expansion would be on a significant larger scale. The success of the operations after the proposed expansion depends upon the Project Management skills of our Company.**

Management Perception: We have an experienced management. The team includes personnel that bring significant industry experience. We also have trained and certified project management personnel who would be involved in the project implementation. We are confident of operating efficiently with increased operations. Since inception, we have demonstrated excellent Project Management Capabilities in terms of execution of complex projects with stringent deadlines and that too without the imposition of any penalties.

25. **The contingent liabilities could adversely affect the financial condition. Upto March 31, 2007 the contingent liabilities, not provided for are enlisted in the following table.**

(Rs. in lakhs)

| Particulars | For the Financial year ended March 31, | | | | |
|---|--|------------|------------|------------|------------|
| | 2007 | 2006 | 2005 | 2004 | 2003 |
| Bank Guarantee | 460 | 239 | 231 | 186 | 201 |
| Indent letter of Credit | 10 | - | - | - | - |
| Claims against our company on account of tax disputes | 5 | 33 | 177 | 24 | 7 |
| Claim against our company not acknowledged as debts | 3 | 3 | 3 | 3 | 3 |
| Claim against our company on account of tax liabilities | 7 | - | - | - | - |
| Total | 485 | 275 | 411 | 213 | 211 |

In the event such contingent liability materializes it may have an adverse affect on our financial performance. There is no amount which is overdue against letter of credit and no demand has been invoked against letter of credit.

26. Loss making Joint Venture

The following joint venture has incurred losses in the past financial year, the details of which are as below:

(Rs. in lakhs)

| Name of the Company | FY 2007 | FY 2006 | FY 2005 |
|-------------------------------|---------|---------|---------|
| Allied CNT Solutions Pvt. Ltd | (13.26) | (27.02) | (16.74) |

Management Perception: This joint venture was formed in FY 2005. This is the third year of operation; the venture could not be scaled up to the desired level of operation leading to the loss in previous years.

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

Management Perception: Our clients typically retain us on a non-exclusive, project-by-project basis. Some of our client contracts, including those that are on a fixed-price basis, can be terminated with or without cause, with between 30 and 60 days' notice and without termination-related penalties. Additionally, our contracts with clients are typically limited to discrete projects without any commitment to a specific volume of business or future work. Our business is dependent on the decisions and actions of our clients, and there are a number of factors relating to our clients that are outside our control that might result in the termination of a project or the loss of a client, including:

- financial difficulties for a client;
- a change in strategic priorities, resulting in a reduced level of IT spending;
- a demand for price reductions;

- a change in outsourcing strategy by moving more work to client in-house IT departments or to our competitors; and the replacement by our clients of existing software with packaged software supported by licensors.

Our client contracts are often conditioned upon our performance, which, if unsatisfactory, could result in less revenue generated than anticipated. Some of our failure to meet our client's expectations in such performance-based contracts may result in a less profitable or an unprofitable engagement.

28. Conflict of interest with our joint venture company

We have formed a company viz. Allied CNT Solutions Private Limited in joint venture with CNT International Limited in July 2004 to carry out the business of consultancy, marketing, distribution and sale of firewalls, other IT security and network management related products.

Management Perception: This joint venture is restricted to leverage this business and thus is not in conflict of our well diversified product / service offerings and our business.

29. High days of sales outstanding may increase our collection risk, which could adversely affect our results of operations.

Management Perception: We normally allow customers up to 60 - 90 days from the invoice date within which the client has to make the payment. For fiscal 2007, our day of sales outstanding (which is the ratio of sundry debtors to total sales in a particular period multiplied by the number of days in that period) was 139 days. Our provisions for bad and doubtful debts, however, was Rs.72 lakhs in FY 2007. Our inability in future to accelerate the realization of receivables could adversely impact our operations.

30. We have issued equity shares to promoters and other shareholders vide bonus issue and allotment to other persons at a price which might be lower than the issue price in the preceding three years. The details of equity shares issued in preceeding three years are given as below:

| Date of Allotment / made fully Paid up | Number of Equity Shares | Face Value (Rs.) | Issue Price (Rs.) | Consideration (Cash, bonus, other than cash) | Remarks |
|--|-------------------------|------------------|-------------------|--|--|
| 22.02.2006 | 2,37,000 | 10/- | 253/- | Cash | Allotment to Bennett, Coleman & Co. Ltd. |
| 17.05.2006 | 71,05,605 | 10/- | Nil | Bonus | Bonus Shares in the ratio 1.5 :1 |
| 12.01.2007 | 6,58,476 | 10/- | 120/- | Cash | Further Allotment |
| 22.01.2007 | 2,66,154 | 10/- | 130/- | Cash | Further Allotment |

31. We are subject to restrictive covenants in the agreements that we have entered into with banks for short-term loans and long-term borrowings.

There are restrictive covenants in the agreements that we have entered into with banks for short-term loans and long-term borrowings. These restrictive covenants in many cases provides for borrowers covenants which are restrictive in nature and require us to obtain their prior permission for alteration of the capital structure, change in beneficial ownership of or control of our Company, entering into any merger/amalgamation, expenditure in new projects, transfer/change in the key personnel, change in the constitutional documents etc. For more details regarding the same, refer heading titled "Financial Indebtness" on page 173 of this Red Herring Prospectus.

32. Any advertisement/publicity/article/editorial appearing in any news paper/magazine owned by Bennett Coleman & Co. Limited regarding our company may be perused considering interest of Bennett Coleman & Company Limited has in our Company.

Management Perception: BCCL forms part of the top ten shareholders of our Company and may be deemed to be interested to the extent of Equity Shares held by it. Further, BCCL would also be interested to the extent of advertising costs payable by us for advertisements / publicity regarding our Company that may appear in any news paper/magazine owned by BCCL.

We have made an arrangement to ensure that any editorial/article (including by analyst) appearing in the news paper/magazines of BCCL, regarding the proposed issue, contains at the end a disclosure regarding the nature of interest/shareholding, BCCL has in our Company. In pursuance to the above matter we have obtained a letter dated April 4, 2007 from BCCL, agreeing to carry the requisite disclosure in their news reports, pertaining to this Initial Public Offer (IPO) of our Company till the closure of the IPO. This is however without prejudice to editors rights under the Press Act etc. For details on the shareholders agreement and advertising agreement entered into with BCCL, please refer section titled “Our History and Corporate Structure” on page 116 of this Red Herring Prospectus.

33. Our Company had a negative operating cash flow for the FY 2003, FY2004 and FY 2006.

Management Perception: The operating cash flow of the FY 2003 and FY 2004 was negative on account of additional deployment of funds in Working Capital during the year. In FY 2006, we have given an advance to BCCL to the extent of Rs.600 lakhs to carry an advertisement in their publications. We have also deployed the funds to meet the working capital requirement resulting into negative operating cash flow. However, in the last FY 2007, we have a positive operating cash flow.

34. There are restrictive covenants in the shareholders agreement entered into by our Company with BCCL.

As per the agreement with Allied Digital and BCCL dated January 17, 2006, BCCL holds 5,92,500 Equity Shares in the Share Capital of Allied Digital Services Limited. Further as per the agreement, we have not to Issue Shares through the IPO at a price lower than the Subscription Price.

In the event our Promoter intend to sell or otherwise dispose off all or part of its shareholding in our Company to a third party who is not an affiliate of our Promoter (the “Third Party Offeror”), then notwithstanding anything to the contrary contained in the BCCL Agreement, our Promoters shall provide notice of such proposed sale to BCCL no later than 21 (Twenty-One) days prior to the proposed closing of such sale. Our Promoter shall not be permitted to carry out the sale unless simultaneously with the sale, the Third Party Offeror makes an offer in writing to BCCL to purchase a pro-rata portion of the shares held by BCCL in our company under the same terms and conditions as the Third Party Offeror propose acquisition of shares from our Promoters, including as to the price. In the event any such sale or disposal with such Third Party Offeror results in our Promoter’s holding falling below 51% in our company, then our Promoters shall not be permitted to carry out such sale or otherwise dispose off the shares held by our Promoters unless simultaneously with the sale the Third Party Offeror makes an offer to BCCL to purchase all the shares held by BCCL in our company at such time, on the same terms and conditions as the Third Party Offeror propose acquisition of shares from our Promoters, including the price.

EXTERNAL RISKS

1. An economic downturn may negatively impair our operating results.

Discretionary spending on IT products and services in most parts of the world has significantly decreased due to a challenging global economic environment. This may result in cancelled, reduced or deferred expenditures for IT services which in turn could adversely affect our business and may result in lower gross and operating profits.

2. Currently we enjoy certain tax benefits under Section 10A of the Income Tax Act. Any Reduction, termination of tax incentives, that we enjoy, may increase our tax liabilities and reduce our profitability.

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

Terrorist attacks and other acts of violence or war, including those involving India, or other countries, may adversely affect Indian and worldwide financial markets. These acts may also result in a loss of business confidence and have other consequences that could adversely affect our Company's business, results of operations and financial condition.

More generally, any of these events could adversely affect client confidence in India as an outsourcing base and increased volatility in the financial markets can have an adverse impact on the economies of India and other countries, including economic recession.

4. Regional conflicts in South Asia could adversely affect the Indian economy, disrupt our operations and cause our business to suffer.

South Asia has, from time-to-time experienced instances of civil unrest and hostilities amongst neighboring countries. Military activity or terrorist attacks in the future could influence the Indian economy by disrupting communications and making travel more difficult. Such political tensions could create a perception that investments in Indian companies involve a higher degree of risk. This, in turn, could have a material adverse effect on the market for securities of Indian companies, including our Equity Shares and on the market for its services.

5. If certain labour laws become applicable to us, our profitability may be adversely affected.

India has stringent labour legislations that protect the interests of workers, including legislation that sets forth detailed procedures for dispute resolution and employee removal and legislation that imposes certain financial obligations on employers upon retrenchment. Though we are exempt from the applicability of certain labour law legislations there can be no assurance that such laws will not become applicable to the IT industry in the future. In addition, our employees may form unions in the future. If the labour laws become applicable to our workers or if our employees form a union, it may become difficult for us to maintain flexible labour policies, discharge employees or downsize, and our profitability may be adversely affected. With respect to our employees located at customer premises overseas, we may be exposed to risks arising from contract labour legislations in such jurisdictions. Further, we cannot assure that there will be no adverse change in the relevant labour legislations in the respective jurisdictions.

6. Wage pressures in India may prevent the Company from sustaining its competitive advantage and may reduce its profit margins.

Wage costs in India have historically been significantly lower than wage costs in the United States and Europe and other developed countries for comparably skilled professionals, which has been one of the Company's competitive strengths. However, wage increases in India may prevent the Company from sustaining this competitive advantage and may negatively affect the Company's profit margins. Wages in India are increasing at a faster rate than in other developed countries, which could result in increased costs for software professionals, particularly project managers and other mid-level professionals. Our Company may need to continue to increase the levels of its employee compensation to remain competitive and manage attrition. Compensation increases may result in a material adverse effect on our Company's business, results of operation and financial condition.

7. Political instability or changes in the Government could adversely affect economic conditions in India generally and our business in particular.

The Indian Government has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Our business, and the market price and liquidity of our Equity Shares, may be affected by interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

8. After this Issue, the price of our Company's Equity Shares may be highly volatile, or an active trading market for its Equity Shares may not develop.

The prices of our Company's Equity Shares on the Indian stock exchanges may fluctuate after this Issue as a result of the factors, including:

1. Volatility in the Indian and global securities market;
2. Company's results of operations and performance;
3. Performance of Company's competitors, the Indian IT industry and the perception in the market about investments in the IT sector;
4. Adverse media reports on Company or the Indian IT industry;
5. Changes in the estimates of Company's performance or recommendations by financial analysts;
6. Significant developments in India's economic liberalization and deregulation policies;
7. Significant developments in India's fiscal and environmental regulations.

Further, valuations in the IT services sector have appreciated in the recent past and current valuations may not be sustainable in the future and may also not be reflective of future valuations for the industry. There are no standard valuation methodologies or accounting practices in the IT industries and the financial of the issuer are not comparable with the players in the Industry. There has been no public market for Company's Equity Shares and the prices of its Equity Shares may fluctuate after this Issue. There can be no assurance that an active trading market for Company's Equity Shares will develop or be sustained after this Issue, or that the prices at which its Equity Shares are initially traded will correspond to the prices at which its Equity Shares will trade in the market subsequent to this Issue.

9. We operate in a highly competitive environment and this competitive pressure on its business is likely to continue.

The market for IT services and solutions are rapidly evolving and highly competitive. Our Company expects that competition will continue to intensify. Our Company faces competition from major national and international System integrator companies in India.

10. We face risks arising out of fluctuations in exchange rates and interest rates.

Our Company generates revenues in foreign currency from its proposed business initiatives. This may expose our Company to foreign exchange and interest fluctuation risks.

11. The appreciation of the Rupee against the foreign currency would have a material adverse effect on our results of operations.

In future our Company may have exposures to various foreign currencies primarily denominated in US Dollar, Singapore Dollar or UAE Dirham, respectively. The exchange rate between the Rupee and the US Dollar, Singapore Dollar or UAE Dirham has changed substantially in recent years and may fluctuate substantially in future. We cannot assure you that we will be able to effectively mitigate the adverse impact of currency fluctuations on the results of our operations. We have not entered into any foreign exchange hedging contracts in relation to these risks.

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

Recently, offshore outsourcing has been the subject of intense political debate, including in the campaign for the recently concluded U.S. presidential elections, and has come under increased government scrutiny within the United States due to its perceived association with loss of jobs in the United States. U.S. state

governments have recently implemented or are actively considering implementing restrictions on outsourcing by U.S. state government entities to offshore IT services providers. Any changes to existing laws in the United States or in other countries where we operate or the enactment of new legislation restricting offshore outsourcing, particularly by private companies, may adversely impact our business and profitability.

NOTES TO RISK FACTORS:

- Public Issue of 45,22,435 Equity Shares of Rs.10/- each at a price of Rs.[●] for cash aggregating Rs.[●]. The issue comprises of 2,00,000 equity shares of Rs.10/- each Reserved for the Eligible Employees of our company and the Net Issue to Public of 43,22,435 equity shares of Rs.10/- each. The Net Issue to Public would constitute 25% of the fully diluted post issue paid-up capital of our company
- The Book Value per Equity Share of Rs.10/- each as per our company's restated consolidated / unconsolidated financial statements under Indian GAAP is given as below:

| Particulars | As on March 31, 2006 | As on March 31, 2007 |
|--------------|----------------------|----------------------|
| Standalone | Rs.53.11 | Rs.45.94 |
| Consolidated | Rs.53.13 | * |

*w.e.f. April 1, 2006, i-Web Technology Solutions Private Limited ceased to be a subsidiary of our Company.

- Our Network is Rs.2,517 lakhs as on March 31, 2006 as per our consolidated restated financial statements under Indian GAAP. Our Network is Rs.2,516 lakhs as on March 31, 2006 and Rs.5,865 lakhs as on March 31, 2007 as per our standalone restated financial statements under Indian GAAP.
- As on the date of filing this RHP, the average cost of acquisition of the Equity Shares held by our promoter is given as under:

| Sr. No. | Name of Promoters | No. of Shares held | Avg. Cost of Acquisition (Rs.) |
|---------|-------------------|--------------------|--------------------------------|
| 1 | Mr. Nitin Shah | 63,22,593 | 2.64 |
| 2 | Mr. Prakash Shah | 32,63,107 | 3.17 |

- For related party transactions, please refer to the Section entitled "Related Party Transactions" on page 139 of this RHP.
- For details on transfer of shares in the last six months please refer to note 17 of "Notes to Capital Structure" under Section titled "Capital Structure" beginning on page 20 of this RHP
- Except as stated in this RHP, none of our Directors have any interest in our Company except to the extent of remuneration and reimbursement of expenses and to the extent of the Equity Shares held by them or their relatives and associates or held by the Companies, firms and trusts in which they are interested as directors, member, partner and/or trustee and to the extent of the benefits arising out of such shareholding.
- Investors may note that in case of oversubscription in the Issue, allotment will be made on a proportionate basis to Qualified Institutional Bidders, Retail Individual Bidders and Non-Institutional Bidders, as also to Employees of our Company under the Employee Reservation Portion. For more information please refer to the paragraph titled "Basis of Allotment or Allocation" on page 216 of this Red Herring Prospectus.
- Investors are free to contact the BRLM for any clarification or information relating to the issue, who will be obliged to provide the same to the investor.
- Investors may contact the BRLM or the Compliance Officer for any complaints pertaining to the issue.
- Investors are advised to refer to the paragraph entitled "Basis for Issue Price" on page 43 of this RHP.
- Trading in Equity Shares of our Company for all the investors shall be in dematerialized form only

SECTION III: INTRODUCTION

SUMMARY

You should read the following summary together with the Risk Factors on page xii of this Red Herring Prospectus and the more detailed information about us and our financial statements included in this Red Herring Prospectus.

OVERVIEW

Led by gradual economic recovery and a positive outlook for corporate earnings, worldwide IT-ITES spending witnessed steady growth in 2005. Outsourcing continued to be the primary growth engine with global delivery forming an integral part of the strategies adopted by customers as well as service providers. Global sourcing is now a key element of corporate boardroom agency.

The Indian IT-enabled and Business Services (ITES-BPO) have demonstrated superiority, sustained cost advantage and fundamentally powered value proposition in ITES. Indian companies are expanding their service offerings, enabling customers to deepen their offshore engagements; the shift from low-end business processes to higher value, knowledge-based processes is having a positive impact on the overall industry growth.

Founded in 1995, Allied Digital is one of the player in the Indian IT Industry, providing wide spectrum of technology solutions & services to a diverse customer base. Operating across a network of 92 locations in 25 states across India and with a team of around 1,250 employees country-wide, we have the ability to provide our customers a blend of optimal functionality, value for money, commitment and flexibility.

Allied Digital is an IT Infrastructure management and Technical Support Services outsourcing Company. We enable global, large and medium enterprises and service providers to reduce their total cost of ownership using a combination of onsite and remote services. We have been a preferred choice for outsourced technical support for business-to-business, business-to-consumer, e-commerce and corporate internal environments.

Our Promoters have more than two decades of experience in technology and enterprise IT Infrastructure management, successfully implementing, managing and consulting various companies on complex IT and business systems.

Working with the industry players in technology, we deliver strategic, personalized, full-service Technical Support services solutions with quality, value and commitment to total customer satisfaction.

We enable clients to seamlessly align IT with changing business imperatives thereby enabling maximized benefits and returns. With proven excellence in operations management, high-quality people, world-class managerial capabilities, sound technology and telecom infrastructure, we provides a proven and reliable outsourced alternative to global customers.

These capabilities provide the operational footing for a diverse portfolio of value-added solutions including Technology infrastructure Management, simple-to-complex technical support solutions, security lifecycle services and professional services for design and deployment of technology infrastructure.

At Allied we enable global, large and medium enterprises and service providers to reduce their total cost of ownership using a combination of onsite and remote services. We have been a preferred choice for outsourced technical support for business-to-business, business-to-consumer, e-commerce and corporate internal environments.

OUR DIRECT BUSINESS MODEL

We, since our inception, believed in delivering “DIRECT” to our customers, resulting in a shortened supply chain and eliminating the weakest link in the delivery chain i.e. the Dealers, Resellers & Franchises. This “DIRECT” relationship has helped us acquire new customers since the last two decades and continued support and relationship with the existing customers over the years and we would cherish to nurture these alliances for many more years in the future.

OUR PRODUCTS AND SERVICES

Our all-round portfolio of Products and Services can be broadly classified into two areas:

- A. Solutions and
- B. Services

These areas can be further analyzed into the following Strategic Business Units (SBUs):

| SBUs | Areas of Business |
|------------------|--------------------------------------|
| Solutions | |
| SBU 1 | Information Technology Solutions |
| SBU 2 | Networking / Communication Solutions |
| SBU 3 | Integrated Solutions |
| SBU 4 | Software Solutions |
| Services | |
| SBU 5 | Information Technology Services |
| SBU 6 | Remote Management Services |

A. SOLUTIONS

SBU 1: Information Technology Solutions

We help Manufacturing companies to setup their IT infrastructure providing optimum availability and supporting their ERP system or SCM solution. We are a recognized player in offering solutions for mission-critical, high-transaction processing environments to companies operating in BFSI. We also help Governments to integrate information technology to create citizen-centric services. We offer strategies and solutions to help the Retail industry succeed in today's competitive environment. High Performance Computing Clusters designed by us meets the demand of super-computing of Research institutes. We help Media companies to store and manage their large multimedia digital assets in highly scalable storage systems.

SBU 2: Networking / Communication Solutions

We integrate technologies, maximize network performance and deliver communication solutions in the most cost-effective way - assuring flexible, open systems capable of integrating today's new technologies with tomorrow's new technologies. Our connectivity solutions encompass the full range of client needs from strategic planning, network design and implementation, hardware and application selection and integration to remote network management and web-application hosting. We offer turnkey solution for the customer's requirements to setup or upgrade their network and communication systems.

SBU 3: Integrated Solutions

In line with our initiative to leverage on the Systems Integration skills, we have ventured in to the Integrated Solutions for Physical Security, Smartcards, RFID, Intelligent Building Management Solutions and Energy management Solutions. As the world is moving towards IP based networks from Non-IP conventional Control systems, with the years of experience that we have in IP networking, we would deliver the following Solution Suits leveraging on the Echelon tie up:

1. Security & Safety Devices:

- a. Access Controls
- b. Fire Detection & Suppression System
- c. Digital CCTV/ IP Surveillance System
- d. Intrusion Detection Equipments

2. Asset Tracking Devices:

- a. Radio Frequency Identification Device(RFID)
- b. Electronic Article Surveillance for tracking article movements which are popularly used in Shopping Malls, etc.

3. Intelligent Building Management System

4. Energy Management Solutions

5. Video Conferencing / Communication Solutions

SBU 4: Software Solutions

Our Software Solutions offers software integration with a global approach for a wide range of software solutions in the Enterprise Management System. Our main strength is in the Enterprise Management domain with different modules and verticals to address the specific needs of clients and customers in the international market. Through focused innovation, speedy implementation and customization we provide end to end customized solutions to all our valued customers.

Leveraging our strengths through a range of products and services in the domain of Hardware, Networking, Enterprise-wide Software & Solutions across verticals, and Business Process Outsourcing Services, our Software division is able to provide end to end solution to customer's needs under a single roof.

B. SERVICES**SBU 5: Information Technology Services**

The effectiveness, reliability and flexibility are the critical success factors for an efficient service delivery. As a matter of fact, many vendors are unable to deliver the sophisticated and timely IT Services and thereby fail to achieve this successful Service Delivery Mechanism.

Here the Service Provider needs to assist the customer to align business with IT and to deliver services with increased speed, agility and quality. This is very effectively done by simplifying the processes, following a common language of ITIL within the organization, modularise the process elements & integrate them efficiently.

Our services offer a comprehensive range of Infrastructure Managed Services including strategic outsourcing and other value-added services. Our services simplify the management of IT and facilitate the ongoing alignment of IT with client's overall business strategy. Using proven methodologies, our flexible approach helps to improve upon their business agility, so that the client organization responds quickly to change and opportunity.

SBU 6: Remote Management Services (RMS)

The Remote Management Services consists of Network Operation Center (NOC) and Information Security Operation Center (SOC).

Our NOC will be an innovative Managed Services Platform which will be a key driver for our growth in the managed services market. With our Remote Management Services, it will be possible for customers to expect high value services at fixed monthly affordable costs. We will use combination of industry standard remote monitoring & management products along with management tools to manage customer's IT infrastructure remotely & efficiently.

Our SOC will provide Proactive Protection and Risk Management for Enterprise Security, round-the-clock to the customers. In collaboration with e-Cop, a Singapore based Information Security Company, we are planning to be one of the first in the country to provide Information Managed Security Services (MSS) such as highly specialized 24x7 Information Security Surveillance Service, which is powered by advanced event correlation engine and incident handling technology. Our 24x7x365 SOC facilities will allow organization to fully leverage our specialised expertise in managing one of the most difficult and complex tasks in info-security today i.e. round-the-clock security risk management, seamless network security monitoring, and real-time response to security threats and violations.

OUR COMPETITIVE STRENGTHS:

1. Direct Business Model – Client Centric Approach
2. Diversified portfolio of Product and Service offerings – edge over other mid-cap players in the industry
3. Technology Coverage
 - Enterprise Computing, Storage, Networking, Communications, Applications, Security, Telecom
 - Tools & Instrumentation
 - Enterprise Management – HP Openview, IBM Tivoli, CA (Computer Associates), Microsoft, LanDesk, Adventnet, etc.

4. Sophisticated Operations Procedures
 - Productivity and efficiency norms across all functions
 - Metrics & SLAs compliance amongst performance indices
 - Online tracking of benchmarking, performance & error thresholds
5. Promoters' rich and varied experience and strong industrial background as a guiding factor for continuous growth
6. Highly skilled and committed Key Managerial Personnel
7. Resources and Resource Pool
 - Around 1,250 cross skilled and experienced people
 - Industry and skill certifications
 - Quality and methodology certifications
8. Pan India coverage with point of "DIRECT" presence at 92 locations (West: 28, North: 34, South: 18, East: 12) in 25 states all over India through unique point-of-presence that helps us in providing uniform level of services to our customers.
9. "DIRECT" Serve Delivery Model provides us single point of accountability to our demanding customers
10. Large Clientele base belonging to various Business Verticals
11. Strategic alliances and partnerships with players in respective SBU
12. Continuous acclamation and awards: awarded the 'Best Systems Integrator' every year since 2003 by Dataquest, etc.
13. Foray into newer areas viz. Remote Management Services which has immense growth opportunities
14. ISO 9001:2000 Certified Organization
15. Service delivery aligned to international standards ITIL / BS15000
 - One of the early adopters of ITIL standards
 - ITIL (Information Technology Infrastructure Library) standards for ITSM (IT Service Management) is evolving as an industry best practices for managing business critical IT infrastructure.
16. Our most cost-effective, efficient and proven service delivery model makes a ideal choice as a service provide for any global customer.
17. Customer centric and vendor neutral approach helps us providing the most trusted advice to our customers for its current and future it needs enabling the highest roi for the customer.

OUR BUSINESS STRATEGY:

- **Leveraging on the countrywide "DIRECT" presence and going beyond...**

We have a "DIRECT" presence at 92 locations countrywide through which we support more than 450 cities in India. We plan to further widen our reach in India by adding more footprints in India's geography and also to take our IT Services beyond India in countries like U.S.A., U.K., Australia, Middle East and South East Asia. Such presence would immensely help us to have more strategic tie-ups with OEM / ODM wanting to outsource their Technology Support Services within India and overseas.

We intend to repeat the success tasted in India across many other countries by having our own Direct presence and serving the multi-national enterprise customers through our Global Service Delivery Centre (GSDC). We have ambitious plans to either take-over local companies or strike an alliance with these companies to strengthen our presence within that local domain.

We firmly believe that the cost-effective service capabilities demonstrated by us in India will help us carve a niche for our organization in those countries. In addition to the core technical strengths, the brand value created by us will create a market pull and we shall be the most preferred IT partner for large enterprises having multiple technologies across multiple platforms deployed across multiple locations.

- **Going higher up the Value Chain with Remote Management Services**

In today's cost-conscious corporate environment, IT systems management is becoming increasingly critical, especially as enterprises decentralize their operations and globalize their reach via the Web. To quantify the business benefits of IT systems management, our Remote management Services will be able to address specific administrative processes, and the associated time and staffing requirements of customers in India and abroad. Our NOC/SOC will generate cost savings from improved user productivity, reduced downtime and higher IT staff productivity and efficiency. With this initiative we will be in a position to address IT Infrastructure management offshoring of any global enterprises.

- **Continuing with the technology edge as a strategy**

In line with our strategy of being a “Technology Enabler”, we shall continue to be the front-runners to embrace new technologies and provide technical solutions around these technologies. This would give us a competitive edge along with an early mover mileage before the commoditization of the technology. This would help us emerge as the preferred technology partners of our customers with a rightly aligned suite of People, Process & Technology.

- **Large corporate customers as a focus**

We shall continue focusing on large corporate customers, national and multi-national, and will keep going beyond contractual terms for the customer’s delight. This, in turn, would ensure customer retention and higher revenues being generated from the existing customers.

- **End-to-end IT solutions**

We would strive to provide end-to-end Technology Solutions across the entire spectrum of technology domains and virtually manage the entire infrastructure of the enterprise customer to ensure total customer satisfaction and repeat business.

- **Expansion of our service offerings.**

We would keep enhancing our spectrum of service offerings to generate additional revenues from the existing customers as well as acquire new customers i.e. to cover a wider range of Professional services, ITIL consulting etc.

- **Technology Domain Expertise**

We intend to enhance our domain expertise by employing Consultants, each one specializing in our own technology domain. By doing this, we shall provide Business Consultancy Services in addition to the Technology Consultancy that will cover the entire gamut of Consultancy spectrum. We provide industry standard comprehensive technology solutions to our customers in various business verticals like BFSI, Telecom, Retail, Manufacturing, Energy, e-Governance, Hospitality.

- **Strategic Acquisition**

We are intending for a pan-Indian presence and abroad by taking the inorganic route. We are in the process of acquiring organizations, within India and abroad, that has got complementary technologies and has a significant existing customer-base in that technology domain & geography. Such strategic investments will not just help us to acquire skill sets of the employees but also the ability to leverage on the entrepreneurial skills of the Management. Overall it will enable much faster Time-to-Market within the new geographies.

- **Global Marketing and Initiatives:**

While extending all the facilities and privileges admissible under the STP scheme for our unit located at Unit no. 4, Bldg no.3, Sector -3, Millennium Business Park, Mahape, Software Technology Parks of India. We shall be exporting ERP customized software specialized on SMB segments globally. We propose to start global marketing plan for our NOC, SOC and managed services portfolio. We would be setting up offices in Australia, USA, UAE, U.K. and Thailand.

- **Enhance inorganic growth through cross-selling & up-selling**

Leveraging on the extremely strong Marketing co-ordination country-wide, we have ensured that no customer requirement is left un-addressed. We have ensured that there is a tight control between Sales teams internally and a healthy culture of sharing customer references has been in practices since a very long time. As a result, we ensure that the net revenues from existing customers keep increasing. Cross-selling is a strategy of selling other products or services to a customer who has already purchased the products or services from our company. Up-selling is a sales strategy whereby the sales team of the Company tries to sell add-on services or upgrades to make profitable sales.

OFFERING DETAILS

| | |
|---|---|
| Equity Shares issued | |
| Issue in terms of Red Herring Prospectus | 45,22,435 Equity Shares of Rs.10/- each |
| Of which: | |
| Employees Reservation Portion | 2,00,000 Equity Shares of Rs.10/- each aggregating to Rs.[●] Lakhs (allocation on a proportionate basis) |
| Net Issue to the Public | 43,22,435 Equity Shares of Rs.10/- each aggregating to Rs.[●] Lakhs |
| Comprising: | |
| Qualified Institutional Buyers portion | Upto 21,61,217 Equity Shares of Rs.10/- each Constituting not more than 50% of the Net Issue to the Public (Allocation on a proportionate basis, of which 5% shall be available for allocation to Mutual Funds only and the balance shall be available for allocation to all QIBs on a proportionate basis, including Mutual Funds) |
| Non-Institutional Portion | At least 6,48,365 Equity Shares of Rs.10/- each Constituting at least 15% of the Net Issue to the Public (Allocation on a proportionate basis) |
| Retail portion | At least 15,12,853 Equity Shares of Rs.10/- each Constituting at least 35% of the Net Issue to the Public (Allocation on a proportionate basis) |
| Equity Shares outstanding prior to the Issue | 1,27,67,305 Equity Shares of Rs.10/- each |
| Equity Shares outstanding after the Issue | 1,72,89,740 Equity Shares of Rs.10/- each |
| Use of Issue Proceeds | Please refer to the Section entitled "Objects of the Issue" on page 30 of this Red Herring Prospectus for additional information |

Notes:

(1) Eligible Employees of our Company shall be entitled to apply in the reserved category for Employees portion. However, our Promoter Directors and Promoter Group (relatives of Promoters) shall not be eligible to apply in the Employees Reservation Portion

(2) The unsubscribed portion, if any, in the employee reservation portion will be added back to Net Issue to Public and will be considered for allotment only on a proportionate basis. Under-subscription, if any, in the QIBs portion, Non- institutional portion or Retail Individual Investors shall be allowed to be met with spillover from the other categories, at the sole discretion of our Company and BRLM.

SUMMARY OF FINANCIAL DATA

The following tables set forth summary financial information derived from our consolidated restated financial statements as of and for the fiscal years ended March 31, 2006 prepared in accordance with Indian GAAP and SEBI guidelines and as described in the Statutory Auditors' report dated November 15, 2006 and standalone restated financial statements as of and for the fiscal years ended March 31, 2002, 2003, 2004, 2005, 2006 and 2007 prepared in accordance with Indian GAAP and SEBI guidelines and as described in the Statutory Auditors' report dated May 16, 2007 included in the Section titled 'Financial Information' beginning on page 140 of this RHP and should be read in conjunction with those financial statements and the notes thereto.

STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES, AS RESTATED

(Rs. in lakhs)

| Particulars | | As at 31.03.2006 |
|-------------|---|---------------------|
| A | FIXED ASSETS: | |
| | Gross Block | 390 |
| | Less : Depreciation | 221 |
| | NET BLOCK | 170 |
| | GOODWILL | 1 |
| | INVESTMENTS | 14 |
| | CURRENT ASSETS, LOANS & ADVANCES | |
| | Inventories | 107 |
| | Sundry Debtors | 2,914 |
| | Cash and Bank Balances | 269 |
| | Other Current Assets, Loans & Advances | 1,027 |
| | Total | 4,317 |
| | LIABILITIES & PROVISIONS | |
| | Secured Loans | 787 |
| | Unsecured Loans | 67 |
| | Current Liabilities and Provisions | 1,124 |
| | Deferred Tax Provisions | 5 |
| | Minority Interest | 1 |
| | Total | 1,985 |
| | NETWORTH (A+B+C+D-E) | 2,517 |
| | Represented by | |
| | Share Capital | 474 |
| | Reserves and Surplus | 2,056 |
| | Less : Miscellaneous Expenses not written off/ adjusted | 13 |
| | NET WORTH | 2,517 |

STATEMENT OF CONSOLIDATED PROFIT AND LOSSES ACCOUNT, AS RESTATED

(Rs. in lakhs)

| Particulars | For the year ended 31.03.2006 |
|---|-------------------------------|
| INCOME | |
| Operating Income | 8,869 |
| Other Income | 53 |
| Increase (Decrease) in Stocks | (12) |
| Total | 8,910 |
| EXPENDITURE | |
| Cost of Sales | 5,859 |
| Cost of Employees | 875 |
| Administrative, Selling and Other Expenses | 435 |
| Total | 7,170 |
| PROFIT BEFORE INTEREST, DEPRECIATION AND TAX | 1,740 |
| Interest & Financial Charges | 80 |
| Depreciation | 56 |
| NET PROFIT BEFORE TAX | 1,603 |
| Taxation | |
| Current tax | 399 |
| Fringe Benefit Tax | 15 |
| Deferred tax | (15) |
| NET PROFIT AFTER TAX | 1,204 |
| Less: Minority Interest | 1 |
| NET PROFIT AFTER TAX AND ADJUSTMENTS | 1,203 |
| Add: Opening balance of P&L A/c brought forward | - |
| NET PROFIT AVAILABLE FOR APPROPRIATION | 1,203 |
| Transferred to General Reserve | - |
| BALANCE CARRIED TO SUMMARY OF ASSETS AND LIABILITIES | 1,203 |

STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED –STAND ALONE

(Rs. in lakhs)

| | PARTICULARS | AS AT THE YEAR ENDED MARCH 31, | | | | |
|-----------|--|--------------------------------|--------------|--------------|--------------|--------------|
| | | 2007 | 2006 | 2005 | 2004 | 2003 |
| A. | FIXED ASSETS: | | | | | |
| | Gross Block | 979 | 389 | 337 | 254 | 97 |
| | Less: Depreciation | 306 | 220 | 164 | 100 | 41 |
| | NET BLOCK | 672 | 169 | 173 | 154 | 55 |
| | Capital Work in Progress | 366 | - | - | - | - |
| | Total | 1,039 | 169 | 173 | 154 | 55 |
| B. | INVESTMENTS | 289 | 15 | 17 | 3 | 3 |
| C. | CURRENT ASSETS, LOANS & ADVANCES | | | | | |
| | Inventories | 129 | 107 | 119 | 117 | 110 |
| | Sundry Debtors | 5,963 | 2,906 | 980 | 1,012 | 756 |
| | Cash and Bank Balances | 294 | 269 | 172 | 128 | 127 |
| | Other Current Assets, Loans and Advances | 1,287 | 1,027 | 143 | 80 | 49 |
| | Total | 7,673 | 4,309 | 1,414 | 1,337 | 1,042 |
| D. | LIABILITIES & PROVISIONS | | | | | |
| | Secured Loans | 729 | 787 | 562 | 602 | 362 |
| | Unsecured Loans | 67 | 66 | 85 | 60 | 74 |
| | Current Liabilities and Provisions | 2,390 | 1,119 | 396 | 405 | 280 |
| | Deferred Tax Provisions (Liabilities/Assets) | -51 | 5 | 20 | 12 | 0 |
| | Total | 3,135 | 1,977 | 1,064 | 1,079 | 717 |
| E. | NETWORTH (A+B+C-D) | 5,865 | 2,516 | 540 | 415 | 383 |
| F. | REPRESENTED BY | | | | | |
| | Share Capital | 1,277 | 474 | 263 | 263 | 263 |
| | Reserves and Surplus | 4,588 | 2,055 | 277 | 153 | 121 |
| | Less : Miscellaneous Expenses not written off/ adjusted | - | 13 | - | 0 | 0 |
| | NET WORTH | 5,865 | 2,516 | 540 | 415 | 383 |

STATEMENT OF PROFIT AND LOSSES ACCOUNT, AS RESTATED – STAND ALONE

(Rs. In lakhs)

| PARTICULARS | FOR THE YEAR ENDED MARCH 31, | | | | |
|---|------------------------------|--------------|--------------|--------------|--------------|
| | 2007 | 2006 | 2005 | 2004 | 2003 |
| INCOME | | | | | |
| Operating Income | 15,603 | 8,847 | 5,168 | 3,922 | 4,033 |
| Other Income | 17 | 53 | 12 | 32 | 6 |
| Increase (Decrease) in Stocks | 22 | (12) | 2 | 7 | 37 |
| Total | 15,642 | 8,887 | 5,181 | 3,962 | 4,076 |
| EXPENDITURE | | | | | |
| Cost of Sales | 10,334 | 5,859 | 3,826 | 2,965 | 3,254 |
| Employees Costs | 1,277 | 861 | 491 | 477 | 378 |
| Administrative, Selling and Other Expenses | 713 | 429 | 327 | 336 | 262 |
| Extraordinary Expenses | - | - | 199 | - | - |
| Total | 12,324 | 7,149 | 4,843 | 3,778 | 3,894 |
| PROFIT BEFORE INTEREST, DEPRECIATION AND TAX | 3,318 | 1,738 | 339 | 184 | 182 |
| Interest & Financial Charges | 110 | 80 | 77 | 74 | 51 |
| Depreciation | 86 | 56 | 32 | 26 | 7 |
| NET PROFIT BEFORE TAX | 3,121 | 1,602 | 229 | 84 | 124 |
| Taxation | | | | | |
| Current tax | 868 | 395 | 65 | 7 | 50 |
| Fringe Benefit Tax | 17 | 15 | - | - | - |
| Deferred tax | (56) | (15) | 20 | - | - |
| NET PROFIT AFTER TAX | 2,293 | 1,206 | 144 | 77 | 74 |
| Add: Depreciation of earlier years | - | - | - | - | - |
| NET PROFIT AFTER TAX AND ADJUSTMENTS (A) | 2,293 | 1,206 | 144 | 77 | 74 |
| Add / (Less): Impact of material adjustments for restatement in corresponding years (B) | - | (4) | (19) | (45) | 2 |
| ADJUSTED PROFIT (A +/- B) | 2,293 | 1,202 | 124 | 32 | 76 |
| Add: Opening balance of P&L A/c brought forward | 1,202 | - | - | 8 | 7 |
| NET PROFIT AVAILABLE FOR APPROPRIATION | 3,495 | 1,202 | 124 | 40 | 83 |
| Transferred to General Reserve | - | - | 124 | 40 | 75 |
| BALANCE CARRIED TO SUMMARY OF ASSETS AND LIABILITIES | 3,495 | 1,202 | - | - | 8 |

GENERAL INFORMATION

INCORPORATION

Allied Digital was incorporated under the name Allied Digital Services Private Limited on February 10, 1995 with the Registrar of Companies, Mumbai, as a private limited company. Subsequently our Company was converted to a public limited company vide registration No. 11-85488 with the Registrar of Companies, Mumbai and received a fresh certificate of incorporation on March 31, 2006.

CIN NO: U72200MH1995PTC085488

REGISTERED OFFICE

ALLIED DIGITAL SERVICES LIMITED

375, J.S.S Road,
5th Floor, Vidyut,
Mumbai – 400 002.
Maharashtra, India
Tel/Fax: +91-22-6634 5536/37/38/39
Email: ipo@alliedindia.com
Website: www.alliedindia.com

CORPORATE OFFICE

ALLIED DIGITAL SERVICES LIMITED

3rd Floor, Kimmatrai Building,
77/79, Maharshi Karve Marg,
Marine Lines,
Mumbai – 400 002.
Maharashtra, India
Tel: +91-22-2200 2020
Fax: +91-22-2206 4170
Email: ipo@alliedindia.com
Website: www.alliedindia.com

ADDRESS OF ROC

The Registrar of Companies

100, Everest Building,
Marine Lines,
Mumbai – 400 002

BOARD OF DIRECTORS

| | | |
|-----------------------|---|--------------------------------------|
| Mr. Nitin Shah | : | Chairman & Managing Director |
| Mr. Prakash Shah | : | Executive Director & CFO |
| Mr. Manoj Shah | : | Executive Director & CIO |
| Dr. Om Prakash Chawla | : | Non Executive – Independent Director |
| Dr. Shrikant Parikh | : | Non Executive – Independent Director |
| Mr. Shailesh Vaidya | : | Non Executive – Independent Director |

BRIEF PROFILE OF THE DIRECTORS

Shri Nitin Shah, founder, Chairman & Managing Director, age 52 years is the promoter of our Company. He is a BE (Electrical) and a Post Graduate Diploma in Computer Management from JBIMS, Mumbai. He is a technocrat with a total experience of almost 30 years in the IT industry. Shri. Nitin Shah has been involved with our Company since inception. With short stints in Crompton Greaves & Nelco, Shri. Nitin Shah went on to join CMC where he worked for 5 years as a Customer Support Engineer. He then worked with Hinditron for 2 years as a System Engineer. He got an extensive exposure on Mainframe Maintenance. He is also an active member of Manufacturer's Association of Information Technology & Traders Association of Information Technology to address issues and concerns to provide impetus towards the growth of IT industry in India.

Mr. Shah has also been nominated for "Entrepreneur of the year" Award for 2006 by Ernst & Young.

Shri Prakash Shah, Executive Director and Chief Financial Officer, age 44 years is the promoter of our Company. He is a Commerce graduate and a diploma holder in Computer Management from Mumbai University. He has more than 18 years of experience in the field of Finance especially in IT. He is associated with our Company since inception and manages all the non-technical functions of our company. He has been instrumental in working out the Joint venture with CNT International, Sri Lanka to form Allied CNT Solution Private Ltd. Shri Prakash Shah has been actively involved in the day to day functioning of the finance and procurement functions of our company.

Shri Manoj Shah, 39 years, is an Executive Director and Chief Information Officer (CIO) of our Company. He is a Science Graduate (B.Sc.) with a distinction in 1987 and followed by Post Graduate Diploma in Computer Science and Diploma in Computer Engineering, Mumbai. He is associated with our company since 1990. He has more than 15 years of experience in IT Industry, started his career and worked as a customer support Engineer for eight years. During his 15 years of experience he had executed many large technologically challenging projects and had a major role in establishing and developing branch offices across the country. As a CIO he is responsible for the entire MIS systems of our company and service delivery planning and processes.

Dr. Om Prakash Chawla, 73 years, has been the independent director of our Company since May 23, 2006. He is a Commerce graduate and Post Graduate from University of Rajasthan and done his Ph.D. in Personal Taxation in India. He started his career as a university lecturer in 1955. He was a consultant to UN Management Institute, East Africa for the period 1979 to 1980. He joined National Institute of Bank Management in 1975 and retired as its Director in 1994. He has authored/co authored 10 books and 50 articles and papers on Financial Markets, Treasury Management, Credit Management, Bank Balance Sheet Management and Accounting and Taxation etc. during his academic career. Currently he is the consultant to Banks and Financial Institutions.

Dr. Shrikant Parikh, 50 years, joined the Board on May 23, 2006 as an Independent Director of our Company. He is a senior IT professional who has played leadership roles in areas of Business/Technology Development and Strategy, International Development Management, Product Development and R & D. He is a co founder and ex-CTO of Globe Ranger Corp. (USA), one of the leading companies in wireless SCM space. He had a long career with IBM (US) in business and technology areas. Currently he heads InfoAlive Solutions and Services, a specialized technology services company which he cofounded. InfoAlive specializes in product engineering, inventions and technology strategy areas. His industrial research has resulted in total 33 International patents till date. He has more than 25 years of experience in IT Industry, out of which 18 years stayed in US. He has gained an expert knowledge in managing complex project, Project Management in strategic outsourcing and SW.

He is member of Corporate Distributed System Performance Council (IBM) and the Corporate Automation Software Committee.(SGS Thompson). He completed, B.E. (Hons.) (Electrical) in 1978 from Bombay University. He is the holder of other degrees like Ph.D. -Computer Science, (SMU,USA), M.S. (Computer Science and Engineering) from University of Texas, USA, Certified Project Management Professional from (Dallas, USA), He also served as Consultant and Advisor to Technology companies in US and India providing guidance on all issues relating Corporate Management like Business Strategy, Technology. He has been training Sr. professionals in Software projects/Outsourcing services management of Software/technology organizations. He also serves as an invited adjunct faculty member at one of the top 10 MBA institution in India. He has helped in overall designing of MBA programmes, focusing on technology management.

Shri Shailesh Vaidya, 49 years, joined the Board on January 02, 2007 as an Independent Director of our Company. He is a practicing Advocate and Solicitor. He has completed his Law Graduation from Government Law College, Mumbai in the year 1981 and became a Solicitor in the year 1983. He has been a partner of M/s. Kanga and Co., Solicitors, since the year 1985. He is presently the Chairman of the Law, Review, Reforms and Rationalisation Committee of the Indian Merchant's Chamber and also member of Managing Committee of the Indian Merchant's Chamber.

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Ravindra V. Joshi

3rd Floor, Kimmatrai Building,
77/79, Maharshi Karve Marg,
Marine Lines,
Mumbai – 400 002.
Tel: +91-22-2200 2020
Fax: +91-22-2206 4170
Email: ravindra.joshi@alliedindia.com
Website: www.alliedindia.com

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

**LEGAL ADVISORS TO THE ISSUE
CORPORATE LAW CHAMBERS INDIA**

Advocates, 44A, Nariman Bhavan,
Nariman Point,
Mumbai – 400 021
Tel: +91-22-5632 1528/29
Fax: +91-22-5632 1531
Contact Person: Mr. Vinay Chauhan
E-mail: vinay@corplawchambers.com

BANKERS TO THE COMPANY

STATE BANK OF INDIA

Commercial Branch Dadar,
2/80, 2/10, “Bullet” Lakhamsi Nappu Road,
Opp. Raja Shivaji Vidhyalay,
Dadar (E), Mumbai – 400 014.
Tel: +91-22-2410 1893 / 2410 1894
Fax: +91-22-2410 1891

ICICI BANK LIMITED

Dadar Branch,
167-C, Ponamwadi,
Dr. Ambedkar Road, Dadar (E),
Mumbai – 400 014, India.
Tel: +91-22-2414 0971/2411 6203/05
Fax: +91-22-2411 6204

BOOK RUNNING LEAD MANAGER

ANAND RATHI SECURITIES LIMITED

Times Tower, 11th Floor, Kamala City,
Senapati bapat Marg, Lower Parel,
Mumbai – 400 013
Phone: +91 22 4047 7000
Fax: +91 22 4047 7070
Contact Person: Mr. Rupesh Khant
E-mail: alliedipo@rathi.com
Website: www.rathi.com

REGISTRAR TO THE ISSUE

INTIME SPECTRUM REGISTRY LIMITED

C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West)
Mumbai 400 078
Tel: + 91-22-2596 0320
Fax: + 91-22- 2596 0329
Email: alliedigit-ipo@intimespectrum.com
Website: www.intimespectrum.com
Contact Person: Mr. Sachin Achar

Note: SEBI had vide its letter dated January 31, 2007 advised to confirm and explain whether Intime Spectrum Registry Limited is eligible to act as Registrar to the Issue, in terms of the court order issued against Intime Spectrum Registry Limited.

On seeking an explanation, Registrar to the Issue vide its letter dated February 5, 2007 confirmed that according to the suit filed before the Ld. 4th Civil Judge (Sr. Division) Alipore, restrained it from entering into new contracts after August 18, 2006. Since Intime Spectrum Registry Limited has signed the agreement with our Company on April 21, 2006, which is prior to August 18, 2006, it is not restrained from acting as the Registrar to this Issue.

SYNDICATE MEMBERS

ANAND RATHI SECURITIES LIMITED

Times Tower, 11th Floor, Kamala City,
Senapati Bapat Marg, Lower Parel,
Mumbai – 400 013
Phone: +91 22 4047 7000
Fax: +91 22 4047 7070
Contact Person: Mr. Tarun Jain
E-mail: alliedipo@rathi.com
Website: www.rathi.com

ENAM SECURITIES PRIVATE LIMITED

Khatau Bldg, 2nd floor,
44, Bank Street, Fort, Mumbai – 400 023
Tel: + 91 – 22 - 2267 7901
Fax: + 91 – 22 - 2266 5613
Contact Person: Mr Ajay Sheth
Email: ajays@enam.com
Website: www.enam.com

ADVISOR TO THE ISSUE

RELIGARE SECURITIES LIMITED

14, Mittal Chambers,
1st Floor, Nariman Point,
Mumbai-400 021
Tel: + 91 – 22 – 4007 4800
Fax: + 91 – 22 – 4007 4869
Contact Person: Mr. Anil Mehta
Email: anil.mehta@religare.in
Website: www.religare.in

BROKERS TO THE ISSUE

All the members of the recognized stock exchanges would be eligible to act as the Brokers to the Issue.

BANKERS TO THE ISSUE

UTI BANK LIMITED

Universal Insurance Building,
Sir P. M. Road, Fort,
Mumbai - 400 001
Tel: +91 – 22 - 2288 4882
Fax: +91 – 22 – 2283 5785
Contact Person: Mr. Roshan Mathias
Email: roshan.mathias@utibank.co.in
Website: www.utibank.com

THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED

52/60, Mahatma Gandhi Road,
Mumbai – 400 001
Tel: +91 – 22 – 2268 5568
Fax: +91 – 22 – 2262 3890
Contact Person: Mr. Rommel Lobo
Email: rommelobo@hsbc.co.in
Website: www.hsbc.co.in

STANDARD CHARTERED BANK

270, D.N.Road,
Fort, Mumbai – 400 001
Tel: +91- 22 – 2268 3965/ 2209 2213
Fax: +91 – 22 – 2209 6069
Contact Person: Mr. Rajesh Malwade
Email: rajesh.malwade@in.standardchartered.co.in
Website: www.standardchartered.co.in

ABN AMRO BANK

Brady House, 14 Veer Nariman Road,
Horniman Circle, Fort,
Mumbai – 400 001
Tel: +91 – 22 – 6658 5817
Fax: +91 – 22 – 2204 2673
Contact Person: Mr Niraj Chabra
Email: neeraj.chabra@in.abanamro.com
Website: www.abnamro.com

AUDITORS TO THE COMPANY

K.M. Kapadia & Associates

Shop No. 49, First Floor,
Ashoka Shopping Centre,
L.T. Marg, Mumbai – 400 001
Telefax: +91-22-2269 1749
Email: kamlesh@kmkassociates.in

STATEMENT OF INTER-SE ALLOCATION OF RESPONSIBILITY

The responsibilities and co-ordination for various activities in relation to the Issue will be solely complied by the sole BRLM to the Issue viz., Anand Rathi Securities Limited (ARSL).

In case of any under subscription in this Issue, the same shall be made good by the BRLM to the Issue.

| Sr. No. | Activity | Responsibility | Coordination |
|----------------|--|-----------------------|---------------------|
| 1. | Capital structuring with the relative components and formalities such as type of instruments, etc | ARSL | ARSL |
| 2. | Conducting a due diligence of our Company's operations / management / business plans / legal, etc. Drafting and designing the Prospectus. Ensuring compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI. | ARSL | ARSL |
| 3. | Assisting our Company for the FIPB and RBI approvals | ARSL | ARSL |
| 4. | Primary co-ordination with SEBI, RoC and Stock exchanges up to bidding and co coordinating interface with lawyers for agreements. | ARSL | ARSL |
| 5. | Primary coordination of drafting/proofing of the design of the Prospectus, bid forms including memorandum containing salient features of the Prospectus with the printers. Primary coordination of the drafting and approving the statutory advertisement. | ARSL | ARSL |
| 6. | Drafting and approving all publicity material other than statutory advertisement as mentioned in (4) above including corporate advertisement, brochure, etc. | ARSL | ARSL |
| 7. | Appointing the Registrars of the Issue | ARSL | ARSL |
| 8. | Appointing Bankers to the Issue | ARSL | ARSL |
| 9. | Appointing other intermediaries viz. Printers & Advertising Agency. | ARSL | ARSL |
| 10. | Marketing of the Issue, which will cover inter alia: <ul style="list-style-type: none"> Formulating marketing strategies, preparation of publicity budget Finalizing media & public relations strategy, Finalizing centers for holding conferences for press and brokers Finalizing collection centers Following-up on distribution of publicity and issue material including form, prospectus hand deciding on the quantum of the Issue material, and Preparing all road show presentations | ARSL | ARSL |
| 11. | Co-ordinating institutional investor meetings, co-ordinating pricing decisions and institutional allocation in consultation with our Company, finalizing the Prospectus and RoC filing. | ARSL | ARSL |
| 12. | Co-ordinating post bidding activities including management of Escrow accounts, co-ordinating Non-Institutional allocation, intimating allocation and dispatch of refunds to Bidders, etc. The post-Issue activities for the Issue will involve essential follow up steps, which include finalizing the listing of instruments and dispatch of certificates and dematerialized delivery of Shares with the various agencies connected with the work such as the Registrars to the Issue and Bankers to the Issue and the bank handling refund business. The BRLM shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with our Company | ARSL | ARSL |

GRADING

We have not opted for the grading of this issue.

CREDIT RATING

As the Issue is of Equity Shares, credit rating is not required.

TRUSTEES

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

MONITORING AGENCY

We have appointed State Bank of India, for monitoring the utilization of the Issue proceeds.

APPRAISING ENTITY

The project of our Company has not been appraised by any financial institutions.

BOOK BUILDING PROCESS IN BRIEF

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

1. The Company;
2. BRLM being ARSL;
3. The Syndicate Members who are intermediaries registered with SEBI or registered as brokers with the Stock Exchanges and eligible to act as underwriters. The Syndicate Members are appointed by the BRLM; and
4. The Registrar to the Issue

SEBI, through its SEBI DIP Guidelines, has permitted an Issue of securities to the public through the 100% book building facility up to 50% of the Net Issue to the Public shall be allocated on a proportionate basis to QIBs. However, upto 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds only. The unsubscribed portion in the Mutual Fund reservation will be available to QIBs, if any. The remaining QIB Portion shall be available for Allocation on a proportionate basis to all QIB Bidders, including Mutual Funds; Further, minimum 15% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and minimum 35% of the Net Issue to the Public shall be available for allocation on a proportionate basis to Retail Bidders, subject to valid bids being received at or above the Issue Price. We will comply with these guidelines for this Issue. In this regard, we have appointed Anand Rathi Securities Limited as the BRLM to the Issue, to procure subscription to the Issue.

The Book Building Process under SEBI DIP Guidelines is relatively new and investors are advised to make their own judgment about investment through this process prior to making a Bid or application in the Issue.

QIBs are not allowed to withdraw their Bid(s) after the Bid /Issue Closing Date. In addition as per the recent amendments to the SEBI Guidelines, QIBs are required to pay 10% margin amount upon submission of their Bids and the allocation to QIBs will be on a proportionate basis. For further details please see the Section titled "Issue Procedure" beginning on page 194 of this RHP.

Steps to be taken by the Bidders for bidding:

- Check whether he / she is eligible for bidding;
- Bidder necessarily needs to have a demat account; and
- Ensure that the Bid-cum-Application Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid-cum-Application Form.

Illustration of Book Building and Price Discovery Process *(Investors should note that the following is solely for the purpose of illustration and is not specific to the Issue)*

Bidders can bid at any price within the price band. For instance, assuming a price band of Rs.70/- to Rs.80/- per Share, Issue size of 3,000 Equity Shares and receipt of five bids from bidders details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the

bidding centres during the bidding period. The illustrative book as shown below shows 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 for | Subscription |
|------------------------------------|--------------------|----------------------------------|--------------|
| 500 | 70 | 500 | 16.67% |
| 1000 | 73 | 1500 | 50.00% |
| 1500 | 75 | 3000 | 100.00% |
| 2000 | 77 | 5000 | 166.67% |
| 2500 | 80 | 7500 | 250.00% |

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.75/- in the above example. We, in consultation with the BRLM will finalize the Issue price at or below such cut off price i.e. at or below Rs.75/-. All bids at or above this Issue price and cut-off bids are valid bids and are considered for allocation in respective category.

BID/ISSUE PROGRAMME

Bidding /Issue Period

| | |
|----------------------------|-------------------------------|
| BID/ISSUE OPENS ON | Monday, July 2, 2007 |
| BID/ISSUE CLOSES ON | Thursday, July 5, 2007 |

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 in the Bid-cum-Application Form and uploaded till such time as permitted by the BSE and the NSE on the Bid /Issue Closing Date.

Our Company reserves the right to revise the Price Band during the Bidding/Issue Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band advertised at least one day prior to the Bid /Issue Opening Date.

In case of revision in the Price Band, the Bidding/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/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 BRLM and at the terminals of the Syndicate.

WITHDRAWAL OF THE ISSUE

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

UNDERWRITING AGREEMENT

After the determination of the Issue Price and prior to filing the Red Herring Prospectus with the RoC, we will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. In terms of Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are subject to certain conditions to closing, as specified therein.

The Underwriters have indicated their intention to underwrite the following numbers of Equity Shares
[This portion has been intentionally left blank, and will be filled in before filing of the prospectus with the ROC]

| Name and Address of the Underwriter | Indicated Number of Equity Shares to be Underwritten | Amount Underwritten (Rs. In lakhs) |
|--|--|------------------------------------|
| Anand Rathi Securities Limited Times Tower, 11 th Floor, Kamala City, Senapati bapat Marg, Lower Parel, Mumbai – 400 013 Phone: +91 22 4047 7000 Fax: +91 22 4047 7070 E-mail: alliedipo@rathi.com Website: www.rathi.com | 30,81,623 | [●] |
| Enam Securities Private Limited Khatau Bldg, 2 nd floor, 44, Bank Street, Fort, Mumbai – 400 023 Tel: + 91 – 22 - 2267 7901 Fax: + 91 – 22 - 2266 5613 Email: ajays@enam.com Website: www.enam.com | 14,40,812 | [●] |

The above chart is indicative of the underwriting arrangement and this would be finalized after the pricing and actual allocation. The above Underwriting Agreement is dated [●]

In the opinion of our Board of Directors and the BRLM (based on a certificate given to it by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above, mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchanges. The Board of Allied Digital has accepted the above Underwriting Agreement at their meeting held on [●] on behalf of Allied Digital, and Allied Digital has issued letters of acceptance to the Underwriters.

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

CAPITAL STRUCTURE

Share Capital as on the date of filing of Red Herring Prospectus with SEBI is set forth below:

| Particulars | Nominal Value (Rs) | Aggregate Value at Issue Price |
|---|--------------------|--------------------------------|
| A. AUTHORISED CAPITAL | | |
| 2,00,00,000 Equity Shares of Rs.10/- each | 20,00,00,000 | |
| B. ISSUED, SUBSCRIBED AND PAID UP CAPITAL | | |
| 1,27,67,305 Equity Shares of Rs.10/- each fully paid up | 12,76,73,050 | |
| C. PRESENT ISSUE IN TERMS OF THIS RED HERRING PROSPECTUS | | |
| 45,22,435 Equity Shares of Rs.10/- each | 4,52,24,350 | [●] |
| Of which | | |
| EMPLOYEE RESERVATION | | |
| 2,00,000 Equity Shares of Rs.10/- each | 20,00,000 | [●] |
| NET ISSUE TO PUBLIC | | |
| 43,22,435 Equity Shares of Rs.10/- each | 4,32,24,350 | [●] |
| D. EQUITY CAPITAL AFTER THE ISSUE | | |
| 1,72,89,740 Equity Shares of Rs.10/- each fully paid up | 17,28,97,400 | [●] |
| E. SHARE PREMIUM ACCOUNT | | |
| Before the Issue ^{\$} | 9,50,81,108 | Nil |
| After the Issue | [●] | [●] |

^{\$}The balance in Securities Premium account as on March 31, 2007 is after adjustments for the issuance of bonus shares of Rs.5,75,91,000/- and IPO expenses of Rs.92,89,732/-

The Issue in terms of this Red Herring Prospectus has been authorized pursuant to a resolution passed under Section 81(1A) of the Companies Act at the Extraordinary General meeting of our shareholders held on January 02, 2006 at Mumbai.

- a. The details of increase and change in authorized share capital of our Company after the date of incorporation till filling of the Red Herring Prospectus with SEBI is as follows:

| Date of change | Nature of increase/change | Cumulative Number of Equity Shares | Face Value | Authorized Share Capital |
|------------------------------|----------------------------|------------------------------------|------------|--------------------------|
| At the time of incorporation | Subscription to Memorandum | 2,00,000 | 10 | 20,00,000 |
| February 28, 1997 | Increase | 4,50,000 | 10 | 45,00,000 |
| March 17, 2000 | Increase | 50,00,000 | 10 | 5,00,00,000 |
| March 13, 2006 | Increase | 1,20,00,000 | 10 | 12,00,00,000 |
| May 8, 2006 | Increase | 2,00,00,000 | 10 | 20,00,00,000 |

NOTES TO CAPITAL STRUCTURE:**1. Share Capital History of our Company**

The existing share capital of our Company has been subscribed and allotted as under

| Date of Allotment / made fully Paid up | Number of Equity Shares | Face Value (Rs.) | Issue Price (Rs.) | Consideration (Cash, bonus, other than cash) | Remarks | Number of Equity Shares (Cumulative) | Share Premium (Cumulative) (Rs.) |
|--|-------------------------|------------------|-------------------|--|--|--------------------------------------|----------------------------------|
| 10.02.1995 | 10,001 | 10/- | 10/- | Cash | Allotment to the Subscribers to the Memorandum | 10,001 | Nil |
| 01.4.1995 | 1,89,999 | 10/- | 10/- | Cash | Allotment to | 2,00,000 | Nil |
| | | | | | 1.Nitin Shah | | |
| | | | | | 2.Prakash Shah | | |
| | | | | | 3.Pragna Shah | | |
| | | | | | 4. Kamlesh M. Kapadia | | |
| 01.04.1997 | 1,77,770 | 10/- | 10/- | Cash | Allotment to Nitin Shah | 3,77,770 | Nil |
| 31.03.2000 | 13,22,300 | 10/- | Nil | Bonus | Bonus shares issued in the ratio 3.5:1 | 17,00,070 | Nil |
| 31.03.2001 | 28,00,000 | 10/- | 10/- | Cash | Allotment to | 45,00,070 | Nil |
| | | | | | 1.Nitin Shah | | |
| | | | | | 2. Prakash Shah | | |
| | | | | | 3.Pragna Shah | | |
| | | | | | 4. Tejal Shah | | |
| 22.02.2006 | 2,37,000 | 10/- | 253/- | Cash | Allotment to Bennett, Coleman & Co. Ltd. | 47,37,070 | 5,75,91,000 |
| 17.05.2006 | 71,05,605 | 10/- | Nil | Bonus | Bonus Shares in the ratio 1.5 :1 | 1,18,42,675 | Nil |
| 12.01.2007 | 6,58,476 | 10/- | 120/- | Cash | Further Allotment | 1,25,01,151 | 13,00,23,360 |
| 22.01.2007 | 2,66,154 | 10/- | 130/- | Cash | Further Allotment | 1,27,67,305 | 16,19,61,840 ⁸ |

⁸The balance in Securities Premium account as on March 31, 2007 stands at Rs. 9,50,81,108/- after adjustments for the issuance of bonus shares Rs.5,75,91,000/- and IPO expenses of Rs.92,89,732/-

2. Details of Allotment to Promoters and Promoter Group:

| Promoter's Name | Date | No. of Shares | Nominal Value | Issue Price/ Transfer Price | Consideration |
|--|------------|---------------|---------------|-----------------------------------|-----------------|
| Mr. Nitin Shah | 10.02.1995 | 8,000 | 80,000 | 10 | Cash |
| | 01.04.1995 | 60,505 | 6,05,050 | 10 | Cash |
| | 01.04.1997 | 1,77,770 | 17,77,700 | 10 | Cash |
| | 31.03.2000 | 8,61,997 | 86,19,970 | Nil | Bonus |
| | 31.03.2001 | 12,00,000 | 1,20,00,000 | 10 | Cash |
| | 06.03.2005 | 4,95,055 | 49,50,550 | 10 | Transfer (Cash) |
| | 08.02.2006 | (290) | (2,900) | 10 | Transfer (Cash) |
| | 31.03.2006 | (2,73,900) | (27,39,000) | 10 | Transfer (Cash) |
| | 17.05.2006 | 37,93,706 | 3,79,37,060 | Nil | Bonus |
| Total 63,22,843 Equity Shares of Rs.10/- each | | | | | |
| Mr. Prakash Shah | 10.02.1995 | 2,000 | 20,000 | 10 | Cash |
| | 01.04.1995 | 75,045 | 7,50,450 | 10 | Cash |
| | 23.02.2000 | 1 | 10 | 10 | Transfer |
| | 31.03.2000 | 2,69,697 | 26,96,970 | Nil | Bonus |
| | 31.03.2001 | 11,00,000 | 1,10,00,000 | 10 | Cash |
| | 08.02.2006 | (100) | (1,000) | 10 | Transfer (Cash) |
| | 31.03.2006 | (1,41,400) | (14,14,000) | 10 | Transfer (Cash) |
| | 17.05.2006 | 19,57,864 | 1,95,78,640 | Nil | Bonus |
| Total 32,63,107 Equity Shares of Rs.10/- each | | | | | |
| Ms. Tejal Prakash Shah | 31.03.01 | 2,50,000 | 25,00,000 | 10 | Cash |
| | 08.02.06 | (100) | (1,000) | 10 | Transfer (Cash) |
| | 31.03.06 | (24,700) | (2,47,000) | 10 | Transfer (Cash) |
| | 17.05.06 | 3,37,800 | 33,78,000 | Nil | Bonus |
| Total 5,63,000 Equity shares of Rs.10/- each | | | | | |
| Mr. Nehal Nitin Shah | 08.02.06 | 100 | 1000 | 10 | Transfer (Cash) |
| | 17.05.06 | 150 | 1500 | Nil | Bonus |
| Total 250 Equity shares of Rs.10/- each | | | | | |
| Ms. Dhara Nitin Shah | 08.02.06 | 100 | 1000 | 10 | Transfer (Cash) |
| | 17.05.06 | 150 | 1500 | Nil | Bonus |
| Total 250 Equity shares of Rs.10/- each | | | | | |
| Mr. Rohan Prakash Shah | 08.02.06 | 100 | 1000 | 10 | Transfer (Cash) |
| | 17.05.06 | 150 | 1500 | Nil | Bonus |
| Total 250 Equity shares of Rs.10/- each | | | | | |
| Mr. Ramesh Manilal Shah | 08.02.06 | 100 | 1000 | 10 | Transfer (Cash) |
| | 17.05.06 | 150 | 1500 | Nil | Bonus |
| Total 250 Equity shares of Rs.10/- each | | | | | |

Promoters Contributions and Lock-In**I. Details of Allotment to Promoters, Promoters Holding and Lock-in:**

In terms of SEBI Guideline, the shareholding of promoters would be locked in for three years as follows:

| Sr. No. | Name of our Promoter | Date of Allotment | Consideration (cash, bonus, kind etc.) | No. of Equity Shares to be locked in* | Face Value (Rs.) | Issue Price (Rs.) | % of Post-Issue paid up capital | Lock-in-period (Years) |
|-------------------------------------|----------------------|-------------------|--|---------------------------------------|------------------|-------------------|---------------------------------|------------------------|
| 1 | Mr. Nitin Shah | May 17, 2006 | Bonus | 22,80,845 | 10 | Nil | 13.19% | 3 |
| 2 | Mr. Prakash Shah | May 17, 2006 | Bonus | 11,77,103 | 10 | Nil | 6.81% | 3 |
| Total Shares to be Locked in | | | | 34,57,948 | | | 20.00% | |

*commencing from the date of allotment of the Equity Shares in this Issue

Out of the total shareholding of promoters, 34,57,948 number of equity shares, being 20% of the post issue capital will be locked in for a period of 3 years.

In the event that over subscription to the extent of 10% of the Issue is retained for the purposes of rounding to the nearest multiple of one while finalizing the basis of Allotment, Promoters' contribution and lock-in would be calculated as 20% of the post-Issue share capital including the over subscribed amount so retained for rounding off.

Other than those Equity Shares as stated above which are locked in for a period of 3 years, the entire pre-Issue equity share capital of our Company comprising of 93,09,357 Equity Shares will be locked-in for the period of one year from the date of allotment of Equity Shares in this Issue.

- Further, pursuant to Clause 4.16.1(a) of the SEBI Guidelines, Equity Shares held by shareholders other than our Promoters may be transferred to any other person holding 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 of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.
- The Equity Shares to be held by our Promoters under lock-in period shall not be sold/hypothecated/transferred during the lock-in period. However, Pursuant to Clause 4.16.1(b) of the SEBI Guidelines, the Equity Shares may be transferred amongst Promoter/Promoter group or to a new Promoter or persons in control of our Company, subject to continuation of lock-in in the hands of the transferees for the remaining period and compliance of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 as applicable. The securities which are subject to lock-in shall carry inscription 'non transferable' along with duration of specified non-transferable period mentioned in the face of the security certificate.
- Our Promoters have vide their letter dated January 18, 2007 given their consent for lock in as stated above. Equity Shares issued last shall be locked in first. The entire pre-issue capital, other than the minimum Promoters contribution, which is locked in for three years shall be locked in for a period of one year. The lock-in shall start from the date of allotment in the Issue and the last date of the lock-in shall be reckoned as three years from the date of allotment in the Issue.
- Pursuant to Clause 4.15 of the SEBI Guidelines, Locked in Equity Shares held by a Promoter can be pledged with banks or financial institutions as collateral for loans granted by such banks or financial institutions, provided pledge of shares is one of the terms of sanction of loan.
- Our Promoters and Promoters group will not participate in the Issue.

None of the persons listed in our Promoters or Promoter group, or our Directors have purchased or sold any Equity Shares (excluding any issue of bonus Equity Shares), during a period of six months preceding the date on which the Red Herring Prospectus is filed with SEBI.

II. Pre and Post-Issue Shareholding Pattern of our Company:

| Category | Pre-Issue | | Post-Issue | |
|--|--------------------|----------------|--------------------|----------------|
| | No. of Shares | % Holding | No. of Shares | % Holding |
| Promoters | | | | |
| Mr. Nitin Shah | 63,22,843 | 49.52% | 63,22,843 | 36.57% |
| Mr. Prakash Shah | 32,63,107 | 25.56% | 32,63,107 | 18.87% |
| Sub Total [A] | 95,85,950 | 75.08% | 95,85,950 | 55.44% |
| Promoter Group | | | | |
| Ms. Tejal Prakash Shah | 5,63,000 | 4.41% | 5,63,000 | 3.26% |
| Mr. Nehal Nitin Shah | 250 | 0.00% | 250 | 0.00% |
| Ms. Dhara Nitin Shah | 250 | 0.00% | 250 | 0.00% |
| Mr. Rohan Prakash Shah | 250 | 0.00% | 250 | 0.00% |
| Mr. Ramesh Manilal Shah | 250 | 0.00% | 250 | 0.00% |
| Sub Total (B) | 5,64,000 | 4.42% | 5,64,000 | 3.26% |
| Promoters Group Total (A+B) | 1,01,49,950 | 79.50% | 1,01,49,950 | 58.71% |
| Persons Acting in Concert (PAC) | | | | |
| M/s. Vivil Investments Pvt. Ltd. | 11,00,000 | 8.62% | 11,00,000 | 6.36% |
| Sub Total (C) | 11,00,000 | 8.62% | 11,00,000 | 6.36% |
| Total [A]+[B]+[C] = [X] | 1,12,49,950 | 88.12% | 1,12,49,950 | 65.07% |
| Non-Promoter Holding | | | | |
| Employees | - | - | [●] | [●] |
| Net offer to Public | - | - | [●] | [●] |
| Others (including Private placement to Individuals and Corporates) | 15,17,355 | 11.88% | 15,17,355 | 8.78% |
| Sub Total (D) | 15,17,355 | 11.88% | 60,39,790 | 34.93% |
| Grand Total [X+D] | 1,27,67,305 | 100.00% | 1,72,89,740 | 100.00% |

3. Equity Shares held by Top Ten Shareholders

- a) The details of Top Ten Shareholders and the Equity Shares held by them on the date of filing of Red Herring Prospectus with SEBI is as follows:

| Sr. No. | Name of Shareholders | Number of Shares | % of total |
|---------|--|------------------|------------|
| 1 | Mr. Nitin Shah | 63,22,843 | 49.52% |
| 2 | Mr. Prakash Shah | 32,63,107 | 25.56% |
| 3 | M/s. Vivil Investments Pvt. Ltd. | 11,00,000 | 8.62% |
| 4 | M/s. Bennett, Coleman & Co. Ltd. | 5,92,500 | 4.64% |
| 5 | Ms. Tejal Shah | 5,63,000 | 4.41% |
| 6 | M/s. Scope Pvt. Ltd. | 1,20,000 | 0.94% |
| 7 | M/s. Nihar Trading Pvt. Ltd. | 1,00,000 | 0.78% |
| 8 | M/s. Cello Pens & Stationery Pvt. Ltd. | 1,00,000 | 0.78% |
| 9 | M/s. Twinkle Envirotech Ltd. | 83,500 | 0.65% |
| 10 | Mr. Ramesh P. Modi | 50,000 | 0.39% |
| 11 | Mr. Prem Kumar Khurana | 50,000 | 0.39% |
| 12 | Ms. Sandhini Poddar | 50,000 | 0.39% |
| 13 | Mr. Birendra Kumar Agarwal | 50,000 | 0.39% |

- b) Particulars of Top Ten Shareholders two years prior to the date of filing this Red Herring Prospectus with SEBI is as follows.

| Sr. No. | Name of Shareholders | No. of Shares | % Holding |
|---------|-------------------------|---------------|-----------|
| 1 | Mr. Nitin Dhanji Shah | 23,08,272 | 51.29% |
| 2 | Mr. Prakash Dhanji Shah | 14,46,743 | 32.15% |
| 3 | Ms. Pragna Nitin Shah | 4,95,055 | 11.00% |
| 4 | Ms. Tejal Prakash Shah | 2,50,000 | 5.56% |

- c) Particulars of Top Ten Shareholders 10 days prior to the date of filing this Red Herring Prospectus with SEBI is as follows.

| Sr. No. | Name of the Shareholders | No. of Shares | % Holding |
|---------|--|---------------|-----------|
| 1 | Mr. Nitin Shah | 6,322,842 | 50.58% |
| 2 | Mr. Prakash Shah | 3,263,108 | 26.10% |
| 3 | M/s. Vivil Investments Pvt. Ltd. | 1,100,000 | 8.80% |
| 4 | M/s. Bennett, Coleman & Co. Ltd. | 592,500 | 4.74% |
| 5 | Tejal Shah | 563,000 | 4.50% |
| 6 | M/s. Cello Pens & Stationery Pvt. Ltd. | 100,000 | 0.80% |
| 7 | M/s. Twinkle Envirotech Ltd. | 83,500 | 0.67% |
| 8 | Mr. Ramesh P. Modi | 50,000 | 0.40% |
| 9 | Mr. Prem Kumar Khurana | 50,000 | 0.40% |
| 10 | Ms. Sandhini Poddar | 50,000 | 0.40% |
| 11 | Mr. Birendra Kumar Agarwal | 50,000 | 0.40% |

4. Our Promoters may pledge their equity shares with banks or financial institutions as additional security for loans whenever availed by them from banks or financial institutions.

5. Employee Stock Option Plan ("Plan" or "ESOP")

Our Company by a Special Resolution passed at the Extra Ordinary General Meeting held on January 02, 2007 approved the Employee Stock Option Scheme under Section 79A of the Companies Act, 1956 to be read along with the SEBI (Employee Stock Option and Employee Stock Purchase Scheme) Guidelines, 1999 whereby options convertible into Equity Shares shall be granted to eligible Employees of our Company. The Board of Directors has resolved to grant the options to the eligible employees vide resolution dated January 22, 2007. We have instituted a stock option plan to reward and help retain our employees and directors and to enable them to participate in our future growth and financial success. The Plan includes provision for the grant of options to employees and directors of Allied Digital Services Limited. We have granted stock options to employees and directors pursuant to the Plan. The Plan has been constituted in accordance with the requirements of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

The following table sets forth the particulars of options granted under the Plan. The detailed terms and conditions of the ESOP Scheme, including the method of implementation, the eligibility of the employees to whom the grant will be made and other terms and conditions of such Scheme will be determined by the Compensation Committee from time to time.

| Sr. No. | Particulars | Plan Particulars |
|---------|--|---|
| 1 | Options Granted | 3,40,900 options |
| 2 | Pricing Formula | For Loyalty grant – Rs.10 For Growth grant – Rs.95 |
| 3 | Options Vested | Nil |
| 4 | Options Exercised | Nil |
| 5 | Total no. of shares arising as a result of exercise of Options | Nil |
| 6 | Options lapsed | Nil |
| 7 | Variation of terms of Options | No variations |

| | | | | |
|------|--|---|--|----------------------|
| 8 | Money realized by exercise of Options | Nil | | |
| 9 | Total no. of Options in force | 3,40,900 options | | |
| i. | Employee wise details of options granted to; - | | | |
| ii. | Senior managerial personnel; | Mr. Manoj Shah (Director) 21,960 options | | |
| iii. | 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 | Designation | No. of option |
| | | Mr. Bimal Raj | CEO | 22,640 |
| | | Mr. Nishith Seth | COO | 22,510 |
| | | Mr. Sunil Bhatt | CTO | 21,336 |
| | | Mr. Basit Shaikh | Senior Manager | 17,070 |
| iv. | Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our company at the time of grant; | Nil | | |
| 10 | Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with] [Accounting Standard (AS) 20 ‘Earnings Per Share’] | Rs. 18.966 (based on accounts for the year ended March 31, 2007) | | |
| 11 | Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed. | Our Company has opted to use the Intrinsic value method. In case our company had used the fair value method, the profits of our company would decrease by Rs.14,958 for the year ended March 31, 2007 and the Basic EPS and Diluted EPS, both would decrease marginally by Re. 0.001. | | |
| 12 | Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose – i. exercise price equals market price ii. exercise price exceeds market price iii. exercise price is less than the market price | Weighted Average Exercise Price Nil Rs.95 Rs.10 | Weighted Average Fair Value Nil Nil Rs.39.15 | |
| 13 | A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following Weighted-average information: | The fair value of the options for both the grants has been calculated using the Black Scholes Option Pricing Model. | | |
| i. | Risk-free interest rate | The Zero Coupon Yield Curve Securities (6.88%) | | |
| ii. | Expected life, | Between 2 to 5 years depending on the type of grant | | |
| iii. | Expected volatility, | Since our company was unlisted at the time of grant, volatility has been taken as zero | | |
| iv. | Expected dividends | Nil | | |
| v. | The price of the underlying share in market at the time of option grant | FMV as determined by an independent valuer – Rs.47.90/- | | |
| 14 | Vesting Schedule | The Vesting schedule for the options granted under the plan is as follows: For Loyalty options: 100% at the end of one year from the date of grant. For Growth options: <ul style="list-style-type: none">• 25% at the end of the 1st year• 25% at the end of the 2nd year• 25% at the end of the 3rd year | | |

| | | |
|--|--|--|
| | | <ul style="list-style-type: none"> • 25% at the end of the 4th year from the date of grant. <p>The date of grant being January 22, 2007.</p> |
|--|--|--|

Disclosures required as per Clause 15.3 of SEBI (Employee Stock Option and Employee Stock Purchase Scheme) Guidelines, 1999

| | | |
|---|---|---|
| 1 | The impact on the profits and on the EPS of the last three years if the company had followed the accounting policies specified in clause 13 in respect of options granted in the last three years. | <p>2004-05: Nil 2005-06: Nil 2006-07: Rs.19.050 (Basic) Rs.18.966 (Dilutive)</p> <p>Impact on EPS: Basic EPS would decrease marginally from Rs.19.050 to Rs.19.013 for the year ended March 31, 2007. Diluted EPS would decrease marginally from Rs.18.966 to Rs.18.929 for the year ended March 31, 2007. Impact on Profit: Profits would decrease by Rs.4,53,523/- for the year ended March 31, 2007 (based on Intrinsic Value method).</p> |
| 2 | The intention of the holders of shares allotted on exercise of option granted under ESOS or allotted under ESPS, to sell their shares within three (3) months after the date of listing of shares in such IPO (aggregate number of shares intended to be sold by option holders), if any, has to be disclosed. In case of ESOS the same shall be disclosed regardless of whether the shares arise out of options exercised before or after the IPO. | None of the options granted would vest or be exercised within the 3 months after IPO |
| 3 | Specific disclosures about the intention to sell shares arising out of ESOS or allotted under ESPS within three (3) months after the date of listing, by directors, senior managerial personnel and employees having ESOS or ESPS shares amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions), which inter-alia shall include name, designation and quantum of ESOS or ESPS shares and quantum they intend to sell within three (3) months. | None of the options granted would vest or be exercised within the 3 months after IPO. |
| 4 | A disclosure in line with the clause 12 of these guidelines, regarding all the options/ shares issued in last three (3) years (separately for each year) and on a cumulative basis for all the options/shares issued prior to date of the prospectus. | Our Company has granted 340,900 options to the eligible employees first time in January 2007 and the same stands cumulative. We have made disclosures in line with the clause 12 of ESOP guideline on page 26 of the RHP. |

We have complied with all the applicable provisions of the SEBI (ESOS & ESPS) Guidelines, 1999.

6. The Promoters contribution has been brought in to the extent of not less than the specified minimum lot and from the persons defined as promoters under the SEBI Guidelines.
7. Neither we nor our Directors or our Promoters, or respective directors of our Promoter Group Companies or the BRLM have entered into any buyback and/or standby arrangements for the purchase of our Equity Shares from any person.
8. As of the date of filing of this Red herring Prospectus, except the Options issued pursuant to the Employee Stock Option Scheme, there are no outstanding warrants, options or rights to convert debentures, loans or

other instruments into Equity Shares, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into Equity Shares.

9. We have not raised any bridge loan against the proceeds of the Issue. For details on use of proceeds, see the section titled “Objects of the Issue” on page 30 of this Red Herring Prospectus.
10. The securities offered through this public issue shall be made fully paid-up or may be forfeited within 12 months from the date of allotment of the securities in the manner specified in clause 8.6.2. of the SEBI (DIP) Guidelines.
11. An over subscription to the extent of 10% of the Issue size can be retained for the purposes of rounding off while finalizing the allotment.
12. An investor cannot make a Bid for more than the number of Equity Shares offered under the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
13. The Issue is being made through a 100% Book Building Process wherein up to 50% of the Net Issue to Public will be allocated to Qualified Institutional Buyers (“QIBs”) on a proportionate basis. Out of the portion available for allocation to the QIBs, 5% will be available for allocation to Mutual Funds. Mutual Fund applicants shall also be eligible for proportionate allocation under the balance available for the QIBs. Further, not less than 15% of the Net Issue to Public will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue to Public will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

Under-subscription, if any, in any category would be met with spill over from other categories at the sole discretion of our company in consultation with the BRLM.

14. Only Employees would be eligible to apply in this Issue under the Employee Reservation Portion on competitive basis. Bids by Employees can also be made in the Net Issue and such Bids shall not be treated as multiple Bids. If the aggregate demand in the Employee Reservation Portion is greater than 200,000 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis. The unsubscribed portion, if any, from the Equity Shares in the Employee Reservation Portion will be treated as part of the Net Issue and the proportionate allocation of the same would be at the sole discretion of our Company in consultation with the BRLM.
15. 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 the Red Herring Prospectus with SEBI until the Equity Shares issued through Red Herring Prospectus.
16. We presently do not have any intention or proposal to alter our capital structure for a period of six months from date of opening of the Issue, by way of split/consolidation of the denomination of Equity Shares or to make a further issue of Equity Shares (including issue of securities convertible into Equity Shares) whether preferential or otherwise except if we enter into acquisition or joint ventures or make investments, in which case we may consider raising additional capital to fund such activity or use equity shares as a currency for acquisition or participation in such joint ventures or investments.
17. There will be only one denomination of the Equity Shares of Allied Digital, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
18. We have not revalued our assets since inception
19. Details of the capitalization of the reserves by our Company in the past.

| Date of Allotment of Bonus Shares | Date of Approval of the Bonus Issue | Ratio of Bonus Issue | Number of Equity Shares of Rs.10/- each Issued as Bonus | Amount of Reserves Capitalized |
|-----------------------------------|-------------------------------------|----------------------|---|--------------------------------|
| 31.03.2000 | 17.03.2000 | 3.5:1 | 13,22,300 | 1,32,23,000 |
| 17.05.2006 | 08.05.2006 | 1.5:1 | 71,05,605 | 7,10,56,050 |

20. There are restrictive covenants in the agreements that we have entered into with banks for short-term loans and long-term borrowings. These restrictive covenants in many cases provides for borrowers covenants which are restrictive in nature and require us to obtain their prior permission for alteration of the capital structure, change in beneficial ownership of or control of our Company, entering into any merger/amalgamation, expenditure in new projects, transfer/change in the key personnel, change in the constitutional documents etc.
21. As per the RBI regulations, OCBs are not allowed to participate in this Issue.
22. Except as disclosed in “Capital Structure - Notes to the Capital Structure” beginning on page 21 of this Red Herring Prospectus, we have not issued any Equity Shares for consideration other than cash.
23. As of date of filing the Red Herring Prospectus the total number of holders of our Equity Shares was 36.
24. SEBI vide its letter dated February 21, 2007 had sought a clarification/confirmation on eligibility of shares considered for computation of promoters’ contribution. BRLM has confirmed vide its letter dated February 23, 2007 that the bonus shares considered for the promoters’ contribution are not issued out of revaluation reserves or reserves without accrual of cash resources and, thus, are eligible for computation of promoters’ contribution.

OBJECTS OF THE ISSUE

The main objective of raising funds through this present issue is primarily towards the following:

- A. Setting up of a Global Service Delivery Centre (GSDC)
- B. Upgradation and Expansion of Existing Infrastructure
- C. Setting up of new Strategic Business Units
- D. Strategic Acquisition
- E. Financing Working Capital Requirements
- F. Meeting Public Issue Expenses

The main object clause of our Company's Memorandum of Association permits us to undertake our existing activities and the activities for which the funds are being raised by us through this present issue.

The other object of the issue is to get our equity shares listed on both BSE and NSE, as we believe that the listing will enhance our visibility and brand image. The net proceeds of the issue, after deducting all issue-related expenses, are estimated to be Rs.[●] lakhs.

FUNDS REQUIREMENT

The funds required for the proposed project is as follows:

| <i>(Rs. in lakhs)</i> | | |
|-----------------------|--|------------|
| Sr. No. | Particulars | Amount |
| A | Setting up of a Global Service Delivery Centre | 3,297 |
| B | Upgradation and Expansion of Existing Infrastructure | 1,022 |
| C | Setting up of new Strategic Business Units | 1,688 |
| D | Strategic Acquisition | 3,500 |
| E | Financing Working Capital Requirements | 849 |
| F | Meet Public Issue Expenses# | [●] |
| Total | | [●] |

Will be updated at the time of filing of the Prospectus

MEANS OF FINANCE

The above mentioned requirement of funds of Rs.[●] lakhs is proposed to be financed through this Public Issue Proceeds, term loans availed, proceeds from the fresh issue of shares and shortfall, if any, through internal accruals. In case of any excess of funds raised over the above mentioned requirement of funds, the same will be used for General Corporate Purposes. The Public Issue Proceeds will be determined based on the Issue Price discovered through the 100% Book-Building process. In case of any variations in the actual utilization of funds earmarked for the above activities, increased fund deployment for a particular activity may be met with surplus funds, if any, available in the other areas and/or our internal accruals, and /or the term loans/working capital loans that may be availed from the Banks/Financial Institutions.

The net proceeds of the Issue would be used to meet all or any of the uses of the funds described above:

| <i>(Rs. in lakhs)</i> | |
|-----------------------------------|--------------|
| Particulars | Amount |
| Proceeds from the Issue of Shares | [●] # |
| Term Loans | 1,500 |
| Internal Accruals | [●] # |
| TOTAL | [●] # |

Will be updated at the time of filing of the Prospectus.

Pursuant to clause 2.8 of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 we confirm that firm arrangements of finance through verifiable means towards 75% of the stated means of finance excluding the amount to be raised through proposed public issue have been made.

We have incurred an expenditure of Rs.715 lakhs on the above projects upto April 30, 2007 as certified by the statutory auditors, M/s K. M. Kapadia & Associates, Chartered Accountants, vide their certificate dated June 6, 2007.

APPRAISAL

The requirement of funds and its deployment are based on internal management estimates and have not been appraised by any Bank or Financial Institution or any independent organization.

DETAILS OF FUNDS UTILISATION

A. SETTING UP OF A GLOBAL SERVICE DELIVERY CENTRE

We propose to acquire a property for setting up of a state of the art Global Service Delivery Centre. We have obtained quotation and are in the process of identifying an office premise of around 35,000 square feet. This will be used for sheltering all our activities under one roof and increasing the overall efficiency of our operations.

The Global Service Delivery Centre will house 250-seater Technical BPO covering around 5,000 square feet besides 7,500 square feet of common facility area. It will also provide space for other business activities viz. IT Service Delivery Centre, Remote Management Services, Software Solutions, Data Centre and for Centre of Excellence (CoE). This CoE encompasses a Training Centre, Proof of Concept for Solution business and Quality Assurance division.

The detailed break up of the usage of the premises and the estimated cost involved for its set of activities are as follows:

(Rs. in Lakhs)

| Business Activities | Area (Sq. Ft.) | Amount |
|----------------------------------|----------------|--------------|
| T-BPO (250 seats) | 5,000 | 457 |
| IT Service Delivery Centre | 6,000 | 549 |
| Remote Management Service Centre | 5,000 | 457 |
| Software Solution Unit | 5,000 | 457 |
| Data Centre | 2,500 | 325 |
| Centre of Excellence | 4,000 | 366 |
| Common Facility Area | 7,500 | 686 |
| Total | 35,000 | 3,297 |

The estimated costs for setting up a Global Service Deliver Centre is given as below:

(Rs. in lakhs)

| Sr. No. | Particulars | Amount |
|---------|--|--------------|
| A | Property Cost (35000 sq ft @ Rs.7000/sq ft)* | 2,450 |
| B | Stamp Duty (@6% of Property Cost) | 147 |
| C | Furniture & Fixtures / Interiors (details given below) | 700 |
| | Total | 3,297 |

* estimated from the quotations obtained from City Info Services India Ltd

The estimated cost break up of Furniture and Fixtures / Interiors is as given below:

(Rs. in lakhs)

| Particulars | Amount |
|--|--------|
| Civil Works (RCC Lintel, Brickbat Coba, Water Proofing & POP Work) | 13 |
| Plumbing | 4 |
| Carpentry (Flase Ceiling, Doors, Gypsum & Glass Partitions) | 128 |
| Finishes (Carpets, Roller Blinds & Paintings) | 30 |
| Other fixtures | 65 |

| | |
|---|------------|
| Civil & Carpentry –I | 239 |
| Electrical Works (without main cables) | 152 |
| Electrical works – main cable | 12 |
| Air-conditioning – low side work | 28 |
| FM 200 (Data Center & TBPO) | 88 |
| Water leak detection system (Data Center) | 9 |
| CCTV & Access Control System | 25 |
| UPS | 49 |
| DG Set | 65 |
| Interior Servicing – II | 427 |
| Consultancy, Design and Project Management Fees | 34 |
| Total (I+II) | 700 |

B. UPGADATION AND EXPANSION OF EXISTING INFRASTRUCTURE

As a part of the growth and expansion plan we intend to expand our warehousing and logistics infrastructure to scale up the service delivery capability, our company is poised to leverage on our service locations and points of presence by expanding our marketing and sales to these locations, and setup test & repair centers across the country for tapping the increased IT penetration.

(Rs. in lakhs)

| Sr. No. | Particulars | Amount |
|--------------|---|--------------|
| 1 | Expansion of Warehousing and Logistics Infrastructure | 534 |
| 2 | Internal IT Infrastructure, ERP and BPR | 337 |
| 3 | Upgradation and Expansion of Test and Repair Centres | 151 |
| Total | | 1,022 |

1. Expansion of Warehousing and Logistics Infrastructure

We intend to expand our warehousing and logistics infrastructure to enable better service delivery capabilities thereby enhancing our customer acquisition abilities.

(Rs. in lakhs)

| Sr. No. | Particulars | Amount |
|--------------|---|------------|
| 1 | Expansion of Warehousing Premises | 389 |
| 2 | Infrastructure, Office Equipment and Delivery Vehicle | 145 |
| Total | | 534 |

Expansion of Warehousing Premises:

We currently have warehousing premises at 12 different locations viz. Mumbai (450 sq. ft.), Navi Mumbai (1,800 sq. ft.), Bangalore (150 sq. ft.) and 100 sq. ft. each in Ahmedabad, Delhi, Noida, Gurgaon, Kolkata, Chennai, Cochin, Hyderabad and Indore aggregating to 3,300 square feet across India.

We, now, intend to expand its warehousing spaces in all of these locations i.e. Mumbai by 2,000 sq. ft., Navi Mumbai by 3,600 sq. ft., Delhi by 1,800 sq. ft. and all other existing locations by 500 sq. ft. per location. We also intend to acquire spaces in 3 additional locations viz. Pune (500 sq. ft.), Goa (200 sq. ft.) and Patna (100 sq. ft.). This expansion of 12,700 square feet of warehousing space will reach our Company's all India warehousing space to 16,000 square feet at 15 different locations. The total cost of expansion and addition is estimated to be Rs.389 lakhs.

The relevant details of which are as given below:

| <i>(Rs. In lakhs)</i> | | | | |
|-----------------------|-------------|----------------|--------------------|------------|
| Sr. No. | Locations | Area (Sq. Ft.) | Rate (Rs./Sq. Ft.) | Amount |
| 1 | Mumbai | 2,000 | 6,500 | 130 |
| 2 | Delhi | 1,800 | 4,500 | 81 |
| 3 | Navi Mumbai | 3,600 | 2,000 | 72 |
| 4 | Pune | 500 | 2,000 | 10 |
| 5 | Ahmedabad | 500 | 2,000 | 10 |
| 6 | Noida | 500 | 2,000 | 10 |
| 7 | Gurgaon | 500 | 2,000 | 10 |
| 8 | Kolkata | 500 | 2,000 | 10 |
| 9 | Chennai | 500 | 2,000 | 10 |
| 10 | Cochin | 500 | 2,000 | 10 |
| 11 | Hyderabad | 500 | 2,000 | 10 |
| 12 | Bangalore | 500 | 2,000 | 10 |
| 13 | Indore | 500 | 2,000 | 10 |
| 14 | Goa | 200 | 2,000 | 4 |
| 15 | Patna | 100 | 2,000 | 2 |
| Total | | | | 389 |

Infrastructure, Office Equipment and Delivery Vehicle:

We intend to accommodate our presence all over India with infrastructural facilities and office equipments. This will ensure the smooth functioning of our Company's operations. We will purchase 16 delivery vans for on time delivery of critical spares to customer locations to meet the agreed SLA. Currently, we rely on rented vehicles for the same which does not guarantee the availability at all times. Thus, it will be beneficial both in terms of cost and efficiency in service delivery.

| <i>(Rs. In lakhs)</i> | | | | | |
|---|--|-----|------------------------|-----------|-----------|
| Sr. No. | Particulars | Qty | Supplier/ Manufacturer | Unit Cost | Amount |
| 1 | Delivery Van for Pickup (Mahindra MAX) | 16 | Prime Automobiles | 450,000 | 72 |
| Sub Total | | | | | 72 |
| Computer and Other IT Equipments | | | | | |
| 2 | Computers | 62 | Redington | 45,760 | 28 |
| 3 | Printer | 26 | Epson | 8,250 | 2 |
| 4 | Bar Code Printer & Scanner | 26 | Scan Infotech | 7,250 | 2 |
| 5 | Server | 2 | IBM | 55,000 | 1 |
| 6 | Scanners | 26 | Scan Infotech | 3,500 | 1 |
| 7 | UPS | 26 | - | 2,850 | 1 |
| Sub Total | | | | | 35 |
| Furniture & Fixtures | | | | | |
| 8 | Furniture [Set] | 26 | Sagar Steel | 55,000 | 14 |
| 9 | Storage Racks /Bins | 500 | Bharat Febrication | 2,418 | 12 |
| 10 | Hand Pallet Trolley | 18 | Jainam Eng. | 23,500 | 4 |
| 11 | Hand Pallet Stacker Manual | 4 | Jainam Eng. | 35,000 | 1 |
| 12 | Floor Pallets | 52 | - | 1,800 | 1 |
| Sub Total | | | | | 33 |

| Other Equipments | | | | | |
|------------------|------------------------|----|-------------------|--------|-----|
| 13 | Air Conditioners | 18 | - | 12,000 | 2 |
| 14 | Generator | 3 | - | 45,000 | 1 |
| 15 | Fire Extinguishers | 8 | - | 7,500 | 0.6 |
| 16 | Weighing Scale | 3 | Preci- Tech | 11,500 | 0.4 |
| 17 | Pest Control Treatment | 8 | - | 3,500 | 0.3 |
| 18 | Strapping Machine | 18 | Shree Jyotirlinga | 1,500 | 0.3 |
| 19 | Stabilizers | 26 | - | 750 | 0.2 |
| Sub Total | | | | | 5 |
| Grand Total | | | | | 145 |

2. Internal IT Infrastructure, ERP and BPR

To keep pace with the planned growth and to be able to manage the growth systematically, we intend to invest in upgrading its infrastructure facilities & implementing an ERP.

(Rs. in lakhs)

| Sr. No. | Particulars | Supplier/ Manufacturer | Qty | Unit Cost | Amount |
|---------|--|------------------------|-----|-----------|--------|
| 1. | Desktops – Lenovo | Redington | 240 | 45,760 | 110 |
| 2. | ERP–Consultancy, Software & Implementation | IMAS | 1 | 48,50,000 | 49 |
| 3. | Laptops – Lenovo | Redington | 60 | 54,080 | 32 |
| 4. | Servers – IBM | Redington | 10 | 258,804 | 26 |
| 5. | Certifications – ISO 27001 & BS 15000 | BIS | - | - | 25 |
| 6. | Security Measures | Logicon | 12 | 200,000 | 24 |
| 7. | VSNL Internet Bandwidth | VSNL | - | - | 21 |
| 8. | BPR – Study and Report | - | - | - | 20 |
| 9. | Checkpoint & Resilience Appliances | Resilience | 1 | 19,17,717 | 19 |
| 10. | Wide Area Network (WAN) Equipments | Redington | - | 11,15,555 | 11 |
| Total | | | | | 337 |

IT infrastructure of Corporate Office and Branches will be upgraded to improve the productivity of the employees. All the back office employees will be provided with IBM/Lenovo desktops and all the field sales staff will be provided with IBM/Lenovo notebooks. Enterprise Resource Planning (ERP) software will be deployed at Corporate Office to streamline the business processes of Allied Digital. We will also establish MPLS based Virtual Private Network (VPN) between all the major offices in India. This VPN will provide access to central ERP, Messaging and Intranet applications to the employees at Branches. This network will improve the Branch operations, speeds up the decision making & service delivery operations of Allied Digital.

Adequate security measures are taken to ensure the information & physical security of our IT infrastructure. CCTV and Access Control devices will be deployed at Corporate Office and Branches to ensure best possible physical security. Checkpoint Firewall is deployed at Central office on the Internet link to protect our countrywide network from external attacks & threats.

We will certify their business operations to BS15000 and ISO27001 to meet compliance requirements which are essential for global operations. These certifications will also help us to achieve Operational Excellence and Customer Delight.

3. Upgradation and Expansion of Test and Repair Centres (TRC Infrastructure)

With the growing penetration of IT & lifestyle products usage in India, we see major revenue growth potential in Test & Repair Centers to provide repair services for such devices. We plan to expand and

address international markets through strategic acquisitions & leverage on the vast pool of talent available in India.

We currently have 12 Test & Repair Centers across the country that caters to the needs of its customers with a wide variety of service offerings. These are Mumbai, Vashi, Pune, Nagpur, Ahmedabad, Delhi, Indore, Chennai, Bangalore, Hyderabad, Cochin and Kolkata. We are also the Authorized Support Providers for major brands such as Hewlett Packard, Unisys, IBM, Fujitsu –Siemens and so on within India and offer the warranty services on the Carry-in & Return-to-Bench models through these service centers.

We are planning to enhance our Test & Repair Center facilities to provide more sophisticated test and repair services to most of the digital and analog equipments available today.

The total cost estimated for these 12 TRC's is estimated to be Rs.151.10 lakhs, the break-up of which is as given below:

(Rs. in lakhs)

| Sr. No. | Description | Supplier/ Manufacturer | Qty. | Price Per Unit | Amount |
|--------------|---|------------------------|------|----------------|------------|
| 1 | BGA Re-work Station | Inde Enterprises | 4 | 19.56 | 78 |
| 2 | Soldering station with Digital display and SMD-Rework Station | - | 10 | 0.10 | 1 |
| 3 | Oscilloscope 100 MHz Analog | Skyking Agencies | 9 | 0.55 | 5 |
| 4 | Digital Oscilloscope 150Mhz+RS232 | Skyking Agencies | 1 | 1.55 | 2 |
| 5 | EPROM Programmer | Anupam Tools | 10 | 0.26 | 3 |
| 6 | Digital IC Tester | Anupam Tools | 10 | 0.33 | 3 |
| 7 | LAN Analyzer | NetPlace Technologies | 4 | 4.04 | 16 |
| 8 | DTX-1800 KIT W/Multimode and Singlemode FM | NetPlace Technologies | 4 | 8.35 | 33 |
| 9 | Other Tools & Accessories | - | - | - | 10 |
| Total | | | | | 151 |

C. SETTING UP OF NEW STRATEGIC BUSINESS UNITS

We have developed technological depth over the years by serving the domestic market. The overall project plan has been devised with a view to leverage on our current strengths to address international markets and expanding our revenue base in Indian market. The managed services initiatives like Network Operating Centre (NOC) and Security Operating Centre (SOC) are identified as potential revenue growth segments, even as per major industry analysts. With the vast experience in handling technical challenges in customer care, we will be well placed for major OEMs to outsource their Technical Business Processes (T-BPO).

With our Remote Management Services, this will allow customers to expect high value services at fixed monthly affordable costs. We will use combination of industry standard remote monitoring & management products along with world-class network management tools from HP and LANDesk to manage customer's IT infrastructure remotely & efficiently.

(Rs. in lakhs)

| Sr. No. | Particulars | Amount |
|--------------|---------------------------------|--------------|
| 1 | Technical BPO (T-BPO) | 834 |
| 2 | Network Operating Centre (NOC) | 419 |
| 3 | Security Operating Centre (SOC) | 436 |
| Total | | 1,688 |

1. Technical BPO

With more than a decade of experience in providing the support services to our customers and OEM partners, we have mastered the art of customer service with most matured systems and processes (ITIL/ITSM) for high quality customer service. Today we are a partner for many technology OEM/ODM company for total outsourcing of customer care. Currently we are offering all these services to major technology and products companies like Unisys, Fujitsu Siemens and EDS to name a few. With the proposed Technical BPO, we would like to expand these offerings to many more Technology Products, Consumer Electronics or OEM companies globally.

We will setup state of the art GSDC (Global Service Delivery Center) which will also house 250-seater Technical BPO in the same premises covering around 5,000 square feet besides 7,500 square feet of common facility area. This T-BPO would require a redundancy at every level with uninterrupted power supply, air conditioning, structural spaces and ISP. This GSDC will provide telephone, web and e-mail based support to facilitate these services round the clock to the end customers/consumers on behalf of the customer's organization.

(Rs. in lakhs)

| Sr. No. | Particulars | Supplier/ Manufacturer | Amount | Remarks |
|--------------|------------------------------|------------------------|------------|---------------------------------------|
| 1 | Voice & Data Equipments | Nortel | 381 | Nortel imported |
| 2 | Office Infrastructure | - | 197 | Shared Costs with GSDC |
| 3 | Back Office Infrastructure | Redington | 190 | LAN Cabling + IBM 300 PCs + 6 Servers |
| 4 | Internet Link Infrastructure | Redington | 19 | Cisco Hardware |
| 5 | Security Infrastructure | Logicon | 33 | CCTV, Access Control & Fire Wall |
| 6 | Softwares | Redington | 13 | MS Licenses for 300 users |
| Total | | | 834 | |

2. Network Operating Centre

We intend to setup Network Operations Center to provide remote network management services to its customers. We have already acquired a space to setup the NOC and infrastructure work is in progress. This facility will be built around state-of-the-art Network, Server and Application management technologies from HP Openview and LANDesk.

With our Network Management Services, it will be possible for customers to expect high value services at fixed monthly affordable costs. This service works 24x7 and is staffed with experts having years of experience on desktops, servers, operating systems, messaging, databases, directory servers and backup systems. The NOC service is charged on a monthly pay-as-you-go basis per device. NOC will cover monitoring and management of a wide variety of devices, platforms and applications.

We will use combination of industry standard remote monitoring & management products along with world class tools to manage customer's IT infrastructure remotely & efficiently. These remote services will enhance our Network support portfolio with higher profitability by offering these services to existing customers and achieving more revenue per employee by addressing multiple customers using the same specialist resource from Network Operations Center. We will also address international markets for the similar services with highly competitive prices by taking the advantage of lower costs of technical manpower in India.

(Rs. in lakhs)

| Sr. No. | Particulars | Supplier/ Manufacturer | Amount | Remarks |
|--------------|----------------------------------|------------------------|------------|---|
| 1. | Network Management Systems | HP | 169 | Software & Servers - HP Openview |
| 2. | Office Interiors | Ashray Enterprise | 107 | Office Interiors - Ashray Enterprise for both NOC & SOC |
| 3. | Security Infrastructure | Logicon/ Resilience | 52 | CCTV, Access Control, Fire Protection & Fire Wall |
| 4. | Wide Area Network Infrastructure | Redington | 19 | Cisco Hardware |
| 5. | Back Office Infrastructure | Redington | 41 | Cisco LAN & Voice Cabling, IBM PCs & BO Servers |
| 6. | Office Premises ^s | - | 31 | Office space at Mahape |
| Total | | | 419 | |

^sUnit of 1873.80 square feet @ 1650 per square feet located at Unit No. 4, Bldg No.3, Sector -3, Millennium Business Park, Mahape, Software Technology Parks of India.

3. Security Operating Centre

Like NOC, we are also in the process of setting up Security Operations Center in India. We have already acquired space on lease in *Millennium Business Park, Mahape, STPI*, for the same and infrastructure work is in progress. This facility will have state-of-the-art Physical Security Systems ranging from Biometric access control, Closed Circuit TV, Fire-detection and Suppression systems.

The proposed Security Operations Center (SOC) will provide Proactive Protection and Risk Management for Enterprise Security round the clock to the customers. We will be one of the first in the country to provide Managed Security Services (MSS) such as highly specialized 24x7 Information Security Surveillance Service, which is powered by the advanced event correlation engine and incident handling technology. From our 24x7x365 facilities SOC, security technology allows organizations to fully leverage our specialized expertise in managing one of the most difficult and complex tasks in Info-Security today.

We have tied-up with one of the leading Commercial Security Operations Center player e-Cop from Singapore. e-Cop has full functional Commercial SOC in Malaysia, Hong Kong, Tokyo and Middle East. We will also address large corporates, Banking/Finance and Insurance service providers within India and abroad who are most vulnerable to security threats and wants to mitigate the same efficiently and cost-effectively.

(Rs. In lakhs)

| Sr. No. | Particulars | Supplier/ Manufacturer | Amount | Remarks |
|--------------|----------------------------------|------------------------|------------|---|
| 1. | Security Monitoring Systems | e-Cop/ Redington | 186 | Ecop Licenses + 11 Servers + 50 Agent Servers + Ecop Training & Recruitment |
| 2. | Office Interiors | Ashray Enterprise | 107 | Office Interiors - Ashray Enterprise for both NOC & SOC |
| 3. | Security Infrastructure | Logicon / Resilience | 52 | CCTV, Access Control, Fire Protection & Fire Wall |
| 4. | Wide Area Network Infrastructure | Redington | 19 | Cisco Hardware |
| 5. | Back Office Infrastructure | Redington | 41 | Cisco LAN & Voice Cabling, IBM PCs & BO Servers |
| 6. | Office Premises | - | 31 | Office space at Mahape |
| Total | | | 436 | |

D. STRATEGIC ACQUISITION

We seek to further enhance our position as a player in global IT infrastructure solution and services industry. In addition to continued investments in developing our technological expertise, industry expertise and delivery infrastructure in the domestic market space, we intend to enhance our capabilities and address overseas geographical coverage through strategic acquisitions of business (es) and/or assets (including immovable properties), investments or joint ventures. Towards this end, we propose to target companies overseas which have new capabilities to serve existing customers or new customers that we can serve with our existing capabilities.

As of the date of this RHP, we have not yet entered into any letter of intent or definitive commitment for such acquisition, investment or joint venture. The form of investment is not yet decided by us. However, we have identified a few opportunities, the details of which are summarized as hereunder:

| Acquisition Profile | Business Segment | Location | Market Addressed |
|---------------------------|------------------------|----------|------------------------|
| Oracle Service Provider | Application Management | India | India, US, Middle East |
| Security Service Provider | IT Security Solutions | India | India, Middle East |
| Technical Support Service | T – BPO | Overseas | US, Canada |

We have ascertained an amount of Rs.3,500 lakhs based on our internal estimate for making such strategic acquisition. Any specific acquisition opportunity will be considered based on actual value estimates at that time. The surplus monies in relation to this Issue may not be the total value of the acquisition, but may provide us with enough leverage to contract and we may need further approval from our shareholders for additional funding if required.

E. FINANCING WORKING CAPITAL REQUIREMENTS

Our Working capital requirement has been increased significantly last year with a sharp increase in volume of the business. We expect a further increase in the working capital requirements in view of our proposed expansion program as well as introduction of new Strategic Business Unit. Accordingly, we have proposed to use part issue proceeds to meet the long term working capital requirements.

Our Net Current Assets position as of March 31, 2008 and comparative analysis with position as on March 31, 2007 is evident from the table given below:

| <i>(Rs. in Lakhs)</i> | | |
|----------------------------------|-------------------------|-------------------------|
| Particulars | As on March 31, 2007 | As on March 31, 2008 |
| Inventories | 129 | 403 |
| Sundry Debtors | 5,963 | 6,826 |
| Cash & Bank Balances | 294 | 398 |
| Loans & Advances | 1,287 | 2,937 |
| Total Current Assets | 7,673 | 10,563 |
| Current Liabilities | 950 | 1,296 |
| Provisions | 1440 | 1,348 |
| Total Current Liabilities | 2,390 | 2,644 |
| Net Working Capital | 5,283 | 7,919 |

We estimated our future working capital requirements based on the following:

| Particulars | Basis | No. of Days |
|----------------------------|-------------------------|-------------|
| Sundry Debtors | Days of Total Sales | 100 |
| Inventories | Days of total purchases | 10 |
| Sundry Creditors for Goods | Days of total purchases | 30 |

We have already availed sanctions of Rs.750 lakhs of factoring facility from Global Trade Finance Limited and Rs.500 lakhs from HSBC. Balance Working Capital Requirements of Rs.1,386 is allocated out of issue proceeds Rs.849 lakhs and the rest will be met either out of internal accruals or through further working capital finance from banks at the suitable time.

F. MEETING PUBLIC ISSUE EXPENSES*(Rs. in Lakhs)*

| Particulars | Amount | % of total Issue expenses | % of total Issue size |
|---|------------|---------------------------|-----------------------|
| Lead Management fees | [•] | [•] | [•] |
| Underwriting Commission and Brokerage | [•] | [•] | [•] |
| Marketing and Advertisement expenses | [•] | [•] | [•] |
| Stationary, Printing and Registrar expenses | [•] | [•] | [•] |
| Legal fees, Auditors fees, Listing fees, Book Building charges, | [•] | [•] | [•] |
| Legal Advisor Fees | [•] | [•] | [•] |
| Miscellaneous | [•] | [•] | [•] |
| Total | [•] | [•] | [•] |

*will be incorporated after finalization of Issue Price

All the expenses with respect to the Issue would be borne by our Company.

IMPLEMENTATION SCHEDULE

| Sr. No. | Particulars | Date of Commencement | Probable Date of Completion |
|----------|---|----------------------|-----------------------------|
| A | Setting up of a GSDC | July-07 | September-07 |
| B | Upgradation and Expansion of Existing Infrastructure | | |
| | Warehousing & logistics Infrastructure | August-07 | November-07 |
| | Internal IT Infrastructure / ERP & BPR | August-07 | January-08 |
| | Test & Repair Centre (TRC) Infrastructure | August-07 | January-08 |
| C | Setting up of new Strategic Business Units | | |
| | Technical Business Process Outsourcing | August-07 | October-07 |
| | Network Operating Centre (NOC) | December-06 | July-07 |
| | Security Operating Centre (SOC) | December-06 | July-07 |
| D | Strategic Acquisition | - | September-07 |

FUNDS DEPLOYMENT SCHEDULE*(Rs. in Lakhs)*

| Sr. No. | Particulars | Total | Already Invested | 2007-08 | | 2008-09 | |
|----------|---|--------------|------------------|--------------|--------------|------------|------------|
| | | | | Q3 | Q4 | Q1 | Q2 |
| A | Setting up of a GSDC | 3,297 | - | 3,297 | - | - | - |
| B | Upgradation and Expansion of Existing Infrastructure | | | | | | |
| | Warehousing & Logistics Infrastructure | 534 | 91 | 422 | 21 | - | - |
| | Internal IT Infrastructure / ERP & BPR | 337 | 168 | 99 | 69 | - | - |
| | Test & Repair Centre (TRC) Infrastructure | 151 | - | - | 151 | - | - |
| C | Setting up of new Strategic Business Units | | | | | | |
| | Technical BPO | 834 | - | 197 | 212 | 212 | 212 |
| | Network Operating Centre | 419 | 203 | 216 | - | - | - |
| | Security Operating Centre | 436 | 253 | 183 | - | - | - |
| D | Strategic Acquisition | 3,500 | - | - | 3,500 | - | - |
| | Total | 9,507 | 715 | 4,415 | 3,954 | 212 | 212 |

SOURCES OF FUNDS ALREADY DEPLOYED

We have incurred an expenditure of Rs.715 lakhs on the above projects upto April 30, 2007 as certified by the statutory auditors, M/s K. M. Kapadia & Associates, Chartered Accountants, vide their certificate dated June 6, 2007. We have incurred the expenditure out of the term loan availed from DBS and proceeds from the fresh issue of shares. The details are as follows:

| | | <i>(Rs. In lakhs)</i> |
|----------------|--------------------------------------|-----------------------|
| Sr. No. | Particulars | Amount |
| 1. | Office Premises | 123 |
| 2. | Furniture & Fixtures (including WIP) | 252 |
| 3. | Computer Systems | 340 |
| | Total | 715 |

INTERIM USE OF FUNDS

Pending utilization for the purposes described above, we intend to temporarily invest the funds in high quality interest / dividend bearing liquid instruments as permitted under the SEBI Guidelines. These investments would be authorized by Board of Directors of our Company or a duly authorized committee thereof.

No part of the Issue proceeds will be paid by our Company as consideration to our Company's Promoters, Directors, Key Management Personnel or Companies promoted by our Company's Promoters except in the course of normal business.

Any increase in the cost of the project is intended to be funded by Internal Accruals.

MONITORING OF UTILISATION OF FUNDS

We have appointed State Bank of India as Monitoring Agency to monitor the use of proceeds from the issue. We have appointed Monitoring Agency at our own discretion and not in terms of the SEBI (DIP) Guidelines. As per regulatory requirements, our Company will disclose the utilization of the proceeds of the Issue under a separate heads in its Balance Sheet clearly specifying the purpose for which such proceeds have been utilized. We, in our Balance Sheet will provide details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby indicating investment, if any, of such unutilized proceeds of the Issue.

BASIC TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, 1956, Securities Contracts (Regulation) Act, 1956, Securities Contracts (Regulation) Rules, 1957, the Memorandum and Articles of our Company, the terms of this Red Herring Prospectus, Bid-cum-Application Form, the Revision Form, the Confirmation of Allocation Note ("CAN") and other terms and conditions as may be incorporated in the allocation 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, Stock Exchanges, RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue

The Issue has been authorized pursuant to a resolution of the Board of Directors of our Company adopted at our meeting held on December 28, 2006 and by a special resolution adopted pursuant to Section 81(1A) of the Companies Act at the Extra Ordinary General Meeting of our Company held on January 02, 2007.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of the Companies Act, 1956, the Memorandum and Articles of Association of our Company and shall rank pari passu in all respects with the existing Shares of our Company, including rights in respect of dividends and other corporate benefits, if any, with the other existing Equity Shares of our Company. Kindly refer to the section titled "Main Provisions of Articles of Association of our Company" on page 224 of this Red Herring Prospectus.

Mode of payment of Dividend

The declaration and payment of dividends will be recommended by the Board of Directors of our Company and the shareholders at their discretion, and will depend on a number of factors, including but not limited to the earnings, capital requirements and overall financial condition. We shall pay dividend to our shareholders as per the provisions of the Companies Act.

Face Value and Issue Price

The Equity Shares with a face value of Rs.10 each are being issued in terms of this Red Herring Prospectus at a total price of Rs.10 per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares of our Company.

The face value of the shares is Rs.10 and the Floor Price is 17 times of the face value and the Cap Price is 19 times of the face value.

Compliance with SEBI Guidelines

We shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholders

Subject to applicable laws, the equity shareholders have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a public company under the Companies Act and Memorandum and Articles of Association of our Company.

For a detailed description of the main provisions of our Company's Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, kindly refer to the section titled "Main Provisions of the Articles of Association of our Company" on page 224 of this Red Herring Prospectus.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, 1956, the Equity Shares shall be allotted in dematerialized form. As per the existing SEBI Guidelines, the trading in the Equity Shares shall only be in dematerialized form for all investors. Since trading of our Equity Shares is in dematerialized form, the tradable lot is one Equity Share. Allotment through this Issue will be done only in electronic form in multiples of one Equity Share subject to a minimum allotment of one Equity Share.

For details of allocation and allotment, see “Other Regulatory and Statutory Disclosure – Basis of Allotment or Allocation” on page 216 of this Red Herring Prospectus.

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first bidder, along with other joint bidders, may nominate any one person in whom, in the event of the death of sole bidder or in case of joint bidders, death of all the bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall 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 Shares in the event of his/her death during the minority. A nomination shall stand rescinded upon a sale / transfer / alienation of Equity Shares by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be only on the prescribed form available on request at the office of our Company or at the registrar and Transfer Agents of our Company.

In accordance with section 109B of the Companies Act, any person, who becomes a nominee by the virtue of the provisions of section 109A of the Companies Act, shall upon production of such evidence as may be required by the Board of Directors, elect either:

- to register himself / herself as the holder of the Equity Shares; or
- to make such transfer of the Equity shares as the deceased holder could have made.

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

Notwithstanding anything stated above, since the allotment of Equity Shares in the Issue will be made only in dematerialized mode, there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investors wish to change the nomination, they are requested to inform their respective depository participant.

Minimum Subscription

“If our Company does not receive the minimum subscription of 90% of the Net Issue to Public including devolvement of Underwriters, within 60 days from the date of closure of the Issue, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after we become liable to pay the amount (i.e. 60 days from the Bid Closing Date), we shall pay interest prescribed under section 73 of Companies Act, 1956.”

Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with competent courts/authorities in Mumbai, India.

Arrangements for Disposal of Odd Lots

Our Company's shares will be traded in dematerialized form only and therefore the marketable lot is one (1) share, hence there is no possibility of odd lots.

Restriction on Transfer and Transmission of Shares

For a detailed description in respect of restrictions, if any, on transfer and transmission of shares and on their consolidation / sub division, please refer the section titled “Main Provisions of the Articles of Association of our Company” on page 224 of this Red Herring Prospectus.

No fee shall be charged for sub-division and consolidation of share certificates (physical form), debenture certificates and detachable warrants and for sub-division of letters of allotment and split, consideration, renewal and pucca transfer receipts into denomination corresponding to the market units of trading.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by our Company in consultation with the BRLM on the basis of assessment of market demand for the Equity Shares offered by way of book building.

Investors should read the following summary with the Risk Factors included from page xii to xxiv and the details about our Company and our financial statements included in this Red Herring Prospectus.

QUANTITATIVE FACTORS

The Information presented in this Section is derived from our Company's restated financial statements prepared in accordance with Indian GAAP.

Some of the quantitative factors, which may form the basis for computing the Issue Price, are as follows:

1. Earnings per Share (EPS) (as adjusted for changes in capital)

| Particulars | EPS (Rs.) | Weight |
|------------------------------|--------------|--------|
| a) Year ended March 31, 2005 | 1.28 | 1 |
| b) Year ended March 31, 2006 | 12.00 | 2 |
| c) Year ended March 31, 2007 | 19.05 | 3 |
| Weighted Average | 13.74 | |

Note: The EPS has been computed on the basis of adjusted profits and losses for the respective years/ periods after considering the impact of accounting policy changes and prior period adjustments/ regroupings pertaining to earlier years. The denominator considered for the purpose of calculating EPS is the weighted average number of Equity Shares outstanding during the period as per the Accounting Standard-20. For further details on the calculation of EPS, please see the section titled "Financial Statements" beginning on page 140 of this Red Herring Prospectus.

2. Price Earning (P/E) ratio in relation to the Issue Price of Rs.[●]*

- P/E based on the EPS of the financial year ended March 31, 2007 is 8.92 at the Floor Price and 9.97 at the Cap Price.
- P/E based on the EPS of the financial year ended March 31, 2006, is 14.17 at the Floor Price and 15.83 at the Cap Price.
- Industry P/E

| | |
|--------------------|-------|
| Highest | 113.0 |
| Lowest | 3.2 |
| Industry Composite | 23.80 |

(Source: Capital Markets, Vol XXII/21, May 21 – June 03, 2007, Category "Computers - Software – Medium/ Small")

*would be calculated after discovery of the Issue price through Book- Building

3. Average Return on Net worth (RoNW)

| Particulars | Average RoNW (%) | Weight |
|------------------------------|------------------|--------|
| a) Year ended March 31, 2005 | 23.06% | 1 |
| b) Year ended March 31, 2006 | 47.79% | 2 |
| c) Year ended March 31, 2007 | 39.09% | 3 |
| Weighted Average | 39.32% | |

Note: The RONW has been computed on the basis of adjusted profits & losses for the respective year/ period after considering the impact of accounting policy changes and prior period adjustments/ regroupings pertaining to earlier years. RONW has been calculated as per the following formula: (Net PAT)/ (Net Worth excluding revaluation reserve at the end of the year).

4. Minimum Return on increased Net Worth required to maintain Pre-Issue EPS is [●]

5. Net Asset Value per Equity Share

| Particulars | NAV (Rs.) |
|----------------------|-----------|
| As on March 31, 2007 | 45.94 |
| After the Issue | [●] |
| Issue Price* | [●] |

**The Issue Price would be determined on the basis of the demand from the investors through the book building process.*

6. Comparison of Accounting Ratios for the year ended 2007

| Company | EPS (Rs.) | P/E | RONW % | NAV per share (Rs.) |
|----------------------------------|-----------|-------|--------|---------------------|
| Allied Digital | 19.05 | NA | 39.09% | 45.94 |
| Industry Composite | | 23.80 | | |
| Industry Data Category | | | | |
| HCL Info systems Ltd (June 2006) | 5.30 | 25.90 | 26.90% | 24.20 |
| Tata Elxsi | 16.70 | 19.10 | 56.90% | 29.70 |
| Wipro Ltd | 19.50 | 27.90 | 35.70% | 63.90 |
| 3i Infotech | 6.70 | 46.60 | 18.30% | 65.30 |
| CMC Ltd | 42.30 | 27.10 | 13.10% | 153.30 |

(Source: Capital Markets, Vol XXII/06, May 21 – June 03, 2007, Categories “Computers- Hardware”, “Computers- Large” and “Computers - Software – Medium/ Small”)

7. The face value of the Equity Shares is Rs.10/- each and the Issue price is [●] of the face value.

The Issue Price of Rs.[●] has been determined by our Company in consultation with the BRLM, on the basis of assessment of market demand for the Equity Shares by way of Book Building and is justified on the basis of the above factors.

The BRLM believes that the Floor Price of Rs.170/- and the Cap Price of Rs.190/- is justified in view of the above qualitative and quantitative parameters. See the Section titled “Risk Factors” on page xii of this Red Herring Prospectus and the financials of our Company including important profitability and return ratios, as set out in the Auditors Report on page 140 of Section titled “Financial Information” of this Red Herring Prospectus to have a more informed view.

STATEMENT OF TAX BENEFITS

To
Board of Directors,
Allied Digital Services Limited,
375, J.S.S. Road,
5th Floor, Vidyut Building,
Charni Road,
Mumbai – 400 002

Dear Sirs,

We hereby certify that the enclosed annexure states the tax benefits available to **Allied Digital Services Limited** (formerly Allied Digital Services Private Limited) (“the Company”) and to the shareholders of the Company under the provisions of the Income Tax Act, 1961 and other direct tax laws presently in force.

The contents of this annexure 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.

A shareholder is advised to consider in his/her/its own case, the tax implications of the investment in the equity shares particularly in view of the fact that certain recently enacted legislation may not have legal precedent or may have a different interpretation on the benefits, which an investor can avail.

For K. M. Kapadia & Associates
Chartered Accountants

Kamlesh Kapadia
Proprietor
M. No. 39707
Mumbai
Date: May 16, 2007

ANNEXURE TO THE STATEMENT OF TAX BENEFITS**Benefits available to the Company under the Income Tax Act, 1961.****Special Tax Benefits**

1. Under the provisions of Section 10A of the Act, a company which is engaged in the business of export of articles or things or computer software and which satisfies the prescribed conditions is eligible to claim a benefit with respect to profits derived by its undertaking/s from the export of articles or things or computer software for a period of ten consecutive assessment years, beginning with the assessment year relevant to the previous year in which the undertaking/s begin to manufacture or produce such articles or things or computer software. The eligible deduction would be the amount which bears to the profits of the undertaking/s the same proportion as the export turnover of the undertaking/s bears to the total turnover of the undertaking/s. Profits on domestic turnover would get taxed. The corporate tax rate for the Assessment Year 2006-07 and Asst. Year 2007-08 is 33.66% (including a surcharge of 10% and education cess of 2% on the overall tax). The benefit is available subject to fulfilment of conditions prescribed by the Section and benefit shall be allowed up to Assessment Year 2009-10.

General Tax Benefits

2. Under Section 10(34) of the Act, dividend income referred to in Section 115-O (whether interim or final) declared, distributed or paid by any other on or after April 1, 2003 is completely exempt from tax in the hands of the Company.
3. As per the provisions of Section 112(1)(b) of the Act, long –term capital gains would be subject to tax at the rate of 20% (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1)(b), the long term capital gains resulting on transfer of listed securities or units [not covered by Section 10(36) and 10(38)], would be subject to the tax at the rate of @ 10% without **indexation** benefits (plus applicable surcharge and education cess) at the option of the assessee.
4. Long term capital gain arising from transfer of an 'eligible Equity Share' in a company purchased on or after 1st day of March 2003 and before the 1st day of March 2004 (both days inclusive) and held for a period of 12 months or more is exempt from tax under Section 10 (36) of the Income Tax Act, 1961.
5. As per the provisions of Section 10(38), long term capital gain arising from the sale of equity shares in any Company through a recognized stock exchange or from the sale of units of an equity –oriented mutual fund shall be exempt from income tax if such sale takes place after 1st of October 2004 and such sale is subject to Securities Transaction Tax.
6. The Company is eligible under Section 35D of the Act to a deduction equal to one-fifth of certain specified expenditure, including specified expenditure incurred in connection with the extension of an Industrial Undertaking, for a period of five successive years subject to the limits prescribed and the conditions specified under the said Section.
7. As the provisions of Section 111A, Short Term Capital gains arising from the transfer of equity shares in any Company through a recognized stock exchange or from the sale of units of equity –oriented mutual fund shall be subject to tax @ 10% (plus applicable surcharge and education cess) provided that such transaction is entered into after the 1st day of October, 2004 and the transaction is subject to Securities Transaction Tax.
8. In accordance with and subject to the conditions and to the extent specified in Section 54EC of the Act, the Company would be entitled to exemption from tax on gains arising from transfer of the long term capital asset (not covered by Section 10 (36) and 10 (38)) if such capital gain is invested in any of the long- term specified assets (Bonds issued by NHAI or RECL) in the manner prescribed in the said Section. Where the long term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long- term specified asset is transferred or converted into money.

9. As per the provisions of Section 88E, where the business income of a resident includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the Securities Transaction Tax paid on such transactions. However the amount of rebate shall be limited to the amount arrived at by applying the average rate of income tax on such income.

General Benefits available to Resident Shareholders under the Income Tax Act, 1961

1. Under Section 10(34) of the Act, dividend income referred in Section 115-O (whether interim or final) declared, distributed or paid by the Company on or after April 1, 2003 is completely exempt from tax in the hands of the shareholders of the Company.
2. As per the provisions of Section 112(1)(b) of the Act, long term capital gains would be subject to tax at the rate of 20% (plus applicable surcharge and education cess). However, as per the provision to Section 112(1) (b), the long term capital gains resulting on transfer of listed securities or units (not covered by Section 10(36) and 10(38), would be subject to the tax at the rate of @ 20% with indexation benefits or 10% without indexation benefits (plus applicable surcharge and education cess) as per the option of the assessee.
3. As per the provisions of Section 10 (32) of the Income Tax Act, 1961, any income of minor children is clubbed with the Total Income of the parents as per the provisions of Section 64 (1A) of the I.T. Act, will be exempt from the tax to the extent of Rs.1500/- per minor child.
4. As per the provisions of Section 10(38), long term capital gain arising from the sale of Equity Shares in any Company through a recognized stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from income tax if such sale takes place after 1st of October 2004 and such sale is subject to Securities Transaction Tax. However, in the case of a company-member liable to pay MAT, the book profits on sale of such shares shall be included in computing the MAT liability.
5. As the provisions of Section 111 A, Short Term Capital gains arising from the transfer of Equity Shares in any Company through a recognized stock exchange or from the sale of units of equity –oriented mutual fund shall be subject to tax @ 10% provided such a transaction is entered into after the 1st day of October, 2004 and the transaction is subject to Securities Transaction Tax.
6. As per the provisions of Section 88E, where the business income of a resident includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the Securities Transaction Tax paid on such transactions. However the amount of rebate shall be limited to the amount arrived at by applying the average rate of income tax on such income.
7. Long term capital gain arising from transfer of an 'eligible Equity Share' in a company purchased on or after 1st day of March 2003 and before the 1st day of March 2004 (both days inclusive) and held for a period of 12 months or more is exempt from tax under Section 10 (36) of the Income Tax Act, 1961.
8. In accordance with and subject to the conditions and to the extent specified in Section specified 54EC of the Act, the shareholders would be entitled to exemption from tax on gains arising on transfer of their shares in the Company (not covered by Section 10 (36) and 10 (38)) if such capital gain is invested in any of the long- term specified assets in the manner prescribed in the said Section. Where the long term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long- term specified asset is transferred or converted into money.
9. In case of a shareholder being an individual or a Hindu Undivided family, in accordance with and subject to the conditions and to the extent specified in Section 54F of the Act, the shareholder would be entitled to exemption from long term capital gains on the sale of shares in the Company (not covered by sections 10 (36) and 10 (38)), upon investment of net consideration in purchase / construction of a residential house. If part of net consideration is invested within the prescribed period in a residential house, then such gains would be not chargeable to tax on a proportionate basis. Further, if the 'residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains shall be charged to tax as long-term capital gains in the year in which such residential house is transferred.

General Benefits available to Non-Resident Indian Shareholders

1. Under Section 10(34) of the Act, dividend referred to Section 115 O (whether interim or final) declared, distributed or paid by the Company on or after April 1, 2003 is completely exempt from tax in the hands of the shareholders of the Company.
2. As per the provisions of Section 10 (32) of the Income Tax Act, 1961, any income of minor children is clubbed with the Total Income of the parents as per the provisions of Section 64 (1A) of the I.T. Act, will be exempt from the tax to the extent of Rs.1500/- per minor child.
3. In the case of shareholder being a non-resident Indian and subscribing to shares in convertible foreign exchange, in accordance with and subject to the conditions and to the extent specified in section 115D read with Section 115E of the Act, long term capital gains arising from the transfer of an Indian Company's shares (not covered by sections 10(36) and 10(38)), will be subject to tax at the rate of 10% as increased by a surcharge and education cess at an appropriate rate on the tax so computed, without any indexation benefit but with protection against foreign exchange fluctuation.
4. In the case of a shareholder being a non-resident Indian and subscribing to shares in convertible foreign exchange, in accordance with and subject to the conditions and to the extent specified in section 115F of the Act, the non-resident Indian shareholder would be entitled to exemption from long term capital gains (not covered by sections 10(36) and 10(38)), on the transfer of shares in the Company upon investment of net consideration in modes as specified in sub-Section (1) of Section 115F.
5. In accordance with 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 only source of income is income from investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.
6. In accordance with the provisions of Section 115H of the Act, when a Non Resident Indian become 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 Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.
7. As per the provisions of Section 115 I of the Act, a 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 year under Section 139 of the Act, declaring therein that the provisions of chapter XII-A shall not apply to him for the assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.
8. In accordance with and subject to the conditions and to the extent specified in Section 112(1)(b) of the Act, tax on long term capital gains arising on sale on listed securities or units not covered by sections 10(36) and 10(38) will be at the option of the concerned shareholder, 10% of the capital gains (computed without indexation benefits) or 20% of capital gains (computed with indexation benefits) as increased by a surcharge and Education cess at an appropriate rate on the tax so computed on either case.
9. As per the provisions of Section 10(38), long term capital gain arising from the sale of Equity Shares in any Company through a recognized stock exchange or from the sale of units of an equity –oriented mutual fund shall be exempt from income tax if such sale takes place after 1st of October 2004 and such sale is subject to Securities Transaction Tax. However, in the case of a foreign company-member having an office in India and liable to pay MAT, the book profits on sale of such shares shall be included in computing the MAT liability.
10. As the provisions of Section 111 A, Short Term Capital gains arising from the transfer of Equity Shares in any Company through a recognized stock exchange or from the sale of units of equity –oriented mutual fund shall be subject to tax @ 10% provided such a transaction is entered into after the 1st day of October, 2004 and the transaction is subject to Securities Transaction Tax.
11. As per the provisions of Section 88E, where the business income of an assessee includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the Securities Transaction Tax paid on such transactions. However the amount of rebate shall be limited to the amount arrived at by applying the average rate of income tax on such business income.

12. In accordance with and subject to the conditions and to the extent specified in Section 10(36) of the Act, the shareholders would be entitled to exemption from long term capital gain tax on transfer of their 'eligible Equity Shares' in the Company purchased during the period March 1, 2003 to February 29, 2004 (both days inclusive) and held for a period of 12 months or more.
13. In accordance with and subject to the conditions and to the extent specified in Section specified 54EC of the Act, the shareholders would be entitled to exemption from tax on long term capital gains arising on transfer of their shares in the Company (not covered by Section 10(36) and 10 (38)) if such capital gain is invested in any of the long- term specified assets in the manner prescribed in the said Section. Where the long term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long- term specified asset is transferred or converted into money.
14. In case of a shareholder being an individual or a Hindu Undivided family, in accordance with and subject to the conditions and to the extent specified in Section 54F of the Act, the shareholder would be entitled to exemption from long term capital gains on the sale of shares in the Company (not covered by sections 10 (36) and 10 (38)), upon investment of net consideration in purchase / construction of a residential house. If part of net consideration is invested within the prescribed period in a residential house, then such gains would be not chargeable to tax on a proportionate basis. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long-term capital gains in the year in which such residential house is transferred.
15. As per the provisions of Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the Non-Resident.

General Benefits available to other Non-residents

1. Under Section 10(34) of the Act, dividends referred to in Section 115-O (whether interim or final) declared, distributed or paid by the Company on or after April 1, 2003 is completely exempt from tax in the hands of the shareholders of the Company.
2. As per the provisions of Section 10 (32) of the Income Tax Act, 1961, any income of minor children is clubbed with the Total Income of the parents as per the provisions of Section 64 (1A) of the I.T. Act, will be exempt from the tax to the extent of Rs.1500/- per minor child.
3. In accordance with and subject to the conditions and to the extent specified in Section 112(1) (b) of the Act, tax on long term capital gains arising on sale on listed securities or units before 1st October 2004 will be at the option of the concerned shareholder, 10% of the capital gains (computed without indexation benefits) or 20% of capital gains (computed with indexation benefits) as increased by a surcharge and Education cess at an appropriate rate on the tax so computed on either case.
4. As per the provisions of Section 10(38), long term capital gain arising from the sale of Equity Shares in any Company through a recognized stock exchange or from the sale of units of an equity –oriented mutual fund shall be exempt from income tax if such sale takes place after 1st of October 2004 and such sale is subject to Securities Transaction Tax. However, in the case of a foreign company-member having an office in India and liable to pay MAT, the book profits on sale of such shares shall be included in computing the MAT liability.
5. As the provisions of Section 111 A, Short Term Capital gains arising from the transfer of Equity Shares in any Company through a recognized stock exchange or from the sale of units of equity –oriented mutual fund shall be subject to tax @ 10% provided such a transaction is entered into after the 1st day of October, 2004 and the transaction is subject to Securities Transaction Tax.
6. As per the provisions of Section 88E, where the business income of an assessee includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the Securities transaction tax paid on such transactions. However the amount of rebate shall be limited to the amount arrived at by applying the average rate of income tax on such business income.

7. In accordance with and subject to the conditions and to the extent specified in Section 10(36) of the Act, the shareholders would be entitled to exemption from long term capital gain tax on transfer of their 'eligible Equity Shares' in the Company purchased during the period March 1, 2003 to February 29, 2004 (both days inclusive) and held for a period of 12 months or more.
8. In accordance with and subject to the conditions and to the extent specified in Section 54EC of the Act, the shareholders would be entitled to exemption from tax on gains arising on transfer of their shares in the Company not covered by sections 10(36) and 10(38)) if such capital gain is invested in any of the long term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long-term specified asset is transferred or converted into money.
9. In case of a shareholder being an individual or a Hindu Undivided Family, in accordance with and subject to the conditions and to the extent specified in Section 54F of the Act, the shareholder would be entitled to exemption from long term capital gains (not covered by sections 10(36) and 10(38)) on the sale of shares in the Company upon investment of net consideration in purchase/construction of a residential house. If part of net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on a proportionate basis. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.
10. As per the provisions of Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the Non-Resident.

General Benefits available to Foreign Institutional Investors ('FII')

1. Under Section 10(34) of the Act, dividends referred to in Section 115-O (whether interim or final) declared, distributed or paid by the Company on or after April 1, 2003 is completely exempt from tax in the hands of the shareholders of the Company.
2. In case of a shareholder being a Foreign Institutional Investor (FII), in accordance with and subject to the Conditions and to the extent specified in Section 115AD of the Act, tax on long term capital gain (not covered by sections 10(36) and 10(38)) will be 10% and on short term capital gain will be 30% as increased by a surcharge and education cess at an appropriate rate on the tax so computed in either case. However short term capital gains on sale of Equity Shares of a Company through a recognised stock exchange or a unit of an equity oriented mutual fund effected on or after 1st October 2004 and subject to Securities transaction tax shall be taxed @ 10% as per the provisions of Section 111A. It is to be noted that the benefits of Indexation and foreign currency fluctuation protection as provided by Section 48 of the Act are not available to FII.
3. In accordance with and subject to the conditions and to the extent specified in Section 10(36) of the Act, the shareholders would be entitled to exemption from long term capital gain tax on transfer of their 'eligible Equity Shares' in the Company purchased during the period March 1, 2003 to February 29, 2004 (both days inclusive) and held for a period of 12 months or more.
4. As per the provisions of Section 10(38), long term capital gain arising from the sale of Equity Shares in any Company through a recognised stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from Income Tax if such sale takes place after 1st of October 2004 and such sale is subject to Securities Transaction tax.
5. As per the provisions of Section 88E, where the business income of an assessee includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the Securities transaction tax paid on such transactions. However the amount of rebate shall be limited to the amount arrived at by applying the average rate of income tax on such business income.

6. In accordance with and subject to the conditions and to the extent specified in /Section 54EC of the Act, the shareholders would be entitled to exemption from tax on long term capital gains (not covered by sections 10 (36) and 10(38)) arising on transfer of their shares in the Company if such capital gain is invested in any of the long term specified assets in the manner prescribed in the said Section. Where the long term specified assets is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long term specified asset is transferred or converted into money.
7. As per the provisions of Section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the Non-Resident.

General Benefits available to Mutual Funds

In case of a shareholder being a Mutual fund, 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 and Mutual Funds authorised by the Reserve Bank of India would be exempt from Income Tax, subject to the conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

General Benefits available to Venture Capital Companies /Funds

In case of a shareholder being a Venture Capital Company / Fund, as per the provisions of Section 10(23FB) of the Act, any income of Venture Capital Companies / Funds registered with the Securities and Exchange Board of India, would exempt from Income Tax, subject to the conditions specified.

General Benefits available under the Wealth Tax Act, 1957

As per the prevailing provisions of the above Act, no Wealth Tax shall be levied on value of shares of the Company.

General Benefits available to the Members of the Company under the Gift Tax Act

Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of shares will not attract gift tax. However the recipient of such gift in excess of the value of Rupees Fifty Thousand on or after the 1st day of April 2006(other than the gift received from any specified relatives) shall have to pay tax under the head of income from other sources at the normal rate of Taxes.

Note:

1. All the above benefits are as per the current tax laws as amended by the Finance Act, 2007.
2. All the above benefits are as per the current tax law and will be available only to the sole / first named holder in case the shares are held by joint holders.
3. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the double taxation avoidance agreements, if any, between India and the country in which the non-resident has fiscal domicile.
4. In view of the individual nature of tax consequences, each investor is advised to consult his / her own tax advisor with respect to specific tax consequences of his / her participation in the scheme.

However, a shareholder is advised to consider in his / her / its own case, the tax implications of an investment in the Equity Shares, particularly in view of the fact that certain recently enacted legislations may not have direct legal precedent or may have a different interpretation on the benefits which an investor can avail.

SECTION IV: ABOUT THE ISSUER COMPANY

INDUSTRY OVERVIEW

For the purpose of the Industry Overview we have relied for information on the Annual Report 2005-06, Government of India, Ministry of Communications & Information Technology, Department of Information Technology; the findings of Strategic Review 2006, as announced on the eve of the 15th annual event of Nasscom 2006, India Leadership Forum in February 2006 in Mumbai.

OVERVIEW

Led by gradual economic recovery and a positive outlook for corporate earnings, worldwide IT-ITES spending witnessed steady growth in 2005. Outsourcing continued to be the primary growth engine with global delivery forming an integral part of the strategies adopted by customers as well as service providers. Global sourcing is now a key element of corporate boardroom agency.

The Indian IT-enabled and Business Services (ITES-BPO) have demonstrated superiority, sustained cost advantage and fundamentally powered value proposition in ITES. Indian companies are expanding their service offerings, enabling customers to deepen their offshore engagements; the shift from low-end business processes to higher value, knowledge-based processes is having a positive impact on the overall industry growth.

(Source: www.nasscom.in)

PAST AND CURRENT PERFORMANCE OF IT AND ITES INDUSTRY

The findings of Strategic Review 2006, as announced on the eve of the 15th annual event Nasscom 2006, India Leadership Forum in February 2006 in Mumbai is summarized below:

- Steady growth: The Indian IT-ITES expected to exceed \$36 billion in annual revenue in FY06, an increase of nearly 28 percent in this current fiscal.
- Exports to account for nearly two-thirds of the total revenues.
- IT-ITES sector to contribute to 4.8 per cent of GDP in FY06.
- Engineering and R&D, software products hold significant opportunity for India -- growing at 37% and 43% (CAGR FY 2003-06E), respectively.
- Indian IT-ITES sector on track to achieve the targeted \$60 billion in exports by FY 2010.

IT Industry-Sector-wise break-up:

(Amount in USD billion)

| Particulars | FY '04 | FY '05 | FY '06E |
|---|-------------|-------------|-------------|
| IT Services | 10.4 | 13.5 | 17.5 |
| -Exports | 7.3 | 10.0 | 13.2 |
| -Domestic | 3.1 | 3.5 | 4.3 |
| ITES-BPO | 3.4 | 5.2 | 7.2 |
| -Exports | 3.1 | 4.6 | 6.3 |
| -Domestic | 0.3 | 0.6 | 0.9 |
| Engineering Services and R&D, Software Products | 2.9 | 3.9 | 4.8 |
| -Exports | 2.5 | 3.1 | 3.9 |
| -Domestic | 0.4 | 0.8 | 0.9 |
| Total Software and Services Revenues | 16.7 | 22.6 | 29.5 |
| Of which, exports are | 12.9 | 17.7 | 23.4 |
| Hardware | 5.0 | 5.9 | 6.9 |
| Total IT Industry (including Hardware) | 21.6 | 28.4 | 36.3 |

Total may not match due to rounding off; (Source: Strategic Review 2006)

Strong demand over the past few years has placed India amongst the fastest-growing IT markets in the Asia-Pacific region. The Indian software and ITES industry has grown at a CAGR of 28 per cent during the last 5 years. The industry's contribution to the national GDP has risen from 1.2 per cent during the year 1999-2000 to a projected 4.8 per cent during 2005-06.

The software and ITES exports from India grew from US\$ 12.9 billion in the year 2003-04 to US\$ 17.7 billion in 2004-05. It is estimated that total software and ITES exports from India will exceed US\$ 23.4 billion during the year 2005-06. Software and services exports are estimated to grow at 32 per cent in dollar terms during the year 2005-06. The fiscal 2005-06 was another important year for the India's software industry not only in terms of increased revenue but also in terms of scope for new services, including infrastructure management, engineering services and knowledge process outsourcing.

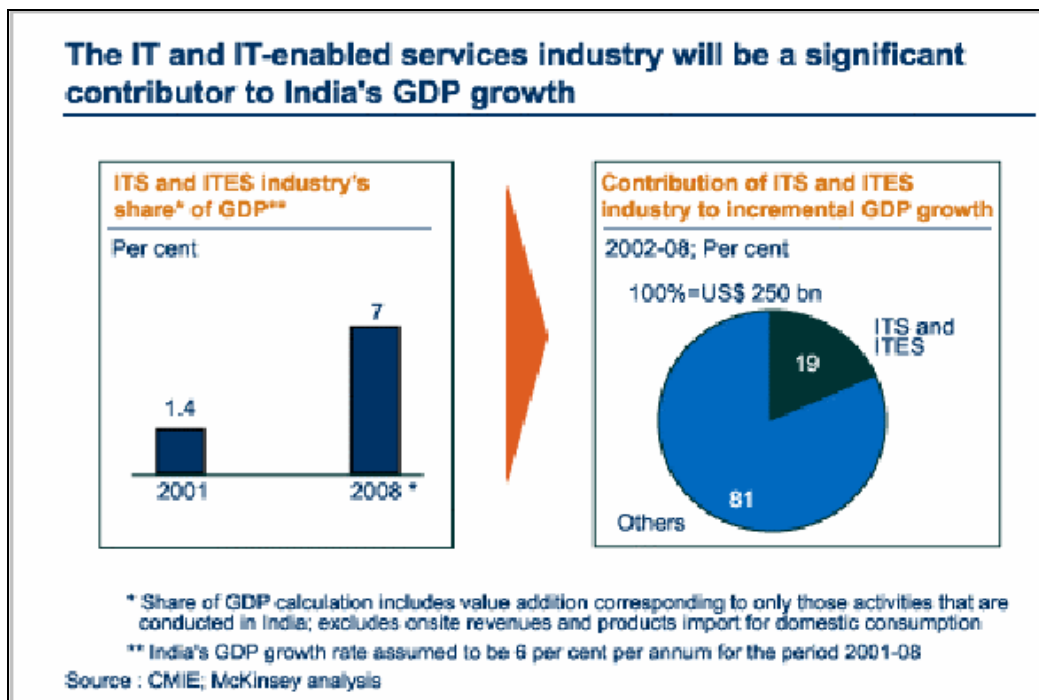
EXPECTED FUTURE PERFORMANCE OF IT AND ITES INDUSTRY

DOMESTIC OVERVIEW

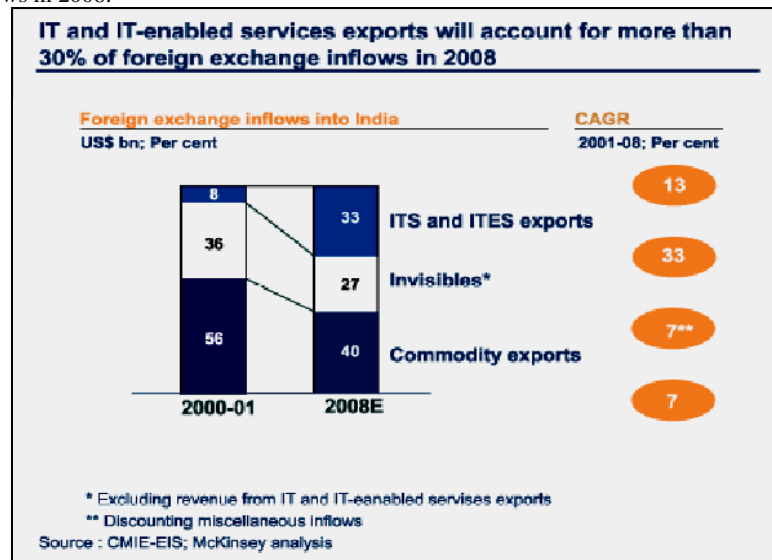
Indian IT sector growth can be attributed to the increasing overseas demand for IT services and the deals struck between the Indian scale companies and overseas IT companies. India's share in the global IT industry has also grown to 74% in 2006 compared with 65% in 2005.

Indian scale players have improved their offshore growth by 41% during 2004-06 from 28% during 2002-04. Indian scale companies and MNC IT players are said to be leading the current high growth in the IT sector, through value added outsourcing and offshoring. Their capability to garner large offshore market share is due to their relationship with the Fortune 500 companies, ability to manage attrition and building a favorable client perception. According to the Research, business process outsourcing services and other software services are said to be the major revenue-gaining services. Low-cost location and labour available in India has attracted several software companies. (Source: *The Hindu, Business Line* dated May 11, 2006).

Though it is still small in terms of contribution to GDP, especially when compared to other large sectors in the economy like agriculture and manufacturing, the ITS and ITES industries are being recognized as the largest contributors to incremental market capitalization in India. As per the NASSCOM-McKinsey study, by achieving its long-term potential, the industry will dramatically boost the Indian economy. If the industry achieves its long-term potential, it will become one of the largest sectors in the Indian economy. The share of the Indian IT and ITES industries in the GDP will increase from 1.4 percent (in 2001) to 7 percent by 2008. Moreover, the analysis predicts that it will contribute 19 percent of incremental GDP growth between now and 2008.



In addition, revenues from ITS and ITES exports are likely to grow at a significantly higher rate than other exports and invisibles and by 2008 will exceed all other invisibles combined. ITS and ITES exports, which currently account for 8 percent of foreign exchange inflows, will contribute more than 30 percent of foreign exchange inflows in 2008.



Growth in domestic market

- Complementing the continued growth in IT-ITES exports is a growing domestic market.
- Domestic market coming into its own, to grow by nearly 22% in FY 2006.
- Strong demand over the past few years has placed India amongst the fastest growing IT markets in the Asia Pacific region.
- Growth in the domestic market is witnessing the early signs of service line depth that characterizes maturing markets.
- Global product companies are also looking to introduce localized versions of their software products to drive usability and penetration.

Coming of age of Indian multinationals

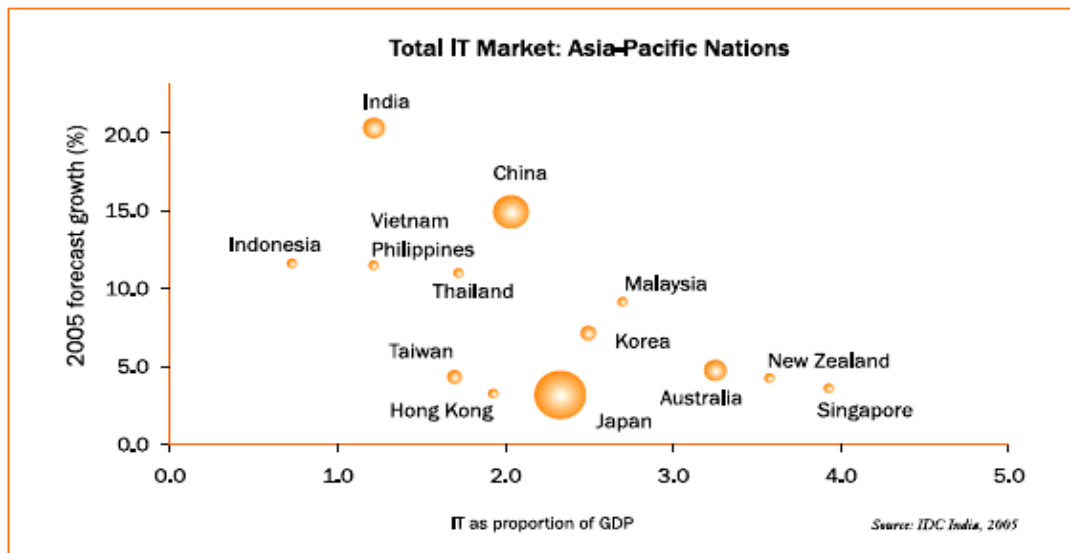
- Traditionally India-centric, indigenous players beginning to build noticeable presence in other locations -- through cross border acquisitions and organic growth in other low-cost locations.
- Global majors continuing to significantly ramp-up their offshore delivery capabilities -- predominantly in India.
- Portfolio of services sourced globally continued to expand into higher-value, more complex activities.

From outsourcing to global sourcing

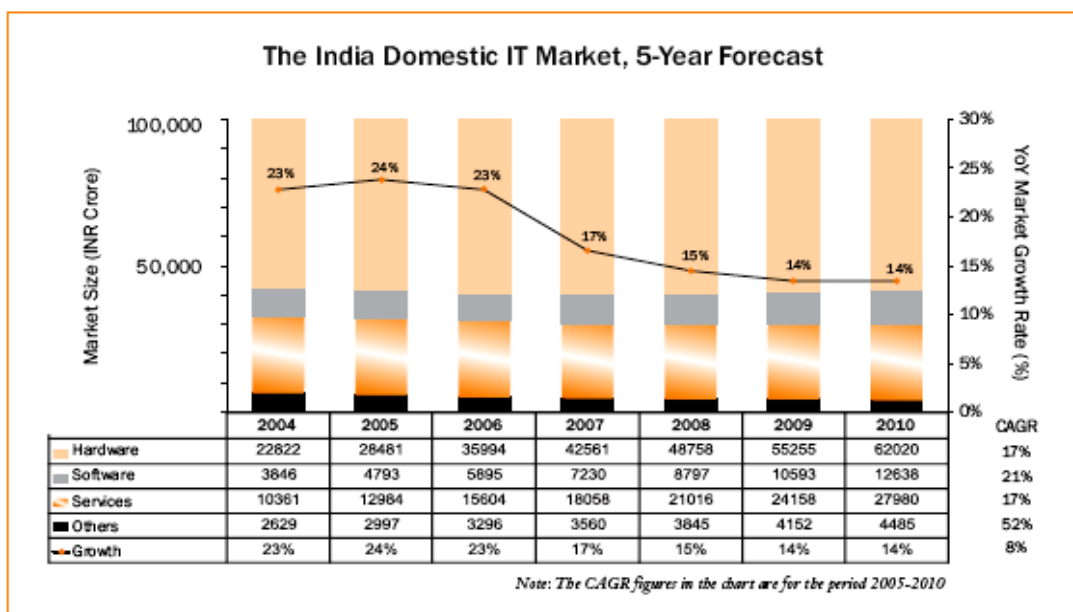
- Transition from outsourcing to global sourcing to drive the next phase of evolution in process quality frameworks and practices.
- Having aligned their internal processes and practices to international standards such as ISO, CMM, Six Sigma, etc., companies in India are seeking to further increase the quality and productivity benchmarks by introducing adaptations more suitable for remote service delivery.

Snapshot of IT-ITES Spending Trends in India

With an estimated growth rate of over 20 percent in 2005, India has emerged as one of the fastest growing IT markets in the Asia Pacific region.



Increasing adoption against a backdrop of low penetration levels and a rapidly growing economy, is expected to sustain India's pole position as a key market with domestic IT (including hardware, software and services) spends forecast to grow at a CAGR of over 17 percent over 2005-2010.



While spending on hardware is projected to remain strong, domestic IT demand is witnessing a gradual transformation from being predominantly hardware driven towards a solutions oriented approach - resulting in a growing emphasis on services. Hardware accounts for nearly 54 percent of the total IT market in 2005 and is forecast to grow at a healthy 17 percent in the next 5 years (2005-2010). The hardware market growth will be sustained by the continuing investments in IT infrastructure and would result in increased penetration of IT.

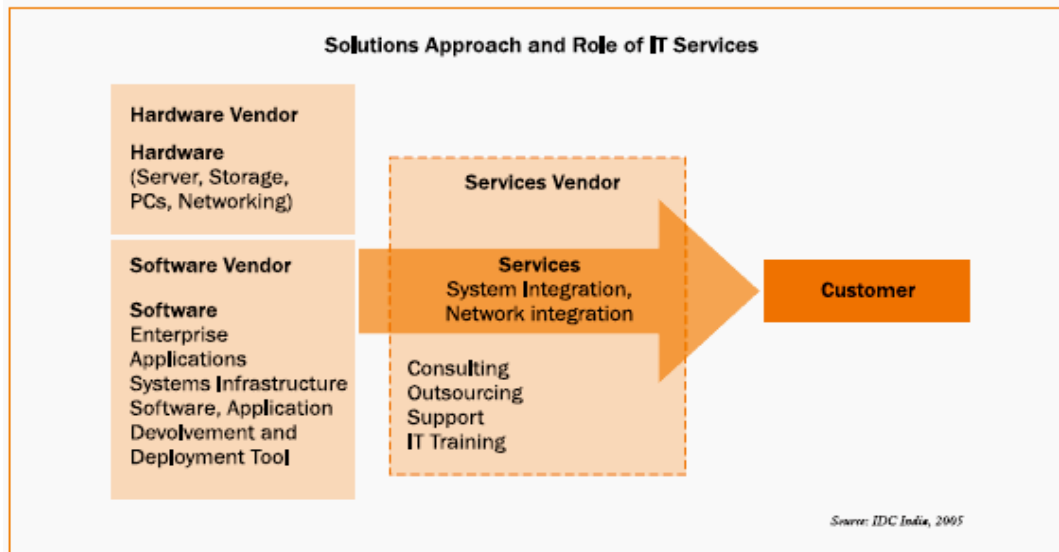
The domestic software market is expected to grow at 21 percent and the domestic IT services market at 17 percent (CAGR 2005-2010). The 'others' segment is constituted by consumables accessories and individual IT education, and forms a small part of the overall IT market.

The liberalization of Indian economic policy, de-regulation of key sectors and progressive moves towards further integrating India with the global economy have been key catalysts of increased IT adoption in the country. This is best reflected in the fact that most indigenous players in telecom and banking, two key sectors with significant multinational corporation (MNC) participation, have significantly upgraded their levels of IT adoption to offer best-in-class services comparable to those offered by the global competition and these two sectors together account for approximately 35-40 percent of the domestic spend on IT services.

Similar competitive pressures in other more recently deregulated service sectors such as airlines and insurance, and the uptake in the manufacturing and industrial sectors; and the large e-governance initiatives launched by the government under the National E-Governance Plan (NEGP) are expected to provide sustained growth in domestic demand for IT services over the next few years.

The expanding scope and scale of the domestic IT market is also reflected in the evolving nature of spending patterns in the domestic market - with a steady shift from being predominantly hardware led towards a solutions approach that is characterized by a growing role of services.

The entire IT delivery system is gradually moving towards services, with entities like system integrators playing major roles either as front-ends to IT solution deals or as key influencers in the market. Service providers are increasingly becoming the client interface in many big solutions deals, and are playing a greater role in terms of being the first contact for the end-users. In many cases, the first-line contact influences the overall dynamics of the deal, including the purchase of hardware and software components of the desired IT architecture. As a result partners and channels are beginning to play an increasingly important role in the ecosystem.



Domestic IT Services Market Opportunity

IT services formed one of the fastest growing segments of the domestic IT market with a revenue growth estimated at over 25 percent in 2005 over 2004, outpacing the growth seen in the hardware and software segments.

The Indian IT services market grew from \$2.3 billion in 2004 to nearly \$3 billion in 2005, growing by an impressive 31.4%. The market is forecast to continue to grow at a CAGR of 25.7% from 2005 through 2010.

India: IT Services Market Forecast by Segment, 2005-2010**(Millions of Rupees)**

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | CAGR (%) 2005-2010 |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------------|
| Hardware Maintenance and Support | 17,734 | 21,224 | 25,786 | 30,856 | 36,528 | 43,285 | 52,039 | 19.6% |
| Software Maintenance and Support | 14,857 | 20,801 | 29,237 | 39,527 | 52,050 | 67,674 | 89,117 | 33.8% |
| Consulting | 8,851 | 12,128 | 16,711 | 22,370 | 29,226 | 37,342 | 47,313 | 31.3% |
| Development and Integration | 42,096 | 51,491 | 65,285 | 81,028 | 98,586 | 120,024 | 147,258 | 23.4% |
| IT Management | 14,334 | 18,775 | 24,894 | 32,698 | 42,019 | 54,158 | 69,056 | 29.8% |
| Process Management | 4,347 | 6,077 | 8,724 | 11,666 | 14,641 | 17,920 | 22,131 | 29.5% |
| Total | 102,220 | 130,496 | 170,637 | 218,145 | 273,049 | 340,403 | 426,913 | 26.8% |

(Source: Gartner Dataquest January 2007)

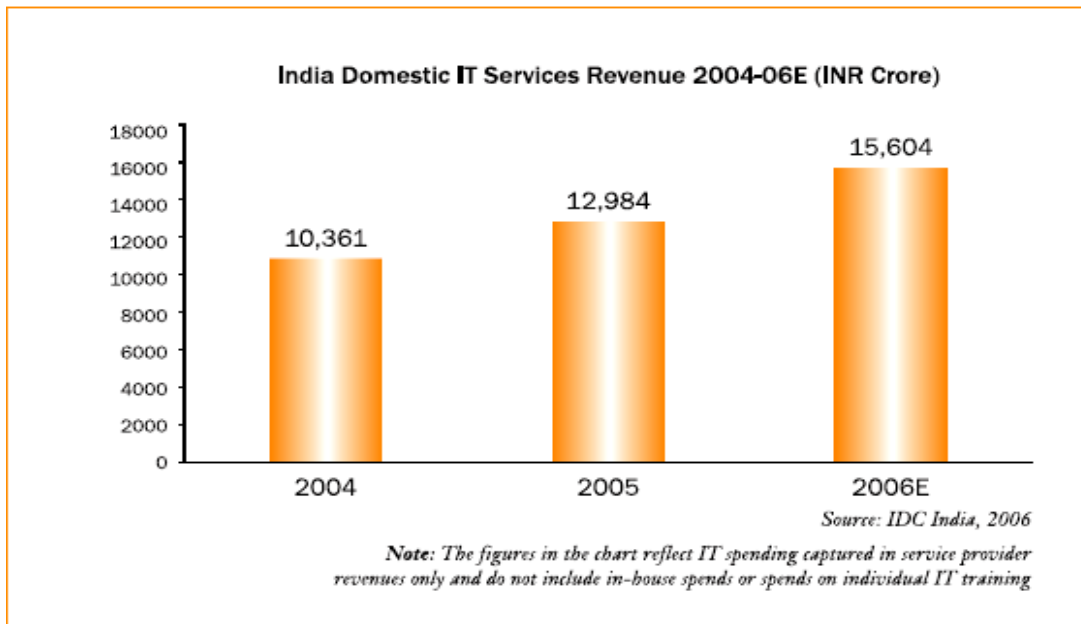
Software maintenance and support services will grow at a CAGR of 32.6% from 2005 through 2010. This growth is attributable to the increased deployment of packaged applications and software among all sizes of enterprises. Improvement of connectivity across various regions has helped service providers in providing application maintenance and support services remotely.

Consulting revenue grew 41.1% from \$195 million in 2004 to \$276 million in 2005. This is a notable change that is the result of increased IT budgets among the companies and a change in the mind-set of customers in accepting consulting services.

Traditionally, the banking, financial services and insurance (BFSI) and telecom sectors have been the highest spenders in IT, but this is slowly changing. The companies in the manufacturing, government, retail, transportation and pharmaceutical vertical industries are starting to make huge investments in IT solutions. They are beginning to appreciate the benefits of well developed, cutting-edge technology infrastructure and have started moving beyond their internal IT departments and to engage ESPs in implementing and maintaining sophisticated IT systems. Service providers, thus, need to be more vertical-and solutions-focused.

*(Source: Gartner Dataquest January 2007)***Market Landscape and Opportunity Assessment**

IT services spends (for the vendor addressed segment) in the domestic market are estimated to have grown from INR 10,361 crores (USD 2,300 million) in 2004 to INR 12,984 crores (USD 2,900 million) in 2005.



Domestic ITES-BPO Market Opportunity

ITES-BPO is arguably the most commonly discussed topic in corporate boardrooms across the world. India's compelling value proposition, early mover advantage and continued success have established it as a distinct leader in this space. This is evident from the fact that the total revenue earned by this sector in India is estimated to have grown from a little over INR 4,200 crores (~USD 900 million) in FY2001 to nearly INR 32,000 crores (~USD 7.2 billion) in FY2006.

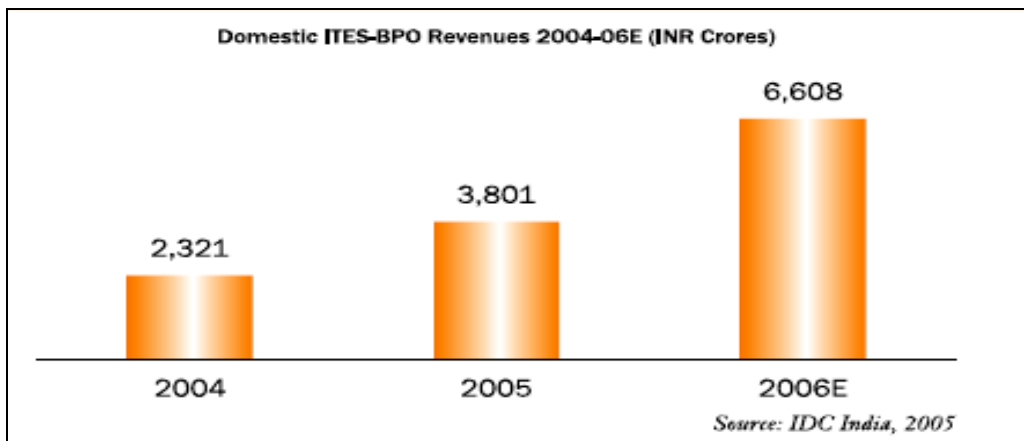
However, with exports averaging over 90 percent of the total revenues, while the Indian outsourcing exports story is well documented, relatively little has been compiled about the domestic market potential for these services.

The Business Process Management segment is emerging from its infancy and presenting a good opportunity for domestic BPO service providers. This segment grew 43.9% in 2005, from \$96 million in 2004 to \$138 million in 2005. The segment is forecast to grow at a CAGR of 28.4% from 2005 through 2010.

(Source: Gartner Dataquest January 2007)

Market Landscape and Opportunity Assessment

According to IDC estimates, the domestic ITES-BPO market in India was valued at a little over INR 2,321 crores (~USD 500-550million) in 2004. This segment of the market is estimated to have nearly doubled over the past two-three years and is forecast to cross INR 6600 crores (~USD 1,400 million) in 2006.



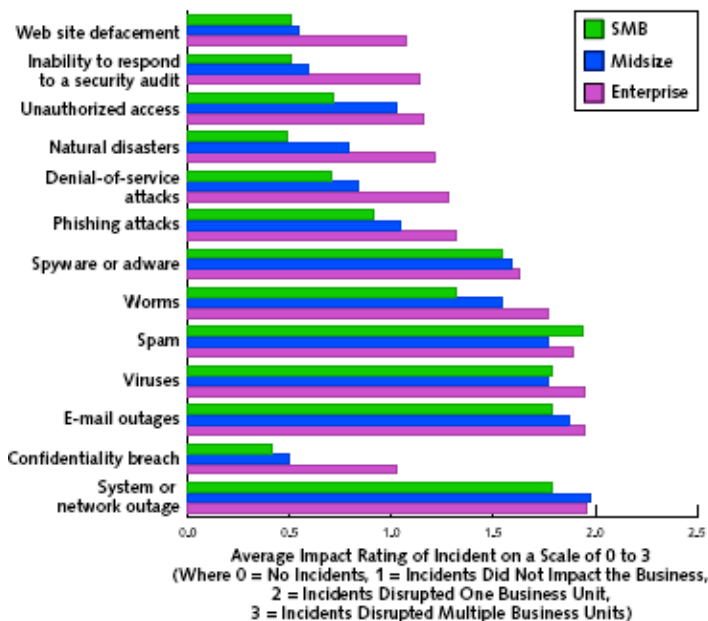
The Managed Security Services Opportunity

Introduction

Enterprises and consumers face an enormous task in securing their data. Many enterprises, small and medium businesses (SMBs) and consumers do not have the expertise, funds or rapid response capabilities necessary to deal effectively with this problem. Not only must they have the expertise to install their anti-virus, firewall and intrusion detection and prevention solutions among others, but they have to make them interoperate, maintain patches and updates, and monitor these solutions. Additionally, the growing use of mobile devices and services for business and personal uses is introducing new threats and solutions to consider. End users must stay on top of the latest technologies designed to protect them in different areas of their network and endpoints, and implement them to their fullest capacity.

Security Incidents Continue to Affect Businesses of All Sizes

Source: Yankee Group, 2006



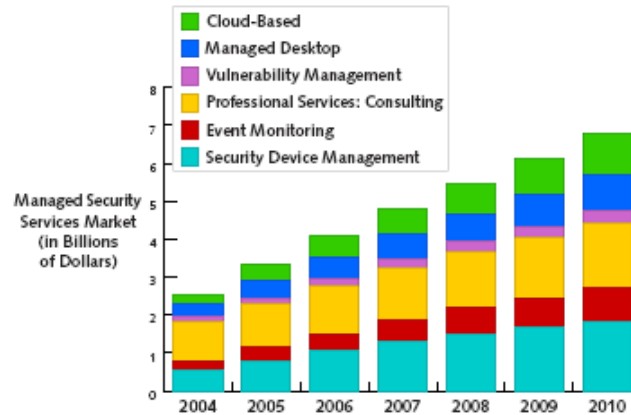
Logically, service providers are well positioned to address these challenges in the marketplace because of their ability to quickly roll out solutions and leverage their existing relationships with corporations and consumers.

The challenge for service providers is to build services that are in high demand to generate profitable revenue yet flexible enough to meet the broad array of customer needs.

Market Overview

As security threats continue to evolve and become more sophisticated, businesses and consumers find themselves losing the battle against security breaches. Because service providers have an established services model including various ancillary services and an installed customer base, offering security services is a natural fit. Yankee Group estimates the 2006 managed security services market is approximately \$4 billion, including consulting and professional services revenue. We expect the market to have a compound annual growth rate (CAGR) of 14% from 2006 through 2010.

Managed Security Services Market Forecast
Source: Yankee Group, 2006



MANAGED SECURITY SERVICES SEGMENT OVERVIEW

The managed security services market consists of the following main segments:

- **Managed perimeter devices** are a core element of an outsourcing deal. They are frequently the first security functions that customers outsource. Firewalls continue as the majority of devices under management while IDS, IPS, VPN, perimeter anti-virus, authentication tokens and URL filtering are available as optional services. In 2006, we expect managed IDS and IPS to gain in popularity as customers look to reduce labor-intensive functions. Pureplay managed security device services are growing at a 15% rate by revenue. The aggregate number of devices under management grew 50% in 2005.
- **Managed messaging security** addresses a critical component of a business: the protection of a company's e-mail platform. With the growing prevalence of spam, e-mail-spread viruses, worms and phishing, the need for complete solutions that address these and any future threats is rapidly increasing and a security breach could cause catastrophic impact to a business.
- **Managing desktop security** is still an area of pain and expense for businesses. Certain trends point to above average growth in this segment during the next 5 years:
 - **The technology available to combat malware has multiplied.** Anti-virus is no longer enough; personnel firewalls, anti-spyware and perhaps host intrusion prevention are also needed.
 - **The technology for reaching and managing thousands of nodes is also vastly improved.** For example, better patch and configuration management and new standards for network access zoning can enforce policies for endpoints.
- **Vulnerability management services** are perhaps the most at-risk segment of the MSS landscape given technology trends. The need to scan both external and internal devices is strong and driving growth in

database and web scanning markets. Technical and organizational challenges exist with the scanning of internal systems. Internal systems cannot be scanned without customer premises equipment (CPE). Conversely, at the perimeter, scanning software is commoditized and the process for providers largely automated. As a standalone product or service, vulnerability scanning is at risk.

- **Cloud-based security services** include e-mail filtering services, non-premises firewall, IDS, IPS and denial-of service (DoS) attack services. Yankee Group defines a cloud-based service as a service that does not require premises equipment but also leverages a provider's shared infrastructure. Service providers can leverage the shared infrastructure to greatly improve and enhance the security service delivered. Benefits to the customer include the reduced need for CPE devices and improved QoS/performance at the application and network levels. Cloud-based services offer the best protection against distributed DoS attacks, which are the most prevalent internet-originated type of attack.
- **Mobile security** is still a rather new area of focus in the marketplace although mobile security for the enterprise market is slightly more advanced than for the consumer. Currently many corporations and providers treat mobile devices as any other endpoint device, hence folding security management into the broader security management solution for the business. Moving forward, this approach many no longer be sufficient to protect a corporation's or consumer's content and data. In the longer term, this segment will become an increasingly focused area of security and growth for service providers.
- **Monitoring and intelligence services** are common additions to service contracts that initially included only managed devices. Providers are adding value to existing customers by integrating these services into bundled offers for managed and monitored devices. The trends in security driven by regulatory needs have also placed significant emphasis on monitoring and reporting. This segment will continue to grow even after the managed devices segment has petered out because the need for monitoring will remain a strong driver and differentiator.
- **Professional services** have long been a core need for enterprises in the security arena. Service providers are adding value for existing customers by offering professional services for free as part of the initial setup of a managed service. For example, professional services are commonly offered as part of a managed device contract. For example, the provider will conduct an initial review of existing firewall rules and make recommendations.

The trends in security driven by regulatory needs also have placed significant emphasis on risk assessment, auditing and security of internal applications and databases. To meet the increasing regulatory requirements, businesses must turn to consultants for guidance. Through consulting and professional services offerings, service providers can aid customers in achieving regulatory compliance.

Security is a rapidly developing area of technology. The breadth of services capable of being offered as a managed security service continues to increase as well. By purchasing from external service providers, buyers can gain quicker access to additional features and apply them more consistently at scale.

ENTERPRISE AND SMB DRIVERS OF MANAGED SECURITY

Corporations are aggressively increasing their outsourcing of security services and will increasingly turn to managed security service providers (MSSPs). Their challenge is to create the end-to-end coverage necessary to effectively secure the corporation. Three main drivers are pushing enterprises and businesses to external service providers for help in managing security threats:

- Increasing distribution of IT assets across geographically dispersed operations
- Increasing sophistication and proliferation of security threats
- Lack of adequate training to tackle the problem internally

Many of the key drivers for selecting a service or service provider remain the same for *Fortune 500* companies and individual consumers. Simplifying or improving processes and daily life typically are at the top of the list. Potential customers ask outsourcers whether they will accomplish at least one of these three things:

- Will managed services reduce the time that the organization spends on tactical security issues, allowing it to focus on more strategic areas of the business?

- Will the security of my environment be better and more secure as a result of my service provider managing it?
- Will the use of a managed security service reduce my overall costs associated with achieving a secure environment?

By purchasing managed security services, enterprises can gain valuable help on several fronts. Security outsourcing can reduce stress for a besieged IT staff, fill in competency voids, aid in regulatory compliance and give enterprises a third-party view of how secure their organizations really are. Transparency on both sides allowing fluid communications is key to maximizing the effectiveness of a managed service and delivering benefits to the business and provider while paving the way for expanding the customer/provider relationship. With on average 20% of their IT budgets going to security, businesses need to be confident that their money is really protecting their business.

Many large businesses have acquired a heterogeneous environment, which makes economic scaling of consistent security across the environment impossible. Security to a corporation goes beyond traditional point solutions and is becoming increasingly about comprehensive offerings centered on security architecture, governance and flexibility. We also expect, over the next 3 years, to see acceleration in the market demand because of wireless adoption. Providing security to untethered devices and the mobile environment will be a key area for developing and extending services.

To meet the evolving needs of business customers, as a result of regulatory drivers, mobility drivers and business drivers, MSSPs will need to offer services that are much more robust. Offerings must help businesses reduce and manage risk, keep pace with change and improve IT management effectiveness.

CONSUMER DRIVERS OF MANAGED SECURITY

Selling to the consumer market requires a different value proposition than when targeting businesses. Technology and internet-based communications (VoIP), services (on-demand digital music and video) and connectivity (Wi-Fi, VPN) are strong areas of interest for consumers and their interest will only increase. As the consumer market for information technology grows aggressively, consumers are, on average, less technically capable of managing their own security and more in need of external expert services to manage their environments.

Like businesses, consumers are facing a wide range of security threats and attacks against their PCs and mobile and handheld devices. Yankee Group estimates there will be 49.7 million US residential broadband households and 109.2 million residential broadband users by the end of 2006. For broadband service providers, now is the time to begin integrating applications and services into high-speed offerings. Younger broadband users are looking for broadband content. If broadband service providers (BSPs) do not offer entertainment applications and services (music, video, interactive gaming), these users will go elsewhere— thereby disintermediating BSPs and accelerating commoditization of high-speed internet access.

Although the public has not focused on mobile security as much as broadband or wireline security, the focus on and desire for security solutions by mobile consumers is expected to grow over the coming years. Yankee Group estimates there will be more than 177 million consumer mobile users in North America by the end of 2006 with an estimated 699 million consumer mobile users in EMEA. As these users continue to increase their dependence on mobile devices, secure content management will become a priority and service providers need to have valuable solutions to offer their customers or risk increasing customer churn.

The need for a real-time response to new threats and for solutions that address threats before entering the consumer's environment is increasingly driving consumers to their service providers for relief. For many consumers, the only point of continuous contact with a technology provider is their service provider, especially their broadband service provider. We expect this trend to continue to gain momentum. Service providers must continue to increase their service offerings to reduce churn and drive customer satisfaction.

GLOBAL OVERVIEW

The worldwide demand for third-party technical support and help desk services is expected to reach \$23.0 billion in 2008, displaying a combined compound annual growth rate (CAGR) of 9.6%. According to International Data Corporation (IDC), the worldwide market for outsourced technical support services will increase from \$11.1 billion in 2003 to \$16.9 billion in 2008, representing a CAGR of 8.8%. Over the same

period, the outsourced help desk services market is expected to increase at a CAGR of 12.0%, from \$3.5 billion to \$6.1 billion in 2008.

As global delivery matures, newer locations are emerging; however India remains the undisputed leader. India maintains its distinctive lead amongst offshore destinations. Strong fundamentals will help sustain India's value proposition - 28% of the suitable talent available across all offshore locations (outranks the next destination by a factor of 2.5). This is because of its keen emphasis on security and quality, sustained cost competitiveness, gains from increased productivity, utilization and scale expansion.

Recognizing the advantages of multi-country service delivery capabilities to better manage evolving customer requirements and execute end-to-end delivery of some new services, Indian companies are enhancing their global service delivery capabilities through a combination of green- field initiatives, cross-border M&A, partnerships and alliances with local players. Global software product giants such as Microsoft, Oracle, SAP, etc., have established their captive development centers in India. India's record on information security ranks better than most locations.

For India to fully capitalize on the opportunity and sustain a disproportionate lead in the global IT-ITES space, it needs to focus on five key areas:

- Enhancing the talent pool advantage -- focus on skill development to better leverage the world's largest working population.
- Strengthening urban infrastructure in existing (tier I) and emerging (tier II and tier III) cities and continued emphasis on proactive regulatory reform to facilitate greater ease of doing business.
- Driving a philosophy of operational excellence amongst industry players (across the board) to ensure that India based delivery sustains world-leading benchmarks in performance.
- Catalysing domestic market development.
- Actively promoting an uncompromised agenda towards global free trade.

EMPLOYMENT TRENDS:

- Total IT Software and services employment to reach 1,287,000 in FY06.
- Industry has already initiated several initiatives to further enhance the availability of and access to suitable talent for IT-ITES in India.
- Nasscom has likewise launched a comprehensive skill assessment and certification programs for entry-level talent and executives (low-middle level management) and an image enhancement program to build greater awareness about the career opportunities in this segment.

Employment figures: Software and Services sector

| Sector | FY 2004E | FY 2005E | FY 2006E |
|--|----------|----------|----------|
| IT Services | 215000 | 297000 | 398000 |
| ITES-BPO | 216000 | 316000 | 409000 |
| Engineering Services and R&D and Software Products | 81000 | 93000 | 115000 |
| Domestic Market (including user organizations) | 318000 | 352000 | 365000 |

**Figures do not include employees in the hardware sector.*

The total number of IT and ITES-BPO professionals employed in India is estimated to have grown from 284,000 in 1999-2000 to 1,287,000 in 2005-06, growing by over 230,000 in the last year alone. IT and ITES industry may add 3.2 Lac jobs this fiscal. India reported the highest average salary increase in Asia at 13.9 per cent as per Asia-Pacific Salary Increase Survey conducted by Hewitt Associates, global human resources services firm. (Source: *The Hindu, Business Line* dated May10 &16, 2006).

In addition, Indian IT-ITES is estimated to have helped create an additional 3 million job opportunities through indirect and induced employment. Indirect employment includes expenditure on vendors including telecom, power, construction, facility management, IT transportation, catering and other services.

RECENT INITIATIVES:

- **Nasscom plans regulatory body / code of conduct for IT and BPO industry**
(Source: *The Economic Times* dated May 12, 2006)

To deal with the growth in the IT industry and potential problems of data security and privacy likely to arise in the future, Nasscom is setting up an independent Self Regulating Organisation (SRO) to monitor the

industry. None of the developed countries have an SRO to monitor the functioning of IT BPO companies. In spite of the lack of any regulatory structure, there are a number of regulations governing the functioning of IT and BPO companies. For instance, in the US, there are both Federal level and state level regulations governing the working of BPOs. If a BPO is working for a bank, then some of its functions are regulated by the banking regulator. Nasscom wants to create global SRO, which will help the IT and BPO industry in creating certain standards and code of conduct.

The Nasscom Executive Council has approved the formation of this body referring it as the Public Data and Privacy Standards Board (PDPSB). Initially the compliance with the code of conduct developed by PDPSB will be voluntary but is expected to become mandatory for members, in due course of time. The SRO will also conduct independent audits to ensure compliance by its members, the major breach of which could even lead to suspension from membership.

The objective is to create a benchmark, which, once adopted by the top IT and BPO companies, will help small and medium sized companies adhere to standards.

- **SEZ eGoM scraps minimum land criteria for IT, sets built-up threshold for IT**

(Source: The Economic Times dated May 11, 2006 and The Hindu, Business Line dated May 13, 2006)

In a major boost to the IT sector, the empowered Group of Ministers (eGoM) on Special Economic Zones (SEZs) has decided to scrap the minimum land requirement criteria for IT SEZs. According to existing SEZ rules, IT sector SEZs requires 10 hectares of land. Technically, it would be possible to build an IT SEZ on a small piece of land by opting for a skyscraper. In the case of multi-product SEZs, eGoM decided that processing area should be at least 50% instead of 25% now. Out of the housing developed inside these zones, at least 75% should be used by those employed in special economic zones.

Software association Nasscom welcomed this move stating that it would benefit SMEs in the sector and would be more favourable towards Indian ITES and BPO sectors. It will ensure that growth of the sector is not limited only to metro cities but also spreads to smaller towns. The industry will also be able to maximize employment across the country, thus enabling much more equitable development of different regions, while minimizing the strain on the infrastructure of already stretched cities.

- **Legal framework, Internal Processes and Practices with International Standards**

(Source: Annual Report 2005-06, Government of India, Ministry of Communications & Information Technology, Department of Information Technology)

The authorities in India are maintaining a keen emphasis on further strengthening the information security environment in the country. Specific initiatives underway include enhancing the legal framework through proposed amendments to the IT Act 2000 – currently under review by the Government – increasing interaction between industry players and enforcement agencies to help create greater awareness about information security issues and facilitate mutual support as and when required.

Today, a majority of the companies in India have already aligned their internal processes and practices to international standards such as ISO, CMM, Six Sigma, etc., which has helped establish India as a credible sourcing destination. As of December 2005, over 400 Indian companies had acquired quality certifications with 82 companies certified at SEI CMM Level 5 – higher than any other country in the world.

INTEGRATED SOLUTIONS – AN OUTLOOK

In 2005, the profits from consignments of IP video surveillance cameras almost doubled. With continued growth manifested at a CAGR of 10.87%, it will become a significant market to recount with. It's expected that by 2009, the global market for IP surveillance camera will grow more rapidly as compared to the conventional market for CCTV (closed-circuit television) camera. While the market for IP surveillance servers will expand by about \$1.3 Billion, the market size of surveillance cameras will stand at around \$3.9 Billion in 2010.

Fuelled by increased security concerns among private and public enterprises the demand for video surveillance systems is soaring. The majority of investments are channelised towards rapid development of cameras and other surveillance technologies. With the birth of digital cameras, today's surveillance technologies have smarter features such as image tracking, recognition, as well as response & alert systems. The use of IP servers and cameras popularly known as "streamers" is one of the most noteworthy trends in the video surveillance market today.

RNCOS' recent report, "Access Control Technologies and Market Forecast World Over (2007)" finds out that the Worldwide market for IP based CCTV showed a growth of nearly 39.6% in the year 2005.

The total market size for IP based CCTV reached about US\$ 227 Million in 2005 as compared to US\$ 159 Million in the year 2004. It is expected to grow at a CAGR of 39.6% within the next 5 years. In 2010, global IP based CCTV market size will reach to almost US\$ 12 Billion.

(Source: www.przoom.com/news/10369)

According to Frost & Sullivans recent market study "Indian Market for Fire and Security Systems, HVAC Controls and Integrated Building Management Systems", the total market for integrated building management systems (IBMS) is estimated at \$46.5 million, during 2005-2006. Besides IBMS, the research service provides market size estimates for stand-alone product groups such as Building Automation Systems (BAS), Fire Detection and Alarm Systems (FDAS), Surveillance Systems (CCTV Systems), and Electronic Access Control Systems (EACS).

This comprehensive study, which is the first of its kind in India, provides market analysis for stand-alone products and integrated systems, and offers insights into the future prospects for these products. According to Frost & Sullivan, the market for IBMS is growing at a much faster rate than other product groups.

IT/ITES, commercial office complexes, and large retail malls, which are the top three end-user segments, account for a major share of the demand for building management products and systems in India. These segments continue to remain the focus of marketers who anticipate a healthy growth in the number of projects in the future. While these end-user segments have been putting up an outstanding performance due to the strong domestic and global economic growth, there is no denial that end-user awareness and preference for modern building technologies are the key drivers for market demand. Growing safety and security concerns in India has put the need for continuous monitoring and security systems on top of corporate Indias priority list.

Anticipating good growth prospects, a large number of product manufacturers, third-party system integrators, and large turnkey contractors are entering the market hoping to cash in on the emerging market opportunities. The growth in the number of such companies is remarkable and is expected to increase further in the next couple of years.

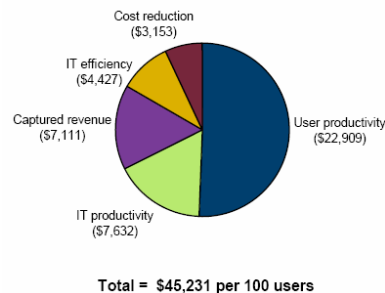
The Indian Market for Fire and Security Systems, HVAC Controls and Integrated Building Management Systems is part of the Environment and Building Technologies subscription, which provides an extensive analysis of the market for various product groups with in-depth insights into the different end-user industries.

Frost & Sullivan, a global growth consulting company, has been partnering with clients to support the development of innovative strategies for more than 40 years. The company's industry expertise integrates growth consulting, growth partnership services, and corporate management training to identify and develop opportunities. Frost & Sullivan serves an extensive clientele that includes Global 1000 companies, emerging companies, and the investment community by providing comprehensive industry coverage that reflects a unique global perspective and combines ongoing analysis of markets, technologies, econometrics, and demographics.

(Source: www.zdnetindia.com/news/pressreleases/stories/163381.html)

MANAGED SERVICES / REMOTE MANAGEMENT SERVICES – AN OUTLOOK

To determine the relative business benefits of remote systems management, IDC conducted in-depth interviews with enterprises using Remote Management Services. From the results, IDC was able to quantify the average cost savings. IDC found that the Remote Management Services saved an average of close to \$1.1 million annually over three years in increased user productivity due to reduced downtime and less time lost on system administration tasks. When normalized for company size, these savings amounted to \$22,909 per 100 users (see Figure).



For the companies surveyed, the number of downtime incidents dropped by an average of 29% following the deployment of the LANDesk software, resulting in an average 59% reduction in downtime minutes. On average, the companies surveyed reduced the direct revenues lost from downtime by \$338,321 annually, or \$7,111 per 100 users. After adopting Remote Management Services, the companies reduced the time spent on managing their networks, systems, and applications by an average of 20%, or 8,971 man-hours annually. The annual savings from the improved IT productivity amounted to an average of \$361,322, or \$7,632 per 100 users.

For the companies surveyed, the average number of desktops managed by each full-time equivalent (FTE) employee rose from 823 before adopting the Remote Management Services to 1,085 afterwards, an increase of 32%. This improved management efficiency yielded an average payroll savings of \$220,625 a year, or \$4,427 per 100 users. Additionally, the savings from reduced travel and lower bandwidth, software licensing, and capital expenditure (capex) costs averaged over \$149,358 a year, or \$3,153 per 100 users, yielding an average total expense reduction of \$369,983 a year, or \$7,579 per 100 users, from improved IT management efficiency. (Source: www.landesk.com/docs/whitepapers/landesk%20ROI%20wp.pdf)

BUSINESS PROCESS OUTSOURCING – AN OUTLOOK

India continues to be the leading destination for IT companies outsourcing business processes. However, outsourcing to India is now not only a matter of saving costs, but has become a strategy to usher in innovative market practices and provide the competitive edge. Another change that is obvious in the IT outsourcing industry in India is the emergence of domestic companies like TCS, Infosys, Wipro, HCL Comnet and Patni as providers of IT infrastructure management. These services extend to providing support in help desk and configuration management, application packaging, and migration services.

Research firms like Nasscom and Forrester Research have indicated in their reports that there is tremendous potential in the infrastructure outsourcing sector. Forrester estimates that this market globally potentially amounts to \$111 billion, of which India's share could be as high as \$1 billion. Gartner's estimate even surpasses this figure. Indian companies providing IT infrastructure outsourcing services to companies in the US and Europe are aiming to use their price advantage, but are also ensuring that they have the other requisites to attract clients, including knowledge of the industry base, domain knowledge of the project, end-to-end service capabilities, inculcating relationships with clients, and adapting to specific client requirements.

As the IT infrastructure outsourcing industry matures in India, it is likely to bring in new trends in operating procedures and capabilities of vendors, such as autonomic computing, on-demand or adaptive infrastructure services, and capabilities that will apply to diverse requirements such as enterprise systems, document management, and workflow. Indian companies need to watch out for critical errors that can set them back in their business ventures, and also take steps to activate disaster management strategies. This can ensure that they maintain their position in the same market space as the bigger players such as IBM, EDS, and CSC. (Source: www.blogsources.org/2005/11/indian_it_infra.html)

MANAGEMENT SERVICES PROVIDER (MSP) - the next wave in facilities management

Following a global trend, hosting providers, Systems Integrators, and xSPs in India are quickly adapting infrastructure for management services. Some time ago, people were talking about the ASP (Application Service Provider) model and the benefits it offers. Many businesses find it cost-effective to rent applications from an ASP on a pay-and-use basis, rather than pay for multiple software seats. The same concept has now been extended to IT infrastructure (corporate networks).

IDC defines MSP as: "a company or division of a company that delivers subscription-based IT infrastructure management of some type as a bundle of management tools and services that are used by the customer to manage the infrastructure." In other words, an MSP is an ASP for system and network management.

Simply put, MSPs deliver IT infrastructure management services to businesses (over a network) on a subscription basis, and bill their clients on a recurring basis. The management services could be on-site, off-site (i.e. remote management) or a mix of both. A customer may choose the kind of operations/functions he wishes to outsource, and then manage core business functions. The MSP provides the client with a Service Level Agreement (SLA), to ensure service commitment and Quality of Service.

Presently, the Indian market is quite fragmented with various hosting providers claiming to offer some sort of Management Service. The term 'pure-play' MSP now describes a service provider with an entire service portfolio based on the subscription model, and one who is willing to shoulder complete responsibility for the client's network. Further, a pure-play MSP has its own NOC with facilities for managing multiple networks remotely.

Benefits of MSP:

- Outsourcing makes IT costs predictable. Instead of paying up-front for software licenses (network management software); businesses can pay for it on a monthly basis.
- Try before buying - If companies are unsure about the suitability of certain applications, they can sample the MSP's offerings for a certain period before deciding which one to buy.
- Skilled manpower - Outsourcing can eliminate the need to attract, hire and retain skilled IT personnel. There is a perennial shortage of skilled manpower in the industry. The cost of employing experienced staff can surpass IT budgets. Then, there's concern of how to retain experienced professionals.
- An MSP has technically proficient teams that have deep understanding of applications integration and networking systems. By outsourcing, a company can acquire lots of expertise quickly.
- Outsourcing reduces upgradation costs - As networks grow and storage demands increase, network resources need to be upgraded every year. That calls for huge IT spending. The MSP can bear this cost by investing in the latest software and hardware and letting all its clients use these resources on a shared basis.
- Focus on core business - When businesses are heavily dependent on IT infrastructure, organizations give too much attention to systems management, thereby neglecting core business functions. By outsourcing the management of IT infrastructure, one can focus on core competency.

(Source: www.networkmagazineindia.com/200110/focus1.htm)

BOOSTER FOR MID-SIZED IT AND ITES COMPANIES IN INDIA

Post the 2000-02 global economic slowdown, which sent off reverberations across the world, including India, the country's IT services sector experienced significant upheavals. One of the interesting outcomes of this phase was the emergence of a fresh band of mid-sized companies that managed to survive and carve a place for themselves within the new IT services order. These organizations, termed as the Mid-Caps managed to gain strength on the basis of their innovative market strategies, a compelling value proposition for users and a set of highly differentiated products and services.

According to a Sector Report on the IT industry by well known business intelligence firm, Avendus, Mid-Caps, are the companies that survived the downturn blues. These are companies that will take the IT services sector forward and contribute significantly to its growth in the future.

As on December, 2005, there were around 23 publicly listed Mid-Cap organizations with a cumulative market cap of US\$ 4.6 billion. Avendus has segregated them into the following *categories*:

- **Niche service providers:** These are companies that have built their capabilities around specific niches to compete effectively with Large-Caps and gain leadership status in these segments. These include players such as Aztec and Hexaware.
- **Multi-domain players:** These are organizations that are more than US\$ 50 million in size and have capabilities in various high growth verticals and possible leadership status in any one of these segments. The companies include names such as KPIT Cummins, Mastek and Zensar.
- **Consolidators:** These are companies that have adopted an inorganic business model and depended on mergers and acquisitions to expand their area of expertise and size. Scandent Solutions is a case in point.
- **Solution/product providers:** These companies, including names such as Cranes Software, Geodesic and Polaris, have built strong product strategies, sometimes even based on acquisitions of other products majors.

The Avendus study indicates that there are many more private companies that will break into the Mid-Cap segment, as they go public over the next year. During 2005, around nine companies listed on the Indian capital markets. The successful Mid-Cap companies, according to Avendus are the ones that have been built around a single foundation of consolidation, niche services focus and product/solutions focus or domain differentiation.

These companies have taken the following *route*:

- Built a product either on their own or acquired it from someone else. Some have positioned themselves as offshore players providing intellectual property related services to technology or manufacturing companies globally.
- Focused on fast growing niches and aimed for global leadership. These companies have dedicated themselves to specific segments (such as fixed income capital markets, within the financial services domain), to attain global leadership
- Targeted under served markets. These companies have hedged their risks by moving to unexplored markets, rather than confining themselves to saturated, highly competitive regions such as the US
- Leveraged acquisitions. These companies have used acquisitions to widen their product and services portfolio and complementing existing capabilities

Outperforming the Large-Caps

The Avendus study also shows the following:

- Mid-Caps have shown stronger growth in their Market Cap than the Larger-Caps and performed better than Large-Caps for the three year period between 2003-05
- The median three-year CAGR in Market Cap for Large-Caps was 32 percent compared with 37 percent for Mid-Caps and 65 percent for the top performers
- Mid-Caps also outperformed Large-Caps in terms of Growth Rates of both two year and one market year Market Cap
- Mid-Cap companies as a whole increased their Revenues in the last three years at a CAGR of 31 percent
- The top performers did better growing at an impressive 40 percent. This growth was better than that of Large-Caps that grew at CAGR of 36 percent

Going forward, Avendus expects the Mid-Caps to fill the gap between themselves and the Large-Caps and provide customers with alternative outsourcing options. The niche service providers will continue to specialize in their respective fields and attract VCs. The Mid-Caps that are strong in multiple domains will grow rapidly, owing to capital inflow from venture capitalist firms. While some of the weaker Mid-Caps are likely to get acquired by large IT MNCs such as EDS, Accenture, and Cap Gemini, others, will join the Mid-Cap bandwagon through IPOs during 2006.

(Source: <http://www.nasscom.org/newsline/issue54/Research.asp> - Nasscom Newslines April 2006)

BUSINESS OVERVIEW

Unless stated otherwise, the financial data in this section is as per our consolidated financial statements prepared in accordance with Indian GAAP set forth elsewhere in this RHP. In this section only, any reference to “we”, “us” or “our” refers to Allied Digital Services Limited.

OVERVIEW:

Founded in 1995, Allied Digital is one of the player in the Indian IT Industry, providing wide spectrum of Technology solutions & services to a diverse customer base. Operating across a network of 92 locations in 25 states across India and with a team of around 1,250 employees country-wide, we have the ability to provide customers with a blend of optimal functionality, value for money, commitment and flexibility.

Allied Digital is an IT Infrastructure management and Technical Support Services outsourcing Company. We enable global, large and medium enterprises and service providers to reduce their total cost of ownership using a combination of onsite and remote services. We have been a preferred choice for outsourced technical support for business-to-business, business-to-consumer, e-commerce and corporate internal environments.

Our Promoters have nearly three decades of experience in technology and enterprise IT infrastructures, successfully implementing, managing and consulting on complex IT and business systems for global businesses.

Working with the industry players in technology, we deliver strategic, personalized, full-service Technical Support services solutions with quality, value and commitment to total customer satisfaction.

We enable clients to seamlessly align IT with changing business imperatives thereby enabling maximized benefits and returns. With proven excellence in operations management, high-quality people, world-class managerial capabilities, sound technology and telecom infrastructure, we provides a proven and reliable outsourced alternative to global customers.

These capabilities provide the operational footing for a diverse portfolio of value-added solutions including Technology infrastructure Management, simple-to-complex technical support solutions, security lifecycle services and professional services for design and deployment of technology infrastructure.

ALLIED DIGITAL VISION STATEMENT

“To be a world-class IT Services and Solutions Provider by applying 3 mega forces within the organization continually by:

- Developing technological depth
- Enhancing resources, reach and infrastructure
- Using the best management practices for operational excellence”

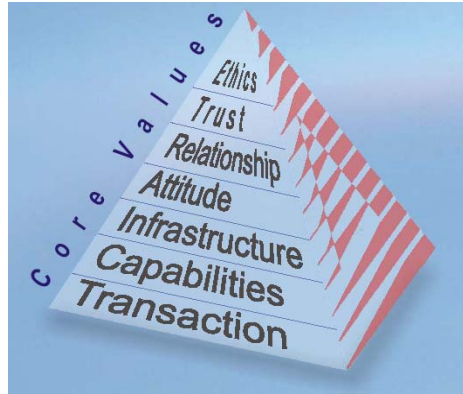
ALLIED DIGITAL MISSION STATEMENT

“We will operate as a technology driven global organization, obsessed with customer needs, devoted to building lasting partnerships and acting with integrity, honesty and a spirit of co-operation with customers, suppliers and employees.”

AWARDS & ACCOLADES

We have been receiving recognition from reputed players and magazines of IT world on continuous basis.

| Sr. No. | Year | Description |
|---------|------|---|
| 1 | 1999 | One of the "Most Important Network Integrators of India" by Voice & Data Magazine |
| 2 | | Amongst the "Regional Rajahs" by Voice & Data Magazine |
| 3 | | One of the Top 20 Hardware Service Vendors by DQ Magazine |
| 4 | | Best Channel Partner Trophy by DQ Magazine |
| 5 | | Amongst the "Top System Integrators on India" by Voice & Data Magazine |
| 6 | 2000 | Recognised as "Authorised Solution Provider" by Intel |
| 7 | 2001 | "Business Partner" award by Hewlett Packard |
| 8 | | Recognised as "Oracle Technology Reseller" by Oracle Software India Ltd. |
| 9 | | Recognised as "Unix Reseller" by Hewlett Packard |
| 10 | 2002 | "Business Partner" award by SGI |
| 11 | 2003 | Awarded "OEM System Builder" by Microsoft |
| 12 | | "Best System Integrator" by DQ Week Magazine |
| 13 | | Awarded the National award for "Promoting New Technology" by IBM X Series |
| 14 | 2004 | "Best System Integrator" by DQ Week Magazine |
| 15 | | Highest Achievement Award by Hewlett Packard |
| 16 | | Awarded the National & Region Gold Awards for "Storage, Integrated Solutions & Networking" by CRN Channel |
| 17 | | Recognised as "Bronze Partner" by Nortel for Network Business without Boundaries |
| 18 | | Recognised as "Warranty Services Provider" by IBM |
| 19 | | Recognised as "Premier Business Partner" for IBM PC Product |
| 20 | | Recognised as "Assurance Circle" by Microsoft |
| 21 | | Recognised as "Veritas Select Partner" by Veritas |
| 22 | | Recognised as "OEM Systems Builder Programme" by Microsoft |
| 23 | | Recognised as "Most Comprehensive Solution Provider" by DQ Channel |
| 24 | 2005 | "Best Services Provider" by DQ Channel |
| 25 | | Recognised as "Premier Provider" by Intel |
| 26 | | "Best System Integrator" by DQ Week Magazine |
| 27 | | Achievers Award by Hewlett Packard |
| 28 | | Certified as "Access Partner – Silver Solution Advisor" by Citrix |
| 29 | | Best Corporate SI Partner" by APC |
| 30 | | Recognised as Gold Partner" by Novell Partnernet |
| 31 | | "Best Solutions Partner" – X series from IBM |
| 32 | 2006 | "Expert Solution Provider" by Landesk |
| 33 | | Certified as "Back-UPS Dealer" by APC |
| 34 | | Recognised as "Silver Solution Advisor" by Citrix |
| 35 | | Awarded "Premier Business Partner" by Lenova |
| 36 | | Awarded the National & Region Gold Awards for "Storage, Integrated Solutions & Networking" by CRN Channel |
| 37 | | Achievers Award - "Special Appreciation" by Hewlett Packard |
| 38 | | "Best System Integrator" by DQ Week Magazine |
| 39 | | "Deal of the year" – X series from IBM |
| 40 | | "Best System Integrator" by Express Computers |
| 41 | | Awarded "Most Comprehensive Solutions Provider" by Data Quest (DQ) |
| 42 | 2007 | |

ALLIED DIGITAL – CORE VALUES

Since our inception, we have been carrying a very strong belief that means to goals is as important as goals. Our organization operates on core values –that are factors that define who we are. At Allied Digital, we are extremely proud of these core values, and believe that they are critical contributors for building a long-lasting and successful relationship with the customer.

Ethics

We strongly believe in “Say what you mean & mean what you say”. A total clarity is maintained with the customer and a very ethical way of working is observed right from the management to the lowest rung of our workforce.

Trust

At Allied Digital, we preach that if there is no trust, there is no business and we strongly believe mutual trust is the base on which long-term relationships are built.

Relationship

Relationships are key to success in today’s competitive world and that too WIN-WIN. No relationship can survive long-term if there is a WIN-LOSE imbalance. Hence, at Allied Digital, we strive to maintain a balance of a WIN-WIN relationship between all the stakeholders.

Attitude

Service Provider has to remain sensitive to every critical and crucial situation of the customer and help them resolving this criticality even if it is required to stretch beyond contractual terms. We define this as a “Service oriented Attitude”.

Infrastructure

Reach and infrastructure are the prerequisite for providing customers with one-stop support. Today we have invested in around 1,250 “Direct” employees across 92 locations in 25 states within the country with latest industry quality certifications. Any service provider’s proven capabilities and excellent infrastructure can be significantly leveraged by the customers only when Service provider is present at the location where customer needs services.

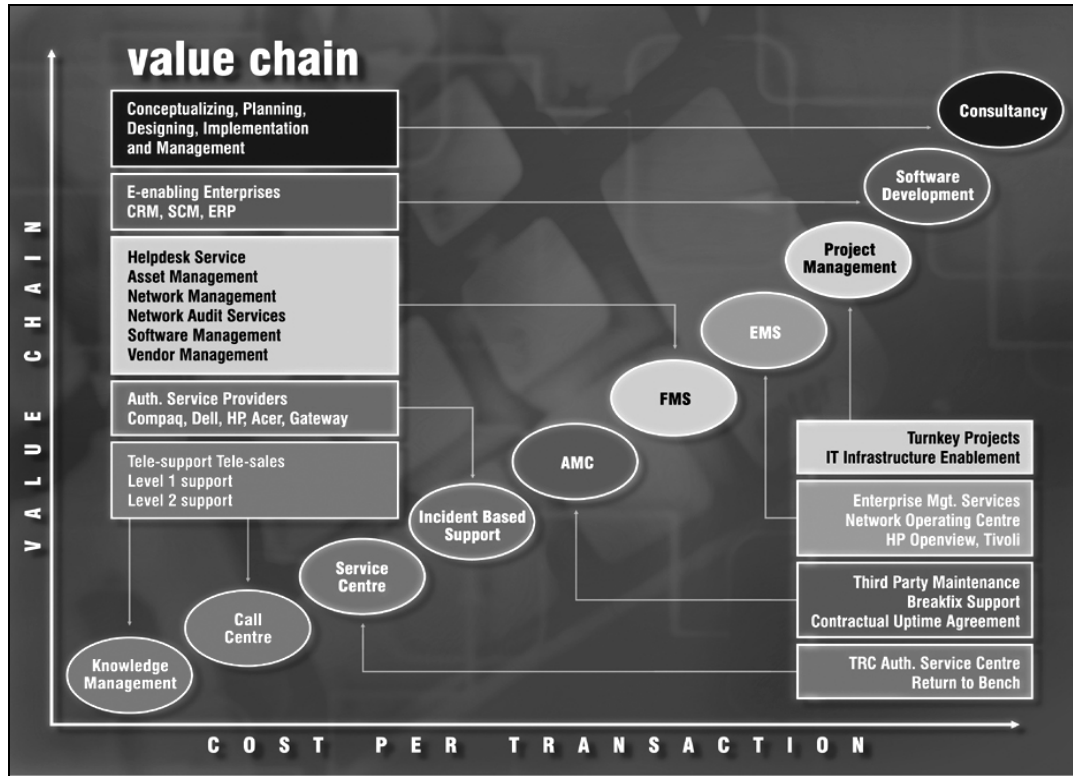
Capabilities

In line with our Company’s vision, we continually invest in developing the technological depth of the organization across the country. As a result, we have certified skills-sets on various technology domains to address any technical requirement of our customers.

Transaction

By providing product, services and ideas and in return we earn money. Hence earning money becomes the outcome of the best policies and practices as stated in the above layer. We believe, ethics is the most significant layer and transaction the least significant.

ALLIED DIGITAL – VALUE CHAIN

**Knowledge Management – Allied Digital Intranet**

Being an Infrastructure Management Service provider we have created a vast repository of technical support knowledge base on varied incidents / problems attended by our engineers across the country. It consists of thousands of filterable ready-made solutions which offers unmatched depth and breadth of most accurate, current and relevant knowledge to our engineers on-site. We have deployed state of the art CRM from to enable this.

Ultimately, this allows us to reduce organizational support costs, while radically improving end-user satisfaction.

Call Centre

We at Allied offer a Single Point of Contact (SPOC) to our customers along with a repository of standard frameworks, state of the art tools and best processes. .

The Services provided under them are Call Logging, Classifications, L1 (Telephonic) support, Timely Escalations & Monitoring of these calls till closure. These call centers can handle around 450-500 incidents per day.

This call-center is not only for our customers but also acts as the interface for our Regional offices too. With this, we offer a truly countrywide delivery model focused on operational excellence.

Service Centre

Good infrastructure facilities, wide reach, technical strength and experience makes Allied Digital as the most preferred vendor by manufacturers and OEMs for their hardware support services. Our centers are our expertise is across a very broad spectrum of digital, analogue repair technicians who have gained experience in a wide variety of highly technical environment.

In line with our Direct Delivery model we have setup 12 Test and Repair centers across the country to provide speedy, reliable and cost-effective repairs to our customers. Each of the centers is equipped with a comprehensive range of test equipment and facilities to support even the repair of most complex networking products.

In an endeavor to be answerable to our customers, we have invested heavily on self-reliance. No single equipment is handed-over to any third party unless absolutely necessary for repairs which ensures i.e. Customer Support Division & Warranty customers.

Currently we have 12 Test & Repair Centers across the country that caters to the needs of our customers a wide variety of service offerings. We are also the Authorized Support Providers for all major brands such as Hewlett Packard, Unisys, IBM, Fujitsu –Siemens and so on within India and offer the warranty services on the Carry-in & Return-to-Bench models through these service centers.

Incident-based Support

We have the resources and industry expertise required to manage any business intensive processes and has created several successful case studies. Our unique Incident based support model has attracted many IT OEM vendors to outsource their support services to us.

Our Incident based support provides our customers on-site support with committed SLAs. This service is available in 27000 Pin Codes in the country with SLA ranging from 2 Hours to NBD (Next Business Day) & SBD (Second Business Day) response/resolution at site. All the major customer having country wide presence are enjoying our Incident based support model. Our Support Outsourcing Services helps customer focus on their strategic initiatives while we focus on QoS (Quality of Service), customer satisfaction & retention. We currently handles around 400 on-site incidents per day under this service.

Our proven methodologies control every detail of the outsourced service — the people, its processes and technology.

Annual Maintenance Contracts

We deliver a comprehensive on-site Annual Maintenance Services that provides our customers with a peace of mind, knowing that they are in the safe, professional hands of our network and system engineers. Irrespective of the brand, configuration, platform or technologies, our engineers surpass the customer expectations with our on-site service offerings.

For an affordable annual fee, all components of their network inclusive of all computer systems and peripherals will be protected against all breakdowns and malfunctions. With the support of technical expertise from our network and system engineers, all their computing equipment will be kept at optimal performance with committed uptime throughout the year.

Facilities Management Services

We at Allied Digital collaborate with clients to develop and implement value-based outsourcing solutions in step with business drivers. We work with clients to identify, measure, and track ongoing service delivery against key performance indicators (KPIs) that are meaningful to the business. We have over 10 years of successful outsourcing experience helping clients worldwide to transform their IT organizations into world-class and agile business driven teams.

With Allied Digital, customers can have an outsourcing partner dedicated to delivering innovative, agile, and sustainable solutions through integrated, end-to-end, best-in-class infrastructure.

We offer following services to our FMS customers:

- IT Helpdesk
- Desk side Support
- Server Administration and Management
- Network Management
- Data Center Operations Management
- Data Backup and Restore Operations
- User Account Administration
- Mail Messaging System Administration
- Security Management
- Network Audit
- Application Management
- Database Administration
- Vendor Management

Enterprise Management Services

The objective of EMS Team is to manage enterprise infrastructures from an availability, manageability and performance perspective and ensure smooth operation of the IT infrastructure. A host of services devised to meet diverse customer requirements spanning from simple reporting of basic level availability of the technology infrastructure to advanced system administration level activities.

By deploying our Enterprise Management Solutions from HP Openview, IBM Tivoli, LANDesk, BMC & Microsoft (SMS / MOM) along with the ITIL/ITSM best practices-based Service Delivery Mechanism, customers can take total control of their IT infrastructure and thereby ensuring that business-critical services are delivered at all times.

Our EMS consulting team works closely with the customers and aligns their business processes with IT to achieve optimum efficiency from deployed IT infrastructure for customer business benefits.

Project Management

Our wide-spectrum of Project Management Services have been designed to deploy multiple technologies spread across several technology domains like Storage, Networking, Messaging, Security etc.

Our Project Managers work closely with customers to ensure that projects are implemented and managed as smoothly and efficiently as possible. The Project Managers will define the scope of the project, produce a comprehensive plan with milestones, objectives and deliverables, manage all phases of the project through to its conclusion, and provide reports on the project at each stage including a final report assessing its overall success.

Consultancy Services

We have a rich experience of over a decade of consulting in planning, building, integrating and supporting IT systems. This experience has resulted in deep insight and a clear understanding of the technology and business needs of the customers. This comes on a platter to the customer in terms of vendor-neutral consultancy services.

We provides an extended arm spanning right from conceptualization to implementation and from maintenance & monitoring to implementation - helping the customer in implementing enterprise IT strategy.

CASE STUDIES**A. India's largest public sector bank improves its corporate office people's efficiency by upgrading its IT infrastructure.****The Challenge**

India's largest public sector bank has around 2000 users in their corporate office using different Banking Applications along with E-Mail and Internet. The network was deployed on 10 Mbps thick Ethernet resulting into bottlenecks in the network affecting the users' productivity. Since this was the live network, careful planning was required and phased migration was required to be carried out at site.

Our Approach

We had conducted a detailed network audit to clearly identify the bottlenecks in the existing network. After preparing the Network Audit Report, our network design team architected the reliable, expandable and flexible comprehensive network solution covering the entire facility of the corporate office. We deployed AMP CAT-5E cabling systems for horizontal system and AMP Multimode Fiber cables for vertical system. The core of the network was powered by Layer 4 Enterasys 16 slots Smart Switch Router chassis and distribution layer was provided by Enterasys Layer 2 Vertical Horizon Switches. Enterasys Roam About Wireless Access Points were deployed to extend the flexibility and mobility to the notebook & PDA users. The entire network was connected to Internet using Cisco Routers and Perimeter security with stateful inspection was provided by Cisco PIX firewalls. We have also customized HP Openview Network Node Manager to monitor and manage the entire network. 24x7x365 network support helpdesk was setup using HP Openview Service Desk for trouble ticketing and service management.

We did successful phased migration to the new network with zero downtime to the users in corporate office. After successful project completion, Bank signed long term service contract with us to support this mission critical corporate network.

Results

Bank has seen significant improvements in their network performance after the upgrading the network infrastructure. Easy fault identification and management is also achieved reducing the unplanned downtimes at the site. Bank had appreciated the solution and services provided by us & engaged us in two of their similar projects in the country.

Solution Building Blocks

- AMP Structured Cabling System
- Enterasys Smart Switch Router Chassis, Vertical Horizon Switches and Roam About Wireless
- Cisco Routers and PIX firewall
- HP Openview Network Node Manager and Service Desk

Services Offered by Allied Digital in this project

- Project Consultancy
- Network Audit
- Project Management
- Enterprise Management
- AMC
- FMS

B. One of the top 5 global consulting firms consolidates their data & applications at centralized data center to improve security, manageability and integrity of their newly acquired consulting firms.

The Challenge

After multiple strategic acquisitions in the country, this reputed consulting firm faced huge challenge in managing the applications and data spread across multiple sites in India. Security of the customer's data was also a challenge as sharing of information was through unsecured different E-Mail systems. There was also an absolute need to integrate the newly acquired firms in India to their global practices.

Our Approach

We adopted the turnkey project consultancy method to address the requirement of the firm. Our consultants were involved in the project right from the time of the construction of the data center facility. State of the art data center was built on the raised flooring secured by RFID based Access Control and Fire Detection systems. The power to the entire data center was backed by dual redundant APC Symmetra modular UPS systems. Our Systems consultants conducted detailed study of the applications and data storage requirements and performed sizing of the Server/Storage systems for hosting Applications and Data in the central data center. HP Proliant Servers and Modular Storage Array (MSA) was installed to host applications like Zurix, Citrix, SUN Accounting, Knowledge Management, MS Exchange & File/Print services on Windows 2000 Clusters. Highly scalable, secure and flexible Local Area Network was designed and deployed using Cisco 4500 chassis and Cisco 2900 stackable switches. IPSec based Virtual Private Network was setup between the central data center and 16 offices in the country using Cisco Routers and Cisco PIX firewalls. The entire data center was connected to Internet using Cisco Routers with stateful inspection Checkpoint firewall for perimeter security.

We successfully implemented the project within the committed time frames. After successful project completion, firm signed a long term service contract with us to support this mission critical corporate data center and Wide Area Network.

Results

Firm has been able to consolidate and secure their information systems in the central data center along with sharing of their global knowledge-base and messaging system with their other offices quickly and efficiently using VPN. Firm now enjoys the benefits of collaboration & team work.

Solution Building Blocks

- Cisco 4500 chassis and 2900 modular Switches
- HP Proliant Servers and MSA Storage
- Cisco Routers and PIX firewalls
- Microsoft Active Directory and Exchange Messaging
- Checkpoint NG
- APC Symmetra Modular UPS

Services offered by Allied Digital in this project

- Turnkey Project Consultancy
- Project Management
- AMC
- FMS

C. India's leading chain of five star hotels becomes the "hotspot" for business travelers by providing WiFi Internet access**The Challenge**

In hospitality industry, constant improvement in the services and addressing every need of the hotel guests is the key success factor. Hotel wanted to be in the forefront in providing innovative value added services to their business traveler guests by helping them to conduct their business easily and efficiently during their stay. Access to the Internet is essential for every business traveler which many competitor hotels were providing within their business centers and conventional telephone lines. However this hospitality group decided to provide the internet access to their business travelers in the comfort of their rooms or lobby or pool side or Coffee Shop or anywhere in the facility where guests feel comfortable. Providing secure, flexible wireless internet access throughout the 35 story hotel facilities was a big challenge.

Our Approach

Our Wireless Design experts conducted the in-depth Wireless site survey of the entire facility and identified the strategic locations for positioning Wireless Access Points for optimum coverage. Careful channel planning was also done to avoid conflicting wireless signals. Structured Cabling of backbone network which connects the Wireless Access Points was done using AMP cabling systems. Allied Telesyn L2 switches were used to form the backbone of Wireless Network. Linux based firewall and Authentication, Authorization and Accounting (AAA) system was deployed for secured wireless Internet access to the guests. The entire solution was integrated with Fidellio Property Management System for usage based billing to the guests. The entire wireless network was configured to provide WiFi Internet access to 1000 concurrent users and fine tuned to provide seamless roaming within the facility.

After successful implementation of the project, Group signed a long term support contract with us to manage the wireless network along with 24x7 support services to their guests.

Result

This chain of hotels enjoyed the first mover advantage in providing WiFi hotspot services throughout their facilities which in turn resulted in to their customer satisfaction and retention.

Solution Building Blocks

- AMP Structured Cabling Systems
- Allied Telesyn L2 Switches
- Symbol Wireless Access Points

Services offered by Allied Digital in this project

- Project Consultancy
- Project Management
- FMS
- AMC

D. India's largest telecom services provider enhances their GSM value added services portfolio**The Challenge**

In highly competitive mobile services operator market, value added services are the key differentiators for customer attraction and retention. This telecom service provider having GSM and CDMA services in the country wanted to enhance their value added services offerings to acquire significant market share. Meeting diverse needs of the customer with innovative value added services was the challenge for them.

Our Approach

We provided Unified Messaging Solution from Israel based CallUp (Former MediaGate). The Unified Messaging service provides the subscriber with Unified message box for voice, Fax and email messages which can be accessed any time any where. The entire implementation was done by our telecom engineers at site which involved building the UM system using HP and SUN Servers running iPost application, configuration of carrier class Critical Path messaging software, provisioning mail boxes for each subscriber and fine tuning the system to cater to 1.1 million subscribers. We had also configured Data network for the UM system using Foundry Networks switches and Cisco Routers for Internet link which was secured by high available load balancing 3COM firewalls.

At the end of the project, we were engaged by the telecom service provider to provide 24x7x365 round-the-clock support on long term basis.

Result

Since the deployed solution utilizes a standard messaging system components, providing telecom carriers and operators with a reliable SMS, VAS, and MMS solution, telecom company was able to reduce substantially both capital expenditures (CAPEX) and operating, administration and maintenance costs (OA&M) apart from enhancing value added services portfolio to their customers.

Solution Building Blocks

- HP Proliant and SUN fire Servers
- Netapps Storage
- Foundry Networks Switches
- 3COM Firewalls with high availability
- Cisco Routers

Services offered by Allied Digital for this project

- Project Management
- Incident Based Support
- FMS
- AMC

E. One of the largest private bank manages & secures their End User Infrastructure more effectively**The Challenge**

To manage the more than 45,000 end user systems spread across more than 1,000 locations in India, Bank wanted to deploy reliable, scalable, secure and cost effective Asset Management and End point security solution to manage & secure its end user systems. This project was also important for the bank to comply with various Security Compliances and Regulations.

Our Approach

We conducted detailed need analysis exercise for the Bank. After completing the study we proposed LANDesk Asset Management Suite and LANDesk Security Suite to address their requirement. With LANDesk suite Bank can manage its IT assets more efficiently by having information about Hardware & Software inventory, remote software deployment, remote desktop control and management, remote OS deployment, Software license monitoring and usage information. LANDesk Security suite also offered bank to perform Patch Management, remote vulnerability assessment and Anti-Spam /Anti-Virus update and management.

We conducted Proof of Concept (POC) to demonstrate the capability and functionality of the system for around 500 users in Mumbai. After successful POC, we started the project of deploying LANDesk Asset Management and Security Management Suite across 1,000+ systems across the country. We also deployed TrendMicro Antivirus Software and PointSEC Media Encryption software for improving end user system security.

Results

Bank now has the better control on end users IT assets & security. All the security patches, software and policies are pushed remotely to the end users. This project has also helped the Bank to comply with various security regulations.

Solution Building Blocks

- LANDesk Management Suite with Server Manager
- LANDesk Security Suite with Patch Manager
- TrendMicro OfficeScan Antivirus
- PointSEC Disk and Media Encryption Software

Services offered by Allied Digital for this project

- Consultancy
- Project Management
- Incident Based Support

Business benefits to Allied Digital from the above customers

With the vast comprehensive services portfolio, we are able to leverage each service to enable business for other services from the same customer. Consultancy services from Allied Digital are high value & higher skilled activity which generally helps us to enter in to customers account. Our technical consultants prepare technology blue print for the customer which consists of various solutions which we offers from our Infrastructure Solutions portfolio. Since the solution is designed by us, most of the time customer will select us to fulfill the requirements of products and integration along with project management from the same team who designed the solution. This way we get good bottom line revenues from Consultancy & Project management services along with margins from the product supply which also adds to the top line of the business.

By successfully managing this project, we gain the confidence of the customer. This helps us to successfully promote our on-site managed services like Facilities Management Services and Annual Maintenance Services. We can also complement these services by incident based support to customers having offices at multiple locations in the country where dedicated support staff is not required. These fixed fee services ensures fixed revenues to us every year. We have high profitability in our Annual Maintenance Services due to our capability to repair all types of IT equipment in our in house Test & Repair Centers.

This unique end to end service model is leveraged to achieve long term and higher returns from the same set of customers. This also ensures loyalty & long term customer retention.

Our Direct Business Model**Diagram I: Virtual Integration**

We, since our inception, has believed to be “DIRECT” to our customers which in turn results into a shrink supply chain eliminating the weakest link i.e. the Dealers, Resellers & Franchises within the complete supply chain. This “DIRECT” relationship has helped us acquiring customers since the last two decades and the same relationship has nurtured for many years in the past and many more years in the future.

Being “DIRECT” to our customers delivers the following advantages:

- As we interact with the customers directly, we understand the customer’s business objectives, business strategy, their business and IT alignment, their expectations and hence their business better. Leveraging on these advantages, we play the role of a trusted advisor to all our major customers.
- Being a “Technology Provider” and leveraging on the relationships with the biggest names in the IT, assists us in providing a vendor-independent Technology Solutions to our customers. A vendor-neutral solution is the best suited initiative for the customer.
- As depicted in the Diagram I, we offer a virtual integration between the principals & our customers. Traditionally and even in the future, the customer is always driven by a vendor for vendor-specific solutions. At such times, we provide the right alternative by offering vendor-neutral solutions most appropriate to the techno-commercial requirements of the customer. Our capability, to understand the wide spectrum of technology on multiple platforms over multiple vendors, has resulted in we being the most trusted IT Partner for customers countrywide.
- We also utilizes the principal relationships (OEM’s) to appraise them of the building blocks to be provided to the customer and then liaises with the OEM’s to push them to meet the stringent deadlines
- Incase of criticalities, we take it up directly with the respective upstream partners and through this direct communication, sensitivise them for the quickest resolution. We play the role of a catalyst ensuring that the customer’s business objectives are met with.
- This direct approach of Allied Digital results in a “Virtual Integration” of the OEM, Allied Digital & most importantly the customers, which in turn provides one single line of sight to achieve the customer’s business goals. These integration results providing the optimum benefit to the customer in terms of Quality, Return-on-Investments & Service Level Adherence.
- We provide a single point of accountability to the customer be it a Services, Networking, Software Services or a Security customer.
- Due to our Direct model, we have full control by remaining committed to customer criticality. Unlike others, where they invariably fail as a result of depending on third parties over whom they have no control. This self-reliance policy assists us in remaining predictable in terms of meeting deadlines.
- The most commonly practiced model in India is to use chain of multi-level partners to serve the customer. In such a model, the services vary with respect to geography, time and the skills-sets of the local partner. In stark contrast to this model, we dares to differentiate ourself by having employees on our own payroll which enables us to provide uniform service levels irrespective of the above mentioned factors like geography, time and the skills. Hence it comes as no surprise, that we are able to deliver committed levels of services at all locations at all times.
- Efficient escalation mechanism and an effective exception management help us to respond back to any customer criticality with great speed and efficiency.
- Using the best platform for Technology & Services and integrating them with the right practices, we provide the best combination of People, Process & Technology.
- Our “DIRECT” presence at 92 locations in 25 states across India provides us with a strategic edge over our peers, which in turn provides an optimum level of SLA adherence and high level of consistency irrespective of the geographical topography of the customers.
- This “DIRECT” approach of our Company makes us an Integral part of the customer’s IT and hence their business & our Technology outsourcing Business Unit takes away all IT worries of the customer and helps him to focus on its own core competencies.
- By using our “DIRECT” technical work-force, we also assist the customers in managing their needs for Professional Services which includes the Technology Deployment & Technology Migration at multiple locations.
- By using our “DIRECT” technical work-force, we also assist the customers in managing their needs for Professional Services which includes the Technology Deployment & Technology Migration at multiple locations.

- This customer-centric service attitude gives us the ability to take fast decision to cater to any criticality within the customer's enterprise.

Our Products and Services

| SOLUTIONS | | | | SERVICES | |
|---------------------------------|---|--|---|--|--|
| SBU 1 | SBU 2 | SBU 3 | SBU 4 | SBU 5 | SBU 6 |
| IT Solutions | Networking & Communication Solutions | Integrated Solutions | Software Solutions | IT Services | Remote Managed Services |
| Enterprise Computing | Premises Distribution System | Security & Safety Devices | Customer Relationship Management (CRM) | TRC Test & Repair / Service Centre | NOC End User Helpdesk |
| Storage Solutions | Enterprise Switching Solutions | Asset Tracking Devices | Supply Relationship Management (SRM) | T-BPO Technical BPO | Remote Desktop Management |
| Information Security | Wireless Solutions | Video Conferencing / Communication | Manufacturing Resource Management (MRM) | Incident Based Support | Remote Server Management |
| Message & Collaboration | Wide Area Networking Solutions | Intelligent Building Management Solution | People Relationship Management (PRM) | AMC Annual Maintenance Contract | Remote Network Management |
| Enterprise Management Solutions | Technology Consulting | Energy Management Solution | Finance Management (QM) | FMS Onsite Infrastructure / Facilities | SOC 24x7 Information Security Surveillance Services |
| Convergence | Need Analysis & Audit | | Quality Management (QM) | EMS Enterprise Management Services | |
| Thin Client Computing | Network Planning & Implementation | | Enterprise Development Interface (EDI) | Infrastructure Solutions / Professional Services | |
| Telecom Solutions | | | External Device Interface (XDI) | | |
| | | | Enterprise Business Intelligence (EBI) | | |
| | | | Document Management System (DMS) | | 24x7 Managed Detection Service |
| | | | Knowledge Management (KM) | | Logs Analysis Service |
| | | | | | Managed Microsoft Security Service |

Our Company's all-round portfolio of Products and Services can be broadly classified into two areas:

- Solutions and
- Services

These areas can be further analysed into the following SBUs (Strategic Business Units):

| SBUs | Areas of Business |
|------------------|--------------------------------------|
| Solutions | |
| SBU 1 | Information Technology Solutions |
| SBU 2 | Networking / Communication Solutions |
| SBU 3 | Integrated Solutions |
| SBU 4 | Software Solutions |

| Services | |
|----------|---------------------------------|
| SBU 5 | Information Technology Services |
| SBU 6 | Remote Management Services |

A. SOLUTIONS

SBU 1: INFORMATION TECHNOLOGY SOLUTIONS

We lead with expertise instead of just products. We offer solutions that leverage the power of collaboration – people, ideas and relationships. Having partnered with the major technology companies in the globe like Intel, Microsoft, IBM and HP, our company addresses the requirements of all the business verticals in India.

We help Manufacturing companies to setup their IT infrastructure providing optimum availability and supporting their ERP system or SCM solution. We are a recognized player in offering solutions for mission-critical, high-transaction processing environments to companies operating in BFSI. We also help Governments to integrate information technology to create citizen-centric services. We offer strategies and solutions to help the Retail industry succeed in today's competitive environment. High Performance Computing Clusters designed by Allied Digital meets the demand of super-computing of Research institutes. We help Media companies to store and manage their large multimedia digital assets in highly scalable storage systems.

We provide turnkey solutions in the following technology areas:

1. *Enterprise Computing – Server-based Solutions for mission-critical large transaction infrastructure*

Around the world, IT organizations are using high-end servers to meet their toughest challenges, especially for their Windows, UNIX or LINUX based environments. We offer broadest line of servers from suppliers like HP, IBM & SUN with the best availability, manageability and performance — from the solid-entry-level and single-CPU servers to super-scalable, highly-available, mission-critical, multiple-CPU, high-end servers based on processors like INTEL, SPARC, POWER or MIPS.

We help customers to minimize IT complexity with a simpler IT infrastructure built around scalable and manageable servers. With Server Management Technology, customers not only see what IT assets they have, but also how they are used and how they perform.

We have certified skills to design, install, configure & commission these high-end servers for various applications. We also have in-depth technical skills to deploy multi-node clusters for high availability and/or load balancing and high performance computing clusters using open source technologies.

2. *Storage Solutions –Providing Enterprise Storage Solutions*

We provide products, services, and solutions for information storage and its management. We have partnered with international players like EMC and Veritas to offer information storage solution for every major computing platform. We help enterprises of all sizes to manage their growing volumes of information—from creation to disposal—according to its changing value to the business through Information Lifecycle Management (ILM) strategies. Our information infrastructure solutions are helping organizations manage, use, protect, and share their information assets more efficiently and cost-effectively. We offer solutions, integrate networked storage technologies, storage area networks, high end storage systems, backup and data protection software and services.

We have certified skills to perform activities in storage domain like capacity planning, Logical Unit Number (LUN) / Storage Group designing, Storage Area Network (SAN) designing, Switch zoning, Network Attached Storage (NAS) designing and deployment and Disaster Recovery using off-site data mirroring technologies.

3. *Information Security – Data Security Solutions*

We understand today's Internet security landscape, and are prepared to address these challenges by partnering with international players in Information Security business. With a focus on the security needs of our customers, we deliver one of the industry's most intelligent solutions designed to address today's Internet security challenges. To help our customers defeat emerging threats, we currently offer new internal

and web security solutions. These new intelligent solutions minimize risks, lower total cost of ownership, and afford the highest level of protection.

We address all the domains of security like Physical and Environmental Security to Application, Database, Network and Personal Security. We have proven methodologies to assess and classify security requirements of the customer and design the information security solutions best suited to the customer environment.

Our Security Consulting Team helps our customers to assess critical elements of their infrastructure and design Security Standards and Policy to minimize the risks. We provide remediation and architecture solutions for the following:



allied digital Information Security Solutions

Allied Digital addresses all the domains of security like Physical and Environmental Security to Application/ Database/ Network Security. Allied Digital has proven methodologies to assess and classify security requirements of the customer and design the information security solution best suited to the customer environment.

Our Information Security Solutions include :

| | | |
|--|--|---|
| Technological Services <ul style="list-style-type: none"> - Anti Virus Solutions - Firewall Solutions - IDS/IPS Solutions - Honey Pots Solutions - Authentication Solutions - PKI/Encryption - High Availability - Spam Prevention - Content Control - Backup Solutions - Patch Management - Wireless Security - Integrity Checkers - VPN Solutions - Application Defense - Vulnerability Mgmt Solution - Microsoft Solutions - Open Source Solutions - Security Correlation & Mgmt. | Assurance Services <ul style="list-style-type: none"> - Policy Creation - BS7799-2 - BASEL-II - COBIT - Security Audits - Infrastructure Audits - Penetration Testing - Vulnerability Assessment - IDS Assessment - Firewall Assessment - Router Assessment - Wireless Assessment - Database Security Assessment - Workstation Security Assessment - Application Vulnerability Assessment - Digital Forensics - OS Hardening - DR/BCP | Security Application Development <p>WinHard – the worlds first true windows hardening tool</p> <p>SecureBrowser – a totally secure internet browser with loads of security testing environments</p> <p>Encryption – 10,240 Bit Real Time Symmetric Encryption algorithm</p> <p>CorePod - Anti Hack Back tool which will be every Security Consultants Swiss Army Knife</p> |
|--|--|---|

4. *Messaging and Collaboration – Messaging- related Consulting Services*

We are a provider of electronic messaging consulting and deployment services to a wide range of customers and our consulting and deployment services revolve around electronic messaging overlapping groupware, intranet, extranet and World Wide Web. We provide messaging and groupware related services for Netscape Messenger, Messaging Server, Directory Server, Lotus Notes, Lotus Domino, Microsoft Exchange, Sendmail, Qmail and Postfix.

We provide the complete family of messaging-related consulting services available, including strategic technology consultation and competitive analysis, messaging system architecture and design, development, installation, configuration, customization, testing, deployment, technical support, IT services, and e-mail migration. In a nutshell, we offer unbiased and critical assessments of messaging technologies and products within an overall systems integration context. We have assisted numerous clients in developing and realizing a vision for the next generation messaging.

We also offer collaboration solutions which provide a secure, web-based workspace for geographically distributed workers to collaborate more efficiently. We offer solutions from international players like EMC Documentum and Microsoft Share Point Portal.

These collaboration solutions provide customers with:

- Virtual workspaces – Create a collaborative environment that allows distributed participants to work as if they were at the same location.
- Effective strategizing – Generate ideas and solve problems faster and more creatively while enabling better re-use of best practices.
- Project visibility – Provide managers and stakeholders with instant access into the status of multiple projects and business processes.

- Efficient product development – Develop higher-quality products and services with faster delivery cycles.
- Stronger Supply Chain Management – Build more productive and predictable supplier relationships.

5. Enterprise Management Solutions (EMS)

We offer comprehensive portfolio of management solutions which helps customers to take control of their IT and telecommunication resources. By giving them the tools to troubleshoot problems, adapt quickly to change, and keep their data secure, these solutions ensure that business-critical data and services are delivered on time, all the time. Our solutions for business, service, resource, as well as solutions specific to an industry's needs, let customer align their company's people, processes, and technology to contribute to an agile Enterprise environment.

Allied Digital partners with international players like HP Openview, IBM Tivoli, LANDesk, and Microsoft (SMS and MOM). Our EMS consulting team works closely with the customers to understand their business requirements and align their business processes with IT to achieve optimum efficiency from deployed IT infrastructure. We provide design, deployment and support services for the following solutions:

| | |
|--|---|
| <ul style="list-style-type: none">• Asset Management• Device/Element Management• Configuration Management• Fault Management• Network Management• Load/Traffic Management• Information Lifecycle Management | <ul style="list-style-type: none">• Capacity/ Bandwidth Management• Database Management• Application Management• Server Management• Storage Management• Security Management• Governance |
|--|---|

6. Convergence - highly secured multi-services converged solutions which combine voice, video and data over a common IP infrastructure

We offer multi-services converged solutions which combine voice, video and data over a common IP infrastructure with the flexibility to choose the wide area transport (Point to Point Protocol - PPP, Frame Relay, and Asynchronous Transfer Mode - ATM). It can help optimize application performance; deliver quality of service, enhance management control and security level as well as be cost effective.

We also integrate Internet telephony & voice compression solutions which are being recognized and associated with our rich technical expertise and experience to provide solutions for circuit multiplication and integrated voice, data and fax services over managed Frame Relay or IP links. The high quality VoIP and VoFR solutions support high performance with dynamic bandwidth allocation, different compression rates and algorithms, and fax transparency on every voice channel.

We have the vision to lead the market in providing carrier-class solutions that enable the delivery of broadcast-quality television and video services over broadcast IP network. We offer highly scalable solutions that facilitate the deployment of complete commercial IP-TV & Video on Demand (VOD) services. These software products are directed at movie-on-demand providers, broadcasters, cable operators, content providers and broadband ISP operators who wish to generate additional revenues from visual area networking.

7. Thin Client Computing – design and deploy server based computing for thin client architecture

Server based computing has been widely adopted by the corporate mainstream as the most efficient, flexible and cost-effective system for application delivery and administration. It addresses the challenges of optimizing application reach, speed and security, and reducing computing costs. We offer Server Based Computing solution based on Microsoft's Terminal Services. These solutions offer Server based computing using Remote Desktop Protocol (RDP) with low cost Thin Clients.

These solutions achieve customers following goals:

- Truly scalable architecture with centralized management.
- Lower total cost of ownership using Thin Clients.
- Lower bandwidth requirements & can work on virtually any network connection including modem, wireless & web.
- Application delivery to any devices like Smart phones, PDA's and Handheld PCs

We have also designed and developed Thin Client hardware that uses RDP to enable Server based computing over IP network.

8. Telecom Solutions - Value added solutions to Telecom Service Providers

We have partnered with Israel based CallUp Net to offer Unified Messaging Solution (UMS) to telecom service providers. UMS provides the subscriber with the Unified message box i.e. a single point of access to all the three message types namely voice, fax, and email anytime anywhere from virtually any communication device like telephone, personal computer or Web browser.

Subscribers may update user profile, redirect, forward and broadcast messages (to definable groups), listen to voice messages (as .wav attachments), view faxes on screen, etc. The users define where they would like their emails delivered, thus enabling them to continue using their existing e-mail accounts and software (such as Outlook or Hotmail) seamlessly. Emails which are sent to the box can be rendered via text to speech, in multiple languages. The user can reply to emails with a voice message - the message is attached as a .wav file and delivered back to the sender. Faxes which are sent to the box can be redirected to a nearby fax. Emails can also be voice forwarded to a fax and printed in hard copy. This solution also supports Email to SMS.

The simple UMS software solution utilizes standard messaging system components providing telecom carriers and operators with a reliable SMS, Value Added Services (VAS), and MMS solution that reduce substantially both capital expenditures and operating, administration and maintenance costs.

We have successfully deployed these solutions for India's largest public sector telecom service provider - BSNL and one of India's largest private sector telecom service providers.

SBU 2: NETWORKING / COMMUNICATION SOLUTIONS

We integrate technologies, maximize network performance and deliver communication solutions in the most cost-effective way - assuring flexible, open systems capable of integrating today's new technologies with tomorrow's new technologies. Our connectivity solutions encompass the full range of client needs from strategic planning, network design and implementation, hardware and application selection and integration to remote network management and web-application hosting.

We have the knowledge and experience to design, develop and install a full application-ready distributed-computing platform and integrate it into an existing IT infrastructure. Our technology experts use the latest distributed-computing tools and techniques to create Premises Distribution System to form the physical layer of the network infrastructure, LAN/WAN solutions as well as provide a broad range of consulting and support services to create and maintain networks. Our technology consultants - who are certified by major vendors' viz. Cisco and Nortel - offer practical solutions for connectivity. They combine all components of the solution, perform traffic load and quality assurance tests, integrate application-ready solutions with the existing computing architecture, and deploy the solution throughout the client's network.

We offer turnkey solution for the customer's requirements to setup or upgrade their network and communication systems. These Networking / Communication Solutions offered are based on following technologies:

1. Premises Distribution System

Premises Distribution System is using cabling like CAT5E and CAT6 copper or optical fibers supporting multiple gigabits of throughput for current and future applications. This system may cover the entire multistoried buildings or large campus.

We have trained and certified installers for Systimax, AMP, Molex and all other Structured Cabling Systems. We install, terminate, test, and/or maintain Fiber Optic Cabling, Backbone Cabling, Category 3, Category 5 & Category 6 Cabling, Riser Cabling, and Horizontal Cabling for Voice and Data Systems. We provide site survey that includes evaluation of new or existing facilities, identification, testing and documentation of existing cable runs. We provide integrated data, voice and video system design that are TIA/EIA (structured cabling standard) compliant cabling system. Be it a CAT 5 or a CAT 6 or a state-of-the-art optical fiber installation, we know the standard and we deliver quality installation. We have invested

heavily on different type of cabling test equipment like Microtest Penta Scanner, Fluke DSP-4000 with Fiber Test Kit & single mode Splicing unit to ensure proper installation of different cabling media and LAN equipment technology based on standard specifications.

From initial planning to final commissioning, our experienced Project Managers will be with customers on every step of the project. We will provide detailed project planning of the installation and initiate milestones meetings to keep them apprised of the progress. It is worthwhile noting that, unlike many competitors in the market, we do not engage third-party engineering support in any aspect of installing structured cable systems. All the engineering works, from cable-pulling, termination, testing to commissioning of any sites, big or small, are handled under our supervision. Moreover, the advantage of deploying own staff means better control and delivery of speedier work.

2. Enterprise Switching Solutions

To support the growing demand for data hungry voice and video applications, faster processing speed of servers and workstations, and high-speed links to desktops, we can provide a wide selection of stackable switches like 10G and Gigabit Ethernet solutions for high-speed enterprise networks. The high performance solutions are able to address the challenges associated with the rapidly increasing and unpredictable nature of network traffic.

The solutions offered through this segment include:

- Enterprise Switching Solutions covers core switches offering high availability and millions of packets per second throughput
- Distributed Switching Solutions offer secured VLAN's, Quality of Service (QoS) for voice/video applications and aggregation of departmental networks
- Access Switches to provide dedicated secure connectivity to user workstations.
- We also integrate these networks with Wireless LAN to extend the coverage of Enterprise LAN to mobile users.

3. Wireless Solutions

As a full-service wireless solutions provider, we offer complete integration of wireless technology and provide onsite installation and maintenance. Large or small, simple or complex, we offer a total solutions approach to feasibility study, wireless network implementation and ongoing support. We also have expertise in implementing "**Wireless Hotspot**" in public places like Hotels, Airports, Railway Stations and Shopping Malls, etc. This would enable service providers to provide Wireless Internet connectivity to mobile users having Wi-Fi enabled Notebooks; Tablets & PDA's with flexible tariff plans & customized contents.

4. Wide Area Networking Solutions

To address the customer's need for providing connectivity to their remote offices and branches to their central office, we offer most comprehensive Wide Area Networking solutions in the industry. WAN solutions offered by us encompass networking technologies such as leased lines, E1 circuits; ISDN, IP, VPN, MPLS, Frame Relay and VSAT based solutions. We offer turnkey solutions for deploying Wide Area Networks right from designing the network topology, choosing the right telecom service provider, building the network infrastructure to drafting Service Level Agreements (SLA) on behalf of the customer. We provide WAN solutions using services of the major Telecom Service Providers like BSNL, Tata and Reliance and major networking vendors like Cisco, Nortel and Juniper Networks.

5. Technology Consulting

Our technology consultants evaluate client technology needs and systems, recommend new technologies that achieve higher levels of efficiency and competitive advantage and support the implementation of internet/ intranet/ extranet solutions and infrastructures critical to e-Business development.

6. Need Analysis & Audit

Needs Analysis & Audit provide clients with the information they need to ensure that their network requirements will be met today as well as in the future. Our technology consultants examine every aspect of an IT infrastructure - from the detail of the network to the processes and procedures used by an IT staff. Through this objective expert review, we identify ways to achieve compatibility between networks,

improve security, take advantage of new technologies, lower operating costs, increase efficiency and productivity and retain the value of an existing network.

We offer an array of outsourced services to address, control and manage network performance, availability, capacity and expansion. Through a suite of network services, we provide Remote Network Management, Application & Website Hosting, Network Audit & Infrastructure Analysis and Network Evaluation.

a. Remote Network Management

We provide comprehensive management and monitoring of critical network components on a 24x7x365 basis with full management of alerts, dispatches and escalation for incidents from inception to resolution. We also perform less extensive monitoring. For further details please refer to the Section titled “Business Overview on page 69 of this RHP.

b. Network Audit & Infrastructure Analysis

We deliver detailed assessments about capacity, performance and availability/fault tolerance of systems along with documentation and recommendations for improvement. We provide detailed assessments for each area examined along with strategic and tactical recommendations and implementation.

c. Network Evaluation

Our consultants provide the expertise to assess, select, implement and manage the right product for Network management and operations. While these have become major components in the overall control and management of mission critical LAN’s and WAN’s, the vast array of offerings requires the special knowledge which our IT consultants possess to ensure the best selection and proper implementation.

7. Network Planning & Implementation

Our consultants work closely with clients to understand their operations in great detail in order to provide policy planning & implementation, capacity planning, and valuable documentation for clients' networks. our technology consultants review clients' business plans, discuss existing problems, identify obstacles to success, evaluate personnel and skill sets, and establish both short- and long-term project objectives.

SBU 3: INTEGRATED SOLUTIONS

In line with our initiative to leverage on the Systems Integration skills, we have ventured in to the Integrated Solutions for Physical Security, Smartcards, RFID, Intelligent Building Management Solutions and Energy management Solutions. As the world is moving towards IP based networks from Non-IP conventional Control systems, with the years of experience that we have in IP networking, we would deliver the following Solution Suits leveraging on the Echelon tie up:

1. Security & Safety Devices:

- a. Access Controls** - We offers state of the art Physical Access Control systems ranging from Barcode, Magnetic, Proximity, Contact less Smart Cards and Biometric Access Control. We offer various backend applications (i.e. Attendance Management System) using this technology.
- b. Fire Detection & Suppresion System** - We provide both conventional and addressable panels for fire detection. A wide range of panels, detectors and suppression systems are available for addressing customer requirements ranging from the simplest to the most demanding critical applications. We have partnered with Notifier, an international player in Safety Systems to address Indian market.
- c. Digital CCTV/ IP Surveillance System** - Complete range of IP Surveillance system and CCTV solutions for Visual Surveillance and Management Observation System for production environments. We provide specific solutions for Service Industries, Manufacturing, POS, Bank ATM, Malls, Airports, Railway Stations and Traffic Control systems.
- d. Intrusion Detection Equipments**

2. Asset Tracking Devices:

- a. **Radio Frequency Identification Device(RFID)** - We offers customized solutions comprising of RFID Tags, Readers, Antennas and backend systems for Supply Chain Management, Asset Tracking and Job Tracking.
- b. *Electronic Article Surveillance for tracking article movements; may not be inter-operable and popularly used amongst Shopping Malls, etc.*

3. Intelligent Building Management System

We offer Integrated Intelligent Building Management Systems using Open Systems. Our solutions are ranging from Lighting Control Systems, HVAC Controls, Access Control and Security Systems. Our solutions are based on Lonworks™ Device Networking platform designed for Control Networks. We offer design, installation and integration services between Control Networks and IP networks using Echelon® Lonworks Network Service Modules and LonMaker Integration tools providing single web based console for managing the entire building resources from the single location, local or remote.

4. Energy Management Solutions

We together with Echelon technology originator of LonTalk® 'open standard' for control networks can help in reducing energy consumption through its latest solution IBMS Intelligent Building Management Systems. IBMS helps save energy in areas of buildings, homes and factories, thereby reducing 30-40% of cost.

The IBMS integrates all HVAC, lighting and other control systems using common IP back bone to control and manage multiple control networks. The system collects data on energy consumption, which is analyzed for energy optimization.

5. Video Conferencing / Communication Solutions**Key Technology Provider**

We deploy key technologies available with the following reputed International companies to provide quality solution:

- **GE Securities** - a very prominent security company in USA having bagged very large contracts for security systems. GE has acquired four security companies including Casi – Rusco in US to become a formidable player in the international market.

This partner has formed strategic alliance with us for our multi- location presence, IT skill sets and Facility Management Infrastructure.

Problems and Opportunities

- Security system users face the problem of paying very high prices to MNC for direct deployment. Integration with local products makes the solution cost effective.
- Regional companies, though cost effective, are unable to provide quality support due to poor infrastructure and restricted presence.
- Single source solution provider for Networking, IT infrastructure and Security systems not easily available in the market

We are ideally positioned to address this market segment and acquire a significant market share. Present market players are not strong in IT infrastructure creation and maintenance. For high-end Security system, there is a strong convergence of Networking and embedded technology products. We have the core competency for this segment. There are regional players, unable to support multi-location customers. These problems provide excellent opportunity to us to promote scalable and cost effective solution with quality support.

SBU 4: SOFTWARE SOLUTIONS

Our Software Solutions offers customized development and software integration with a global approach for a wide range of software solutions in the Enterprise Resource Planning and Management Systems. Our company's main strength is in the Enterprise Solutions domain with different modules and verticals to address the specific needs of clients and customers in the international market. Through focused innovation, speedy implementation and customization we provide end to end customized solutions to all our valued customers.

Broad-based expertise enables us to provide enterprise-wide software solutions from consultancy to implementation and support. Our dedicated substantial time and resources in training and upgrading the skills of our software technologies results & ensures us to be at par with the best in the world. We provide our focused proficiency in providing different software integration services and various systems related consultancy assignments.

Our focused business verticals for our Software Solutions are as follows:

- Manufacturing
- Retail
- BFSI
- Telecom

We have also developed Enterprise Resource Planning software “**Enterprise Suite v1.0**” for Small and Medium enterprises to streamline and automate their business processes. The Enterprise Suite project started in 2004 as an idea with the challenge to create the platform independent and efficient web based ERP system using best of breed Open Source Solutions for Small & Medium Businesses.

Salient Features of Enterprise Suite v1.0:

- Fast, Scalable and Cost Effective ERP solution
- Platform Independent – Can run on any platform either Windows or Unix/Linux
- Fully Customizable Source Code
- Based on Open Source Technologies
 - Linux Platform
 - Apache Web Server
 - PHP Web Scripting Language
 - MySQL Backend Database
 - Standard Browser based Front End
- ERP Solution optimized for Slower links / Bandwidth

Leveraging the strengths of Allied Digital through a range of products and services extending to a domain of Hardware, Networking, Enterprise-wide Software & Solutions across verticals, and Business Process Outsourcing Services, our Software division is able to provide end to end solution to customer's needs under a single roof.

Allied Digital Customer Offerings:

| Enterprise Management System | Enterprise Resource Planning |
|-------------------------------------|---|
| Enterprise Helpdesk | Customer Relationship Management (CRM) |
| Network Management | Supplier Relationship Management (SRM) |
| Asset and Inventory Management | Manufacturing Resource Management (MRM) |
| Server & Application Management | People Relationship Management (PRM) |
| Document Management | Finance Management (FM) |
| Database & Storage Management | |
| Knowledge Management | |

We will focus on USA, UK, Middle East, Hong Kong, Thailand and Australia to provide our Software customization and integration services.

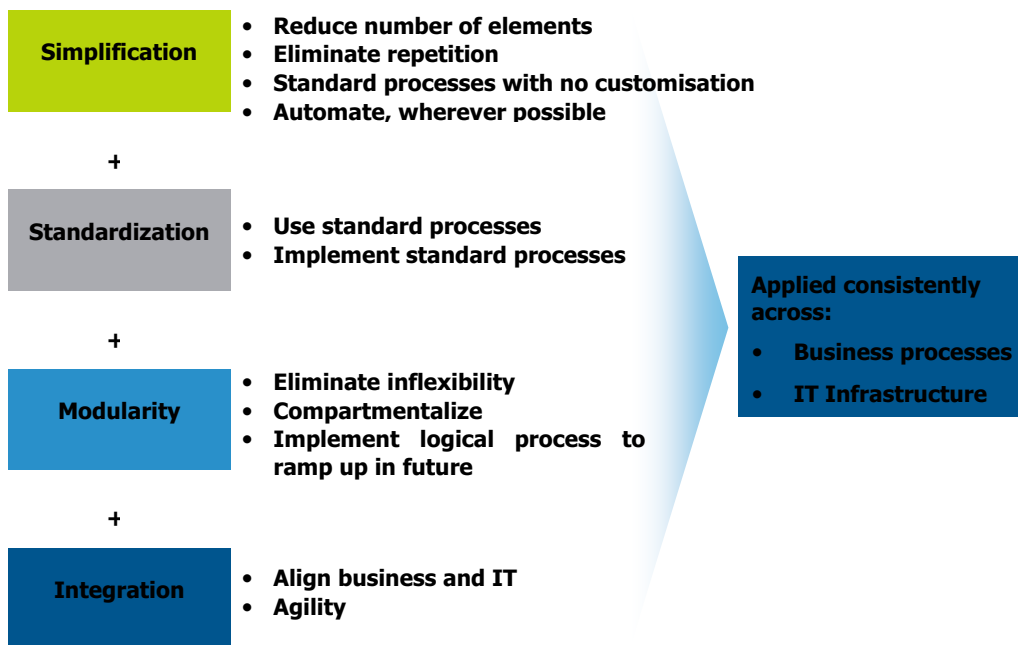
B. SERVICES

SBU 5: INFORMATION TECHNOLOGY SERVICES

The effectiveness, reliability and flexibility are the critical success factors for an efficient service delivery. As a matter of fact, many vendors are unable to deliver the sophisticated and timely IT Services and thereby fail to achieve this successful Service Delivery Mechanism.

Here the Service Provider needs to assist the customer to align business with IT and to deliver services with increased speed, agility and quality. This is very effectively done by simplifying the processes, following a common language of ITIL within the organization, modularise the process elements & integrate them efficiently.

Our services offer a comprehensive range of Infrastructure Managed Services including strategic outsourcing and other value-added services. Our services simplify the management of IT and facilitate the ongoing alignment of IT with clients overall business strategy. Using proven methodologies, our flexible approach helps to improve upon business agility, so that the customer's organization responds quickly to change and opportunity.



Delivering the right services solution, at the right time, requires a comprehensive and integrated portfolio of offerings. These offerings will be as good as the people behind it. At Allied Digital, our most valuable asset is our people. Our team of experienced, professionals is dedicated to working with the customer to find solutions their business needs. We have adapted to the ITIL Best practices framework across the organization to ensure a consistent service delivery with high standards to clients around the globe and enables scalability of operations. It also ensures people independent service delivery.

Allied Digital Information Technology Services Suite:

Under the IT Services suite we provide the following services:

1. Test & Repair / Service Centre (TRC)
2. Technical BPO (T-BPO)
3. Incident Based Support
4. Annual Maintenance Contract (AMC)
5. On site Infrastructure / Facilities Management Services (FMS)
6. Enterprise Management Services (EMS)
7. Infrastructure / Professional Services

1. Test & Repair / Service Centre (TRC)

Today, businesses rely more and more on sophisticated equipment to operate successfully and, inevitably, customer's find that ever-increasing amounts of time and resources are being spent on the repair and maintenance of that equipment. We, at Allied Digital, are fully committed to providing quality products and services to such customers.

We are an organization in India with over a decade of experience in IT hardware repair services. Good infrastructure facilities, wide reach, technical strength and experience makes us the most preferred vendor by the OEMs for their hardware support services.

Currently our 12 TRC's across the country caters to the needs of our Customer Support Division with a wide variety of service offerings. Much of our success has been due to our philosophy of self-reliance & flexible approach to the requirements of our internal customer i.e. Customer Support Division.

Our centers are equipped with a comprehensive range of test equipment and facilities to support even the repair of most complex networking products. Our expertise is across a very broad spectrum of digital, analogue repair technicians who have gained experience in a wide variety of highly technical environment.

Products supported by Allied Digital TRC's:

- Desktop Computer Systems
- Notebook Computers
- Handheld Palmtop Computers
- Monitors
- Printers
- Peripherals/Office Imaging Systems
- Network Equipments
- Point of Sale (POS) Equipments

2. Technical BPO (T-BPO)

In the fast changing global economy, customer services are the key success factor for any technology or product company. Quick and efficient customer service is mandatory for acquiring and retaining customers for a given product. Also in the competitive markets, it is necessary for the product companies to offer best prices to their customers without compromising on the service quality. Most of the companies are taking the outsourcing route to achieve the cost competitiveness and improve quality of customer services by outsourcing it to a focused customer service organizations. Outsourcing technical support to a specialized partner who has the expertise, customer orientation and the requisite technical skills and capabilities can be of great value to the product companies whose core business is product development, manufacturing and product enhancement and not customer care.

Below are the four major processes / levels of customer service for any consumer or technology product company:

- L1: Telephone/E-Mail/Web based Support
- L2: On-site Support
- L3: Spares logistics and faulty spare returns (Logistics/ RMA)
- L4: Test & Repair / Service Center

With over a decade of experience in providing all the above services to our customers and OEM partners, we have mastered the art of customer service with the most matured systems and processes (ITIL/ITSM) for high quality deliverance. Today we are the partner of choice for any technology OEM/ODM company for total outsourcing of its customer care activities.

Because of the unique "Direct" support model with presence at 92 strategic locations in 25 states in the country, we can offer the most customized service offerings to technology OEM companies. Technology Product Company or OEM can rely on us for providing L1- Telephone/E-Mail based support; SLA based On-site support, On-time delivery of spares & efficient RMA process and state-of-the-art service center network across the country.

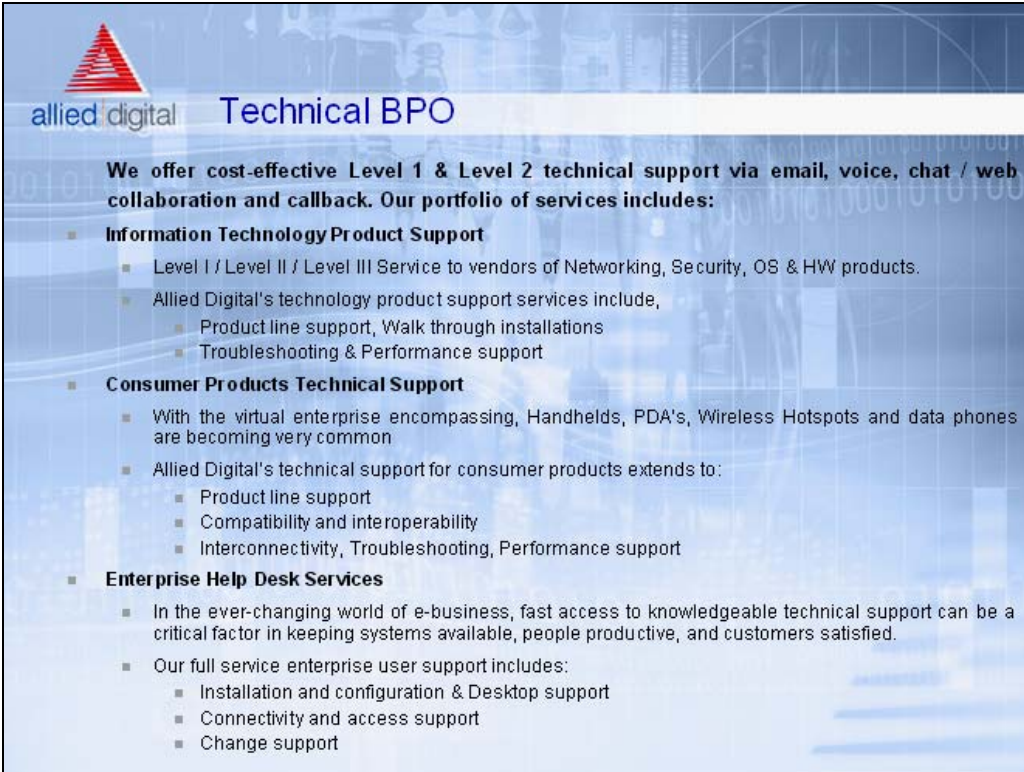
Currently we offer L2 and L4 services to major technology and product companies like Unisys, Fujitsu-Siemens and EDS to name a few. With the proposed Technical BPO covering all L1 to L4 services, we will cater to many more Technology Products, Consumer Electronics or OEM companies.

We will setup centralized L1 support center which will provide round the clock L1 support services to the end customers on behalf of the product company. Following services will be offered through L1 Support Center:

1. Product Line Support
2. Walk through Installations
3. Troubleshooting
4. Change Support
5. Applications support

We will target following business verticals to expand the Technical BPO business:

- Consumer Electronics Companies
- PC/Notebook/Server OEM Companies
- Packaged Software Companies
- Network & Communication Products Companies
- Telecom Carriers and Internet Service Providers



The image shows a presentation slide for Allied Digital's Technical BPO services. It features the Allied Digital logo (a red triangle) and the title 'Technical BPO'. The slide lists the services offered, including Level 1 & Level 2 technical support via email, voice, chat, and web. It details the portfolio of services, which includes Information Technology Product Support, Consumer Products Technical Support, and Enterprise Help Desk Services. The slide also mentions that Allied Digital's technology product support services include product line support, walk through installations, and troubleshooting & performance support. For consumer products, it lists product line support, compatibility and interoperability, and interconnectivity, troubleshooting, and performance support. For enterprise help desk services, it highlights fast access to knowledgeable technical support and full service enterprise user support, including installation and configuration, desktop support, connectivity and access support, and change support.

allied digital Technical BPO

We offer cost-effective Level 1 & Level 2 technical support via email, voice, chat / web collaboration and callback. Our portfolio of services includes:

- **Information Technology Product Support**
 - Level I / Level II / Level III Service to vendors of Networking, Security, OS & HW products.
 - Allied Digital's technology product support services include,
 - Product line support, Walk through installations
 - Troubleshooting & Performance support
- **Consumer Products Technical Support**
 - With the virtual enterprise encompassing, Handhelds, PDA's, Wireless Hotspots and data phones are becoming very common
 - Allied Digital's technical support for consumer products extends to:
 - Product line support
 - Compatibility and interoperability
 - Interconnectivity, Troubleshooting, Performance support
- **Enterprise Help Desk Services**
 - In the ever-changing world of e-business, fast access to knowledgeable technical support can be a critical factor in keeping systems available, people productive, and customers satisfied.
 - Our full service enterprise user support includes:
 - Installation and configuration & Desktop support
 - Connectivity and access support
 - Change support

3. Incident Based Support

Today every OEM needs a partner with the resources and industry expertise to manage their intensive business processes and transform them from a cost burden to a competitive business asset and thereby to survive in this cut-throat competitive environment. Our Business Process Outsourcing services allow the customers to focus on their strategic initiatives rather than re-inventing the Service Delivery Mechanism; while we focus on QoS customer satisfaction & retention.

BPO enhances productivity by creating streamlined and efficient processes irrespective of the business lines they are in and then creating a common pool of resources & infrastructure to get higher revenues.

We blend our proven outsourcing practices with countrywide industry expertise as one of the leading solutions provider. We manage complex, large-scale projects in high-transaction environments.

It's a powerful combination and a key differentiator. We can perform specific business functions more efficiently than our clients could in-house, because we don't just offload the transactions from their plate — we improve them. And as their strategic partner in business process outsourcing, we have the credentials to envision and then build new technology-enabled processes that translate business strategies into real-world successes.

Our proven methodologies control every detail of the outsourced program — the people, its processes and technology. From the beginning, we work to smoothly transition employees, who discover exciting career opportunities at our state-of-the-art facilities.

UNISYS OPERATIONS

We became an Authorized Service Provider for Unisys in 2004. This relationship has continued to grow throughout the years. We provide services to Unisys, all across India, from deployment services to complex combinations of point services to Unisys's clients.

To streamline service, we and Unisys have linked our IT systems and services processes. This tight integration provides a single point of accountability for service.

We and Unisys offer a comprehensive, integrated suite of infrastructure services delivered worldwide. Our expertise covers the full range of technologies, enabling us to provide everything from standard next-day service for desktop systems to high-end support solutions for complex enterprise environments. We use our proven tools and repeatable methodologies to maintain a global service delivery network to deal with the most exacting standards.

Unisys full range of solutions gives clients the flexibility to meet clients' specific business needs and include:

- **Managed deployment services** – combining people, process, technology and project management for the deployment of desktops, servers and networks
- **Infrastructure maintenance services** – providing access to global field support infrastructure delivering vendor neutral, single point accountability for both hardware maintenance and software support
- **Software support services** – comprehensive support for software products and the hardware platforms they run on
- **Infrastructure managed services** – leveraging Unisys infrastructure from the managed service centers, to desk-side events to break and fix, and asset management

Other Technical Business Process Outsourcing Customers:

- FUJITSU – SIEMENS
- EDS
- ATI (Allied Telesyn)
- GLADE – HYUNDAI

4. Annual Maintenance Contract (AMC)

We provide a comprehensive Annual Maintenance Program that provides our customers with a peace of mind, knowing that they are in the safe, professional hands of our network and system engineers.

For an affordable annual fee, all components of their network inclusive of all computer systems and peripherals will be protected against all breakdowns and malfunctions. With the support of technical expertise from our network and system engineers, all their computing equipment will be kept at optimal performance throughout the year.

Our offerings to clients under this head include:

a. Preventive Maintenance

Preventive Maintenance is carried out, once every three or six months, to ensure functionality of all their computing equipment. This preventive service forms the foundation of our service, to prevent malfunctions and to rectify all faults in the shortest possible time.

b. Unlimited Tele-Support

As an added incentive, we are providing unlimited telephone support for all our Annual Maintenance Program customers. They can access the knowledge and technical expertise of all our engineers throughout the year.

c. Unlimited Service Calls

Our clients enjoy the benefits of unlimited service calls throughout the contract period.

d. Fast, Efficient and Effective Response

Our engineers are prompt in responding to the customers' calls and try to complete the same within the SLA committed. This is our guarantee to all our Annual Maintenance Program customers.

e. Loan Equipment

Unlike others, we understand the need for full functionality of all their computing equipment. As such, we will provide them loan equipments whenever rectification of malfunctions cannot be carried out on-site. With a comprehensive range of loan equipments, they will never need to suffer the agony of being crippled by malfunctioning computing equipments.

f. Free Parts Replacement

All malfunction parts will be replaced without any charge and these include monitors, hard disks, processors, ram, display adapters, network adapters, cd-rom drives, sound cards, floppy drives, power supplies, keyboards and mouse.

g. Long Standing Tradition

We provide efficient, dependable quality service for all our customers thereby achieving and maintaining long standing contract customers.

h. Dedicated Engineering Staff

All our staff are dedicated in providing our customers with value-added customer service and guaranteed personalized attention. Coupled with low staff turnover at all levels, customers can be assured that their computing equipments are in good hands.

Here, at Allied Digital, an ISO 9001:2000 certified organization, we believe in providing our customers with a complete solution. With this in mind, our network services department is constantly strengthening the strong rapport we have with our customers, some of whom are running mission critical networks and applications, and provide an excellent level of network maintenance support.

In a Local Area or Wide Area Network, the services that we provide supplement those of their in-house Administrator in terms of network, hardware, software and technological upgrades and updates. Our AMC division strives to assist the organization in its constant quest for increased productive and improved performance through regular and ad-hoc meetings and discussions.

5. On site Infrastructure / Facilities Management Services (FMS)

Our Onsite Infrastructure / Facilities Management Services are a set of process driven services specifically (ITIL based) designed to meet our client's complete IT outsourcing needs.

We have extensive experience in handling a wide spectrum of technology domains including desktops, servers, applications, network & security devices, etc; making us well armed to meet all challenges of the enterprise. Our unique proposition is to develop a flexible, customized solution irrespective of the business line of the customer.

Our FMS includes the management of:

- Desktops, Laptops & Workstations
- Server Infrastructure
- Assets
- Helpdesk
- Datacenter Infrastructure
- Security solutions
- Storage Infrastructure
- Application Infrastructure
- Messaging Infrastructure
- Database etc.

Our offerings for Onsite Infrastructure Management include:

| Deliverables | Scope of Work |
|------------------------------------|---|
| Desktop Management Services | <ul style="list-style-type: none"> • L2 support • Covers all standard office automation tools, antivirus management & user management |
| Helpdesk Services | <ul style="list-style-type: none"> • SPOC for call logging, prioritization, allocation, monitoring, escalation, call closure, report generation |
| Mail Management Services | <ul style="list-style-type: none"> • Administration of messaging Infrastructure |
| Datacenter Management | <ul style="list-style-type: none"> • Specialist support on Applications, Storage, Security and the Messaging infrastructure |
| Configuration Management | <ul style="list-style-type: none"> • Management of all IT assets including documentation, software licenses, and monitor changes within the organization |
| Vendor Management Services | <ul style="list-style-type: none"> • Monitoring the performance of all Third Party vendors & their service level adherence |
| Network Management Services | <ul style="list-style-type: none"> • Link Monitoring • Troubleshooting • Performance Monitoring and analysis • Report generation & continuous improvement |
| Database Administration Services | <ul style="list-style-type: none"> • Performance tuning • Administration • Trouble shooting |
| Web Server Administration Services | <ul style="list-style-type: none"> • Installing and configuring web servers and loading of updates and patches |

6. Enterprise Management Services (EMS)

We follow a proven methodology and best practices leveraged from over a decade of experience delivering IT Management Solutions.

Our full spectrum of Enterprise Management approach is built upon the three elements that must be in harmony - people, process and technology - to align and optimize service delivery with the needs of the business managing the complete services lifecycle and the end-to-end infrastructure upon which these services depend.

The benefits of Enterprise Management solutions cover three main areas:

- Operational Effectiveness and Efficiency – Cost reduction as we shall be covering a wider spectrum of infrastructure
- Business Value - Increased attention for doing the core business of the enterprise
- Agile Enterprise – Responsiveness to Changes

We have enormous experience in Enterprise Management and can provide reliable advice and guidance on where to concentrate effort to achieve maximum benefit. We scope, design and deploy state-of-the-art Enterprise Management solutions using ITIL best practices, within our processes. We work closely with the customers and align their business processes to IT for maximum benefit for the customer.

There needs to be a focus on the following elements within -

- Effective problem resolution methodology: ITIL
- Effective Operational Management: to avoid recurrence of the problems and timely warning on a pro-active basis.
- Change Management: managing & monitoring the Change process to finally deliver benefit to the business

We cover all standard Network equipments, Operating Systems, Applications, Databases and Messaging Infrastructures. We deploy world class Enterprise Management tools from HP OpenView, IBM Tivoli, BMC, LANDesk, CA and Advantnet.

Our Enterprise Management deliverables include:

Level 1: Fault Management

Incase an event occurs within the infrastructure, it should be validated as per the policies set, and the relevant escalation as per the policies and the follow up till the resolution of the event. These events can be accessed on-line and reviewed by the customer

Level 2: Fault and Performance Management

These services monitor the system status on critical infrastructure like servers, application, databases, messaging, etc.

Level 3: Full Management

Level 3 managed services provide Full Management of all enterprise application & infrastructure and making the same highly available to the enterprise,

7. Infrastructure / Professional Services

In today's fast changing technology world, IT departments are continually challenged to evaluate and implement new technologies. While standards-based technologies provide great value, today's more complex IT infrastructures require a new level of knowledge and expertise to deploy these technologies.

We provide planning; design & deployment services of all the Infrastructure Solutions discussed above to help the customer to achieve simplified operations, improved ROI, Increased utilization and optimize performance of their IT infrastructure.

We provide following Professional Services which helps customers to adopt or deploy above mentioned Infrastructure Solutions:

1. Intel/RISC Server Installation, Configuration and Commissioning
2. Microsoft Cluster Implementation & Support
3. HP/SUN/AIX Cluster Implementation & Support
4. HPCC Implementation
5. SAN Implementation using products from EMC, HP, IBM, SUN, BlueArc & Hitachi Storage and Brocade/McData Switches
6. Backup Software implementation using products from Veritas, Legato, CommVault & Backbone
7. Enterprise Tape library implementation from StorageTek, HP & IBM
8. Linux Implementation (Mail Server, Proxy Server, Web Server & Firewall)
9. Linux Cluster Implementation (Red Hat ES/AS 3.0/4.0)
10. Checkpoint Firewall Implementation
11. Anti-Virus Installation
12. Security Audit Services (BS-7799 Certification)
13. MS Exchange implementation & migration services
14. Microsoft Active Directory planning & implementation services
15. Microsoft OS platform migration services
16. Lotus Domino implementation & migration services
17. Oracle 9i & 10g RAC implementation Services
18. MS SQL implementation
19. LANDesk Management Suite & Security Suite implementation
20. Altiris implementation
21. Microsoft SMS implementation
22. Microsoft Operations Manager implementation
23. Citrix implementation
24. Thin Client implementation
25. IT equipments relocation and redeployment services

Besides, the above Professional Service offerings we deliver, we provide consultancy design and deployment of ITIL/ITSM framework at customer sites to improve the efficiency of service delivery.

NEW INITIATIVES:

We will foray into newer business segments which will enhance our growth and will provide opportunities to broaden our base of service offerings. These business segments include the following:

SBU 6: REMOTE MANAGEMENT SERVICES (RMS)**Overview**

With over extensive experience, we are at the leading edge of offering Remote Managed Services for clients across the globe. Our specialization in delivering a range of significant value added propositions in key business and technology sectors will offer our global customers to monitor and manage enterprise systems by taking proactive and reactive steps to keep the infrastructure and information systems available round the clock. Our Remote Management Services are designed to provide comprehensive coverage for technology infrastructure while maintaining a straightforward 'menu' of service level choices. We will offer our customers a flexibility to evaluate each service and derive measurable benefits for their organization.

We are planning to target geographies like North America, United Kingdom, Australia, Middle East and Asia for offering Remote Management Services. Our target business vertices in these countries are BFSI, Retail, Telecom and IT enabled Services.

Following are our Service Offerings through RMS SBU.

1. Network Operation Center (NOC)

Our NOC will be an innovative Managed Services Platform which will be a key driver for our growth in the managed services market. With our Remote Management Services, it will be possible for customers to expect high value services at fixed monthly affordable costs. We will use combination of industry standard remote monitoring & management products along with management tools from HP and LANDesk to manage customer's IT infrastructure remotely & efficiently.

Being an Enterprise Solution Provider for LANDesk, we will bring the best of the breed remote support products to power the NOC. These products will enable IT Asset Management, Remote Control for problem resolution, Patch Management, OS imaging & migration and Software license monitoring to be done from the NOC using the MSP model. Our customers will get the benefit of these services without investing their time, effort & money to buy, install, configure & run these products.

This service works 24x7x365 and is staffed with experts having years of experience on desktops, servers, operating systems, messaging, security, databases, directory servers and backup systems. The NOC service is charged on a monthly pay-as-you-go basis per desktop or server. NOC covers monitoring and management of a wide variety of devices, platforms and applications.

Benefits of 24x7 IASS

Following are the benefits of our 24x7 IASS:

- Delivers reliable, high value infrastructure services more cost-effectively than ownership
- Integrated with intelligence, engineering, customer service
- Eliminates technology/equipment obsolescence
- Reduces customer network complexity
- Leverages global operations presence
- Enables budgeting for monthly recurring costs
- Streamlines costs
- Enhances Network Performance
- Resolves skills shortage and reduces risk
- Reduces unplanned network outages
- Manage distributed computing environment, regardless of complexity and geography

Service Offerings through proposed NOC:

- **Enterprise IT Helpdesk**

We will provide toll free IT helpdesk to our customers from our NOC. NOC helpdesk technicians will provide L1 Voice support on the OS, commonly used applications, connectivity problems, and e-mail/browsing related issues. In case a problem requires physical intervention, our Helpdesk Technician will take Remote Control of the customer screen in a secured manner and fix the problem. In case the problem requires on-site resolution, our help desk will escalate this problem to our respective service center to fix the problem.

We will use ITIL/ITSM compliant Service Desk management tool. This will provide features like Customer Self Service Portal, Knowledge Management and Remote Support by integrating with HP Openview.

- **Remote Desktop Management**

It is a complete plan of preventive maintenance for desktops keeping them secure and operating at peak performance. This service consists of the following tasks that are regularly carried out on each PC:

- Testing and Deployment of critical OS and software patches.
- Deployment of latest OS service packs.
- Spyware and Virus removal
- Regular updates and verification of anti-virus updates.

We will use LANdesk Management Suite to enable this service.

- **Remote Server Management**

This is proactive as well as reactive server monitoring and management service. NOC will monitor not only the base OS but mail servers, database servers, backups and escalate the problem to the customer with an appropriate resolution. Additionally, NOC will analyze the OS and application patches needed by a particular server and create a white list of patches that can be deployed which is then used by customers to deploy patches onto servers.

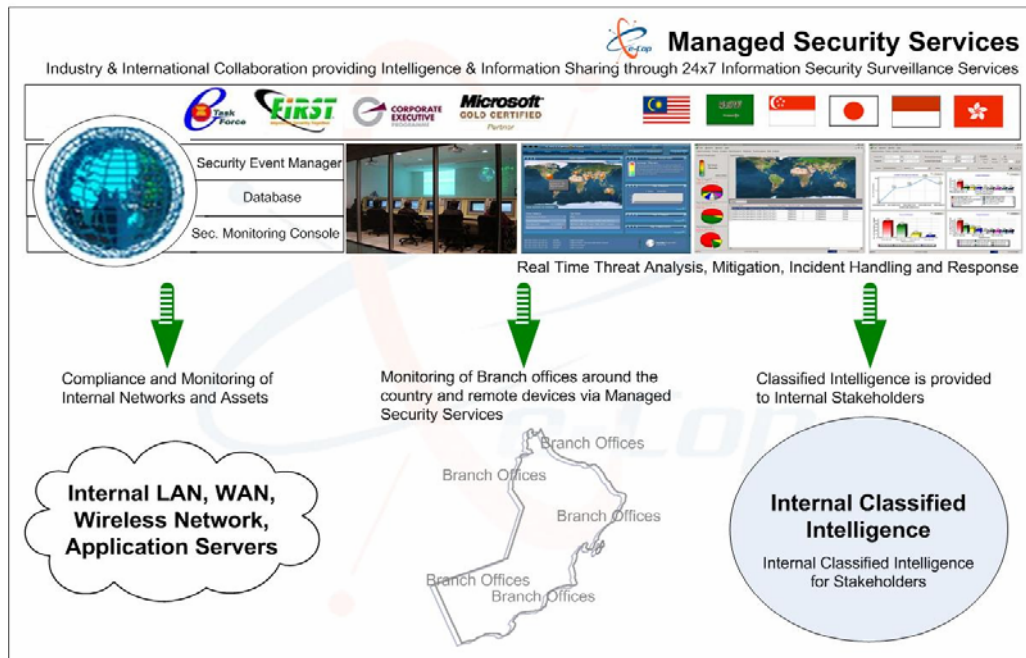
Additionally under this service we not only monitor and escalate on a 24x7 basis, but also troubleshoot problems and perform proactive maintenance on the server. Hence, activities such as restarting failed services, reconfiguring failed backups, de-fragmenting a message store or restoring a corrupt database are performed in this service. Under this service, patches and service packs required on the server are deployed.

- **Remote Network Management**

This is network monitoring & management services using NOC. In this service, NOC will monitor all network devices like Routers & Switches along with WAN links. Services like device management, configuration management, fault management & load management. This service will help customers to have maximum uptime of their critical networks along with efficient utilization of expensive network resources.

2. **Security Operation Centre (SOC): 24x7 ISSS (24x7 Information Security Surveillance Services)**

We are tied up with Singapore based e-Cop (S) Pte. Ltd. to setup and operate India's first Security Operations Center powered by CIESEH (Common Inference Engine for Security Event Handling) technology. e-Cop currently operates Security Operations Center at Singapore, Malaysia, Hong Kong and Japan. We will join the network of e-Cop's Global Command Center by setting up Security Operations Center in Navi Mumbai, India.



Our SOC will provide Proactive Protection and Risk Management for Enterprise Security, round-the-clock to the customers. We are planning to be one of the first in the country to provide Managed Security Services (MSS) such as highly specialized 24x7 Information Security Surveillance Service, which is powered by advanced event correlation engine and incident handling technology. From our 24x7x365 SOC facilities, security technology will allow organizations to fully leverage our specialized expertise in managing one of the most difficult and complex tasks in info-security today i.e. round-the-clock security risk management, seamless network security monitoring, and real-time response to security threats and violations.

Service Offerings through Proposed SOC

Our SOC will provide remote monitoring of security solutions deployed at customer's site. These include Firewalls, IDS, Gateway routers & VPN appliances. This service will include remote log analysis of security devices, monitoring critical alerts and external vulnerability scanning of customer's network.

- **24x7 Information Security Surveillance Services**

Mission is to secure customer's network with real-time surveillance and round-the-clock managed security monitoring. A highly sophisticated and robust managed security monitoring service, 24x7 Information Security Surveillance Services integrates an expert system of monitoring disparate security resources with real-time correlation of information, comprehensive reporting, scalability, incident-handling and response to prevent unauthorized access or intrusion into customer's network environment.

- **Logs Analysis Service**

This service helps to proactively know the risks by checking the security logs regularly. Our Log Analysis Service (LAS) provides a thorough analysis and account of security logs and audit trails captured by different security devices. With LAS, decisions on how to respond and resolve a security breach become clearer and more defined for taking corrective measures.

- **Managed Microsoft Security Service**

As computer systems, software applications and the Internet have grown in size and complexity over the years, the demands placed upon those responsible for ensuring the continued operation and security of these technologies becomes even more sophisticated. This is especially true for Microsoft operating systems and software, which can be commonly found in any organizations. Most organizations have also put in place enterprise wide security defense system. These security implementations are the proper norms, however, the fundamental utility of a defense system remains unchanged - which is the ability to respond to security incidents quickly, and prevent a threat. Our Managed Microsoft Security Services have successfully addressed this area of growing needs for many organizations and security professionals.

Our Approach and Methodology for 24x7 ISSS

Our Security Operations Center engagement model uses phased approach for our customers. Following are the key steps involved in our engagement model:

- **Phase 1: Assess**
 - Identify customer's online information assets to evaluate their importance
- **Phase 2: Measure**
 - Measure customer's current security posture
- **Phase 3: Deploy**
 - Implement Managed Security Monitoring
- **Phase 4: Monitor**
 - Commence 24x7 Real Time Security Surveillance
- **Phase 5: Countermeasure**
 - Secure customer's network with real time countermeasures
- **Phase 6: Compliance**
 - Perform continuous checks and controls

Benefits of Remote Management Services to Customers:

As companies decentralize their operations and extend their reach worldwide via the Web, the challenge of maintaining and managing IT Infrastructure is becoming ever more critical and complex. The drive for increased business efficiency and the growth of virus attacks and other security threats have also focused attention on protecting desktops and keeping users as productive as possible. IT managers can choose from a number of point product solutions to handle discrete systems management functions, such as network management, patch management, software distribution and asset management. Increasingly, though, they are opting for an integrated management services that performs all the required management functions without the hassle of buying and integrating additional point solutions when new needs arise. An integrated management service also provides the benefits of centralized control and the simplicity and convenience of one console, architecture, and database.

Allied Digital's Advantage:

We will be aggressively positioned in the Remote Management Services market because of the following driving factors:

- Highly Skilled and Experienced Technical team for Remote Support
- Wide breadth of support offerings ranging from Client Management to Enterprise Management
- Use of best of breed tools and best practices on ITIL/ITSM framework
- Backed by extensive on-site support coverage in India

Conclusion:

In today's cost-conscious corporate environment, IT systems management is becoming increasingly critical, especially as enterprises decentralize their operations and globalize their reach via the Web. To quantify the business benefits of IT systems management, our NOC/SOC services will be able to address specific administrative processes, and the associated time and staffing requirements of customers. Our NOC/SOC will generate significant cost savings from improved user productivity, reduced downtime and higher IT staff productivity and efficiency.

e-Cop Agreement

We have acquired commercial right to use e-Cop's proprietary CYCLOPS Enterprise Security manager ("CESM") technology in May, 2006. e-Cop grants us a license to a CYCLOPS ESM product for use solely in conjunction with the operation of our commercial SOC and Servicing of customers in India.

In addition, e-Cop has appointed Allied CNT as a distributor and granted the non exclusive right to distribute and resell its CYCLOPS products /Solutions and Services in India.

We may directly resell the CESM product from e-Cop to end users strictly for the purposes of implementing CESM to operate the end user's own private SOC or for their internal environment to address their internal security requirement.

e-Cop shall provide CESM support services to Allied which cover:

- Initial one time testing, installation, deployment and tuning of CESM in Allied's SOC.
- CESM user training for Allied SOC personnel at e-Cop's facilities.
- Access to regular and on going CESM user training program.
- Access to CESM tech support
- CESM technology updates
- Access to e-Cop CESM technology papers and user materials

Conclusion:

In today's cost-conscious corporate environment, IT systems management is becoming increasingly critical, especially as enterprises decentralize their operations and globalize their reach via the Web. To quantify the business benefits of IT systems management, our NOC/SOC services will be able to address specific administrative processes, and the associated time and staffing requirements of customers. Our NOC/SOC will generate significant cost savings from improved user productivity, reduced downtime and higher IT staff productivity and efficiency.

OTHER NEW LAUNCH

– Internet-based mail filtering Service



for today's corporate & SMB sector. However the growth of junk email, computer viruses and email abuse has become a threat to the continuity of business email.

“Allied puremail” is a comprehensive, flexible and reliable email security subscription service. The product is designed to be one of the fastest, easiest and most effective ways to stop spam, viruses and email threats. The service is operating at the Internet level; it blocks spam, viruses and other email borne threats before they reach an organization's system. The service is functioning outside the customer's network and does not require any software or hardware installations.

“Allied puremail” provides an email security processing capability that will meet all customer needs and combat today's email threats while offering the flexibility and scalability to address tomorrow's challenge.

Advantages

- Reduces the amount of spam by more than 98% - increasing individual productivity.
- Reduces the need for Disk capacity on the clients email server – reducing requirement for valuable server and client disk capacity.
- Offers regular and predictable costs and does not require any maintenance or updates.
- Offers free support and customer service.
- Provides easy reports and increased security where you need it the most.
- Spam Analysis Engine with “Intelligent brain”.
- Lower total cost of ownership

The filtration service consists of a server farm that scans for viruses and filtrates spam from all incoming emails. The organizations that use “Allied puremail” services do not have to think about updating and maintenance of these systems.

How does Spam impact business?

Businesses are constantly looking for ways to prevent fraud, waste and abuse, and increase productivity and stopping Spam is one way to achieve this. Time spent receiving, reading and deleting spam is wasted time. It also consumes network, hardware, and software resources. Reading and deleting spam is quickly becoming one of the largest areas that business owners are concerned about. Employees waste countless hours a month reading and deleting spam.

This Service will benefit any company, big or small. “Allied puremail” Anti-Spam engine has an “intelligent brain” as you tell it what one wish to discontinue receiving. This solution works without any hardware and software at client's premise.

Ease of Deployment

Installing spam filtering on each user's workstation is a time consuming task. It will require a trip to each user's desk, an interruption for the user, and may require training the user to use it. New workstations will need the software installed as well. It requires keeping the current software and configuring it to download definition updates that arrive periodically. Deploying “Allied puremail” requires little more than changing ones' domain's MX records and configuring its domain on their system. Thus, it eases the deployment un-interrupting the users' activities.

Saving on Bandwidth Cost

Most of email on the Internet today is either Spam mail or virus-generated. “Allied puremail” helps your organization to bring down the Internet Bandwidth costs.

Other Features:

- Subscription service - no extra hardware or software
- On the fly lightning speed Virus & SPAM scanning.
- Multi-layered Anti-Spam capabilities, stops 93-98% of Spam.

- Spam Analysis Engine - “Intelligent brain” updates.
- Personal Spam report Sender – User level Quarantine access
- Personal White-lists and Blacklists – Allow/Block emails from specific ID's/domains
- Real-time Blackhole Lists captures data from global spam servers to block spam
- Content filtering
- Personal Spam report Sender – User level Quarantine access
- Personal White-list & Blacklist.
- Personal Dictionary Preferences.
- Domain & User level Quarantine Access.
- Spam Digest notifications to end-users.
- Detailed Reporting & Administration Interface.

MARKETING STRATEGY

Target Segments

We, apart from the other verticals, are focusing on the following verticals:

- BFSI
- Retails, Manufacturing & Distribution
- Telecom / ISP/ ITES
- Government / PSU's

We strongly believe that true growth is a very clear balance between the successful retention of existing customers and at the same time effective acquisition of new customers. Each one of them is a multi-stage process, with each stage mandating different levels of interaction between its individual team and the end customer.

The organization has devised a two-pronged focus: **Customer Retention & Customer Acquisition**. Both the strategies have a common approach i.e. to have a single point of contact for the customer. In other words, he acts as the brand ambassador for us and functionally operates as a Consultant wherein he understands the complete requirement of the customer and then leverages on the core technical strengths (Practices Team), we have invested in. During the life cycle of the customer, the Consultant shall be the single face to the customer.

We have set up a Practices Team comprising of various groups; each group focusing on different Technology Domains like Server Computing, Messaging, Storage, LAN/WAN, Security etc. The vast depository of domain knowledge will be leveraged upon by these Consultants.

Customer Retention:

Strategic account management starts with focusing on select key customers based on their long-term sustainability, IT maturity and IT spending. Then, our Company builds value around the customer's processes with our products and services. Further, growth aspirations are set and support plans developed to help customers achieve the same. The account managers estimate the revenue potential, monitor that accounts' strategy and ensure continuous target revisions. The end-result is successful customer retention which builds up the revenue bases oozing from that customer.

Customer Acquisition:

We have invested in developing a strong client-centric sales approach. Its sales team is comprised of focused sales personnel responsible for accounts in specific Solutions and service offerings, vertical industry Account Managers responsible for accounts in specialized segments, account managers responsible for mature account management and sales specialists that support focused pre-sales and sales efforts in specific industry and service offerings.

OUR STRATEGY

We seek to enhance its position as a provider of integrated IT services. It intends to accomplish this through:

Managing and growing business from existing accounts: Our Consultants will continue to strengthen our hold on our existing customer base through effective Account Management and provide Technology Consultancy and thus offering a one-point solution to our customer for all their IT needs. Thus we will address every requirement of the customer and hence the customer is ours for a long long time.....

Address new geographies: We will expand its sales focus into newer geographies to leverage on its significantly large support presence.

Penetrating and Growing Strategic Account: We intend to continue adding new strategic customers from various business verticals by effectively leveraging on its sales and marketing team. This could be done in various ways:

- **Our Sales / Marketing Team**
Direct Revenue Generation by our own Sales team with the end-customers
- **Strategic Deals**
Working very closely with OEM's to offer solutions to their Global / Major customers
- **Strategic Alliances**
Striking the right alliances with Technology Partners to offer Technology Solutions, Managed Services & Professional Services to large customers

Enhancing Industry Expertise: We intends to continue enhancing its domain knowledge of select industry segments by adding Consultants to offer relevant solutions to proactively address the needs of the customer by offering IT services that best suit their specific requirements.

Strengthening and Effectively Leveraging its Sales and Marketing Teams: We intends to do so through dedicated account managers responsible for generating higher revenues from such customers.

Enhancing its Service Offerings: We aim to enhance our services offerings to our existing customer and provide the same to the prospective customer too. Our Company enhanced our capabilities in enterprise systems management and software development services.

Global Marketing and initiatives: While extending all the facilities and privileges admissible under the STP Scheme for our company's Unit located at Unit No. 4, Bldg No.3, Sector -3, Millennium Business Park, Mahape, Software Technology Parks of India. Our Company shall be exporting ERP customized software specialized on SMB segments globally.

It is proposed to start global marketing plan for its NOC, SOC and managed services portfolio.

Enhance inorganic growth through cross-selling & up-selling: Leveraging on the extremely strong Marketing co-ordination country-wide, we have ensured that no customer requirement is left un-addressed. We have ensured that there is a tight control between Sales teams internally and a healthy culture of sharing customer references has been in practices since a very long time. As a result, we ensure that the net outflow from an existing customer keeps increasing.

Acquire new markets, products, and services via strategic acquisitions: In order to acquire a new market share within India & abroad, Allied shall acquire organization that are active in the new geographies within India & abroad. We shall acquire organizations that are active in their geographies not addressed by us and also organizations specializing in complimentary or supplementary technology domains. Such strategic buy-outs shall assist us penetrating in virgin areas, both in terms of technology as well as geography, in ensuring that no IT needs of our customer is left un-addressed.

Moving beyond... : We intend to repeat the success tasted in India across many other countries by having our own direct presence and serving the multi-national enterprise customers through our Global Service Delivery Centre (GSDC). We have ambitious plans to either take-over local companies or strike an alliance with these companies to strengthen our presence within that local domain.

We firmly believe that the cost-effective service capabilities demonstrated by Allied Digital in India will help us carve a niche for our organization in those countries.

In addition to the core technical strengths, the brand value created by us will create a market pull and shall be the most preferred choice for large enterprises having multiple technologies across multiple platforms deployed across multiple locations.

STRATEGIC ALLIANCES / BUSINESS PARTNERS

We have forged technology and strategic alliances with a number of companies, to effectively manage technological changes and stay ahead of competition. We use our strategic alliances / business tie-ups to jointly provide IT Solutions and Services. Given below is the gist of some important alliances / business tie-ups:

| Sr. No. | Alliance / Partners | Our Company's business relationship |
|--|---------------------------|--|
| IT Solutions - Enterprise Computing | | |
| 1 | HP | Corporate Reseller for providing all range of HP products and services to SOHO, SMB and Enterprise customers |
| 2 | IBM | Premier Business Partner for providing solutions based on IBM products |
| 3 | INTEL | Premier Provider, OEM Server Builder and Solutions Partner |
| 4 | MICROSOFT | Builder Programme Member and OEM System Builder |
| 5 | NOVELL | Gold Partner for Novell in India. |
| 6 | LENOVO | Business Partner |
| 7 | ERICOM | Solution partner for designing and deploying their solutions for customers |
| IT Solutions - Storage Solutions | | |
| 1 | EMC | Velocity Partner to provide Storage and ILM Solutions, Software and Services to enterprise customers in the country. |
| 2 | VERITAS / SYMANTEC | Premier Partner for Veritas / Symantec in India. |
| Networking Solutions | | |
| 1 | CISCO SYSTEMS | Premier Certified Partner with technology specialization on security and wireless solutions. |
| 2 | NORTEL | Networks and Power Partner to provide voice, video and data solutions to the customers. |
| 3. | ENTERASYS | Business Partner for full range of Enterasys products. |
| Integrated Solutions | | |
| 1 | GE SECURITIES | For the business as Integrated Solution Provider which was initiated during the financial year 2006 |
| 2 | ECHELON | Access to Echelon's Channel Support Program to provide Intelligent Building Management System (IBMS) and Energy Management Solutions to the customers. |
| IT Solution / Service - Enterprise Management | | |
| 1 | LANDESK | Enterprise Solution Provider for LANDesk in India. |
| Infrastructure Solutions | | |
| 1 | NIIT | Systems Integration Partner. |
| IT Services - Incident Based Support | | |
| 1 | FUJITSU-SIEMENS | Authorized Service Partner to give on-site support services to its customers in India. |
| 2 | UNISYS | Largest Authorized Service Provider in India to provide support services on behalf of Unisys. |
| 3 | EDS | Global Field Service Provider - Business partnership for provision of on-site support |
| 4 | GLADE INDIA | For providing installation and maintenance services to their customers |
| Remote Management Services (NOC/SOC) | | |
| 1 | e-COP | For licensing of Enterprise Security Management technology and appointment as one of its distributors and resellers of its product/ solutions/ services in India and South Asia. |

MAJOR CUSTOMERS:

We provide industry standard comprehensive technology solutions to our customers across business verticals. Through focused innovation, speedy implementation and customization we provide end to end customized solutions to all our valued customers. Leveraging the strengths of Allied Digital through a range of products and services in the domain of Hardware, Networking, Enterprise-wide Software & Solutions across business verticals. The list of key clients in respective vertical is given as below:

| BUSINESS VERTICAL | NAME OF THE CLIENT | |
|--------------------------|---------------------------|-----------------------------------|
| Manufacturing | Reliance Industries | Maruti Udyog |
| | Bajaj Auto | UB Group |
| | Gujarat Ambuja | Bombay Dyeing |
| | MicroInks | Toyo Engineering |
| | Mahindara & Mahindra | |
| Pharma | Pfizer | Torrent Pharmaceuticals |
| | Cipla | Unichem |
| | Rallis | Indoco Remedies |
| ITES/ BPO | TCS | Lawkim |
| | Pangea | Accenture |
| | Sitel | Upstream |
| | NIIT Technologies | Syntel |
| | Aptech | |
| Services | Outlook Publications | Sony Entertainment |
| | Set India | Set Discovery |
| | Deloitte Touche Tohmatsu | Star TV |
| | Fedex | Unisys |
| | ITC Hotel | |
| Aviation | Jet Airways | Emirates |
| | Kingfisher | Go Airways |
| | Air-India | Kuwait Airways |
| | Air Sahara | |
| Energy/Power | Tata Power | IOCL |
| | BPCL | Reliance Petrochemicals |
| | HPCL | BHEL |
| | GAIL | |
| BFSI | ICICI Group | Global Trade Finance |
| | HDFC Bank | IDBI Bank |
| | NSE IT | DCB |
| | NSE Ltd | Bank of India |
| | Deutsche Bank | Central bank of India |
| | Standard Chartered Bank | GIC Housing |
| | SBI | Clearing Corporation of India Ltd |
| | Dena Bank | RBI |
| Retail | Globus | RK Foodlands |
| | Shopper's Stop | Adlabs |
| | McDonanld's | Pantaloon |
| Technical BPO | Unisys | Fujitsu – Siemens |
| | EDS | Xenitis |
| Telecom | Reliance InfoComm | BPL Mobile |
| | VSNL | Tata Teleservices |
| | MTNL | Hutchison Essar |
| | BSNL | |

| | | |
|-------------------|--------------------------------------|---|
| Government | Air India Airport Authority of India | Settlement Commission & Director Land Records |
| | Western Railway | Shirdi Sansthan |
| | Central Railway | |

Order Book

As on June 12, 2007, we booked the orders worth Rs.10,781 lakhs of which Rs.5,470 lakhs belongs to our Services segment of revenues (Annnity revenues) and Rs.5,311 lakhs belongs to our Solutions business.

RISK MANAGEMENT

Data Backup & Disaster Recovery

We have comprehensive process for data backup and disaster recovery. All the business critical servers are backed up every day using Tape backup. All the tapes are then shifted to the Navi Mumbai office where they are stored in the Secured Fire Protected Vault. These tapes can be used for restoration of data in case of any disaster. We also have plans to setup Disaster Recovery site at our Navi Mumbai office for our business critical applications as soon as the NOC is operational.

TECHNOLOGY

We have made a significant investment in internal IT setup to manage the business processes and growth. For the easy management, control & security of the IT infrastructure, we have adopted Centralized IT setup for all business critical applications.

Data Centre

We have approx. 100 Sq. feet data centre at our corporate office in Marine Lines, Mumbai. These data centre has all the required facilities like Air-conditioning, Uninterrupted Power & Fire detection system. All the business critical applications are hosted in this data centre.

Following Business Applications are hosted at Mumbai Data Centre:

1. CRM Application
2. SFA Application
3. SOP Application
4. HR Management System
5. Finance Application
6. Proxy Server
7. File & Print Server

Internet Services

We have taken Wireless Broadband Internet service from Reliance Broadband which provides committed 99.5% uptime of the last mile & internet bandwidth. We also have dedicated 2 Mbps leased line between Marine Lines Office and Charni Road office. All the major branch locations are connected to Internet using service providers like Bharti, Tata Broadband and BSNL Broadband connections.

Virtual Private Network

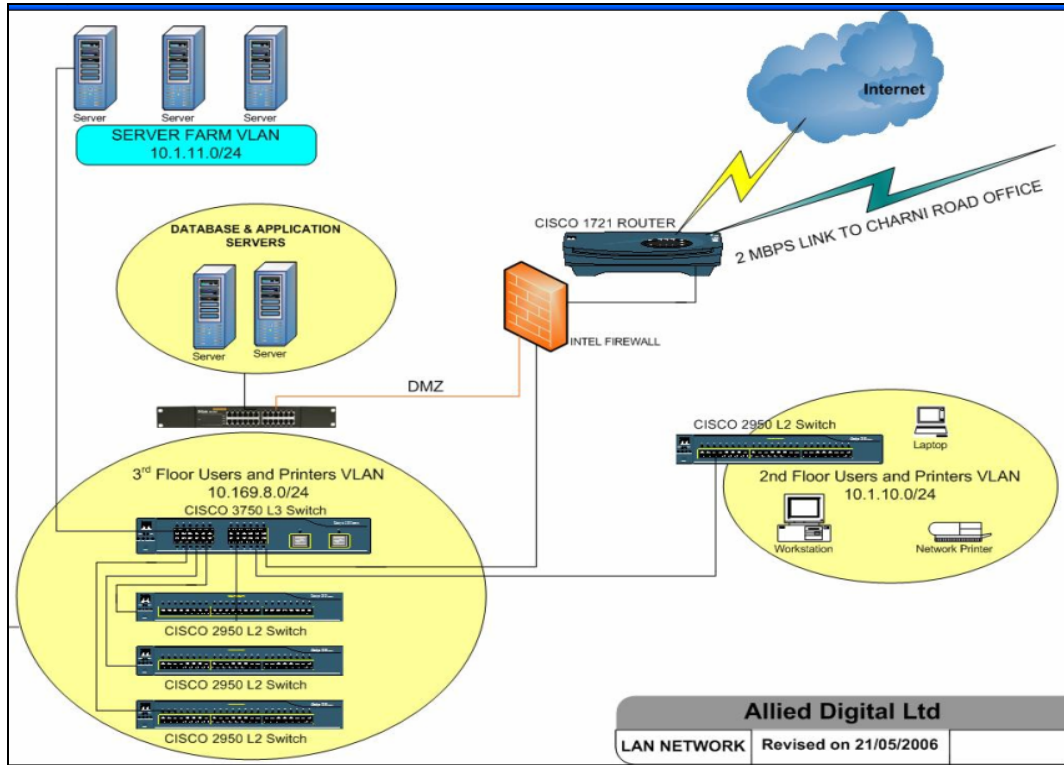
We have deployed Internet based Virtual Private Network (VPN) deployed between all the major locations and central data centre. IPSec (IP Security) and SST (Shiva Smart Tunnelling) protocols are used for creating a secure tunnel between branch locations to the data centre over Internet. Since this network is based on the Internet medium, all the branch users and mobile users can securely establish the connectivity to head office and use the applications hosted at the data centre.

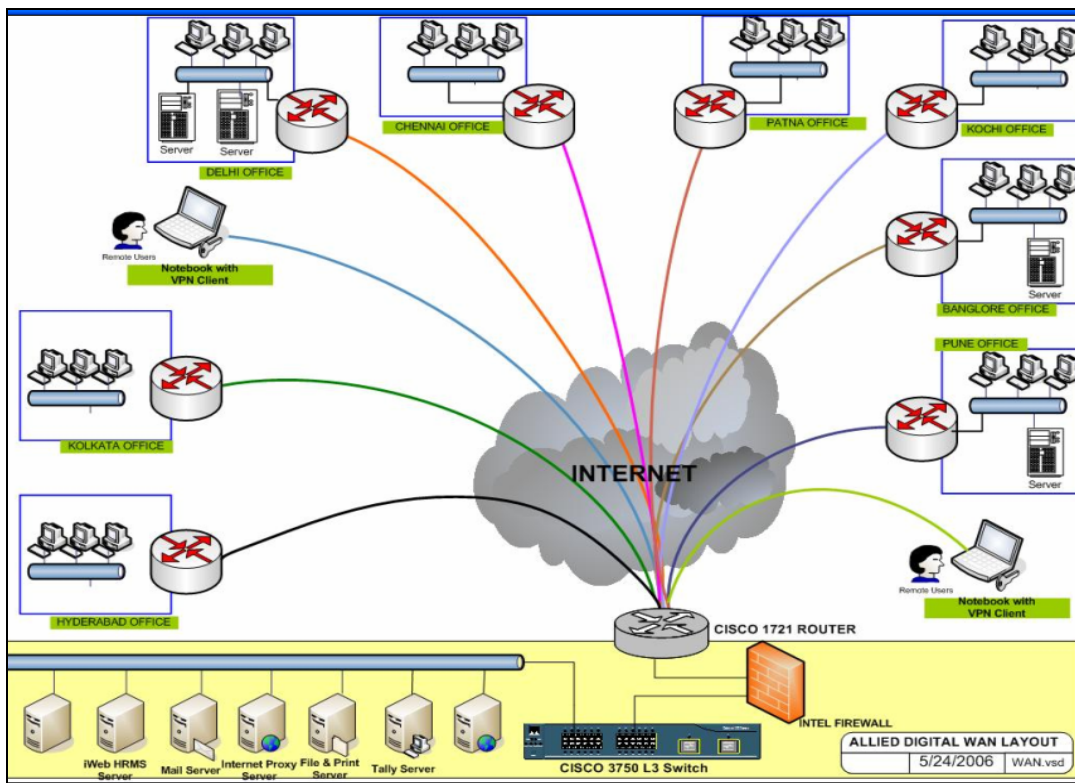
Security

- a. Internet Security:** We have deployed ICSA Certified Intel Net Structure Firewall at perimeter to control Internet traffic. This statefull inspection firewall blocks all the unwanted traffic to & from the Internet. We have also deployed Fedora Linux based Proxy Server for web content filtering & restricted internet access to authorized users only.

- b. **E-Mail Security:** We use Allied puremail web based Anti-Spam & Anti-Virus & Content Filtering services to protect users from E-Mail based virus, attacks and threats.
- c. **Desktop Security:** We have deployed Symantec Anti-virus solution to protect all the user systems from Viruses, Worms & Trojans.
- d. **Physical Security:** CCTV (Close Circuit Television) cameras are installed at all the departments and reception area to keep the close watch on the activities happening in the office premises. Captured video is stored in the digital format for archival and storage.

Existing LAN & WAN layouts





HUMAN RESOURCES

We recognize the basic fact that human resources are the most important asset, which requires continuous recruitment sustenance and motivation in a service industry where attrition is a rule and retention is an exception. Being a human resource intensive company, we emphasize on building organizational capability in the areas of Proficiency Evaluation - selection, training, managing, and retaining human resource talent.

The following table sets out the number of our employees as of the end of the last three fiscal:

| Year | FY 2004 | FY 2005 | FY 2006 | FY 2007 |
|------------------|---------|---------|---------|---------|
| No. of Employees | 553 | 724 | 837 | 1146 |

Our employees are key contributors to our business. Till April, 2007, our manpower strength was of 1,257 employees of our Company in various departments. The details of which are given as below:

| Sr. No. | Category | No. of Employees |
|--------------|---|------------------|
| 1 | Top Management Personnel | 16 |
| 2 | Technical Personnel | 1081 |
| 3 | Middle Level Manager | 35 |
| 4 | Human Resource/Administration/Finance Personnel | 33 |
| 5 | Marketing/Sales | 38 |
| 6 | Co-ordinator | 54 |
| Total | | 1257 |

Recruitment

As mentioned above our employees are the major contributors to our business and therefore our aim is to attract the best available talent and effectively deploy our resources to meet our business requirements. We have developed processes to evaluate and recruit large numbers of employees.

We advertise in local/regional newspapers like Times of India, Economic Times and nationally circulated industry specific magazines. We have been aggressively recruiting through the use of electronic bulletin boards

and the Internet. We are also a subscriber to job sites on the Internet, which include www.naukri.com and www.timesjob.com. Besides, we have established an Internet web site for recruiting purposes.

We also use other mediums to identify qualified candidates including:

- Sub-tier Contractors
- Employment Agencies
- Job fairs
- Client referrals
- Contractor referrals
- College Recruiting
- Phone Solicitation

Training Methodologies

Our human resource department focuses on continuous learning and skill enhancement of its employees. We have a dedicated training schedule that concentrates on analyzing the training and development needs of our employees and conduct a sequence of programs to fulfill the training needs.

We stress on ongoing training & development and incorporate attainment of training goals in each employee's performance goals and evaluation. The strategy employed is a mix of organization led initiatives and individual driven efforts. We encourage employees to identify training programs that will increase their value to Allied Digital and in the marketplace. We also continuously scan the business environment and sponsor employees for training initiatives.

We have our own in-house training center, called the Allied's Skills Development Center (ASDC), with the focused aim to deliver high-class training to our associates in the new and emerging areas of technology. The various forms of training include seminars, conference tutorials and workshops, classroom training, mentoring, and laboratories.

ASDC is an important institution with the focus to scale new technologies and skills required to meet the customer demands. Training is also imparted during projects on sharpening specific skills and providing understanding on the client's line of business, helping the associates keep abreast of the latest technology and skills. Additionally, we have relationships with distance learning providers and have remote training initiatives that are in consonance with our business models and strategies.

We have a team of qualified in-house trainers, competent in technical platforms, domain knowledge, communication skills, as well as soft skills such as leadership capabilities and management expertise. External training institutes conduct programs on rare technical platforms, emerging technologies in the market, and foreign language skills and country and cultural elements know-how.

Training

We support the concept of continued training and development for all our employees. We provide the Six Levels of training programs:

Level I: Induction / Orientation Training Program

Structured Induction trainings for the new joiners and orientation training within their respective departments

Level II: Structured Technology Training Program

These are Structured Repetitive Internal trainings on various topics like OS, Servers, Mail Messaging, and Troubleshooting etc.

Level III: Internal Instructor Led Training Program

This training is undertaken by an Internal Trainer that covers all latest technology topics encompassing the IT industry wherein the subject matter specialists will take up these trainings.

Level IV: External Instructor Led Training Program

These trainings are undertaken by external instructors from OEM's/vendors which are imparted as follows:

- ◆ Technology Trainings from technology vendors through Technical Workshops, Seminars, Group Trainings
- ◆ Soft Skill / Personnel Development Training Programs

Level V: Sponsored Training Program

Our company sponsors selected candidates for industry standard certification offered by various vendors at the end of which the candidate gets certified through industry standard certified exams.

Level VI: Trainer's Training Program

Advanced certification training is imparted to our specialist who will in turn will act as a trainer to provide training to the internal selected candidates. Generally these trainings are conducted overseas at the vendor technology training centre.

Employee Retention Policy

- We have formed a Core Team that functions as an engine of the ship and it is this engine that drives the growth of the organisation. This team constitutes all Top and Middle Management personnel from all departments. This Core Team has been bestowed with our unique ERA principle of Empowerment with Responsibility & Accountability (ERA). This Core Team enjoys attractive benefits like ESOP's for assisting the organisation to reach its growth objectives. This develops an extremely competitive platform for the non-core team who would long to be a part of the Core Team in the future. This move ensures a very clear growth path to every employee in the organisation and ensures the core team becomes stronger year by year making the engine very strong.
- Make line managers accountable for staff turnover in their teams. We reward managers whose record at keeping people is good by including the subject in appraisals. Train the line managers in effective supervision before appointing or promoting them. Offer re-training opportunities to existing managers who have a poor record at keeping their staff.
- Maximise opportunities for individual employees to develop their skills and move on in their careers. Where promotions are not feasible, we look for sideways moves that vary experience and make the work more interesting.
- Ensure wherever possible that employees have a 'voice' through consultative bodies, regular appraisals, attitude surveys and grievance systems. This helps to ensure that dissatisfied employees have every opportunity to sort out problems before resigning. Where there is no opportunity to voice dissatisfaction, resigning is the only option.
- Wherever possible accommodate individual preferences on working hours. We remain as flexible as possible in the allocation of shifts. Where people are forced to work hours that do not suit their domestic responsibilities they will invariably be looking for another job which can offer such hours.
- Avoid the development of a culture of 'presenteeism' where people feel obliged to work longer hours than are necessary simply to impress management. Evaluation of individual commitment is based on results achieved and not on hours put in.
- Provide as much job security as possible. Employees who are made to feel that their jobs are precarious may put a great deal of effort in to impress, but they are also likely to be looking out for more secure employment at the same time. Security and stability are greatly valued by most employees.
- Bend over backwards to ensure that we do not and are never seen to discriminate against employees on any unfair grounds. A perception of unfairness, whatever the reality when seen from a management point of view, is a major cause of voluntary resignations. While the over all level of pay is unlikely to play a major role unless it is way below the market rate, perceived unfairness in the distribution of rewards is very likely to lead to resignations.
- Defend our organization against penetration by headhunters and others seeking to poach our staff. Keep internal e-mail addresses confidential, train telephonists to spot calls from agents and to avoid giving them useful information, refuse to do business with agents who have poached our staff, and enter into pacts with customers not to poach one another's staff.

The attrition rate of employees for FY 2006 and FY 2007 was 4.7% and 5.6%, respectively. We have implemented certain measures to limit our attrition, including an increase in wages of our employees, awarding performance related bonuses and the adoption of an Employee Stock Option Scheme (ESOP).

Special Interest Group

It's imperative for a technical professional to keep pace with the ever-changing IT technology driven by various OEM's. Hence we decided to segmentise various technology domains wherein one can master a technology within its own technology domain and hence enhance technological depth within the organization.

We have taken an innovative cutting-edge technology initiative called "Special Interest Group" (SIG) specifically focusing on how to transform this organization into evolving a technology-focused value-creating organization of the future. This makes us a technology driven and a customer centric organization unlike others who are a vendor driven organization. A Core team, has been formed, that works like an engine which will act like a growth driver and fuel growth for the organisation.

This SIG identifies members from strategically critical technology areas, in line with our Company's thrust towards knowledge-based businesses. The SIG, in turn, assist our organization to further build technological depth and provide a unique differentiator vis-à-vis others. The SIG Team specifically focuses on the following technology segments:

- ◆ Server / Storage
- ◆ Disaster Recovery and Business Continuity Plan
- ◆ Security
- ◆ Messaging
- ◆ Networking / Communication
- ◆ UNIX/Linux
- ◆ Client Computing
- ◆ Database (RDBMS) and so on

This group constitutes people from various departments like Sales, Pre-Sales, Customer Support, Development Team & Projects. This is a group of like-minded people with a common objective of creating a focus of every individual towards technology to develop further technological depth to the organization.

Infrastructure Solutions – Countrywide Skill Sets

- Cisco Certified Network Associates (CCNA)
- Microsoft Certified Systems Engineers
- Solaris Certified System Administrators
- Oracle DBA
- HP Certified Server Specialists
- Intel Certified Network Specialists
- DELL Certified Systems Engineers
- EMC Certified Storage Specialists
- Cisco Certified Wireless LAN Professionals
- Cisco Certified Design Associates (CCDA)
- Cisco Certified Network Professionals (CCNP)
- BS-7799 Lead Auditors
- HP Certified Microsoft Cluster Consultants
- Compaq Certified Engineers
- Citrix Certified Administrators
- Systimax Certified Cable Installers
- ITIL Certified Professionals

INSURANCE

Our company has taken insurance to cover different risks for articles in different locations. The Insurance cover is for different amounts. The Insurance Cover is provided by Oriental Insurance Co. Ltd. Details are as follows:

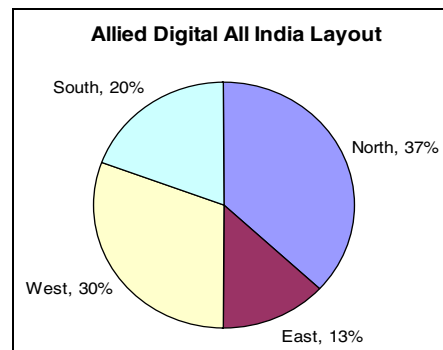
| Sr. No. | Nature of Policy | Insure with | Description | Policy No. | Expiry Date | Location | Sum Assured (Rs. In lakhs) |
|---------|---------------------------------------|---------------------------------|---|------------|-------------|-------------------------------|----------------------------|
| 1. | Standard Fire & Special Perils Policy | The Oriental Insurance Co. Ltd. | Stock in Trade | 2006/126 | 02.08.2007 | Charni Road and Mahape Godown | 140.00 |
| 2. | Standard Fire & Special Perils Policy | The Oriental Insurance Co. Ltd. | Stock in trade, Peripherals, Hardware, Software, Accessories - all places | 2007/21 | 02.08.2007 | All Places | 140.00 |

| | | | | | | | |
|----|---------------------------------------|---------------------------------|--|----------|------------|--|-------|
| 3. | Burglary | The Oriental Insurance Co. Ltd. | Building, Furniture, Fixtures and Fittings | 2007/224 | 09.01.2008 | Non Hazardeous Goods Warehouse – Mahape Godown | 16.00 |
| 4. | Money Insurance | The Oriental Insurance Co. Ltd. | Cash kept at the premises | 2007/362 | 30.08.2007 | Head Office, Mumbai | 1.00 |
| 5 | Standard Fire & Special Perils Policy | The Oriental Insurance Co. Ltd. | Furniture, Fixtures, Fittings, Other Equip. and building | 2007/243 | 13.03.2008 | Pune | 13.50 |

INFRASTRUCTURE

We operate through its 92 locations in 25 states all over India. It is well spread across various locations and has a strong presence in North and West followed by South and East respectively.

| Regions | States | Locations |
|--------------|-----------|-----------|
| North | 10 | 34 |
| East | 7 | 12 |
| West | 4 | 28 |
| South | 4 | 18 |
| Total | 25 | 92 |



We have in place arrangement with backup service providers for providing the various services and solutions. We retain adequate buffer office space and bench manpower strength at various delivery locations in India to be able to transition activities from affected facilities. We will enter into contracts with commercial site providers to meet future requirements. A site is a fully equipped, operationally ready data centre offering specific hardware platforms ready for almost immediate use.

Details of our Registered office, Corporate Office and various Branch offices:

Our registered office is situated at 375, J.S.S Road, 5th Floor, Vidyut, Mumbai – 400 002 admeasuring 3,000 square feet. Besides, the following are the locations on which we have owned / leased premises:

| Sr. No. | City | Address | Appro. Area sq. ft | Facilities | Lessor | Lease Duration |
|---------|--------|---|--------------------|--|--|-------------------------|
| 1a | Mumbai | 77-79, Kimmatrai Building, 3 rd Floor, Maharshi Karve Marg, Marine Lines, Mumbai – 400 002 | 5,000 | Well equipped office premise with the capacity to house approx. 100 people. The office has central data centre for hosting application and data base servers with state of the art LAN. Wireless Internet connectivity, Conference hall and two meeting rooms. | Mr. Harsh Ramchand Kimmatrai, Mr. Saju Ramchand Kimmatrai. | 1.4.2007 to 31.3.2010 |
| 1b | Mumbai | 1 st Floor, Unit No-114, 210 & 211, Shivai Industrial Estate, Behind Bata Showroom, | 5,000 | Well equipped office premise with the capacity to house approx. 100 people for Service delivery and logistic | M/s. Dart Business Services | 1.12.2006 to 31.12.2009 |

| | | | | | | |
|------|-----------|---|-------|--|--|---|
| | | Andheri - Kurla Road, Sakinaka, Andheri (E), Mumbai - 400 072 | | management. | | |
| 2a | Delhi | B - 5, Kalkaji, New Delhi 110 019 | 1,200 | Office with, EPABX 8 incoming lines x 24 extensions, Desktops and laptops on tables, conference room for 10 persons | Mr. Vikas Malhotra, Mrs. Sunita Malhotra | 1.4.2006 to 31.3.2008 |
| 2b | Delhi | B – 49, Kalkaji, New Delhi 110 019 | 900 | Full fledged Test and repair centre with tables with antistatic matt, SMD de-soldering system, Oscilloscope 25 MHz., Sophisticated multi meters, Software library. Well trained and certified repair engineers | Mrs. Rekha Kataria , Mr. Mohanlal Kataria | 2.7.2005 to 1.7.2007 |
| 2c | Delhi | B – 56A, Kalkaji, New Delhi 110019 | 600 | Full fledged guest house facilities for 10 visitors | Vijay Mahendiratta | 2.7.2005 to 1.7.2007 |
| 3 | Bangalore | 53 – 58, 3 rd Floor Sri Chakravarthi Complex, Sajjan Rao, Circle, V. V. Puram, Bangalore – 560 004 | 700 | Broad band internet connection, Desktops on every table, Sophisticated multi meters, Software library. Well trained and certified repair engineers | Smt. C. Sunitha Devi | 1.4.2001 to 31.3.2009 |
| 4 | Kolkatta | 27, Lake Temple Road, P. S. Tollygunge, Kolkata – 700 029 | 1,100 | Broad band internet connection, Desktops on every table, Sophisticated multi meters, Software library. Well trained and certified repair engineers | Ms. Sunanda Roy | 15.2.2007 to 14.2.2008 |
| 5 | Chennai | Flat no. 4, 2 nd Floor, No.6, First Street, Nandanam Extn., Chennai – 600 035. | 300 | Broad band internet connection, Desktops on every table, Sophisticated multi meters, Software library. Well trained and certified repair engineers | Mr. Rajinder Khanna, Mr. Shashi Khanna, Mr. Raman Khanna | 15.5.2006 to 14.4.2007. Pending for Renewal |
| 6a | Ahmedabad | 706, "SHITIRATNA", Panchvati, Ambavadi, Ahmedabad - 380 009. | 650 | Broad band internet connection, Desktops on every table, Sophisticated multi meters, Software library. Well trained and certified repair engineers | Mrs. Chhayaben S. Shah | 1.9.2006 to 30.8.2007 |
| 6b | Ahmedabad | 4th Floor, Bankers House, opp. Sardar Patel Stadium's Tennis Court, Navrangpura, Ahmedabad 14 | 501 | Broad band internet connection, Desktops on every table, Sophisticated multi meters, Software library. Well trained and certified repair engineers | Owned | - |
| 7a | Pune | A9, Siddharth Court, Siddharth Court CHS Ltd, Dhole Patil Road, Pune 411001 | 950 | Broad band internet connection, Desktops on every table, Sophisticated multi meters, Software library. Well trained and certified repair engineers | Owned | - |
| 7 b. | Pune | 301/C, MPJ Chambers, Wadke Wadi, Mumbai-Pune Road, Pune – 411 005 | 550 | Broad band internet connection, Desktops on every table, Sophisticated multi meters, Software library. Well trained and certified repair engineers | Mr. S. Vaidyanathan | 1.7.2006 to 30.6.2008 |
| 8 | Nagpur | 225, Nirmala House, Dr. Banerjee Road, Behind Dhantoli Post Office, Dhantoli, Nagpur – 440 012 | 950 | Broad band internet connection, Desktops on every table, Sophisticated multi meters, Software library. Well trained and certified repair engineers | Mr. Ahindranath Banerjee | 11.5.2007 to 10.4.2008 |
| 9 | Hyderabad | Flat No. 1, Gr Floor, C-20, Madhuranagar, | 1,300 | Broad band internet connection, Desktops on every table, | Dr. Shobha Reddy, Dr. | 10.4.2007 to |

| | | | | | | |
|----|---------|--|-------|--|-------------------------------|------------------------|
| | | Hydrabad – 500 038 | | Sophisticated multi meters, Software library. Well trained and certified repair engineers | Ravinder Reddy | 9.4.2010 |
| 10 | Cochin | 44 / 2088C, 1st Floor, Mabrook Building, Freedom Road, Kaloore, Cochin – 682017. | 1,250 | Broad band internet connection, Desktops on every table, Sophisticated multi meters, Software library. Well trained and certified repair engineers | Mr. P. Abdulla Kutty | 1.10.2005 to 30.9.2008 |
| 11 | Lucknow | MGS-18, Sector B Aliganj Lucknow – 226 020 | 1,000 | Dial up internet connection, Desktops, Sophisticated multi meters, Software library | Mrs. Madhuri Agarwal | Pending for renewal |
| 12 | Indore | 201, Bansi Plaza 581, M. G. Road, Indore (M.P.)-452 001 | 500 | Broad band internet connection, Desktops on every table, Sophisticated multi meters, Software library. Well trained and certified repair engineers | Mr. Sanatkumar Keshrimal Jain | 1.6.2006 to 31.5.2009 |
| 13 | Jaipur | AD-6-A, Devi Marg, Bani Park, Jaipur – 302 016 | 500 | Dial up internet connection, Desktops, Sophisticated multi meters, Software library | Smt. Santosh Satish Sharma | 2.8.2006 to 1.7.2007 |

Property to be purchased out of the proceeds of the Issue

For details please refer to the Section titled “Objects of the Issue” on page 30 of this RHP.

KEY INDUSTRY REGULATIONS AND POLICIES

Our Company is a Systems Integrator and IT Infrastructure Management Services Provider in India. Therefore, the below mentioned regulations and policies are applicable for our Company.

A. THE INFORMATION TECHNOLOGY ACT, 2000

The Information Technology Act, 2000 ("the IT Act") was enacted with the purpose of providing legal recognition to electronic transactions. In addition to providing for the recognition of electronic records, creating a mechanism for the authentication of electronic documentation through digital signatures, the IT Act also provides for civil and criminal liability including fines and imprisonment for various computer related offenses. These include offenses 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. In view of India's growing IT/BPO sector, the government of India has recently approved an Amendment to the IT Act, especially with regard to the growing need for data protection.

B. SOFTWARE TECHNOLOGY PARKS SCHEME

The STP Scheme (under The Ministry of Information Technology, Government of India) has been notified by the Central Government (Ministry of Commerce) in exercise of its powers under Section 3 (1) of the Foreign Trade Development and Regulation) Act, 1992 to permit the establishment of Software Technology Parks (STP) with the objective of encouraging, promoting and boosting the software exports from India.

Activities which may be carried out under STP Scheme include software development for export data using communication links or in the form of physical media being undertaken by 100% Export Oriented Units as well as the export of professional services by such units. The production of products which are notified as IT enabled products and services qualifies their producer or provider of such products or services for establishing a unit in and benefiting from 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:

- All hardware and software imports are exempt from customs duties
- A STP unit is exempt from payment of corporate tax up to the Fiscal year 2009
- Domestic purchases by STP units are eligible for the benefit of deemed exports to suppliers
- Capital goods purchased from the domestic tariff area (an area within India but outside a notified STP) are entitled for exemption from excise duty and reimbursement of central sales tax;
- The sales in the domestic tariff area shall be permissible up to 50% of the export in value terms
- Depreciation on capital goods up to 90% over a period of five years and also the accelerated rate of 7% per quarter during the first two years subject to an overall limit of 70% in the first three years .

Many state governments have also added to the basket of incentives by providing for low rates of sales tax on products in the information technology sector.

C. EMPLOYEES STATE INSURANCE ACT, 1948

The Employees State Insurance Act, 1948 (the "ESI Act") provides for certain benefits to employees in case of sickness, maternity and employment injury. Employees drawing wages up to a certain limit in establishments covered by the ESI Act are required to be insured, with an obligation imposed on the employer to make certain contributions in relation thereto. In addition, the employer is also required to register himself under the ESI Act and maintain prescribed records and registers in addition to filing of forms with the concerned authorities.

D. PAYMENT OF GRATUITY ACT, 1961

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

E. EMPLOYEES PROVIDENT FUND AND MISCELLANEOUS PROVISIONS ACT, 1952

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

F. IMPORTER EXPORTER CODE

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

There are no other Key Regulations imposed in international market that are applicable to our Company.

OUR HISTORY AND CORPORATE STRUCTURE

ABOUT THE COMPANY

Allied Digital Services Limited was incorporated as Allied Digital Services Private Limited on 10th February 1995 with the Registrar of Companies, Mumbai. In 2006, our Company was converted into a public limited company. The registration number assigned to our Company is 11-85488. A fresh certificate of incorporation consequent upon the change in name was granted on March 31, 2006 by the Registrar of Companies, Mumbai

Our Registered Office is at 375, J.S.S Road, 5th Floor, Vidyut, Mumbai – 400 002, India. Tel/Fax: +91-22-5634 5536/38/39 and have Corporate Office at 3rd Floor, Kimmatrai Building, 77/79, Maharshi Karve Marg, Marine Lines, Mumbai – 400 002, India. Tel: +91-22-2200 2020, Fax: +91-22-2206 4170.

Allied Digital purchased M/s. Digital Data Services a Partnership firm owned by Mrs. Pragna N. Shah and Mr. Prakash D. Shah on 1st April 1995. Allied took over the business of M/s. Digital Data Services as a going concern.

Today, we are a Systems Integrator and IT Infrastructure Management Services Provider in the country, well respected for its IT skills in the industry. We serve more than 700 clients, with a team of around 1,250 technical personnel, operating from 92 direct locations in 25 states across the country. We have a decade of experience in technology and enterprise IT infrastructures, successfully implementing, managing and consulting on complex IT and business systems for global businesses.

We enable global, large and medium enterprises and service providers to reduce their total cost of ownership using a combination of onsite and remote services. We enable clients to seamlessly align IT with changing business imperatives thereby enabling maximized benefits and returns. With proven excellence in operations management, high-quality people, world-class managerial capabilities, sound technology and telecom infrastructure, we provide a proven and reliable outsourced alternative to global customers.

MAJOR EVENTS IN THE HISTORY OF OUR COMPANY ARE GIVEN BELOW:

| Year | Major Event |
|------|---|
| 1995 | <ul style="list-style-type: none"> Allied Digital Services Private Limited was incorporated Allied Digital purchased M/s. Digital Data Services a Partnership firm owned by Ms. Pragna N. Shah and Mr. Prakash D. Shah on 1st April 1995 as a going concern Entered into Multimedia and Graphics by tying up with Compaq Computers & Creative Multimedia. |
| 1996 | <ul style="list-style-type: none"> Tied up with DELL as their Authorised Distributors Acquired the most prestigious contract of maintenance of Air India's Travel Agent Network (5 continuous years) Set up 11 Test & repair Centers across the country to cater to the DPSP operations of HP, IBM Opened 18 more offices countrywide to cater to Air India project |
| 1997 | <ul style="list-style-type: none"> Tied up with Microsoft for their entire product suite – Became the member of Microsoft – Assurance Circle, OEM Builder Partner and Solution Provider |
| 1998 | <ul style="list-style-type: none"> Rated as one of the Top 3 TPM Houses Of India |
| 1999 | <ul style="list-style-type: none"> Tied –up with Hewlett Packard for their entire product suite Accredited ISO 9001: 2000 certification for our Company's products & services Appointed as DPSP for HP products countrywide. |
| 2000 | <ul style="list-style-type: none"> Executed the Solaris support project for Psi-Net to support their Infrastructure at UK (First outsourced overseas contract) - Executed this project on behalf of NIIT as their exclusive Support Partners |
| 2001 | <ul style="list-style-type: none"> Tied up with IBM for their entire product suite "Distinguished Partner Award" for Unix by HP |
| 2002 | <ul style="list-style-type: none"> Tied up with Media Gate for their Unified Messaging Solutions to Cater to Allied's initiative on the Telecom front – Executed entire BSNL UMS project for GSM & Tata Tele services for CDMA project countrywide. |
| 2003 | <ul style="list-style-type: none"> Tie up with Apple Computers as exclusive NSP Countrywide. Formation of Alam Digital, Yemen to cater to Middle East Opportunities |

| | |
|------|--|
| | <ul style="list-style-type: none"> Joined hands with IBM Global & HP services for their outsourcing Projects |
| 2004 | <ul style="list-style-type: none"> Appointed as exclusive Authorised Support Partner for Unisys to Manage Dell support & CISCO, Nortel, Blue Arc etc Executed countrywide contract from GAIL for complete end to end Server Farm solution Become the member of the Microsoft Assurance Circle Executed Asia's largest Wireless Infrastructure Project at Reliance Infocomm Joint Venture with CNT International, Sri Lanka to form Allied CNT to focus on Security Solutions from Checkpoint, Stonegate, Websense. Adaptation to ITIL standards to offer Best Practices to Allied's FMS customers & planning for 6 Sigma Appointed as Bronze Partner for Nortel Networks |
| 2005 | <ul style="list-style-type: none"> Decided to focus on 5 initiatives i.e. Services, Storage, Networking, Integrated Solutions, Security & Awarded the CRN Gold Trophy for 3 of those initiatives Formed a new subsidiary Company called iWeb Technology Solutions Pvt. Ltd. |
| 2006 | <ul style="list-style-type: none"> Converted from private Limited to Public Limited called Allied Digital Services Ltd. Strategic tie up with e-Cop, a Singapore based Information Security Company for setting up Security Operation Center in India. Strategic tie up with Ericom, a Israel based Software Company for on-demand access solutions |
| 2007 | <ul style="list-style-type: none"> Strategic tie up with Echelon to foray in to Intelligent Building Management and Energy Management Solutions. |

MAIN OBJECTS OF OUR COMPANY

1. "To take-over existing partnership business of M/S. DIGITAL DATA SERVICES along with all its Liabilities & Assets and such existing partnership business shall stand dissolved."
2. "To carrying on business of total consultancy, site Designing, Supplying, Trading, Exporting, Importing, Manufacturing, Networking, Maintenance of computer Hardware, Computer Software, Communication products and other peripherals and for that purpose to enter into carrying into effect such agreement with such (if any) modifications or alterations as may be agreed upon, which is expressed to be made between M/s. DIGITAL DATA SERVICES of the one part and the company on the other part."
3. To carry on the business of manufacturing, developing, maintaining, improving, designing, evaluating, processing, collecting, storing, setting up, marketing, selling, exporting, importing, licensing and to deal in all kinds of systems, computer peripherals, information technology lifestyle products, information technology gadgets, convergence products, information technology storage products, networking, communication, access control, fire detection systems, closed circuit television (CCTV), video conference equipment, radio frequency identification (RFID), biometric systems, audio & video equipments and accessories, power generation and conditioning equipment (ups/inverter), information technology and information technology enabled appliances, cables and cabling accessories (copper and fibre), data media, information technology consumables and spares, packaged software, software license, firmware, information technology enabled medical equipment, projection systems and imaging equipment, bar coding equipment, cash registers, information kiosks, thin client equipment, wireless communication equipment, touch screens, programmable controllers, data acquisition equipments, optical drives, all information technology related equipments, accessories and spares."
4. To provide all types of information technology based corporate services such as knowledge portal, call center, outsourced services, test and repair services, annual maintenance contracts, enterprise management, project management, information technology/security/network audit services, consultancy, authorized service provider (ASP), managed service provider (MSP), internet service provider (ISP), refurbishment services, operating lease and financial lease, training, information technology enabled services (ITES), asset recovery, design and development, software development, software maintenance & implementation, data ware-housing and data mining business continuity planning, disaster recovery, logistics services, billing services, printing services, e-governance and build operate and lease."

CHANGE OF ADDRESS OF THE REGISTERED OFFICE OF OUR COMPANY

There is no change in the registered office of the company since inception

CHANGE IN MEMORANDUM AND ARTICLES OF ASSOCIATION OF OUR COMPANY

| Date of Shareholders' Approval | Changes made |
|---------------------------------------|--|
| 28.02.1997 | Authorised capital increased from Rs.20 Lakhs to Rs.45 Lakhs |
| 17.03.2000 | Authorised Capital Increased From Rs.45 Lakhs To Rs.500 Lakhs |
| 13.03.2006 | Authorised Capital Increased From Rs.500 To Rs.1200 Lakhs |
| 16.03.2006 | Effectuated change in the status of our company from "Allied Digital Services Private Ltd." to "Allied Digital Services Ltd." consequent to the conversion of our company into a public company. |
| 16.03.2006 | Carried out alteration in the main objects of our company by insertion of two more objects. (For details please refer clause no. 3 & 4 of heading titled "Main Objects of our Company" on page no.117 of the RHP.) |
| 08.05.2006 | Authorised capital increased from Rs.12 crores to Rs.20 crores |
| 02.01.2007 | Adoption of new Articles of Association in substitution of existing articles of Association |

SUBSIDIARY

iWeb Technology Solutions Pvt. Ltd. (iWeb) was incorporated on April 21, 2005 as a unique Software and Solutions company with a global approach offering a wide range of Software Solutions in the Enterprise Management System. In May 2005, Allied Digital acquired a controlling interest in iWeb and became a 50% equity holder in iWeb.

Our company's registered office is at C-319, Kailas Esplande, L.B.S. Marg, Opp. Shreyas Cinema, Ghatkopar (W), Mumbai – 400 086.

As on April 01, 2006, in view of no business advantage from investment in iWeb Technology Solutions Pvt. Ltd., our Company has sold their entire holding in iWeb Technology Solutions Pvt. Ltd. to the original promoters of iWeb.

We do not have any Subsidiary as on the date of filing this Red Herring Prospectus with SEBI.

SHAREHOLDERS AGREEMENTS**I. AGREEMENT WITH BENNETT, COLEMAN AND COMPANY LIMITED**

- (a) Bennett, Coleman and Company Ltd. ("BCCL"), entered into a Shareholders' Agreement dated 17th January 2006 ("the BCCL Agreement") with our Company and our promoters represented by Mr. Nitin Shah, by which, subject to the fulfillment of the conditions precedent set out in the Agreement, BCCL had agreed to subscribe to and our Company had agreed to issue and allot to BCCL, 2,37,000 equity shares (the "BCCL Shares"), constituting 5% of the post-preferential issue capital of the company, at a price of Rs.253 (Rupees Two hundred and fifty three only) per share (the "Subscription Price"). In terms of the provisions of the Agreement, BCCL had subscribed for 2,37,000 equity shares of our company at the Subscription Price and our company had allotted to BCCL 2,37,000 equity shares. The full value of agreement is Rs.5,99,61,000/-.
- (b) The other salient features of the Agreement are as follows:
 - (i) The shares allotted to BCCL shall be subject to a lock-in for a period of 36 months from the date of allotment or for such period as may be determined at the time of IPO, in accordance with the Securities and Exchange Board of India (Disclosure and Investor) Protection Guidelines, 2000 (the "DIP Guidelines") whichever occurs earlier.
 - (ii) In the event our Company issues any further Shares at any point of time prior to the completion of the IPO ("Fresh Offering") at a price lower than the Subscription Price, then our Company shall issue and our Promoters shall cause our Company to offer such number of Shares forming part of the Fresh Offering to BCCL, in accordance with applicable law, for no additional consideration or a

consideration being the par value of the Shares or such other consideration as may be determined by the board of directors of our Company, whichever is lower, such that the weighted average price of the BCCL Shares and the Shares acquired by BCCL at the Fresh Offering shall be equal to the price paid for the Shares issued at the Fresh Offering by another Person. Our Company shall obtain and our Promoters shall cause our Company to obtain all approvals, regulatory and otherwise, in this regard. In the event our Company is unable to offer the shares to BCCL for no additional consideration, the Promoter shall sell such number of shares held by our Promoter at par value to BCCL such that the weighted average price of the BCCL shares and the shares acquired by BCCL from our Promoter in the manner indicated herein shall be equal to the price paid for the shares issued at the Fresh Offering by another person. BCCL shares will include any bonus shares or split shares arising out of the existing subscription. In case of issue of Bonus shares or split of shares the subscription price shall accordingly stand adjusted.

- (iii) Our Company not to issue Shares through the IPO at a price lower than the Subscription Price.
- (iv) Subject to the lock-in restriction provided in the BCCL Agreement, BCCL shall have the right to sell the Subscription Shares or a part thereof, to any third party in the manner provided in the Agreement.
- (v) Prior to the listing of Shares on a recognized stock exchange pursuant to an IPO, if BCCL desires to transfer or sell or otherwise dispose of the BCCL Shares, or a part thereof by way of a negotiated deal, BCCL shall first give a written notice to our Promoters, stating BCCL's intention to transfer the BCCL Shares, the number of the BCCL Shares proposed to be transferred and the price at which BCCL proposes to transfer the BCCL Shares.
- (vi) In the event our Promoters intend to sell or otherwise dispose of all or part of its shareholding in our Company to a third party who is not an affiliate of our Promoter (the "Third Party Offer"), then notwithstanding anything to the contrary contained in the BCCL Agreement, our Promoters shall provide notice of such proposed sale to BCCL no later than 21 (Twenty-One) days prior to the proposed closing of such sale.

SEBI had vide its letter dated March 1, 2007 advised to make necessary arrangement to ensure that any editorial/article (including by analyst) appearing in the news Paper/Magazines of Bennett Coleman & Company Limited, regarding the proposed issue, contains at the end a disclosure regarding the nature of interest/shareholding, Bennett Coleman & Company Limited, has in our Company.

We have made an arrangement to ensure that any editorial/article (including by analyst) appearing in the news paper/magazines of BCCL, regarding the proposed issue, contains at the end a disclosure regarding the nature of interest/shareholding, BCCL has in our Company. In pursuance to the above matter we have obtained a letter dated April 4, 2007 from BCCL, agreeing to carry the requisite disclosure in their news reports, pertaining to this Initial Public Offer (IPO) of our Company till the closure of the IPO. This is however without prejudice to editors rights under the Press Act etc. For details on the shareholders agreement and advertising agreement entered into with BCCL, please refer section titled "Our History and Corporate Structure" on page 116 of this Red Herring Prospectus.

II. SHARE SUBSCRIPTION AGREEMENTS

Our company and our promoters have entered into agreements with various strategic investors in January 2007, offering subscription of an aggregate of 6,58,476 equity shares of our company at a price of Rs.120/- per share (inclusive of premium of Rs.110/- per share) and subscription of an aggregate of 2,66,154 equity shares of our company at a price of Rs.130/- per share (inclusive of premium of Rs.120/- per share). In terms of the agreements, our company and our promoters have undertaken to use reasonable endeavours to cause an initial public offering ("IPO") by our company within 12 months from the closing date (as defined in the agreements), failing which the allottees have the right to require our promoters to purchase all or some of the shares held by the allottees at a price which is equal to the subscription price plus a return of 15% per annum on the subscription price compounded monthly from the closing date till date of purchase. The subscription price shall be adjusted for any bonus issue and/or any stock split made by our company from the closing date till date of purchase.

OTHER AGREEMENTS

III. AGREEMENT WITH CNT INTERNATIONAL LTD.

- (a) Our Company and CNT International Ltd, Sri Lanka, ("CNT") have entered into a Shareholders' Agreement dated 7th June 2004 ("Joint Venture Agreement") by which our Company and CNT have agreed to promote a joint venture company in India under the name of Allied CNT (India) Private Ltd. ("Joint Venture Company") or under such other name as may be agreed to between them and approved by the ROC. The joint venture company was to carry on the business inter-alia of, consultancy, marketing distribution and sale of Firewalls, other IT Security and Network Management related Products.
- (b) The authorised capital of the joint venture company was to be Rs.50,00,000/- divided into 5,00,000 equity shares of Rs.10/- each and the initial issued capital was to be Rs.20,00,000/- divided into 2,00,000 equity shares of Rs.10/- each.
- (c) Unless otherwise agreed to between the parties, the capital of the joint venture company was to be held by the Company, its Affiliates and persons designed by the Company and CNT in the proportion of 51% and 49% respectively.
- (d) The Joint Venture Agreement incorporates the rights and obligations of either party.
- (e) Other salient features of the Joint Venture Agreement
 - Shares held by the parties not to be sold, transferred, assigned or otherwise disposed off for 3 years from the date the shares are issued. After the initial period 3 years, shares can be sold subject to the provisions of the Joint Venture Agreement. After the initial lock- in period of three years, sale by either party is subject to the right of pre-emption to be given to the other party.
 - So long as the Company holds 51% of the share capital of the Joint Venture Company, it has a right to appoint two Directors on the Board of the Joint Venture Company.
 - So long as the CNT holds 49% of the share capital of the Joint Venture Company, it has a right to appoint two Directors on the Board of the Joint Venture Company.
 - Chairman of the Board shall be one of the Directors appointed by Allied. Chairman shall have a second or casting vote.
 - Quorum for Board/Committee meetings: Quorum shall be two Directors, provided that at least one Director from either side or their alternates is present. Meeting to be adjourned not earlier than 10 days, if no quorum is present. If at the adjourned meeting also there is no quorum the Director/s present shall be the quorum at the adjourned meeting.
 - Decisions of the Board in respect of matters listed in Art.6.19 of the Joint Venture Agreement requires affirmative of vote of at least one Director from each side.

IV. ADVERTISING AGREEMENT WITH "BENNETT, COLEMAN & CO. LIMITED"

An Advertising Agreement dated 17th January 2006 ("the Advertisement Agreement") had been entered into between Bennett, Coleman & Co. Ltd. ("BCCL") and our Company, by which our Company had agreed to advertise our products and services in the BCCL Media and BCCL had agreed to publish such advertisements in the BCCL Media.

Period: Unless terminated earlier, the Advertisement Agreement shall be valid for a period of 3 years from March 1, 2006.

Value of Advertisement

| | |
|-------------------------|---|
| BCCL Print Publications | Rs.480 Lakhs (net of agency commission) |
| BCCL Non Print Media | Rs.120 Lakhs (net of agency commission) |

| | |
|---|---|
| Annual Commitment | Rs.240 Lakhs during the first sub-term (March 1, 2006 to Feb. 28, 2007), |
| (in both print media and non print media) | Rs.180 Lakhs during the second sub-term (March 1, 2007 to Feb. 29, 2008), |
| | Rs.180 Lakhs during the third sub-term (March 1, 2008 to Feb. 28, 2009). |

Our company has to place the advertisement within the aforesaid ceiling of Rs.600 Lakhs, during the First sub-term, Second Sub-term and Third Sub-Term, in the manner mentioned in the Advertisement Agreement.

The volume of business placed in the BCCL Print Publications should be a minimum of 90% each of the total advertisement released by our company in the respective market segment in all markets.

Subject to our Company meeting the volume of business and meeting with its annual commitment in BCCL Print Publications each sub-term, our Company, will be entitled to space banking in accordance with BCCL's client incentive scheme, prevailing at point of time, in respect of the amount of advertisement value utilized by our Company.

V. LICENCE AGREEMENT WITH e-COP PTE LTD.

Our company has entered into a License Agreement dated 11th May 2006 with e-Cop Private Ltd., having our principal place of business at 3, Tampines Grande, 02-03 AIA Tampines, Singapore – 528 799 (hereinafter referred to as "e-Cop"). By this Agreement, e-Cop has granted to our company a licence to use CYCLOPS ESM Product (as defined in the Agreement) in conjunction with the operation of our company's secure operations center and servicing of customers.

Duration: The period of the Agreement has not been specified.

Licence fee: (i) Company to pay an initial licensing fee of US\$ 80,000 for the first 250 network points/device and 12 Management Consoles, out of which 50% was to be paid within 30 days of the signing of the Agreement while the balance 50% to be paid on CESM installation, completion and sign off.
(ii) an annual Licence fee of US\$ 80,000 shall be payable annually on the anniversary date of the Effective Date (The expression "Effective Date" has not been defined)
(iii) a Supplementary Licence Fee based on 11.75% revenue-sharing per annum on gross annual billable price of every additional point above the initial minimum base of 250 points onwards.
(iv) all payments to be made free and clear of and without any deduction or withholding on account of any tax.

Distribution rights: In addition to the grant of licence, e-Cop has granted a non-exclusive distribution rights to Allied CNT for e-Cop's Cyclops range of products in India, on such terms and conditions to be incorporated in the Distribution Agreement.

The company may directly resell CESM Product to end users strictly for the purpose of implementing CESM to operate the end user's own private SOC or use CESM with their own internal environment to address their internal network security requirements.

Termination: e-Cop has a right to terminate the Agreement by giving notice under certain events. Either party has a right to terminate the Agreement on the happening of certain events

Law: The Agreement is to be governed by laws of Singapore.

Dispute redressal: The disputes under the Agreement are to be decided by arbitration in accordance with the rules of International Chamber of Commerce.

Assignment: Neither party shall assign the rights and obligations under the Agreement, without the prior written consent of the other party provided that e-Cop may assign the Agreement to any of its Affiliates, without the prior written consent of the company.

VI. AGREEMENT WITH ECHELON CORPORATION, USA

An agreement dated 26th January 2007, has been entered into between Echelon Corporation, 550, Meridian Avenue, San Jose, CA 95126 (hereinafter referred to as "**Echelon**") and Allied Digital Services Ltd., 3rd Floor, Kimmatrai Building, 77/79, Maharshi Karve Road, Marine Lines, Mumbai 400 002 (hereinafter referred to as "**the Company**"). The Company has been enrolled with Echelon's Open Systems Alliance – Authorized Network Integrator Program. The terms and conditions for purchase by us from Echelon of Software Products for the following areas of business:

Contractor type

- Fire Alarm System Installation
- Security
- IT/Communication
- Enterprise Solution

SALIENT FEATURES OF THE AGREEMENT

- (a) Company to sell the Software Products only to the end users
- (b) Company to employ at least two individuals who have completed the required training which includes LONWORKS Network Design and Using the LonMaker Integratiion Tool (Echelon course number 201 and 301 respectively.
- (c) Company to have a front line phone support group which is operational during local business hours.
- (d) The Support groups to track all customer phone calls and have a published method or mechanism to record the call information and elevate the call a necessary.
- (e) Company not to release the Echelon technical support number to its customers.
- (f) Echelon will grant to the Company access to Echelon's Channel Support program, which contains three components (as detailed in the Supplement) designed to provide the Company with the knowledge, tools and technical assistance need for the delivery of best services.
- (g) The purchase price of Software Products to the Company shall be the list price for that product. Echelon has reserved a right to revise the price. Company is free to determine its own resale prices to its customers.
- (h) In respect of the Software copy acquired by the Company in terms of the Supplement, Echelon has granted a license to the Company a non-exclusive and nontransferable license to use the Software Product, subject to the terms of the End User Licence Agreement, to be entered into at the time of download. By the Supplement, Echelon has granted a non-exclusive and non-transferable license to transfer Software License solely to its End Users of the software. Company to follow the licensing transfer procedures established by Echelon from time to time.
- (i) Echelon has granted to the Company a non-exclusive and non-transferable licence to use Echelon's Trademark set forth in the agreement in connection with its services as a network integrator of products. The ownership of the Trademark rests with Echelon. Company to use the Trademark only in the form and manner and with appropriate legends as prescribed by Echelon from time to time. Company to notify Echelon of any unauthorized use of the Trademark by others. The Supplement has set out the guidelines for using the Network Integrator Logo.
- (j) Company to maintain the quality of all services rendered at a level that meets or exceeds the industry standards
- (k) The agreement to remain in full force and effect for an initial period of 12 months from the Effective Date (not defined in the Supplement) and can be renewed for successive periods of twelve months' duration each by mutual consent, at lease thirty days prior written notice.
- (l) Right of termination given to either party under certain circumstances.

STRATEGIC PARTNERS

As on the date of filing this Red Herring Prospectus, we do not have any other strategic partners.

FINANCIAL PARTNERS

As on the date of filing this Red Herring Prospectus and except for our Promoters and equity shareholders, as disclosed in the sections titled "Capital Structure" and "Financial Indebtedness" beginning on page 20 and page 173 of the Red Herring Prospectus, respectively, we do not have any other financial partners.

OUR MANAGEMENT

As per the Articles of Association, our Company shall have not less than three and not more than twelve Directors unless otherwise determined by the members at a General Meeting. As on the date of filing of Red Herring Prospectus, our Company has 6 Directors of which one is Chairman & Managing Director, two are Executive Directors and three are Non-Executive and Independent Directors.

BOARD OF DIRECTORS

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

| Sr. No. | Name, Age, Designation, Fathers Name, Address and Occupation | Date of Appointment and term | Other Directorship |
|---------|---|--|---|
| 1. | Shri Nitin Dhanji Shah, Age, 52 Chairman & Managing Director S/o. (Late) Shri. Dhanji C. Shah D Block, 4 th Floor, Vidyut Building, 375 J.S.S. Road, Mumbai – 400 002 Business | Since Incorporation as a director and w.e.f. April 01, 2006 for 5 years, appointed as a Managing Director | <ul style="list-style-type: none"> • Allied CNT Solutions Pvt. Ltd. • Allied Digital Australia Pty Ltd. |
| 2. | Shri Prakash Dhanji Shah, Age, 44 Executive Director S/o. (Late) Shri. Dhanji C. Shah D Block, 4 th Floor, Vidyut Building, 375 J.S.S. Road, Mumbai – 400 002 Business | Since Incorporation as a director and w.e.f. April 01, 2006 for 5 years, appointed as a Executive Director | <ul style="list-style-type: none"> • Allied CNT Solutions Pvt. Ltd. |
| 3. | Shri Manoj Ramesh Shah, Age, 39 Executive Director S/o. Shri Ramesh Shah E/202, Ashray Co-operative Housing Society, Manish Park, Andheri (E), Mumbai – 400 093 Business | Appointed as an Executive Director and w.e.f. March 10, 2006 for 5 years | Nil |
| 4. | Dr. Om Prakash Chawla, Age, 73 Non Executive- Independent Director S/o.(Late) Shri. Amarnath Chawla B-204, Natasha Enclave, NIBM Road, Pune – 411 048. Banking & Finance Advisor | Appointed as Additional Director in the Board Meeting held on May 23, 2006 upto the date of next AGM | <ul style="list-style-type: none"> • PNB Gilts Ltd • Shree Ram Mills Limited • Landmarc Leisure Corporation Ltd. • Tops Security Ltd • Provogue (India) Limited (Non Exe. Chairman) |
| 5. | Dr. Shrikant Parikh, Age, 50 Non Executive- Independent Director S/o. Navnitlal P. Parikh Address: 454, 2 nd Floor, Pirbhoy Manton-A, S.V.P. Road, Girgaon, Mumbai – 400 004 Business | Appointed as Additional Director in the Board Meeting held on May 23, 2006 upto the date of next AGM | <ul style="list-style-type: none"> • SVA Info-Bio Services & Consultancy (India) Pvt. Ltd. |
| 6. | Shri Shailesh Vaidya, Age, 49 Non Executive- Independent Director S/o. Shankarlal Vaidya Address: 801, Sumer Heights, K. M. Munshi Marg, Chowpatty, Mumbai – 400 007 Business | Appointed as Additional Director in the Board Meeting held on January 02, 2007 upto the date of next AGM | <ul style="list-style-type: none"> • Dwarikesh Sugar Industries Limited • Prabhukripa Overseas Ltd • Gold Crest Finance (India) Limited • Welspun Power & Steel Ltd • Orbit Corporation Limited • Siyaram Silk Mills Limited • Saushish Diamonds Limited • Avinghna India Limited |

BRIEF PROFILE OF THE DIRECTORS

For Brief profile of our Promoter Directors please refer to the Section titled “Our Promoters” on page 136 of this RHP.

Shri Manoj Shah, 39 years, is an Executive Director and Chief Information Officer (CIO) of our Company. He is a Science Graduate (B.Sc.) with a distinction in 1987 and followed by Post Graduate Diploma in Computer Science and Diploma in Computer Engineering, Mumbai. He is associated with our company since 1990. He has more than 15 years of experience in IT Industry, started his career and worked as a customer support Engineer for eight years. During his 15 years of experience he had executed many large technologically challenging projects and had a major role in establishing and developing branch offices across the country. As a CIO he is responsible for the entire MIS systems of our company and service delivery planning and processes.

Dr. Om Prakash Chawla, 73 years, has been the independent director of our Company since May 23, 2006. He is a Commerce graduate and Post Graduate from University of Rajasthan and done his Ph.D. in Personal Taxation in India. He started his career as a university lecturer in 1955. He was a consultant to UN Management Institute, East Africa for the period 1979 to 1980. He joined National Institute of Bank Management in 1975 and retired as its Director in 1994. He has authored/co authored 10 books and 50 articles and papers on Financial Markets, Treasury Management, Credit Management, Bank Balance Sheet Management and Accounting and Taxation etc. during his academic career. Currently he is the consultant to Banks and Financial Institutions.

Dr. Shrikant Parikh, 50 years, joined the Board on May 23, 2006 as an Independent Director of our Company. He is a senior IT professional who has played leadership roles in areas of Business/Technology Development and Strategy, International Development Management, Product Development and R & D. He is a co founder and ex-CTO of Globe Ranger Corp. (USA), one of the leading companies in wireless SCM space. He had a long career with IBM (US) in business and technology areas. Currently he heads InfoAlive Solutions and Services, a specialized technology services company which he cofounded. InfoAlive specializes in product engineering, inventions and technology strategy areas. His industrial research has resulted in total 33 International patents till date. He has more than 25 years of experience in IT Industry, out of which 18 years stayed in US. He has gained an expert knowledge in managing complex project, Project Management in strategic outsourcing and SW.

He is member of Corporate Distributed System Performance Council (IBM) and the Corporate Automation Software Committee.(SGS Thompson). He completed, B.E. (Hons.) (Electrical) in 1978 from Bombay University. He is the holder of other degrees like Ph.D. -Computer Science, (SMU,USA), M.S. (Computer Science and Engineering) from University of Texas, USA, Certified Project Management Professional from (Dallas, USA), He also served as Consultant and Advisor to Technology companies in US and India providing guidance on all issues relating Corporate Management like Business Strategy, Technology. He has been training Sr. professionals in Software projects/Outsourcing services management of Software/technology organizations. He also serves as an invited adjunct faculty member at one of the top 10 MBA institution in India. He has helped in overall designing of MBA programmes, focusing on technology management.

Shri Shailesh Vaidya, 49 years, joined the Board on January 02, 2007 as an Independent Director of our Company. He is a practicing Advocate and Solicitor. He has completed his Law Graduation from Government Law College, Mumbai in the year 1981 and became a Solicitor in the year 1983. He has been a partner of M/s. Kanga and Co., Solicitors, since the year 1985. He is presently the Chairman of the Law, Review, Reforms and Rationalisation Committee of the Indian Merchant’s Chamber and also member of Managing Committee of the Indian Merchant’s Chamber.

BORROWING POWERS

Pursuant to Section 293(1)(d) and other applicable provisions of the Companies Act, 1956, consent of our Company be and is hereby accorded to the Board of Directors of our Company for borrowing from time to time any sum or sums of moneys on such terms and conditions and with or without security as the Board of Directors may think fit which, together with the moneys already borrowed by our Company (apart from temporary loans obtained or to be obtained from our Company’s bankers in the ordinary course of business), may exceed the aggregate for the time being of the paid-up capital of our Company and our free reserves, that is to say, reserves not set apart for any specific purpose provided that the total amount of money/moneys so borrowed by the Board shall not at any time exceed the limit of Rs.1,00,00,00,000/- (Rupees One Hundred Crores Only).”

TERMS OF APPOINTMENT AND COMPENSATION OF MANAGING DIRECTOR/WHOLE TIME/EXECUTIVE DIRECTORS**A. Major terms of appointment of Shri. Nitin Shah, Managing Director.**

1. Our company hereby appointed Shri. Nitin Shah as a Managing Director of our Company for the term of five years on and from 1st April, 2006.
2. Subject to provisions of Section 198, 269, 309, 310 and schedule XIII and other applicable provisions of the companies Act, 1956. The remuneration will comprise of salary, commission, perquisites, other benefits & allowances as mentioned below.
 - a. **Salary:** Not to exceed Rs.3,00,000/- p.m. (Rupees Three Lakhs only per month) and the Board of Directors be authorized to determine the salary and grant such increases from time to time within the limits of Schedule XIII of the Companies Act, 1956.
 - b. **Commission:** Such remuneration by way of commission to the above salary and perquisites, calculated with reference to the net profits of our company in a particular financial year and as may be determined by the Board of Directors for our company subject to the overall ceilings stipulated Under Section 198 and 309 of the Companies Act, 1956. The specific amount payable to Mr. Nitin Shah, Managing Director will be payable annually. The overall commission limit not to exceed 1% of the net profit of our Company computed in the manner specified in the Companies Act, 1956 and the actual commission be determined by the Board of Directors of our Company.
 - c. **Perquisites:** The Managing Director shall be entitled to the following perquisites as classified in three categories 'A', 'B', 'C' and 'D'.

CATEGORY 'A'

Housing facility, Medical Reimbursement, Club fees, Personal Accident Insurance, Children's Education Allowance, Holiday Passage and Leave Travel Concession. These will be provided as under.

- **Housing:** The Managing Director will be provided with furnished company accommodation.
- **Medical Reimbursement:** Expenses incurred for the Managing Director & the family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- **Club Fees:** Fees of clubs subject to a maximum of three clubs. This will not include admission and life membership fees.
- **Personal Accident Insurance:** Premium not to exceed Rs.4,000/- p.a.
- **Children's Education Allowance:** In case of children studying in or outside India, an allowance limited to a maximum of Rs.5,000/- p.m. per child or actual expenses incurred whichever is less. Such allowances are admissible upto maximum of two children.
- **Leave Travel Concession:** Return passage for self and family in accordance with the rules specified by our company where it is proposed that the leave be spent in the home country instead of anywhere in India.
- **Explanation:** for the purpose of category 'A' "Family" means the spouse and the dependent children of the Managing Director.

CATEGORY 'B'

1. Contribution to Provident Fund or Annuity Fund will not be included in the computation of the ceiling on remuneration to the extent these, either singly or put together, are not taxable, under the Income Tax Act.
2. Gratuity payable will not exceed half a month's salary for each completed year of service.
3. Encashment of leave at the end of the tenure.

CATEGORY 'C'

Provision of car with driver and also provision of telephone at residence will not be considered as perquisites.

CATEGORY 'D'

Bonus: The Managing Director also entitled for performance bonus as approved by the Board within the limits of Schedule XIII.

1. In the absence or inadequacy of profits, the remuneration set out in paragraph 2(a) above shall be treated as the minimum remuneration payable to him.
2. The Managing Director shall not be paid any sitting fees for attending the meeting of the Board of Directors or committee thereof from the date of his appointment however he shall be entitled to reimbursement of expenses in connection with the business of our company.

B. Major terms of appointment of Shri. Prakash Shah, Executive Director.

1. Our company hereby appointed Shri. Prakash Shah as an Executive Director of our Company for the term of five years on and from 1st April, 2006.
2. Subject to provisions of Sections 198, 269, 309, 310 and Schedule XIII and other applicable provisions of the Companies Act, 1956. The remuneration will comprise of salary, commission, perquisites, other benefits and allowances as mentioned below.
 - a. **Salary:** Not to exceed Rs.1,00,000/- p.m. (Rupees One Lakhs only per month) and the Board of Directors be authorized to determine the salary and grant such increases from time to time within the limits of Schedule XIII of the Companies Act, 1956.
 - b. **Commission:** Such remuneration by way of commission to the above salary and perquisites, calculated with reference to the net profits of our company in a particular financial year and as may be determined by the Board of Directors for our company subject to the overall ceilings stipulated under Sections 198 and 309 of the Companies Act, 1956. The specific amount payable to Shri. Prakash Shah, Executive Director will be payable annually. The overall commission limit not to exceed 1% of the net profit of our Company computed in the manner specified in the Companies Act, 1956 and the actual commission be determined by the Board of Directors of our Company.
 - c. **Perquisites:** The Executive Director shall be entitled to the following perquisites as classified in three categories 'A', 'B' 'C' and 'D'.

CATEGORY 'A'

Housing facility, Medical Reimbursement, Club fees, Personal Accident Insurance, Children's Education Allowance, Holiday Passage and Leave Travel Concession. These will be provided as under.

- **Housing:** The Executive Director will be provided with furnished company accommodation.
- **Medical Reimbursement:** Expenses incurred for the Executive Director and the family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- **Club Fees:** Fees of clubs subject to a maximum of three clubs. This will not include admission and life membership fees.
- **Personal Accident Insurance:** Premium not to exceed Rs.4,000/- p.a.
- **Children's Education Allowance:** In case of children studying in or outside India, an allowance limited to a maximum of Rs.5,000/- p.m. per child or actual expenses incurred whichever is less. Such allowances are admissible upto maximum of two children.
- **Leave Travel Concession:** Return passage for self and family in accordance with the rules specified by our company where it is proposed that the leave be spent in the home country instead of anywhere in India.
- **Explanation:** for the purpose of category 'A' "Family" means the spouse and the dependent children of the Director.

CATEGORY 'B'

1. Contribution to Provident Fund or Annuity Fund will not be included in the computation of the ceiling on remuneration to the extent these, either singly or put together, are not taxable, under the Income Tax Act.
2. Gratuity payable will not exceed half a month's salary for each completed year of service.
3. Encashment of leave at the end of the tenure.

CATEGORY 'C'

Provision of car with driver and also provision of telephone at residence will not be considered as perquisites.

CATEGORY 'D'

Bonus: The Executive Director also entitled for performance bonus as approved by the Board within the limits of Schedule XIII.

1. In the absence or inadequacy of profits, the remuneration set out in paragraph (2)(a) above shall be treated as the minimum remuneration payable to him.
2. The Executive Director shall not be paid any sitting fees for attending the meeting of the Board of Directors or committee thereof from the date of his appointment however he shall be entitled to reimbursement of expenses in connection with the business of our company.

C. Major terms of appointment of Mr. Manoj Shah, Executive Director.

1. Our company hereby appointed Mr. Manoj Shah as an Executive Director of our Company for the term of five years on and from 1st April, 2006.
2. Subject to provisions of Section 198, 269, 309, 310 & schedule XIII and other applicable provisions of the companies Act, 1956. The remuneration will comprise of salary, commission, perquisites, other benefits & allowances as mentioned below.
 - a. **Salary:** Not to exceed Rs.50,000/-p.m. (Rupees Fifty Thousand only per month) and the Board of Directors be authorized to determine the salary and grant such increases from time to time within the limits of Schedule XIII of the Companies Act, 1956.
 - b. **Commission:** Such remuneration by way of commission to the above salary and perquisites, calculated with reference to the net profits of our company in a particular financial year and as may be determined by the Board of Directors for our company subject to the overall ceilings stipulated Under Section 198 and 309 of the Companies Act, 1956. The specific amount payable to Mr. Manoj Shah, Executive Director will be payable annually. The overall commission limit not to exceed 1% of the net profit of our Company computed in the manner specified in the Companies Act, 1956 and the actual commission be determined by the Board of Directors of our Company.
 - c. **Perquisites:** The Executive Director shall be entitled to the following perquisites as classified in three categories 'A', 'B' 'C' and 'D'.

CATEGORY 'A'

Housing facility, Medical Reimbursement, Club fees, Personal Accident Insurance, Children's Education Allowance, Holiday Passage and Leave Travel Concession. These will be provided as under.

- **Housing:** The Executive Director will be provided with furnished company accommodation.
- **Medical Reimbursement:** Expenses incurred for the Executive Director and the family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- **Club Fees:** Fees of clubs subject to a maximum of three clubs. This will not include admission & life membership fees.
- **Personal Accident Insurance:** Premium not to exceed Rs.4,000/- p.a.
- **Children's Education Allowance:** In case of children studying in or outside India, an allowance limited to a maximum of Rs.5,000/- p.m. per child or actual expenses incurred whichever is less. Such allowances are admissible upto maximum of two children.
- **Leave Travel Concession:** Return passage for self and family in accordance with the rules specified by our company where it is proposed that the leave be spent in the home country instead of anywhere in India.
- **Explanation:** for the purpose of category 'A' "Family" means the spouse and the dependent children of the Director.

CATEGORY 'B'

1. Contribution to Provident Fund or Annuity Fund will not be included in the computation of the ceiling on remuneration to the extent these, either singly or put together, are not taxable, under the Income Tax Act.
2. Gratuity payable will not exceed half a month's salary for each completed year of service.
3. Encashment of leave at the end of the tenure.

CATEGORY 'C'

Provision of car with driver and also provision of telephone at residence will not be considered as perquisites.

CATEGORY 'D'

Bonus: The Executive Director also entitled for performance bonus as approved by the Board within the limits of Schedule XIII.

1. In the absence or inadequacy of profits, the remuneration set out in paragraph (2)(a) above shall be treated as the minimum remuneration payable to him.
2. The Executive Director shall not be paid any sitting fees for attending the meeting of the Board of Directors or committee thereof from the date of his appointment however he shall be entitled to reimbursement of expenses in connection with the business of our company.

CORPORATE GOVERNANCE

The Corporate Governance code as introduced by Security and Exchange Board of India (SEBI) in pursuance of clause 49 of Listing Agreement will become applicable to Company immediately upon applying for in-principal approval for listing of our Equity Shares on the Stock Exchanges. Accordingly, we have undertaken steps to comply with the SEBI Guidelines on Corporate Governance.

The Board of our Company comprises of six Directors out of which Chairman is Promoter Managing Director [Executive Chairman] while one Director is Executive Promoter Director and one Director is Executive Director. The other three Directors are Independent non-Executive Directors.

Details of the committees of the Board are given below:

a. Audit Committee

Pursuant to the provisions of Section 292(A) of The Companies Act, 1956 and clause 49 of Listing Agreement, an Audit Committee comprising of three Independent Non Executive Directors, was formed on January 02, 2007. The Audit Committee currently consists of the following members:

1. Mr. Shailesh Vaidya – Chairman (Independent Non Executive Director)
2. Mr. Prakash Shah – Member (Executive Director)
3. Mr. O. P. Chawla – Member (Independent Non Executive Director)

Mr. Shailesh Vaidya, The Chairman of the Committee has the requisite expertise and is also on the Board of Companies mentioned on page 123 of this RHP .

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

- Approving and implementing the Audit procedures and techniques.
- Authority to investigate any matter pertaining to the items specified in Section 292A of the Companies Act or referred to it by the Board
- Investigate any activity within its terms of reference.
- Oversight of our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Reviewing with the management the annual financial statements and the adequacy of internal control system.
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Reviewing our Company's financial and risk management policies.
- Periodic discussion with the auditors about internal control system, scope of audit including the observation of the auditors and review the quarterly, half-yearly and annual financial statements before submission to the board.
- Ensuring compliance with regulatory guidelines.

b. Remuneration Committee

The Stock Exchange Listing Agreement stipulates that the Remuneration Committee should comprise of at least three Non Executive Independent Directors accordingly our company constituted committee on January 02, 2007. There are three members of remuneration committee out of which one is Non-Executive Independent Directors and two are Executive Directors.

1. Mr. Shailesh Vaidya – Chairman (Independent Non-Executive Director)
2. Dr. Shrikant Parikh – Member (Independent Non-Executive Director)
3. Mr. O. P. Chawla – Member (Independent Non-Executive Director)

The Committee has formed to decide and approve the terms and conditions for appointment of Managing Director and Executive Directors of our company and remuneration payable to other directors and executives of our Company and other matters related thereto.

c. Shareholders/Investors Grievance Committee

The Shareholder/Investors Grievance Committee was formed on January 02, 2007. The Investor Grievance Committee consists of following members.

1. Mr. O. P. Chawla – Chairman (Independent Non Executive Director)
2. Mr. Prakash Shah – Member (Executive Director)
3. Dr. Shrikant Parikh – Member (Independent Non Executive Director)

The Committee has been formed to specifically look into all the works relating to shares and shareholders grievance, i.e. approval of transfer/ transmission/ demat/ remat of shares, issue of duplicate, split-up, consolidation, renewal of share certificate, non receipt of balance sheet, non receipt of declared dividends etc.

d. Compensation Committee

The Compensation Committee was formed on January 02, 2007. The Compensation Committee consists of following members.

1. Mr. Nitin Shah – Chairman (Chairman & managing Director)
2. Mr. O. P. Chawla – Member (Independent Non Executive Director)
3. Dr. Shrikant Parikh – Member (Independent Non Executive Director)

The Committee has been formed to decide the terms and conditions of the Employee Stock Option Scheme (ESOP) including:

1. the quantum of option to be granted under an ESOS per employee and in aggregate;
2. the conditions under which option vested in employees may lapse in case of termination of employment for misconduct;
3. the exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period,
4. the specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee;
5. the right of the employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
6. the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights, issues, bonus issues, merger, sale of division and other.
7. the grant, vest and exercise of option in case of employees who are on long leave.

SHAREHOLDING OF DIRECTORS

| Sr. No. | Name of Director | No. of Shares | % of Share Holding |
|---------|------------------|---------------|--------------------|
| 1. | Mr. Nitin Shah | 63,22,593 | 49.52% |
| 2. | Mr. Prakash Shah | 32,63,107 | 25.56% |

For Details regarding Equity Shares held by our promoters and their families and entities controlled by them, please see the Section titled “Capital Structure” on page 20 of this Red Herring Prospectus.

INTEREST OF DIRECTORS

All Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration, reimbursement of expenses payable to them under the Articles of Association. The whole time Director and Executive Director are interested to the extent of remuneration paid to them for services rendered by them as officers or employees of our Company. All Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or their relatives in our Company, or that may be subscribed for and allotted to them, out of the present Issue in terms of this Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Directors may also be regarded as interested in the Equity Shares, if any, held by or that may be subscribed by and allotted to the companies, firms and trust, in which they are interested as directors, members, partners or trustees.

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

CHANGE IN DIRECTORS DURING LAST THREE YEARS

The changes in the Board of Directors of our Company in last three years are as follows:

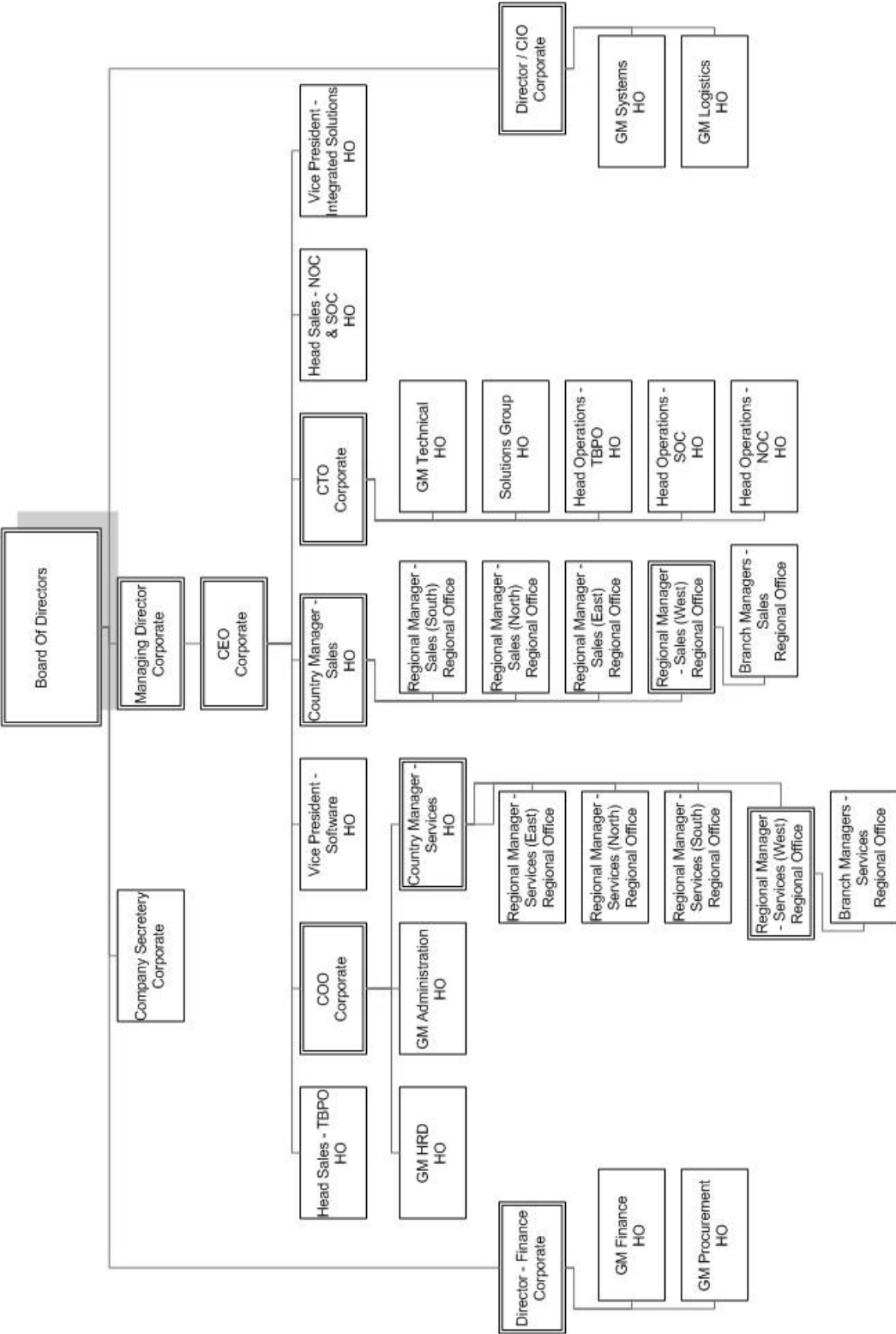
| Name of the Director | Date of Change | Reasons for Change |
|----------------------|------------------|---|
| Mr. Manoj Shah | March 10, 2006 | Appointment as a Executive Director |
| Mr. O. P. Chawla | May 23, 2006 | Appointed as a Non-Executive Independent Director |
| Mr. Satish Naralkar | May 23, 2006 | Appointed as a Non-Executive Independent Director |
| Dr. Shrikant Parikh | May 23, 2006 | Appointed as a Non-Executive Independent Director |
| Mr. Satish Naralkar | October 04, 2006 | Resigned |
| Mr. Shailesh Vaidya | January 02, 2007 | Appointed as a Non-Executive Independent Director |

CHANGE IN AUDITORS

There is no change in the Auditors in the last three years.

ORGANIZATIONAL STRUCTURE

Allied Digital Organization Chart



KEY MANAGERIAL PERSONNEL

Our Company is managed by Board of Directors, assisted by qualified professionals with vast experience in IT industry. The following key managerial personnel assist the management.

| Sr. No. | Name | Designation | Age (Yrs.) | Qualification | Date of Appointment | Annual Gross Salary (Rs. In lakhs) | Experience (Yrs.) | Previously employed |
|---------|-----------------------|--|------------|---|--------------------------------|------------------------------------|-------------------|--|
| 1. | Nishith Jaswant Sheth | Chief Operating Officer & Vice President | 40 | B.E.(Electronics) | 1 st April 1991 | 4.62 | 17 | PC Point |
| 2. | Bimal Haridas Raj | Chief Executive Officer | 41 | B.Com. , P.G.DBA, Diploma in Programing | 4 th Oct 1997 | 9.60 | 19 | Cyber Comm (P) Ltd, Hundai Byte Systems, Essen Computers, Sonata Ltd, Digital Solutions Pvt. Ltd |
| 3. | Sunil Vasudev Bhatt | Chief Technical Officer | 33 | Diploma in Computer Technology-1992 | 25 th May 1995 | 5.87 | 13 | Megha Systems, Digitech Computers, Expert Computers |
| 4. | V Rajaraman | Chief Project Officer | | B.E. DMS | 1 st Apr 06 | 6.00 | 29 | TCS CMC Limited |
| 5. | Arun Narayan Kulkarni | Manager - Systems | 56 | B.Tech (Mech) | 14 th January 1998 | 2.35 | 14 | Professional Main SVC, Godrej Pacific Tech, Audio Customer Service, Onward Tech Ltd, CMS Computers P. Ltd |
| 6. | Peter Cajetan Dcosta | General Manager - Technical | 37 | PC.M (Science), Advance Diploma in Computer Hardware & LAN Engineering, MCP | 20 th October 1999 | 5.16 | 13 | Advent Business Machines Ltd |
| 7. | Basit Shaikh | Manager - Finance & Accounts | 34 | B.COM | 11 th April 1996 | 3.60 | 13 | Resham House, Indochem, K. M. Kapadia |
| 8. | Jawahar Mohammad Ali | Associate Vice President | 50 | B.SC. | 13 th Feb 2005 | 4.00 | 26 | Tac Technosoft P Ltd, CMS Computers Ltd, Usha Microprocess Controls Ltd, Nelco, PSI Data Systems, Apollo Tyres Ltd |
| 9. | Anand Bhatt | Head - Enterprise Solutions Group | 36 | B.E. Industrial Electronics | 21 st November 1997 | 5.22 | 15 | Dataprop Information Technology Ltd, Nulife Pharmaceuticals |

| | | | | | | | | |
|-----|-------------------|--------------------------------------|----|--|--------------------------------|------|----|---|
| 10. | Jayesh Pathak | Country Manager | 37 | Diploma in Industrial Electronics | 15 th Dec 2005 | 8.27 | 14 | SES Technology |
| 11. | Prem Verma | Manager Regional support – North | 38 | Diploma in Industrial Electronics, Diploma in Hardware Technology & Networking | 16 th June 1998 | 4.44 | 14 | Punwire Mohali, Alfa Elect, Gateways Infotech |
| 12. | Ramesh D. Tiwari | General Manager - Stores & Logistics | 37 | B.Sc(Physics) , Diploma in Central Excise & Material Management | 14 th August 1998 | 3.96 | 13 | Ultra Tek devices Ltd. |
| 13. | Anil Jha | Admin. Manager | 52 | BE (Electronics) | 3 rd October, 2006 | 3.00 | 29 | CMC, CES, Computech, PCS Industries |
| 14. | Sudhir Jain | Software Architect | 54 | M.Phil (Computer Sciences), BE(E&T) | 15 th January 2007 | 6.24 | 25 | National Informatics Centre, ORG Systems, Pertech Computers Ltd., IND USA Infotech Services |
| 15. | Preetam Banerjee | Regional Manager - East | 43 | B. Sc. & PGDM – Marketing & Sales | 1 st April, 2007 | 7.50 | 17 | PCS Technologies Ltd, Ontrack Systems Limited, QuantM Net Technologies Limited |
| 16. | N. P. Manikant an | General Manager – South | 54 | M.A. | 9 th February, 2007 | 9.32 | 29 | PCS Technologies Limited, RBM |

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

Shareholding of the Key Managerial Personnel

The key managerial personnel of our Company do not hold any Equity Shares of our Company as on the date of filing of this Red Herring Prospectus.

Bonus or profit sharing plan for the Key Managerial personnel, if any

Currently, our Company do not have a performance linked bonus or a profit sharing scheme for our Employees. However, our Company's Employees are entitled to bonus payable annually. The key managerial personnel do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled as per their terms of appointment, reimbursement of expenses incurred by them during the ordinary course of business and to the extent of Equity Shares held by them in our Company.

Interest of key managerial employees

Except for a percentage of net profits by our Company as commission to certain Directors as officers and employees of our Company, none of the key managerial employees of our Company have any interest in our Company except to the extent of remuneration and reimbursement of expenses.

Changes in Key Managerial Personnel in last one three years

Following are the changes in the key managerial personnel within three years prior to the date of filing this RHP:

| Sr. No. | Name | Designation | Date of Joining | Date of Leaving | Reason |
|---------|--------------------------|--------------------------|-------------------|--------------------|----------------------|
| 1. | Mr. Trambak Banerjee | Regional Manager – South | June 28, 2006 | April 16, 2007 | Appointed & Resigned |
| 2. | Mr. V. Rajaraman | Chief Project Officer | April 01, 2006 | - | Appointment |
| 3. | Mr. Anil Jha | Admin. Manager | October 03, 2006 | - | Appointment |
| 4. | Mr. Sudhir Jain | Software Architect | January 15, 2007 | - | Appointment |
| 5. | Pratik Chandrahas Parikh | Project Manager | November 08, 1993 | April 10, 2007 | Resigned |
| 6. | Preetam Banerjee | Regional Manager -East | April 01, 2007 | - | Appointment |
| 7. | N. P. Manikantan | General Manager – South | February 09, 2007 | - | Appointment |
| 8. | Jawahar Mohammad Ali | Associate Vice President | February 13, 2005 | - | Appointment |
| 9. | Jayesh Pathak | Country Manager | December 15, 2005 | | Appointment |
| 10. | Capt. Kanade | General Manager HR/Admin | July 1, 2006 | December 4, 2006 | Appointed & Resigned |
| 11. | Loyola D'souza | Country Head – CSD | February 11, 2005 | September 30, 2005 | Appointed & Resigned |

Except as stated above, there has been no change in the Key Managerial Personnel in last three years.

EMPLOYEES**Disclosures Regarding Employees Stock Option Scheme / Employees Stock Purchase Scheme****Employee Stock Option Plan**

Our Company by a Special Resolution passed at the Extra Ordinary General Meeting held on January 02, 2007 approved the Employee Stock Option Scheme under Section 79A of the Companies Act, 1956 to be read along with the SEBI (Employee Stock Option and Employee Stock Purchase Scheme) Guidelines, 1999 whereby options convertible into Equity Shares shall be granted to eligible Employees of our Company. The Board of Directors has resolved to grant the options to the eligible employees vide resolution dated January 22, 2007. We have instituted a stock option plan to reward and help retain our employees and directors and to enable them to participate in our future growth and financial success. The Plan includes provision for the grant of options to employees and directors of Allied Digital Services Limited. We have granted stock options to employees and directors pursuant to the Plan. The Plan has been constituted in accordance with the requirements of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The detailed terms and conditions of the ESOP Scheme, including the method of implementation, the eligibility of the employees to whom the grant will be made and other terms and conditions of such Scheme will be determined by the Compensation Committee from time to time.

See the section titled “Capital Structure – Notes to Capital Structure” on page 21 of this Red Herring Prospectus.

Payment or Benefit to Officers of our Company



No benefit or payments have been made to any officer of our company except payment of incentives based on performance of the individual employee. The incentive policy is declared from time to time depending upon the performance of the individual departments and that of organizational as a whole.

Our company does not intend to give any benefit or any payment to any of the employees in future except incentive as explained above. As far as payments of key managerial personnel are concerned no benefits have been allowed except as per the terms of the contract for the service.

Relationship amongst Board of Directors and Key Managerial Personnel

There is no relationship amongst the Board of Directors and the key managerial personnel.

OUR PROMOTERS

| | |
|--|--|
|  | <p>Shri Nitin Shah, founder, Chairman & Managing Director, age 52 years is the promoter of our Company. He is a BE (Electrical) and a Post Graduate Diploma in Computer Management from JBIMS, Mumbai. He is a technocrat with a total experience of almost 30 years in the IT industry. Shri. Nitin Shah has been involved with our Company since inception.</p> <p>With short stints in Crompton Greaves & Nelco, Shri. Nitin Shah went on to join CMC where he worked for 5 years as a Customer Support Engineer. He then worked with Hinditron for 2 years as a System Engineer. He got an extensive exposure on Mainframe Maintenance. With his entrepreneurial vision Shri. Nitin Shah started our Company.</p> <p>He is also an active member of Manufacturer's Association of Information Technology & Traders Association of Information Technology to address various issues and concerns to provide impetus towards the growth of IT industry in India.</p> <p>DQ Channels recently acclaimed him "The Most Powerful Channel Partner" in year 2007, making him one of the renowned personalities in the IT scenario. He was selected as advisor to represent India to Intel in 1998 for advising on the training curriculum for Intel training and certifications. Mr. Shah has also been nominated for "Entrepreneur of the year" Award for 2006 by Ernst & Young. He is also one of the members in the Business Expert's Panel in an Indian Express publication.</p> <p>His Passport No.- E-4806171, PAN No. - AALPS5811Q, DIN No.- 00189903</p> |
|  | <p>Shri Prakash Shah, Executive Director and Chief Financial Officer, age 44 years is the promoter of our Company. He is a Commerce graduate and a diploma holder in Computer Management from Mumbai University. He has more than 18 years of experience in the field of Finance especially in IT. He is associated with our Company since inception and manages all the non-technical functions of our company.</p> <p>He has been instrumental in working out the Joint venture with CNT International, Sri Lanka to form Allied CNT Solution Private Ltd. Shri Prakash Shah has been actively involved in the day to day functioning of the finance and procurement functions of our company.</p> <p>His Passport number is F-0686217, PAN No. is AALPS5812P, Driving License No. is MH-01-2001-41300, DIN No.- 00189842</p> |

Our Company confirms that the Permanent Account Number, Bank Account Number and Passport Number of the promoters as applicable have already been submitted to the NSE and BSE at the time of filing of this RHP.

PROMOTERS GROUP

In terms of 6.8.3.2(m) Explanation II of the DIP Guidelines, the following persons form part of our Promoter Group.

| Name | Relation |
|---------------------|----------------------------------|
| Mr. Nehal N. Shah | Son of Mr. Nitin Shah |
| Miss. Dhara N. Shah | Daughter of Mr. Nitin Shah |
| Mr. Rohan P. Shah | Son of Mr. Prakash Shah |
| Mrs. Tejal P. Shah | Wife of Mr. Prakash Shah |
| Mr. Ramesh M. Shah | Brother-in-law of Mr. Nitin Shah |

None of the above mentioned persons have been restrained from accessing the capital market for any reasons by SEBI or any other authorities.

The promoters, their relatives, our company, our group and subsidiaries are not detained as willful defaulters by RBI/ Government authorities and there are no violations of securities laws committed by them in the past or pending against them.

Companies of the promoter group/subsidiaries referred to BIFR / under winding up / having negative net worth

There are no companies of the promoter group and subsidiaries which are either referred to BIFR or under winding up or have negative net worth.

Relationship between the Promoters, Directors, and Key Managerial Personnel

- Mr. Nitin Shah is elder brother of Mr. Prakash Shah
- Mr. Manoj Shah is nephew of Mr. Nitin Shah

Sales or Purchases between companies in the Promoter Group

For details please refer to note on Related Party Transactions on page 139 & 150 of this RHP.

COMMON PURSUITS

There are no common pursuits in the business of our Company and other companies promoted by the Promoter.

SHAREHOLDING OF DIRECTORS

As per Company's Articles, Directors of our Company are not required to hold any Equity Shares in the Company. Save and except as below, Directors do not hold any Equity Shares in our Company as on the date of filing of this Red Herring Prospectus.

| Sr. No. | Name of Director | No. of Share held | % of total shareholding |
|----------------|--|--------------------------|--------------------------------|
| 1 | Mr. Nitin Shah, Chairman & Managing Director | 63,22,843 | 49.52% |
| 2 | Mr. Prakash Shah, Executive Director | 32,63,107 | 25.56% |

INTEREST OF THE PROMOTERS

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

Our Promoters are not interested in any property acquired by Allied Digital within two years from the date of this Red Herring Prospectus. Our Promoters are not interested in any loan or advance given by our Company neither are they beneficiary of any such loans or advances.

The following Companies/firms/ventures are promoted by our promoters and they may be deemed to be interested in them:

| Name of Concern | Type of Concern |
|------------------------------------|------------------------|
| Allied CNT Solutions Pvt. Ltd. | Joint Venture |
| Allied Digital Australia Pty. Ltd. | Company |

Except as disclosed above and in Related Party Transactions on page 150-151 of the Section "Financial Information", the Promoters of our Company have no interest other than reimbursement of expenses incurred, normal remuneration or benefits, if any.

DISASSOCIATION OF OUR PROMOTERS FROM OTHER COMPANIES IN THE LAST THREE YEARS

| Name of the Company | Name of the Promoter | Date of Disassociation | Reason for Disassociation |
|-------------------------------------|--|-------------------------------|--|
| M/s The Gateways | Mr. Nitin Shah | March 3, 2006 | Retired |
| iWeb Technology Solutions Pvt. Ltd. | 1. Mr. Nitin D. Shah 2. Mr. Prakash D. Shah | April 01, 2006 | In view of no business advantage, our Company has sold the stake to the original Promoter of iWeb. |

OUR GROUP COMPANIES

1. Allied CNT Solutions Pvt. Ltd. - Joint Venture

Background

Allied CNT Solutions Pvt. Ltd. (Allied CNT) was incorporated on July 06, 2004 as a Joint Venture between Allied Digital Services Pvt. Ltd., India and CNT International Ltd, Sri Lanka. Its registered office is located at 375, J.S.S Road, 5th Floor, Vidyut, Mumbai – 400 002.

Allied CNT is the regional distributor for large internet security products such as Checkpoint, Stonesoft, Resilience and Imask. Allied CNT is also one of the region's fastest growing IT Distribution companies, connecting people to one of the world's leading technologies in the areas of Internet Security.

The Allied CNT provides security solutions that are customer specific, reliable, interoperable and cost effective. Also, it is set to launch the First Certified Security Appliance manufactured in India. The certified appliance from Allied CNT would be approximately 30-40% cheaper than its competitors since it would be solely manufactured and supported in India.

Other Details:

| | |
|---------------------------------------|---|
| Registration No. | U 72900 MH 2004 PTC 147337 |
| Registrar of Companies Address | 100, Everest Building, Marine Lines, Mumbai – 400 002 |
| PAN No. | AAECA8206D |
| Banker | Bank of Maharashtra, Girgaum, Mumbai |
| Bank Account No. | CA8645 |

The Board of Directors of Allied CNT comprises of the following:

1. Mr. Nitin D. Shah
2. Mr. Prakash D. Shah
3. Mr. Shanthikumar Khavan Michael Perera – Foreign Director
4. Mr. Suramy Tharanatha Karunaratne – Foreign Director

Shareholding Pattern of Allied CNT as on November, 2006 is as follows:

| Particulars | No. of Shares | % of Total |
|------------------------------|----------------------|-------------------|
| CNT International Ltd. | 1,47,000 | 49.00 |
| Allied Digital Services Ltd. | 1,42,000 | 47.33 |
| Mr. Nitin D. Shah | 6,000 | 2.00 |
| Mr. Prakash D. Shah | 5,000 | 1.67 |
| Total | 3,00,000 | 100.00 |

Financial Performance of Allied CNT is as given below:

(Rs. in lakhs)

| Particulars | For the year ended March 31, 2005 | For the year ended March 31, 2006 | For the year ended March 31, 2007 |
|---------------------|--|--|--|
| Total Income | 189 | 260 | 61 |
| PAT | (17) | (27) | (13) |
| Share Capital | 30 | 30 | 30 |
| Net Worth | 11 | (15) | (27) |
| EPS (Rs.) | (6) | (9) | (4) |
| NAV Per Share (Rs.) | 4 | (5) | (9) |

2. Allied Digital Australia Pty Ltd

Allied Digital Australia Pty Ltd was incorporated on February 07, 2007 and its main object is to carry on the business of Information Technology. Its registered office is located at New South Wales, Australia. The registration no. of the Company is 123 727 065. Allied Digital Services Limited is in process of subsidiarising this group company.

The Board of Directors of the Company comprises of the following:

1. Mr. Nitin D. Shah
2. Mr. Sunil M. Ranadive

Shareholding Pattern of the Company as on March 31, 2007 is as follows:

| Particulars | No. of Shares | % of Total |
|-----------------------|---------------|------------|
| Mr. Nitin D. Shah | 1 | 50% |
| Mr. Sunil M. Ranadive | 1 | 50% |

Financial performance:

Since the Company is newly incorporated in February 2007 and the financial year will be ended on December 31, 2007, the financial statement is not available for the period ended March 31, 2007.

RELATED PARTY TRANSACTIONS

For details on Related Party Transactions please refer to Section titled “Financial Information” on page 150-151 of this RHP.

DIVIDEND POLICY

Dividends, other than interim dividends, will be declared at the annual general meeting of the shareholders based on the recommendation of the Board of Directors. The Board may, at its discretion, recommend dividends to be paid to our Company’s shareholders. Generally, the factors that may be considered by the Board of Directors before making any recommendations for the dividend include, without limitation, Company’s future expansion plans and capital requirements, profits earned during the fiscal year, cost of raising funds from alternate sources, liquidity position, applicable taxes including tax on dividend, as well as exemptions under tax laws available to various categories of investors from time to time and general market conditions. The Board of Directors may also from time to time pay interim dividends to Company’s shareholders, as appears to be justified by the profits of our Company. Our Company has not declared any dividend in the past 5 years. However the dividend payments in the past are not necessarily indicative of Company’s dividend amounts, if any, or our dividend policy, in the future.

| Particulars | For the Financial year ended March 31, | | | | | |
|--------------------------------|--|-----------|-----------|-----------|-----------|-----------|
| | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
| No. of Equity Shares | 1,27,67,305 | 47,37,070 | 45,00,070 | 45,00,070 | 45,00,070 | 45,00,070 |
| Rate of Dividend on Equity (%) | Nil | Nil | Nil | Nil | Nil | Nil |
| Dividend (Rs. in lakhs) | Nil | Nil | Nil | Nil | Nil | Nil |

SECTION V: FINANCIAL INFORMATION**Auditors' Report as required by Part II of Schedule II to the Companies Act, 1956**

The Board of Directors,
Allied Digital Services Limited,
375, J.S.S. Road,
5th Floor, Vidyut Building,
Charni Road, Mumbai – 400 002

- A. a) We have examined the annexed financial information of Allied Digital Services Limited (formerly known as Allied Digital Services Private Limited), ("the company") annexed to this report which have been prepared in accordance with the requirements of
- (i) Part B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');
 - (ii) The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ('the SEBI Guidelines') issued by the Securities and Exchange Board of India ('SEBI') on January 19, 2000, as amended by notification SEBI/CFD/DIL/DIP/16/2005/19/9 dated September 19, 2005, in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992.
 - (iii) The terms of reference received from the Company, requesting us to carry out work, proposed to be included in the Red Herring Prospectus / Red Herring Prospectus / Prospectus (hereinafter referred to as "Offer Document") of the Company in connection with its proposed Public Issue(referred to as 'the Issue').

Financial information as per audited financial statement:

We report that the restated assets and liabilities of the company as at March 31, 2002, 2003, 2004, 2005, 2006 and 2007 are as set out in Annexure - 1 to this report after making such adjustments/restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies appearing in Annexure - 5 and Notes to the Statements appearing in Annexure - 4 to this report.

We report that the restated profits/losses of the Company for the financial years ended March 31, 2002, 2003, 2004, 2005, 2006 and 2007 are as set out in Annexure - 2 to this report. These profits/losses have been arrived at after charging all expenses including depreciation and after making such adjustments/ restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies, appearing in Annexure - 4 and Notes to the Statements appearing in Annexure - 5 to this report.

- B. We have examined the following financial information relating the Company proposed to be included in the Offer Documents, which has been approved by you and are annexed to this report:
- I. Statement of Cash Flow as appearing in Annexure - 3 to this report;
 - II. Statement of Related Parties transactions enclosed as Annexure - 6 to this report.
 - III. Statement of Secured Loans as appearing in Annexure - 7 to this report.
 - IV. Statement of Unsecured Loans as appearing in Annexure - 8 to this report;
 - V. Details of other current assets & Loans and Advances as appearing in Annexure -9 to this report.
 - VI. Statement of Debtors enclosed as Annexure - 10 to this report;
 - VII. Details of Contingent Liabilities as appearing in Annexure - 11 to this report.
 - VIII. Accounting Ratios as appearing in Annexure - 12 to this report;
 - IX. Capitalization Statement as appearing in Annexure - 13 to this report.
 - X. Statement of Operational Income as appearing in Annexure - 14 to this report;
 - XI. Statement of Other Income as appearing in Annexure - 15 to this report;
 - XII. Statement of Tax Shelters as appearing in Annexure - 16 to this report.

Consolidated Group Financials:

The Company had acquired majority stake of 51% in iWeb Technology Solutions Private limited, a software development company to make it a subsidiary. With effect from April 1, 2006 this company ceased to be the subsidiary of Allied Digital Services Limited as the company sold off its entire holding in i-Web Technology Solutions Private Limited.

We have examined the 'Statement of Consolidated Assets & Liabilities – Restated (Annexure-17) for the Financial year ended March 31, 2006, Statement of Consolidated Profit & Loss –restated (Annexure – 18) for the year ended as on March 31, 2006 and the Statement of Consolidated Cash Flow –Restated (Annexure -19) for the year ended March 31, 2006 as approved by the Board of Directors of the Company and after making the necessary and relevant disclosures and adjustments as appropriate and required to be made in our opinion in accordance with the provisions of Part II of Schedule II of the Companies Act, 1956 and the SEBI guidelines.

The Consolidated Financial Information is based on the audited Balance Sheet and Profit & Loss Account of the respective Companies being consolidated. Adjustments have been made to realign the significant accounting policies of these subsidiaries to those of Allied Digital Services Limited wherever practicable and except and otherwise stated in the Notes and Significant Accounting Policies as per (Annexure -20).

- C. a) In our opinion the financial information of the Company as stated in Para A and B above read with Significant Accounting Policies enclosed in Annexure - 3 to this report, after making adjustments/restatements and regroupings as considered appropriate and subject to certain matters as stated in Notes to the Statements enclosed in Annexure - 4 to this report, has been prepared in accordance with Part II of Schedule II of the Act and the SEBI Guidelines.
- b) The sufficiency of the procedures performed, as set forth in the above paragraph of this report, is the sole responsibility of the Company. Consequently, we make no representation regarding the sufficiency of the procedures described above either for the purpose for which this report has been requested or for any other purpose.
- c) This report should not be in any way construed as a re-issuance or redrafting of any of the previous audit reports issued by us or by other auditors nor should this report be construed as a new opinion on any of the financial statements referred to herein.
- d) This report is intended solely for your information and for inclusion in the Offer Document in connection with the specific Public Offer of the Company and is not be used, referred to or distributed for any other purpose without our prior written consent.

For K.M. KAPADIA & ASSOCIATES

Chartered Accountants

Kamlesh Kapadia
Proprietor
Membership No.39707

Place: Mumbai
Date: May 16, 2007

ANNEXURE- 1

STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED –STAND ALONE

(Rs. in lakhs)

| | PARTICULARS | AS AT THE YEAR ENDED MARCH 31, | | | | |
|-----------|--|--------------------------------|--------------|--------------|--------------|--------------|
| | | 2007 | 2006 | 2005 | 2004 | 2003 |
| A. | FIXED ASSETS: | | | | | |
| | Gross Block | 979 | 389 | 337 | 254 | 97 |
| | Less: Depreciation | 306 | 220 | 164 | 100 | 41 |
| | NET BLOCK | 672 | 169 | 173 | 154 | 55 |
| | Capital Work in Progress | 366 | - | - | - | - |
| | Total | 1,039 | 169 | 173 | 154 | 55 |
| B. | INVESTMENTS | 289 | 15 | 17 | 3 | 3 |
| C. | CURRENT ASSETS, LOANS & ADVANCES | | | | | |
| | Inventories | 129 | 107 | 119 | 117 | 110 |
| | Sundry Debtors | 5,963 | 2,906 | 980 | 1012 | 756 |
| | Cash and Bank Balances | 294 | 269 | 172 | 128 | 127 |
| | Other Current Assets, Loans and Advances | 1,287 | 1027 | 143 | 80 | 49 |
| | Total | 7,673 | 4,309 | 1,414 | 1,337 | 1,042 |
| D. | LIABILITIES & PROVISIONS | | | | | |
| | Secured Loans | 729 | 787 | 562 | 602 | 362 |
| | Unsecured Loans | 67 | 66 | 85 | 60 | 74 |
| | Current Liabilities and Provisions | 2,390 | 1,119 | 396 | 405 | 280 |
| | Deferred Tax Provisions (Liabilities/Assets) | -51 | 5 | 20 | 12 | 0 |
| | Total | 3,135 | 1,977 | 1,064 | 1,079 | 717 |
| E. | NETWORTH (A+B+C-D) | 5,865 | 2,516 | 540 | 415 | 383 |
| F. | REPRESENTED BY | | | | | |
| | Share Capital | 1,277 | 474 | 263 | 263 | 263 |
| | Reserves and Surplus | 4,588 | 2,055 | 277 | 153 | 121 |
| | Less : Miscellaneous Expenses not written off/ adjusted | - | 13 | - | 0 | 0 |
| | NET WORTH | 5,865 | 2,516 | 540 | 415 | 383 |

ANNEXURE- 2

STATEMENT OF PROFIT AND LOSSES ACCOUNT, AS RESTATED – STAND ALONE

(Rs. In lakhs)

| PARTICULARS | FOR THE YEAR ENDED MARCH 31, | | | | |
|---|------------------------------|--------------|--------------|--------------|--------------|
| | 2007 | 2006 | 2005 | 2004 | 2003 |
| INCOME | | | | | |
| Operating Income | 15,603 | 8,847 | 5,168 | 3,922 | 4,033 |
| Other Income | 17 | 53 | 12 | 32 | 6 |
| Increase (Decrease) in Stocks | 22 | (12) | 2 | 7 | 37 |
| Total | 15,642 | 8,887 | 5,181 | 3,962 | 4,076 |
| EXPENDITURE | | | | | |
| Cost of Sales | 10,334 | 5,859 | 3,826 | 2,965 | 3,254 |
| Employees Costs | 1,277 | 861 | 491 | 477 | 378 |
| Administrative, Selling and Other Expenses | 713 | 429 | 327 | 336 | 262 |
| Extraordinary Expenses | - | - | 199 | - | - |
| Total | 12,324 | 7,149 | 4,843 | 3,778 | 3,894 |
| PROFIT BEFORE INTEREST, DEPRECIATION AND TAX | 3,318 | 1,738 | 339 | 184 | 182 |
| Interest & Financial Charges | 110 | 80 | 77 | 74 | 51 |
| Depreciation | 86 | 56 | 32 | 26 | 7 |
| NET PROFIT BEFORE TAX | 3,121 | 1,602 | 229 | 84 | 124 |
| Taxation | | | | | |
| Current tax | 868 | 395 | 65 | 7 | 50 |
| Fringe Benefit Tax | 17 | 15 | - | - | - |
| Deferred tax | (56) | (15) | 20 | - | - |
| NET PROFIT AFTER TAX | 2,293 | 1,206 | 144 | 77 | 74 |
| Add: Depreciation of earlier years | - | - | - | - | - |
| NET PROFIT AFTER TAX AND ADJUSTMENTS (A) | 2,293 | 1,206 | 144 | 77 | 74 |
| Add / (Less): Impact of material adjustments for restatement in corresponding years (B) | - | (4) | (19) | (45) | 2 |
| ADJUSTED PROFIT (A +/- B) | 2,293 | 1,202 | 124 | 32 | 76 |
| Add: Opening balance of P&L A/c brought forward | 1,202 | - | - | 8 | 7 |
| NET PROFIT AVAILABLE FOR APPROPRIATION | 3,495 | 1,202 | 124 | 40 | 83 |
| Transferred to General Reserve | - | - | 124 | 40 | 75 |
| BALANCE CARRIED TO SUMMARY OF ASSETS AND LIABILITIES | 3,495 | 1,202 | - | - | 8 |

ANNEXURE - 3

CASH FLOW STATEMENT

(Rs. in Lakhs)

| PARTICULARS | FOR THE YEAR ENDED MARCH 31, | | | | |
|--|------------------------------|--------------|-------------|--------------|-------------|
| | 2007 | 2006 | 2005 | 2004 | 2003 |
| CASH FLOW FROM OPERATING ACTIVITIES: | | | | | |
| Net Profit before tax and extraordinary items | 3,121 | 1,602 | 229 | 84 | 124 |
| Adjustments for : | | | | | |
| Depreciation | 86 | 56 | 32 | 26 | 7 |
| Interest Expenses | 110 | 80 | 77 | 74 | 51 |
| Amortization of Preliminary Expenses | - | - | 0 | 0 | 0 |
| Interest Income | (11) | (17) | (12) | (10) | (5) |
| Diminution in Investments | - | 3 | - | - | - |
| Direct Tax Paid | (377) | (341) | (53) | (52) | (5) |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | 2,929 | 1,383 | 274 | 122 | 172 |
| Adjustments for : | | | | | |
| Trade and other receivables | (3,057) | (1,927) | 32 | (256) | (257) |
| Inventories | (22) | 12 | (2) | (7) | (37) |
| Trade Payables | 408 | 358 | (46) | 162 | 34 |
| Loans and Advances | 95 | (592) | (37) | (23) | (7) |
| NET CASH FROM OPERATING ACTIVITIES | 353 | (766) | 221 | (2) | (94) |
| CASH FLOW FROM INVESTING ACTIVITIES: | | | | | |
| Purchase of Fixed Assets | (956) | (52) | (83) | (157) | (13) |
| Purchase of Investments | (274) | (1) | (14) | - | - |
| Interest Received | 11 | 17 | 12 | 10 | 5 |
| NET CASH USED IN INVESTMENT ACTIVITIES | (1,218) | (36) | (85) | (147) | (8) |
| CASH FLOW FROM FINANCING ACTIVITIES: | | | | | |
| Issue of Equity Share | 1,056 | 787 | - | - | - |
| Proceeds from borrowings | (56) | 205 | (14) | 225 | 162 |
| Financing Charges | (110) | (80) | (77) | (74) | (51) |
| IPO Expenses | - | (13) | - | - | - |
| NET CASH USED FROM FINANCING ACTIVITIES | 890 | 899 | (91) | 151 | 111 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 25 | 97 | 44 | 1 | 8 |
| Cash and Cash equivalents (Opening) | 269 | 172 | 128 | 127 | 118 |
| Cash and Cash equivalents (Closing) | 294 | 269 | 172 | 128 | 127 |
| Cash in hand | 25 | 24 | 1 | 11 | 11 |
| Balances with Bank | 268 | 245 | 171 | 117 | 116 |
| Total | 294 | 269 | 172 | 128 | 127 |

Note:

1. The above cash flow statement has been prepared under the "indirect Method" as set out in the Accounting Standard - 3 on cash flow statement issued by the Institute of Chartered Accountants of India.
2. Cash and cash equivalent at the end of the year consist of cash in hand and balances with banks and are net of short term loans and advances from banks as follows:

ANNEXURE -4**SIGNIFICANT ACCOUNTING POLICIES****1) Basis of Accounting:**

The Financial Statements have been prepared under the historical cost convention on an accrual basis and in accordance with the applicable Accounting Standards issued by The Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

2) Fixed Assets

Fixed Assets are stated at actual cost less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Financing cost related to acquisition of fixed assets are also included to the extent they relate to the period till such assets are ready to put to use.

3) Depreciation

- i. Depreciation on Fixed Assets is provided on "Written Down Method" at the rates and in the manner specified in the Schedule XIV of the Companies Act, 1956.
- ii. Amortization of premium on Leasehold Office Premises at Mahape acquired from MIDC for a period of 95 years is as per the rates of Depreciation specified in the Schedule XIV of the Companies Act, 1956.

4) Inventories:

- i. Stock in Trade is valued at Cost or Net Realisable Value which ever is less and on "First In First Out basis".

5) Miscellaneous Expenditure

- i. Preliminary expenditure incurred prior to 31st March 2005 is amortized over the period of 10 years from the financial year in which it is incurred.
- ii. IPO expenses incurred upto 31st March 2007 have been adjusted against the Securities Premium Account. .

6) Investments: -

Long term Investments are stated at cost, less any diminution in value other than in temporary in nature. Current Investments are sated at lower of cost and market/ fair value.

7) Treatment of Contingent Liabilities

- i) Contingent Liabilities under various fiscal laws includes those in respect of which the company / department is in appeal.
- ii) Contingent Liabilities in respect of show cause notices received are considered only when they are converted into demands. Payments in respect of such demands, if any are shown as advances.
- iii) Contingent Liabilities are disclosed by way of notes.

8) Accounting For Taxation on Income

Provision for taxation for the year comprises of current tax and deferred tax. Current tax is the amount of income tax determined to be payable in respect of taxable income for the year.

Deferred tax is the tax effect of time difference, which is recognised using current tax rates & tax laws that has been enacted as on the Balance Sheet date.

9) Recognition of Income & Expenditure

- i. Incomes in case of supply of Goods are recognized when the goods are invoiced or despatched to the customers and are recorded exclusive of sales tax, other local levies and other discounts and rebates.

Service revenues are considered on acceptance of the contract and are accrued over the period of the contract. Interest is recognised using the time-proportion method, based on rates implicit in the transaction.

Revenue from software development services comprises revenue from time and material and fixed-price contracts. Revenue from time and material contracts are recognized as related services are performed. Revenue from fixed-price, fixed-time frame contracts is recognized in accordance with the percentage of completion method. Other income is recognized on accrual basis.

- ii. Purchases are recorded net of taxes if the company is eligible for setoff on the taxes paid thereon. In the all the other cases the purchases are recorded inclusive of sales taxes and other local levies and exclusive of discounts and rebates.

10) Foreign Currency Transactions

- i) The transactions in foreign currencies on revenue accounts are stated at the rate of exchange prevailing on the date of transaction.
- ii) The difference on account of fluctuation in the rate of exchange prevailing on the date of transaction and the date of realization treated as revenue.
- iii) Differences on translation of Current Assets and Current Liabilities remaining unsettled at the year-end and recognised in the Profit and Loss account (Except those relating to acquisition of fixed assets which are adjusted in the cost of the assets.)

11) Provision for Retirement Benefits

- i) Gratuity – In accordance with applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan (Gratuity Plan). The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the years of employment with the Company.
- ii) Provident fund – In addition to the above benefit, employees receive benefit from a provident fund, a defined contribution plan. The employee and employer each make monthly contributions to the plan equal to 12% of the covered employee's salary. A contribution is made to the Government's Provident Fund.

12) Employee Stock Options

The Company measures the compensation cost relating to employee stock options using the intrinsic value method. The compensation cost is amortized on a straight line basis over the total vesting period of the stock options.

ANNEXURE- 5

NOTES TO STATEMENT OF ASSETS & LIABILITIES AND PROFIT & LOSS ACCOUNT

1. Taxes on Income:

In Terms of Accounting Standard on "Accounting for Taxes on Income" (AS 22) the company has recognised net Deferred Tax Liabilities/ Assets as on 31st March, 2003, 31st March, 2004, 31st March, 2005, 31st March, 2006 and March 31, 2007 are as follows:

(Rs. in Lakhs)

| Deferred Tax Liability / Assets | For the Financial year ended March 31, | | | | |
|--|--|----------|-----------|-----------|----------|
| | 2007 | 2006 | 2005 | 2004 | 2003 |
| On account of Depreciation | 24 | 16 | 20 | 12 | 0 |
| On account of provision for Gratuity | (4) | - | - | - | - |
| On account of Exchange Rate Fluctuation | (13) | | | | |
| On account of Service Tax Payable | (13) | | | | |
| On account of other disallowable Expenses & Income | (37) | | | | |
| On account of Doubtful Debts | (14) | (11) | - | - | - |
| Deferred Tax Liability/(Assets) [Net] | (56) | 5 | 20 | 12 | 0 |

- Provision for taxation for the year has been made in accordance with the provisions of the Income Tax Act, 1961.
- Provision for Fringe Benefit Tax for the year ending March 31, 2006 and March 31, 2007 has been made on the basis of expenditure incurred on the taxable heads of expenses.

2. Earning Per Share:

| Particulars | | For the Financial Year ended March 31, | | | | |
|-------------|--|--|--------------|-------------|-------------|-------------|
| | | 2007 | 2006 | 2005 | 2004 | 2003 |
| (A) | Weighted average number of equity shares of Rs.10/- each | | | | | |
| I) | Number of shares at the beginning of the year (See Note iii) | 47,37,070 | 45,00,070 | 4,500,070 | 45,00,070 | 45,00,070 |
| II) | Number of shares at the end of the year | 1,27,67,305 | 47,37,070 | 45,00,070 | 45,00,070 | 45,00,070 |
| III) | Weighted average number of Equity Shares outstanding during the year | 1,20,35,509 | 1,00,21,823 | 97,30,675 | 97,30,675 | 97,30,675 |
| (B) | Net Profit after tax adjustments available for equity shareholders (Rs. in lakhs) | 2,293 | 1,202 | 124 | 32 | 76 |
| (C) | Basic earning per share (in rupees) {B/A (III)} | 19.05 | 12.00 | 1.28 | 0.33 | 0.78 |
| (D) | Calculation of Diluted Earning Per Share of Rs.10/- each | | | | | |
| | i) Number of shares at the beginning of the year (See Note iii) | 47,37,070 | | | | |
| | ii) Number of shares at the end of the year | 1,27,67,305 | | | | |
| | iii) ESOP Offer to employees of 63,300 Eq. Shares of Rs.10/- at par | 63,300 | | | | |
| | iv) ESOP Offer to employees of 2,77,600 Eq. Shares of Rs.10/- @ Rs.95/- per share | 2,77,600 | | | | |

| | | | | | | |
|-----|--|--------------|--------------|-------------|-------------|-------------|
| | v)Weighted average number of Equity Shares outstanding during the year for the purpose of calculation of Diluted EPS | 1,20,88,923 | | | | |
| (E) | Net Profit after tax adjustments available for equity shareholders (Rs. in Lacs) | 2,293 | | | | |
| (F) | Dilutive earning per share (in rupees) {B/A (III)} | 18.97 | 12.00 | 1.28 | 0.33 | 0.78 |

Note:

- i) The Company by a Special Resolution passed at the Extra Ordinary General Meeting held on January 02, 2007 approved the offer of 3,40,900 Eq. Shares to its Employees under the Employees Stock Option Scheme. However as these options have been offered only from January 22, 2007 there are no dilutive potential of EPS for the earlier reported years.
- ii) Effect of 71,05,605 shares, issued as fully paid bonus shares on May 17, 2006, is given for calculation of diluted EPS on all reported years.
- iii) Number of shares at the beginning of the year for the years 31-03-2005, 31-03-2004, 31-03-2003 & 31-03-2002 includes 25,00,000 shares of Rs.2.50 paid up.
- iv) The Company has issued 6,58,476 Equity Shares of Rs. 10 each at a premium of Rs.110 and 2,66,154 Equity Shares of Rs. 10 each at a premium of Rs.120 on 12th January 2007 and 22nd January 2007 respectively.

3. Authorised and Paid Up Capital

As on date of signing accounts, for the year ended March 31, 2007, the Company has an Authorised Capital of Rs.20,00,00,000 (divided in 2,00,00,000 Equity Shares of Rs.10 each) and Paid Up Capital of Rs.11,84,26,750 (divided in 1,18,42,675 Equity Shares of Rs.10 each) out of which a capital of Rs.1,32,23,000 (13,22,300 Equity Shares of Rs.10 each) were issued as fully paid up bonus shares by capitalisation of Reserves in the year 1999-2000 and a capital of Rs.7,10,56,050 (71,05,605 Equity Shares of Rs.10 each) were issued as fully paid bonus shares by capitalisation of Reserves in May 2006.

4. Change in Status and Name

During the year March 31, 2006, the Company has changed its status from 'Private Limited' to 'Public Limited' by duly complying with the provisions of the Section 31 of the Companies Act, 1956 and the Registrar of Companies has issued certificate w.e.f March 31, 2006 to this effect. The name of the Company now is "Allied Digital Services Ltd."

5. Investments

1. The company, on 15th July 2005, acquired a majority stake of 51% in i-Web Solutions Private Limited, a software development company to make it a subsidiary. The same were sold on 1st April, 2006 and the Board resolution was passed on the same date. The Company does not have any Subsidiary as on March 31, 2007.
2. Provision for diminution in the value of the investment of Rs.2.65 Lakhs on account of de-listing of shares in the Stock Exchange has made in Accounting Year ending 31st March, 2006.

6. Current Assets, Loans & Advances

1. In the opinion of the Board, the Current Assets, Loans & Advances are approximately of the value stated and are realizable in the ordinary course of business. The Provision for all known liabilities is adequate.
2. Balances of sundry debtors, sundry creditors, and loans and advances are subject to confirmation and reconciliation. Consequential adjustment thereof, if any, will be given effect into the books of accounts in the year of such adjustment

7. Adjustments/Regroupings Impact of changes in Accounting Policies/ Prior Period Items:*(Rs.in Lakhs)*

| Particulars | For The Financial Year Ended March 31, | | | | |
|--|--|--------------|------------|-----------|-----------|
| | 2007 | 2006 | 2005 | 2004 | 2003 |
| Net Profit after tax and adjustments (A) | 2,293 | 1,206 | 144 | 77 | 74 |
| Add: Adjustments on Account of: | | | | | |
| Excess / Short tax provision relating to earlier years | - | (4) | - | - | 4 |
| Adjustments in Depreciation | - | - | (32) | (33) | (2) |
| Deferred Tax Asset as on 01-04-2002 | - | - | | | (1) |
| Deferred Tax Adjustment due to Depreciation | - | - | 12 | (12) | 1 |
| Total (B) | - | (4) | (19) | (45) | 2 |
| Adjusted Profit (A + / (-) B) | 2,293 | 1202 | 124 | 32 | 76 |

- a. This represents adjustment in respect of transaction items being material changes or credits which arise in a particular period as a result of errors or omission in the preparation of financial statements of one or more prior period and /or material adjustments necessitated by circumstances which though related to previous periods are determined in the particular (current) period.
 - b. Depreciation on all the Fixed Asset upto 31st March 2003 was provided at the rates prescribed in the Income Tax Rules 1962. However from 01st April 2003 onwards the Company has provided Depreciation on Written Down Value Method at the Rates specified in Schedule XIV of the Companies Act, 1956. The Difference on account change in rates of Depreciation upto the year ending 31st March 2003 amounts to prior period income of Rs.5.41 Lakhs
 - c. Deferred Tax Asset of Rs.0.05 Lakhs on account of change of Rate of Depreciation and not provided for during the Financial Year ending 31st March 2004 also forms part of Prior Period Income.
 - d. Depreciation on Computers after change in rates of providing depreciation as mentioned in (a) above was provided at the rates applicable to Office Equipment. During the year the Company has decided to provide depreciation at the rate applicable to Computers with effect from 01 April 2003. The difference on account of the change in the rates upto 31 March 2005 amounts to prior period expenses of Rs.65.19 Lakhs.
 - e. The IPO Expenses of Rs.92,89,732 have been adjusted against the Securities Premium Account during the year ended March 31, 2007.
 - f. Amortisation of premium of Leasehold right on Office Premises at Mahape allotted by MIDC was not provided for upto 31st March 2005. During the year the company has amortized the premium at the rates specified in Schedule XIV of the Companies Act, 1956 with effect from the date of allotment of the Office Premises. The amount of amortization up to the year ending 31st March 2005 amounts to prior period expenses of Rs.5.53 Lakhs.
 - g. All the above figures have been restated.
8. Extraordinary expenses included in the year ending 31st March, 2005 comprises of expenses on salaries, training, travel, tool kits and other expenses of certain engineers and technicians on a service contract which, on account of some unforeseen circumstances was not rolled out during that year.
 9. Amortisation of Premium on Lease of one of the Office Premises paid for the year 2005-06 has not been provided for as the possession of the same was taken on 31st March 2006 and was not put to use during the year

10. Segmental Information

As the Company's business consist of one reportable business segment i.e. Information & Technology, no separate disclosure pertaining to attributable Revenues, Profit, Assets, Liabilities and Capital Employed are given.

11. Lease Incomes

In accordance with the Accounting Standard 19, "Leases" issued by the Institute of Chartered Accountants of India, the company has given Assets on Operational Lease on or after 1st April 2001. These assets have been capitalized. Consequently depreciation is provided on these assets. The minimum lease rent receivable as at March 31, 2007 are as follows:

(Rs. in Lakhs)

| Particulars | For the Financial year ended March 31, | | | | |
|--|--|------|------|------|------|
| | 2007 | 2006 | 2005 | 2004 | 2003 |
| Lease Receipts Receivable | | | | | |
| Not Later than One Year | 35 | 19 | 65 | 65 | Nil |
| Later than One Year but Not Later than Five Years. | 84 | 9 | 28 | 93 | Nil |

12. Lease Rentals which are to be billed at as per Actuals have not been included in the above figures as the same cannot be ascertained.

13. Previous year Figures have been regrouped/ reclassified wherever necessary to confirm with the current year presentation.

ANNEXURE - 6**STATEMENT OF RELATED PARTY TRANSACTION**

| | For the Financial Year ended March 31, | | | | |
|--|--|------------------------------------|--------------------------------|-------------------|-------------------|
| | 2007 | 2006 | 2005 | 2004 | 2003 |
| Nature of relationship | Name of Party | Name of Party | Name of Party | Name of Party | Name of Party |
| Subsidiary Companies | | i Web Technology Solutions Pvt Ltd | | | |
| Associates | The Gateways | The Gateways | The Gateways | The Gateways | The Gateways |
| | Allied CNT Solutions Pvt. Ltd. | Allied CNT Solutions Pvt. Ltd. | Allied CNT Solutions Pvt. Ltd. | At Allied Digital | At Allied Digital |
| | Kanga & Co. | | At Allied Digital | | |
| Key Management Personnel (KMP) | Nitin Shah | Nitin Shah | Nitin Shah | Nitin Shah | Nitin Shah |
| | Prakash Shah | Prakash Shah | Prakash Shah | Prakash Shah | Prakash Shah |
| | Manoj Shah | Manoj Shah | | | |
| | Shailesh Vaidya | | | | |
| Relative of Key Management Personnel (RKMP) | Ramesh Shah | | | | |
| | Bharat Shah | Pragna Shah | Pragna Shah | Pragna Shah | Pragna Shah |
| | Tejal Shah | Tejal Shah | Tejal Shah | Tejal Shah | Tejal Shah |

STATEMENT OF RELATED PARTY TRANSACTION

(Rs. in Lakhs)

| Particulars | Nature of Relationship | For the Financial Year ended March 31, | | | | |
|------------------------------|---|--|------|------|------|------|
| | | 2007 | 2006 | 2005 | 2004 | 2003 |
| Purchase & Sales | | | | | | |
| Purchase | Subsidiary Companies | - | - | - | - | - |
| | Associates | 88 | 690 | 662 | 212 | 216 |
| | Where KMP/RKMP exercise Significant influence | - | - | - | - | - |
| Sales | Subsidiary Companies | - | - | - | - | - |
| | Associates | 7 | 26 | 539 | 2 | 1 |
| | Where KMP/RKMP exercise Significant influence | - | - | - | - | - |
| Back Office Support | Subsidiary Companies | - | - | - | - | - |
| | Associates | 24 | 30 | 24 | - | - |
| | Where KMP/RKMP exercise Significant influence | - | - | - | - | - |
| Expenses | | | | | | |
| Director's Remuneration | Where KMP/RKMP exercise Significant influence | 33 | 30 | 3 | 3 | 20 |
| Consultancy Services | Where KMP/RKMP exercise Significant influence | 3 | 2 | 1 | 1 | 1 |
| Utility Charges Taken | Subsidiary Companies | - | - | - | - | - |
| | Associates | - | - | - | - | 0 |
| | Where KMP/RKMP exercise Significant influence | - | - | - | - | - |
| Warranty Charges Given | Subsidiary Companies | - | - | - | - | - |
| | Associates | - | - | - | 21 | - |
| | Where KMP/RKMP exercise Significant influence | - | - | - | - | - |
| Investments | Subsidiary Companies | - | 1 | - | - | - |
| | Associates | - | - | 14 | - | - |
| | Where KMP/RKMP exercise Significant influence | - | - | - | - | - |
| Professional Services | Subsidiary Companies | - | - | - | - | - |
| | Associates | - | - | - | - | - |
| | Where KMP/RKMP exercise Significant influence | 1 | - | - | - | - |
| Unsecured Loans Taken | Subsidiary Companies | - | - | - | - | - |
| | Associates | - | - | - | - | - |
| | Where KMP/RKMP exercise Significant influence | - | 0 | 3 | 1 | - |
| Repayment of Unsecured Loans | Subsidiary Companies | - | - | - | - | - |
| | Associates | - | - | - | - | - |
| | Where KMP/RKMP exercise Significant influence | - | - | - | 14 | - |
| Loans & Advances Granted | Subsidiary Companies | - | 1 | - | - | - |
| | Associates | 1 | 47 | 1 | 8 | 0 |

| | | | | | | |
|---------------------------------|---|-----|----|----|----|----|
| | Where KMP/RKMP exercise Significant influence | - | - | 14 | - | 5 |
| Loans & Advances Received Back | Subsidiary Companies | - | - | - | - | - |
| | Associates | 7 | 41 | - | 6 | 1 |
| | Where KMP/RKMP exercise Significant influence | 10 | 12 | - | 9 | - |
| Loans Outstanding | Subsidiary Companies | | 1 | - | - | - |
| | Associates | - | - | - | - | - |
| | Where KMP/RKMP exercise Significant influence | 3 | 3 | 3 | - | 14 |
| Outstanding Current Assets | Subsidiary Companies | - | - | - | - | - |
| | Associates | 114 | 56 | 28 | 2 | 1 |
| | Where KMP/RKMP exercise Significant influence | - | - | 12 | - | 9 |
| Outstanding Current Liabilities | Subsidiary Companies | - | - | - | - | - |
| | Associates | 16 | 30 | 28 | 32 | 29 |
| | Where KMP/RKMP exercise Significant influence | 6 | 10 | 0 | 2 | 11 |

ANNEXURE – 7

DETAILS OF SECURED LOANS OUTSTANDING AS ON MARCH 31, 2007.

(Rs. In lakhs)

| Particulars of Loan | Bank | Nature of Loan | Sanctioned Amount | Amount Outstanding | Rate of Interest P.A. (%) | Repayment of Terms (period) | Securities Offered |
|--|---------------------|------------------|-------------------|--------------------|---------------------------|---------------------------------|--|
| Corporate Loans / Term Loans from Banks | DBS Bank | Medium Term Loan | 1500 | 40 | 10.1% | 36 Equated Monthly Installments | (a) Specific charge on the receivable under the project. (b) Project cashflow to be escrowed to DBS Bank Ltd. |
| Working Capital/ Cash Credit Facility | State Bank of India | Cash Credit | 650 | 659 | 11.75% | 12 months, payable on demand. | Hypothecation on paid stocks & Receivables. |
| | ICICI Bank | Cash Credit | 28 | 30 | 6.00% | 12 months, payable on demand. | On Short Term Deposit Receipt of Rs.30 lakhs. |

STATEMENT OF SECURED LOANS

(Rs. In lakhs)

| Particulars of Loan | For the Financial year ended March 31, | | | | |
|---|--|------------|------------|------------|------------|
| | 2007 | 2006 | 2005 | 2004 | 2003 |
| 1. Corporate Loans / Term Loans from Banks | | | | | |
| From Banks | | | | | |
| Bank of Maharashtra | - | 18 | 66 | 110 | - |
| DBS Bank | 40 | - | - | - | - |
| Sub Total | - | 18 | 66 | 110 | - |
| 2. Working Capital/ Cash Credit Facility | | | | | |
| Bank of Maharashtra | - | 742 | 495 | 489 | 357 |
| State Bank of India | 659 | - | - | - | - |
| ICICI Bank | 30 | 26 | - | - | - |
| Sub Total | 689 | 768 | 495 | 489 | 357 |
| 3. Car Loan | | | | | |
| Kotak Mahindra Ltd | - | - | 1 | 2 | 3 |
| Bank of Maharashtra | - | 1 | 0 | 1 | 2 |
| Sub Total | - | 1 | 1 | 3 | 5 |
| TOTAL SECURED LOANS | 729 | 787 | 562 | 602 | 362 |

ANNEXURE – 8

STATEMENT OF UNSECURED LOANS

(Rs. in lakhs)

| Particulars | For the Financial year ended March 31, | | | | |
|-----------------------------|--|-----------|-----------|-----------|-----------|
| | 2007 | 2006 | 2005 | 2004 | 2003 |
| From Share Holders (Note 1) | 67 | 66 | 85 | 60 | 74 |
| Total | 67 | 66 | 85 | 60 | 74 |

Note: Loans taken are 'on call', there are no stipulation regarding their repayments.

ANNEXURE – 9

STATEMENT OF OTHER CURRENT ASSETS, LOANS AND ADVANCES

(Rs. in lakhs)

| Particulars | For the Financial year ended March 31, | | | | |
|--|--|--------------|------------|-----------|-----------|
| | 2007 | 2006 | 2005 | 2004 | 2003 |
| Advance recoverable in cash or in kind | 548 | 650 | 93 | 52 | 35 |
| Deposits | 57 | 50 | 15 | 19 | 14 |
| Advance tax and TDS | 682 | 326 | 35 | 9 | 1 |
| Total | 1,287 | 1,027 | 143 | 80 | 49 |

ANNEXURE – 10

DETAILS OF SUNDRY DEBTORS

(Rs. in Lakhs)

| Particulars | For the Financial year ended March 31, | | | | |
|------------------------------------|--|--------------|------------|--------------|------------|
| | 2007 | 2006 | 2005 | 2004 | 2003 |
| Considered Good | | | | | |
| More than six months | 746 | 412 | 339 | 132 | 184 |
| Less than six months | 5,217 | 2,495 | 640 | 879 | 572 |
| Considered Doubtful | | | | | |
| More than six months | 72 | 32 | - | - | - |
| Less: Provision for Doubtful Debts | (72) | (32) | - | - | - |
| Total | 5,963 | 2,906 | 980 | 1,012 | 756 |

The above figures includes Rs.73 lakhs, Rs.50 lakhs and Rs.24 lakhs due from companies in which directors are interested for the year ended 31.03.2007, 31.03.2006 and 31.03.2005 respectively.

ANNEXURE – 11

STATEMENT OF CONTINGENT LIABILITIES

(Rs. in lakhs)

| Particulars | For the Financial year ended March 31, | | | | |
|--|--|------------|------------|------------|------------|
| | 2007 | 2006 | 2005 | 2004 | 2003 |
| Bank Guarantee | 460 | 239 | 231 | 186 | 201 |
| Indent letter of Credit | 10 | - | - | - | - |
| Claims against the company on account of tax disputes | 5 | 33 | 177 | 24 | 7 |
| Claim against the company not acknowledged as debts | 3 | 3 | 3 | 3 | 3 |
| Claims against the company on account of tax liabilities | 7 | - | - | - | - |
| Total | 485 | 275 | 411 | 213 | 211 |

ANNEXURE – 12

ACCOUNTING RATIOS

(Rs. in lakhs)

| Particulars | For the Financial year ended March 31, | | | | |
|---------------------------------------|--|--------|--------|-------|--------|
| | 2007 | 2006 | 2005 | 2004 | 2003 |
| Earning Per Share (EPS) (Rs.) [a/b] | 19.05 | 12.00 | 1.28 | 0.33 | 0.78 |
| Cash Earning Per Share (Rs.) [d/b] | 19.30 | 12.41 | 2.02 | 1.05 | 0.83 |
| Return on Net Worth (%) [a/e %] | 39.09% | 47.79% | 23.06% | 7.68% | 19.84% |
| Net Asset Value Per Share (Rs.) [f/c] | 45.94 | 53.11 | 11.99 | 9.23 | 8.52 |

Notes:

1.

(Rs. in lakhs)

| Particulars | For the Financial year ended March 31, | | | | |
|---|--|------------|-----------|-----------|-----------|
| | 2007 | 2006 | 2005 | 2004 | 2003 |
| Net Profit after tax adjustments [a] | 2,293 | 1,202 | 124 | 32 | 76 |
| Weighted Average No. of Equity Shares [b] | 12,035,509 | 10,021,823 | 9,730,675 | 9,730,675 | 9,730,675 |
| No. of Equity Shares [c] | 12,767,305 | 4,737,070 | 4,500,070 | 4,500,070 | 4,500,070 |
| Cash Earning [d] | 2,322 | 1,244 | 196 | 103 | 81 |
| Net Worth [e] | 5,865 | 2,516 | 540 | 415 | 383 |
| Net Asset [f] | 5,865 | 2,516 | 540 | 415 | 383 |

2. Cash Earning = Net Profit after tax adjustments add Depreciation, Preliminary Expenses written off and Deferred Tax Liability.

Net Worth = Equity Share Capital plus Reserves & Surplus less Miscellaneous Expenditure to the extent not written off.

Net Asset = Equity Share Capital plus Reserves & Surplus less Miscellaneous Expenditure to the extent not written off.

3. Effect of 71,05,605 shares, issued as fully paid bonus shares on 17-05-2006, is given for calculation of diluted EPS on all reported years.

ANNEXURE – 13

CAPITALISATION STATEMENT

(Rs. in lakhs)

| Particulars | Pre-issue as at 31.03. 2007 | Post-issue |
|---|--------------------------------|------------|
| Shareholders' Funds: | | [●]*** |
| -Share Capital | 1,277 | - |
| -Reserves | 4,588 | - |
| Less: Miscellaneous Expenditure to the extent not written off | - | - |
| Total Shareholders funds (A) | 5,865 | - |
| Borrowings: | | |
| Secured | | |
| - Short Term Debt | 729 | - |
| - Long Term Debt | - | - |
| Unsecured Debts | 67 | - |
| Total Debt (B) | 797 | - |
| Debt/Equity Ratio (B/A) | 0.14 | - |

*** Note: The post-issue capitalization can not be determined till the completion of book building process.

ANNEXURE - 14

OPERATIONAL INCOME

(Rs. in Lakhs)

| Particulars | For the Financial year ended March 31, | | | | |
|-----------------------------|--|--------------|--------------|--------------|--------------|
| | 2007 | 2006 | 2005 | 2004 | 2003 |
| Services, Solutions & Sales | 15,566 | 8,734 | 5,029 | 3,871 | 4,016 |
| Lease Rent Revenue | 13 | 71 | 67 | 52 | - |
| Other Income | 24 | 41 | 72 | - | 18 |
| Total | 15,603 | 8,847 | 5,168 | 3,922 | 4,033 |

ANNEXURE – 15

OTHER INCOME

(Rs. in lakhs)

| Particulars | For the Financial year ended March 31, | | | | | Remarks |
|------------------------|--|-----------|-----------|-----------|----------|---------------|
| | 2007 | 2006 | 2005 | 2004 | 2003 | |
| Interest Received | 11 | 17 | 12 | 10 | 5 | Recurring |
| Sales Tax Refund | - | 34 | - | 2 | - | Non-recurring |
| Commission Received | - | - | - | 20 | - | Non-recurring |
| Miscellaneous Receipts | 6 | 2 | 0 | - | 1 | Non-recurring |
| Total | 17 | 53 | 12 | 32 | 6 | |

ANNEXURE – 16

TAX SHELTER STATEMENT

(Rs. in lakhs)

| Particulars | For the Financial year ended March 31, | | | | |
|---|--|------------|-----------|----------|-----------|
| | 2007 | 2006 | 2005 | 2004 | 2003 |
| Tax Rate | 30% | 30% | 35% | 35% | 35% |
| Surcharge | 10% | 10% | 2.5% | 2.5% | 5% |
| Educational Cess | 2% | 2% | 2% | - | - |
| Net Profit before Tax | 3,121 | 1,602 | 229 | 84 | 124 |
| Tax at Notional Rate | 1,051 | 539 | 84 | 30 | 46 |
| Adjustments : | | | | | |
| Difference between Tax Depreciation & Book Depreciation | 72 | (12) | 59 | 66 | - |
| Exemption Under Section 10A | 711 | 494 | - | - | - |
| Other Adjustments | (52) | (34) | - | - | (0) |
| Net Adjustments | 731 | 448 | 59 | 66 | (0) |
| Tax Saving thereon | 246 | 151 | 21 | 24 | (0) |
| Total Taxation | 805 | 388 | 62 | 6 | 46 |
| Profit as per Income Tax Returns | 2,390 | 1,154 | 171 | 18 | 125 |
| Taxable Income/ (Loss) | 2,390 | 1,154 | 171 | 18 | 125 |
| Taxable Income as per MAT | 2,410 | 1,107 | 229 | 84 | 124 |
| Tax as per MAT | 270 | 93 | 19 | 7 | 10 |
| Tax as per Income Tax Returns | 805 | 388 | 62 | 6 | 46 |

ANNEXURE – 17

STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES, AS RESTATED

(Rs. in lakhs)

| PARTICULARS | AS AT 31.03.2006 |
|---|---------------------|
| FIXED ASSETS: | |
| Gross Block | 390 |
| Less : Depreciation | 221 |
| NET BLOCK | 170 |
| GOODWILL | 1 |
| INVESTMENTS | 14 |
| CURRENT ASSETS, LOANS & ADVANCES | |
| Inventories | 107 |
| Sundry Debtors | 2914 |
| Cash and Bank Balances | 269 |
| Other Current Assets, Loans & Advances | 1027 |
| Total | 4317 |
| LIABILITIES & PROVISIONS | |
| Secured Loans | 787 |
| Unsecured Loans | 67 |
| Current Liabilities and Provisions | 1124 |
| Deferred Tax Provisions | 5 |
| Minority Interest | 1 |
| Total | 1985 |
| NETWORTH (A+B+C+D-E) | 2517 |
| Represented by | |
| Share Capital | 474 |
| Reserves and Surplus | 2056 |
| Less : Miscellaneous Expenses not written off/ adjusted | 13 |
| NET WORTH | 2517 |

ANNEXURE – 18

STATEMENT OF CONSOLIDATED PROFIT AND LOSSES ACCOUNT, AS RESTATED

(Rs. in lakhs)

| PARTICULARS | FOR THE YEAR ENDED 31.03.2006 |
|---|--|
| INCOME | |
| Operating Income | 8,869 |
| Other Income | 53 |
| Increase (Decrease) in Stocks | (12) |
| Total | 8,910 |
| EXPENDITURE | |
| Cost of Sales | 5,859 |
| Cost of Employees | 875 |
| Administrative, Selling and Other Expenses | 435 |
| Total | 7,170 |
| PROFIT BEFORE INTEREST, DEPRECIATION AND TAX | 1,740 |
| Interest & Financial Charges | 80 |
| Depreciation | 56 |
| NET PROFIT BEFORE TAX | 1,603 |
| Taxation | |
| Current tax | 399 |
| Fringe Benefit Tax | 15 |
| Deferred tax | (15) |
| NET PROFIT AFTER TAX | 1,204 |
| Less: Minority Interest | 1 |
| NET PROFIT AFTER TAX AND ADJUSTMENTS | 1,203 |
| Add: Opening balance of P&L A/c brought forward | - |
| NET PROFIT AVAILABLE FOR APPROPRIATION | 1,203 |
| Transferred to General Reserve | - |
| BALANCE CARRIED TO SUMMARY OF ASSETS AND LIABILITIES | 1,203 |

ANNEXURE – 19

CASH FLOWS FROM THE CONSOLIDATED FINANCIAL STATEMENT- RESTATED

| PARTICULARS | YEAR ENDED 31.03.2006 |
|---|--------------------------|
| Cash Flow from Operating Activities: | |
| Net Profit before tax and extraordinary items | 1603 |
| Adjustments for : | |
| Depreciation | 56 |
| Interest Expenses | 80 |
| Interest Income | (17) |
| Diminution in Investments | 3 |
| Direct Tax Paid | (337) |
| Operating profit before working capital changes | 1389 |
| Adjustments for : | |
| Trade and other receivables | (1933) |
| Inventories | 12 |
| Trade Payables | 357 |
| Loans and Advances (Liabilities) | (592) |
| Loans and Advances (Assets) | (0) |
| Net Cash from operating activities | (767) |
| Cash Flow from Investing Activities: | |
| Purchase of Fixed Assets | (53) |
| Purchase of shares of subsidiary | (1) |
| Interest Received | 17 |
| Net Cash used in investment activities | (37) |
| Cash Flow from Financing Activities: | |
| Issue of Equity Share | 787 |
| Proceeds from borrowings | 207 |
| Financing Charges | (80) |
| IPO Expenses | (13) |
| Net Cash used from financing activities | 901 |
| Net increase in cash and cash equivalents | 97 |
| Cash and Cash equivalents (Opening) | 172 |
| Cash and Cash equivalents (Opening as on 15th July, 2005) | 1 |
| Cash and Cash equivalents (Closing) | 269 |

Note:

1. The above cash flow statement has been prepared under the "indirect Method" as set out in the Accounting Standard - 3 on cash flow statement issued by the Institute of Chartered Accountants of India.

2. Cash and cash equivalent at the end of the year consist of cash in hand and balances with banks and are net of short term loans and advances from banks as follows:

ANNEXURE - 20

NOTES TO CONSOLIDATED STATEMENT OF ASSETS & LIABILITIES AND PROFIT & LOSS ACCOUNT

1. TAXES ON INCOME:

In terms of Accounting Standard on "Accounting for Taxes on Income" (AS-22) the Companies have recognised Net Deferred Tax Liabilities/ Assets as on March 31, 2006 as follows:

| Deferred Tax Liability / (Assets) | As on 31.03.2006 |
|--|---------------------|
| On account of Depreciation | 16 |
| On account of Provision for Doubtful Debts | (11) |
| Deferred Tax Liability/(Assets) [Net] | 5 |

- Provision for taxation for the year has been made in accordance with the provisions of the income tax act, 1961.
- Provision for Fringe Benefit Tax for the year under consideration has been made on the basis of expenditure incurred on the taxable heads of expenses.

2. EARNING PER SHARE:

| Particulars | As on 31.03.2006 |
|---|---------------------|
| A) Weighted average number of equity shares of Rs.10/- each | |
| I) Number of shares at the beginning of the year | 4,500,070 |
| II) Number of shares at the end of the year | 4,757,070 |
| III) Weighted average number of Equity Shares outstanding during the year | 10,021,823 |
| B) Net Profit after tax adjustments available for equity shareholders (In lakhs) | 1,203 |
| C) Basic and diluted earning per share (in rupees) {B/A (III)} annualized | 12 |

- The company does not have any dilutive potential equity per shares. Consequently the basic and diluted profit / earning per share of the company remain the same.
- effect of 71,05,605 shares, issued as fully paid bonus shares allotted on 29th April, 2006, is given for calculation of diluted EPS on all reported years.

3. Adjustments/Regroupings Impact of changes in Accounting Policies/ Prior Period Items:

| Particulars | Year Ended 31.03.2006 |
|--|--------------------------|
| Net Profit after tax and adjustments (A) | 1,208 |
| Add: Adjustments on Account of: | |
| Excess / Short tax provision relating to earlier years | (4) |
| Adjustments in Depreciation | - |
| Deferred Tax Asset as on 01-04-2002 | - |
| Deferred Tax Adjustment due to Depreciation | - |
| Total (B) | (4) |
| Adjusted Profit (A + B) | 1,204 |

Note: The Prior Period Expenses (net) of Rs.65 lakhs have been appropriately allocated in the respective years on restatement.

- Amortisation of premium on lease of one of the premises paid during the year has not been provided for as the possession of the same was taken on 31st March 2006 and was not put to use during the year

5. Segmental Information

As the company's business consist of one reportable business segment i.e. information & technology, no separate disclosure pertaining to attributable revenues, profit, assets, liabilities and capital employed are given.

6. Lease Incomes:

In accordance with the accounting standard 19, "leases" issued by the Institute of Chartered Accountants of India, the company has given assets on operational lease on or after 1st April 2001. These assets have been capitalized on which depreciation is provided for the minimum lease rent receivable as at 31st march 2006 are depicted as follows:

| Particulars | As on 31/03/2006 |
|---|------------------|
| Lease Receipts Receivable | |
| Not Later than One Year | 19 |
| Later than One Year but Not Later than Five Years | 9 |

7. Auditor's Remuneration

| Particulars | For the Year Ended on 31.03.2006 |
|----------------|----------------------------------|
| Audit Fees | 0.56 |
| Tax Audit Fees | 0.20 |
| Other Services | - |

8. The Company has on 15th July 2005, acquired a majority stake of 51% in i-Web Technology Solutions Private Limited, a software development company to make it a subsidiary.

9. Figures less than Rs.50,000/- have been shown at actual, wherever statutorily required to be disclosed, as the figures have been rounded off to the nearest lakhs.

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

You should read the following discussion of our financial condition and results of operations together with our audited standalone restated financial statements under Indian GAAP including the schedules, annexure and notes thereto and the reports thereon, which appear elsewhere in this RHP beginning on page 140. You are also advised to read the Section titled "Risk Factors" beginning on page xii of this Red Herring Prospectus, which discusses a number of factors and contingencies that could impact our financial condition, results of operations and cash flows. Unless otherwise stated, the financial information used in this Section is derived from our audited standalone financial statements under Indian GAAP, as restated. Our fiscal year ends on March 31 of each year, so all references to a particular fiscal year are to the 12-month period ended March 31 of that year. In this Section only, any reference to "we", "us" or "our" refers to Allied Digital on an standalone basis.

BUSINESS OVERVIEW

Founded in 1995, Allied Digital is one of the player in the Indian IT Industry, providing wide spectrum of Technology solutions & services to a diverse customer base. Operating across a network of 92 locations in 25 states across India and with a team of around 1,250 employees country-wide, Allied Digital has the ability to provide customers with a blend of optimal functionality, value for money, commitment and flexibility.

Allied Digital is an IT Infrastructure management and Technical Support Services outsourcing Company. We enable global, large and medium enterprises and service providers to reduce their total cost of ownership using a combination of onsite and remote services. We have been a preferred choice for outsourced technical support for business-to-business, business-to-consumer, e-commerce and corporate internal environments.

Our Promoters have nearly three decades of experience in technology and enterprise IT infrastructures, successfully implementing, managing and consulting on complex IT and business systems for global businesses.

Working with the industry players in technology, we deliver strategic, personalized, full-service Technical Support services solutions with quality, value and commitment to total customer satisfaction.

Allied Digital enables clients to seamlessly align IT with changing business imperatives thereby enabling maximized benefits and returns. With proven excellence in operations management, high-quality people, world-class managerial capabilities, sound technology and telecom infrastructure, Allied Digital provides a proven and reliable outsourced alternative to global customers.

These capabilities provide the operational footing for a diverse portfolio of value-added solutions including Technology Infrastructure Management, simple-to-complex technical support solutions, security lifecycle services and professional services for design and deployment of technology infrastructure.

FACTORS THAT MAY AFFECT RESULTS OF THE OPERATION

- General economic conditions in India and global markets
- Indian economic growth: Our operations are primarily based in India and we derive substantial portion of our revenue from the Indian market. Therefore any slowdown in the Indian economic growth, in particular industrial growth, may negatively impact our revenue.
- Changes in the demand for IT products and services, particularly for IT infrastructure services & enterprise software solutions.
- Fluctuations in exchange rate & interest rate: We are marginally susceptible to fluctuations in exchange rates as most of the sourcing is domestic.
- Demand for the products and services of our principals and major clients in the Indian market.
- Time to market and pricing pressures on our software products and services
- Competition in India, Asia Pacific, United States and other international markets from other IT product and services companies, especially the effect of such competition on our ability to penetrate such markets
- Any slowdown in corporate capital expenditure on IT infrastructure may restrict our future growth and profit margins.

DISCUSSION ON RESULTS OF OPERATIONS

The following table sets forth certain financial information from the restated financial statement for the year ended 2005, 2006 and 2007.

(Rs. in Lakhs)

| Particulars | For the financial year ended | | | | | |
|---|------------------------------|-------------------|--------------|-------------------|--------------|-------------------|
| | 2007 | % of total income | 2006 | % of total income | 2005 | % of total income |
| INCOME | | | | | | |
| Operating Income | 15,603 | 99.8% | 8,847 | 99.6% | 5,168 | 99.7% |
| Other Income | 17 | 0.1% | 53 | 0.6% | 12 | 0.2% |
| Increase (Decrease) in Stocks | 22 | 0.1% | (12) | -0.1% | 2 | 0.0% |
| Total | 15,642 | 100.0% | 8,887 | 100.0% | 5,181 | 100.0% |
| EXPENDITURE | | | | | | |
| Cost of Sales | 10,334 | 66.1% | 5,859 | 65.9% | 3,826 | 73.8% |
| Cost of Employees | 1,277 | 8.2% | 861 | 9.7% | 491 | 9.5% |
| Administrative, Selling and Other Expenses | 713 | 4.6% | 429 | 4.8% | 327 | 6.3% |
| Extraordinary Expenses | - | - | - | - | 199 | 3.9% |
| Total | 12,324 | 78.8% | 7,149 | 80.4% | 4,843 | 93.5% |
| PROFIT BEFORE INTEREST, DEPRECIATION AND TAX | 3,318 | 21.2% | 1,738 | 19.6% | 339 | 6.5% |
| Interest & Financial Charges | 110 | 0.7% | 80 | 0.9% | 77 | 1.5% |
| Depreciation | 86 | 0.6% | 56 | 0.6% | 32 | 0.6% |
| Net Profit before tax | 3,121 | 20.0% | 1,602 | 18.0% | 229 | 4.4% |
| Taxation | | | | | | |
| Current tax | 868 | 5.6% | 395 | 4.4% | 65 | 1.3% |
| Fringe Benefit Tax | 17 | 0.1% | 15 | 0.2% | - | - |
| Deferred tax | (56) | -0.4% | (15) | -0.2% | 20 | 0.4% |
| NET PROFIT AFTER TAX | 2,293 | 14.7% | 1,206 | 13.6% | 144 | 2.8% |
| Add: Depreciation of earlier years | - | | - | | - | |
| Net Profit after tax and adjustments (A) | 2,293 | 14.7% | 1,206 | 13.6% | 144 | 2.8% |
| Add / (Less): Impact of material adjustments for restatement in corresponding years (B) | - | | (4) | | (19) | -0.4% |
| ADJUSTED PROFIT (A+/-) B) | 2,293 | 14.7% | 1,202 | 13.5% | 124 | 2.4% |
| Add: Balance of P&L A/c brought forward | 1,202 | | - | | - | |
| Net Profit Available for Appropriation | 3,495 | | 1,202 | | 124 | |
| Transferred to General Reserve | - | | - | | 124 | |
| BALANCE CARRIED TO SUMMARY OF ASSETS AND LIABILITIES | 3,495 | | 1,202 | | - | |

INCOME STATEMENT*(Rs. in lakhs)*

| Particulars | For the Year ended on March 31 | | |
|-------------------------------|--------------------------------|--------------|--------------|
| | 2007 | 2006 | 2005 |
| Operational Income | 15,603 | 8,847 | 5,168 |
| Other Income | 17 | 53 | 12 |
| Increase/(Decrease) in Stocks | 22 | (12) | 2 |
| Total Income | 15,642 | 8,887 | 5,181 |

OPERATIONAL INCOME - DOMESTIC & EXPORTS*(Rs. in lakhs)*

| Particulars | For the Year ended on March 31 | | |
|---|--------------------------------|--------------|--------------|
| | 2007 | 2006 | 2005 |
| Domestic Sales | 14,651 | 8,240 | 5,156 |
| Export Sales -Solutions | 952 | 606 | 12 |
| Total Operational Income | 15,603 | 8,847 | 5,168 |
| <i>% of increase over the Previous Year</i> | 76% | 71% | 32% |

Our operating performance has improved year-on-year with FY 2005 earnings increasing by 32% over FY 2004 and FY 2006 earnings increasing by 71% over FY 2005. Our operational income has increased from Rs.8,847 lakhs in FY 2006 to Rs.15,603 lakhs in FY 2007 showing a y-o-y growth of 76%. Our revenue has grown at a CAGR of 74% since FY 2005. The increase in total income is due to the steady growth in our repeat business from the existing clients and additional clients being generated year-on-year.

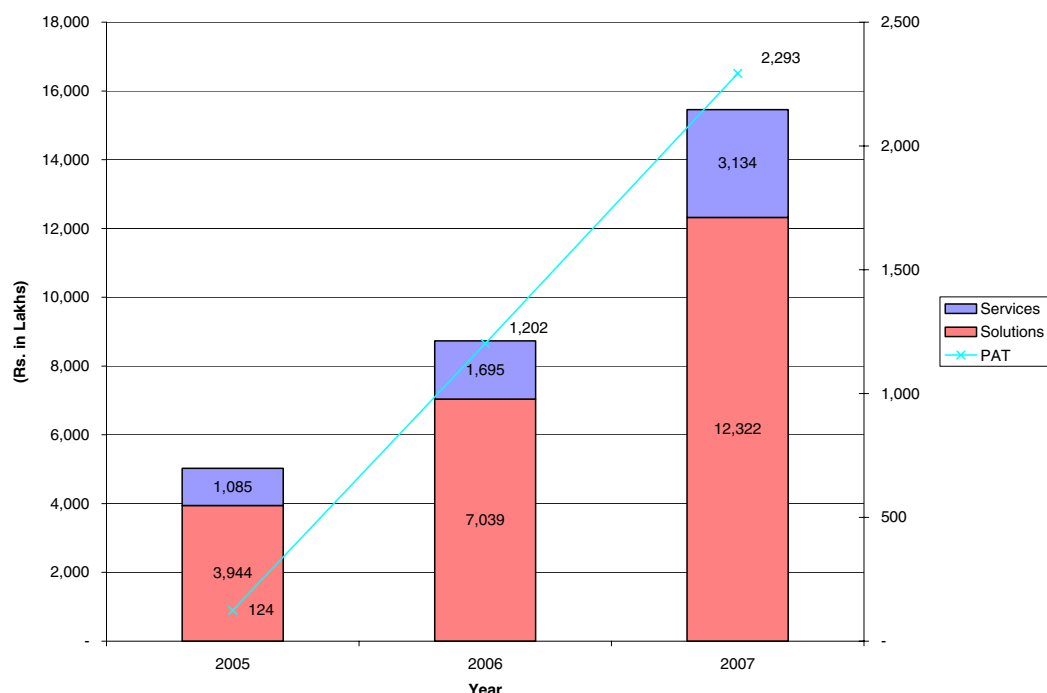
Our exports revenue is generated through software exports carried out from our STPI unit in Navi Mumbai, where our company has established a comprehensive ERP development and customization unit for SMB segments in the international markets.

SALES MIX

The sales mix of our Company's operating income can be analyzed by dividing it into Solutions and Services.

(Rs. in lakhs)

| Particulars | For the Year ended on March 31 | | |
|---------------------------------|--------------------------------|--------------|--------------|
| | 2007 | 2006 | 2005 |
| Income from Solutions business | 12,322 | 7,039 | 3,944 |
| <i>y-o-y growth in %</i> | <i>75%</i> | <i>78%</i> | <i>21%</i> |
| Income from Service business | 3,134 | 1,695 | 1,085 |
| <i>y-o-y growth in %</i> | <i>85%</i> | <i>56%</i> | <i>77%</i> |
| Others Receipts | 147 | 112 | 139 |
| Total Operational Income | 15,603 | 8,847 | 5,168 |



As it is evident from the above, the Services business has contributed significantly to our overall growth with a CAGR of 77% vis-à-vis the Solutions business which grew at 55% during the period FY 2004 to FY 2007. This is primarily due to our focus on increasing our arena of Service offerings. We have invested of an amount of Rs.199.28 lakhs on the training and certification of 130 engineers in FY 2005. Further, in the FY 2005 we decided to focus on initiatives viz. Services, Storage, Networking, Integrated Solutions and Security.

Further, we were appointed as Authorized Service Provider by Unisys in India to provide support services from March 2005. This contributed significantly in the growth of Services business in FY 2006 and current year for our full year of operations.

Our sales mix has always been skewed towards our Solutions business as it is reflected from below. However, lately the Services business has assumed more significance. The following table shows the composition of our Company's revenues as % of our Company's total Operational Income:

| Particulars | For the Year ended on March 31 | | |
|-------------------------------|--------------------------------|--------|--------|
| | 2007 | 2006 | 2005 |
| Income from Solution business | 78.97% | 79.57% | 76.31% |
| Income from Service business | 20.09% | 19.16% | 21.00% |
| Other Receipts | 0.94% | 1.27% | 2.70% |

In FY 2004, the share of solution business was 83% which has gradually come down to 79% in FY 2007. As against this the Services business has grown from 16% to 20% in FY 2007. The growth in income from Service business is mainly on account of increase in annuity businesses like FMS, AMC and focus on T-BPO activities.

CLIENT CONCENTRATION

(% to total sales)

| Particulars | For the Year ended on March 31 | | |
|--|--------------------------------|------|------|
| | 2007 | 2006 | 2005 |
| Top client contribution to revenues | 12% | 13% | 10% |
| Top 5 client contribution to revenues | 34% | 38% | 28% |
| Top 10 client contribution to revenues | 47% | 52% | 41% |

Our top client has contributed 10%, 13% and 12% of total sales in FY 2005, FY 2006 and FY 2007 respectively. Since we are dealing with the end-users of the technology and services and not with the resellers, our top clients keep on changing every year. Thus, such concentration of revenues amongst the top 10 clients would not impact our Company's performance.

RAW MATERIAL COSTS

(Rs. in lakhs)

| Particulars | For the Year ended on March 31 | | |
|---|--------------------------------|-------|-------|
| | 2007 | 2006 | 2005 |
| Total Operating Income | 15,603 | 8,847 | 5,168 |
| Of which Income from Solutions | 12,322 | 7,039 | 3,944 |
| Material Consumed | 10,334 | 5,859 | 3,826 |
| % of Value of Material Consumed to the Operating Income | 66% | 66% | 74% |
| % of Value of Material Consumed to the Income from Solutions business | 84% | 83% | 97% |

Our gross margins improved significantly in FY 2006 vis-à-vis earlier years and it sustained in FY 2007. It has improved by 8% in the FY 2006 vis-à-vis FY 2005. Our material costs are directly related to our Solutions business; the improvement is directly attributable to the increase in Services revenue, foray into Software business and revenue arising there from, and contribution to revenues arising from more profitable areas like Consulting, Professional Services and Enterprise Management Solutions business. In FY 2007, the material consumption to the total income from solution is 84% vis-a-vis 97% in FY 2005; an improvement of 13% resulting to better margins.

OTHER OPERATING COSTS

(Rs. In lakhs)

| Particulars | For the Year ended on March 31 | | | | | |
|-----------------------------|--------------------------------|------------|--------------|------------|------------|------------|
| | 2007 | | 2006 | | 2005 | |
| | Amount | In % | Amount | In % | Amount | In % |
| Employee Cost | 1,277 | 8% | 861 | 10% | 491 | 9% |
| Operating & Other Expenses | 713 | 5% | 429 | 5% | 327 | 6% |
| Total Operating Cost | 1,990 | 13% | 1,290 | 15% | 818 | 15% |

The other operating cost was 15% of our operating income in the FY 2005 which came down to 13% in FY 2007. The reason for decrease in operating cost is on account of our ability to generate more revenues resulting into decrease in fixed overheads.

EARNINGS BEFORE INTEREST, DEPRECIATION, TAX AND AMORTISATION (EBIDTA)

(Rs. in lakhs)

| Particulars | For the Year ended on March 31 | | |
|---|--------------------------------|--------------|------------|
| | 2007 | 2006 | 2005 |
| Total Operating Income | 15,603 | 8,847 | 5,168 |
| Profit After Tax | 2,293 | 1,202 | 124 |
| Add: Financial Charges | 110 | 80 | 77 |
| Depreciation & Amortization | 86 | 56 | 32 |
| Tax | 829 | 395 | 85 |
| EBIDTA | 3,318 | 1,734 | 319 |
| % of EBIDTA to the total Operating Income | 21% | 20% | 6% |

As it is apparent from above, our EBIDTA margins in FY 2006 have improved substantially vis-à-vis FY 2005 and has sustained in the FY 2007. It has increased from 6% in FY 2005 to 21% in FY 2007. This improvement in EBIDTA margins is primarily because of increase in revenues from Service offerings which contributes nearly 50% to its EBIDTA and due to significant improvement in gross margins (13%) within Solution offerings as discussed above.

PROFIT AFTER TAX (PAT)*(Rs. in lakhs)*

| Particulars | For the Year ended on March 31 | | |
|---|--------------------------------|--------------|-------------|
| | 2007 | 2006 | 2005 |
| Profit Before Tax | 3,121 | 1,602 | 229 |
| Net Profit After Tax & Adjustments | 2,293 | 1,202 | 124 |
| <i>% of Net Profit After Tax to total sales</i> | <i>14.7%</i> | <i>13.6%</i> | <i>2.4%</i> |

As discussed above, the benefit of improvement in gross margins by 8% and a non-recurrence of Extraordinary Expense by 4% has passed on to its PAT margins explaining the improvement in the same by 12% in FY 2006 vis-à-vis FY 2005. During the year ended March 31, 2007, the net profit margin to total income is 14.7% against 13.6% in FY 2006.

DEBTORS TURNOVER RATIO*(Rs. in Lakhs)*

| Particulars | For the Year ended on March 31 | | |
|---|--------------------------------|------------|------------|
| | 2007 | 2006 | 2005 |
| Outstanding Debtors at the end of the Period | 5,963 | 2,906 | 980 |
| <i>Debtors less than 180 Days as a % of total debtors</i> | <i>87%</i> | <i>86%</i> | <i>65%</i> |
| <i>Debtors more than 180 Days as a % of total debtors</i> | <i>13%</i> | <i>14%</i> | <i>35%</i> |
| No. of Days outstanding Debtors (Days) on an Average | 139 | 120 | 69 |
| Debtors Turnover Ratio | 4.59 | 3.94 | 2.27 |

We usually realize our debts within a span of 90 to 120 days from the date of sales. However, in FY 2006 and FY 2007, the Debtors (in terms of value) appear to have increased from Rs.980 lakhs in FY 2005 to Rs.2,906 lakhs and Rs.5,963 lakhs respectively. This is primarily due to our focus on larger complex enterprise projects from FY 2006. Besides, the reason of such increase in Debtors in FY 2006 and FY 2007 can also be attributable to high sales turnover in the last two quarters of the year.

In FY 2006 and FY 2007, we have executed various larger orders which typically have longer execution period. We recognize our revenues of solution business against dispatch of goods. Payments are, however, based on project milestones viz. against delivery, implementation, testing and acceptance. In these orders, the book debts actually crystallize only after 30-45 days from the initial dispatch of goods and credit period as per the terms of the order start thereon. This cycle thus prolongs the recoverable time period significantly.

COMPARISON OF THE FINANCIALS OF FY 2007 VIS-À-VIS FY 2006:**INCOME**

Our total income for the fiscal 2007 is Rs.15,642 lakhs, compared to Rs. 8,887 lakhs in fiscal 2006. The increase in total income by 76% was primarily due to grueling growth of both Solutions business and Services business by 75% and 85% y-o-y respectively. These growths are attributable to our Company's revenues from our new Solutions businesses i.e. Integrated Solutions and Software Solutions. Likewise, our Service businesses grew because of the full year operations with Unisys for our Company's IT Services (Incident-based Support). Besides, our new initiatives viz. ITIL/ITSM implementation services and Professional services also contributed to this growth.

The total income for fiscal 2007 also includes the export revenue from software solution business amounting to Rs.952 lakhs which constituted 6. % of the total income. The Other Incomes of our Company is Rs.17 lakhs in FY 07 vis-à-vis Rs.53 lakhs in FY 06 and thus insignificant to the total incomes.

EXPENDITURE

Total expenditure for the fiscal 2007 is Rs.12,324 lakhs i.e.79% of the total income as compared to Rs.7,149 lakhs i.e. 80% of total income in fiscal 2006. Total expenditure declined by 1% of total income in the fiscal 2007 as compared to fiscal 2006. In FY 2007, our company's revenue has been increased by Rs.76% as compared to FY 2006, resulting into decrease in fixed overheads as percentage to total revenue. The percentage

of other operating costs to operating income has decrease by 1.8% of total income i.e. from 14.5% in FY2006 to 12.7% in FY 2007.

The other operating cost includes employee costs and operating and other expenses. In our business employee costs are directly related to our revenues and thus, though it has increased in absolute terms decrease as a percentage to total income.

PROFITABILITY

Our EBIDTA margins in FY 2007 have increased marginally vis-à-vis FY 2006 i.e. from 20% in FY 2006 to 21% in FY 2007. This improvement in EBIDTA margins is primarily because of decrease in operational cost as a percentage to total income.

The PAT margin in FY 2007 is 15% as against 14% in FY 2006. This improvement in margin is on account of the revenue generated from the more profitable segments.

COMPARISION OF THE FINANCIALS OF FY 2006 VIS-À-VIS FY 2005:

INCOME

Our Company's total income for the fiscal 2006 was Rs.8,887 lakhs, compared to Rs.5,181 lakhs in fiscal 2005. The increase in total income by 72% was primarily due to grueling growth of both Solutions business and Services business by 78% and 56% y-o-y respectively. These growths are attributable to our Company's revenues from our new Solutions businesses i.e. Integrated Solutions and Software Solutions. Likewise, our Service businesses grew because of the full year operations with Unisys for our Company's IT Services (Incident-based Support). Besides, our Company's new initiatives viz. ITIL/ITSM implementation services and Professional services also contributed to this growth.

The total income for fiscal 2006 also includes the income from Exports of software amounting to Rs.606 lakhs which constituted 7% of the total income.

The Other Incomes of our Company was Rs.53 lakhs in FY 06 vis-à-vis Rs.12 lakhs in FY 05 and thus insignificant to the total incomes.

EXPENDITURE

Total expenditure for the fiscal 2006 was Rs.7,149 lakhs i.e.80% of the total income as compared to Rs.4,843 lakhs i.e. 94% of total income in fiscal 2005. Total expenditure declined by 13% of total income in the fiscal 2006 as compared to fiscal 2005 because of 8% decrease in Material Costs to Operating Costs. The percentage of other operating costs to operating income did not change in FY 2006 vis-à-vis FY 2005. Besides the improvement of Material Cost by 8% in FY 2006 vis-à-vis FY 2005, there was an Extraordinary Expense of almost 4% incurred in FY 2005.

The other operating costs were 15% in FY 2005 and has remained same in the FY 2006. These costs include employee costs and operating and other expenses. In our business employee costs are directly related to our revenues and thus, though it has increased in absolute terms it has not changed as a percentage over the revenues.

PROFITABILITY

Our Company's EBIDTA margins in FY 2006 have increased substantially vis-à-vis FY 2005 i.e. from 6% in FY 2005 to 20% in FY 2006. This improvement in EBIDTA margins is primarily because of significant decrease in material costs to operating costs by 8%. The percentage of Other Operating Costs to Operating Income (i.e. 15%) has not changed in FY 2006 vis-à-vis FY 2005. Besides the improvement of Material Cost there was an Extraordinary Expense of almost 4% incurred in FY 2005.

The PAT margins in FY 2006 were 14% as against 2% in FY 2005. These improvements in gross margins by 8% and a non-recurrence of Extraordinary Expense by 4% have passed on to its PAT margins explaining the improvement in the same by 12% in FY 2006 vis-à-vis FY 2005.

OPERATIONS DURING FY 2006

Industry and Market Place Analysis

Indian IT sector growth can be attributed to the increasing overseas demand for IT services and the deals struck between the Indian scale companies and overseas IT companies. India's share in the global IT industry has also grown to 74% in 2006 compared with 65% in 2005.

Indian scale players have improved their offshore growth by 41% during 2004-06 from 28% during 2002-04. Indian scale companies and MNC IT players are said to be leading the current high growth in the IT sector, through value added outsourcing and offshoring. Their capability to garner large offshore market share is due to their relationship with the Fortune 500 companies, ability to manage attrition and building a favorable client perception. According to the Research, business process outsourcing services and other software services are said to be the major revenue-gaining services. Low-cost location and labour available in India has attracted several software companies. (*Source: The Hindu, Business Line dated May 11, 2006*).

The worldwide demand for third-party technical support and help desk services is expected to reach \$23.0 billion in 2008, displaying a combined compound annual growth rate (CAGR) of 9.6%. According to International Data Corporation (IDC), the worldwide market for outsourced technical support services will increase from \$11.1 billion in 2003 to \$16.9 billion in 2008, representing a CAGR of 8.8%. Over the same period, the outsourced help desk services market is expected to increase at a CAGR of 12.0%, from \$3.5 billion to \$6.1 billion in 2008.

The United States will continue to dominate the demand for outsourced technical support and help desk services and will continue to outpace (in terms of total expenditures) other regions of the world. In 2003, the Americas region comprised 59% of the worldwide spending. EMEA followed with 26% and Asia/Pacific region's spending was 15% of the worldwide total.

As global delivery matures, newer locations are emerging; however India remains the undisputed leader. India maintains its distinctive lead amongst offshore destinations. Strong fundamentals will help sustain India's value proposition - 28% of the suitable talent available across all offshore locations (outranks the next destination by a factor of 2.5). This is because of its keen emphasis on security and quality, sustained cost competitiveness, gains from increased productivity, utilization and scale expansion.

Recognizing the advantages of multi-country service delivery capabilities to better manage evolving customer requirements and execute end-to-end delivery of some new services, Indian companies are enhancing their global service delivery capabilities through a combination of green-field initiatives, cross-border M&A, partnerships and alliances with local players. Global software product giants such as Microsoft, Oracle, SAP, etc., have established their captive development centers in India. India's record on information security ranks better than most locations.

For India to fully capitalize on the opportunity and sustain a disproportionate lead in the global IT-ITES space, it needs to focus on five key areas:

- Enhancing the talent pool advantage -- focus on skill development to better leverage the world's largest working population.
- Strengthening urban infrastructure in existing (tier I) and emerging (tier II and tier III) cities and continued emphasis on proactive regulatory reform to facilitate greater ease of doing business.
- Driving a philosophy of operational excellence amongst industry players (across the board) to ensure that India-based delivery sustains world-leading benchmarks in performance.
- Catalysing domestic market development.
- Actively promoting an uncompromised agenda towards global free trade.

Information Technology Services

The strategic investments made in the previous financial year in expanding the outsourced services business has helped Allied Digital to grow its revenues in this segment by almost 60% and also pave way for enabling more strategic alliances like EDS, Fujitsu-Siemens etc. We expect significant growth in this revenue area.

Allied Digital has also expanded its direct presence in newer geographies.

Allied Digital has made significant progress in establishing/increasing revenues in services areas like

- ITIL/ITSM implementation

- Professional Services
- Consultancy Services
- Enterprise Management Services

The growth in this revenue segment also helped Allied Digital to significantly strengthen its bottom-line too.

IT Solutions

Leveraging on the nation wide presence and the direct business model Allied Digital continued to grow its revenues from IT solutions area. We have been able to significantly strengthen our technological depth and spread across the country.

We have successfully completed many large enterprise wide projects on Enterprise computing, Enterprise management, high availability computing and enterprise security implementation areas.

The Software exports initiative has successfully started yielding revenues. We expect this division to be growing at a fast pace. We have initiated discussions with various parties internationally for expanding the marketing of these software solutions internationally.

Strategic Alliances

Allied Digital has established the following alliances in the last financial year

- **EDS** – One of the largest System Integrators in the world – as their Global Field Services Partner in India.
- **LANDesk** – One of the leading player in the field of enterprise management tools – Enterprise Solutions Partner
- **Fujitsu-Siemens** – One of the leading enterprise computing infrastructure manufacturer – as Authorised Service Provider for India.

New Initiatives

We have initiated the following business lines during this period:

- **SOC** – we have finalized on the premises and have tied up with **e-Cop**, an international player in Managed Security Services. We have also trained and certified our operational team for the SOC at E-Cop, Malaysia. The said SOC would be operational in Q1 of 07-08.
- We have also finalized on setting up a **NOC** (Remote Network Operations Center), and a **TBPO** (Technical BPO).

COMPARISON OF THE FINANCIALS OF FY 2005 VIS-À-VIS FY 2004:

INCOME

Our Company's total income for the fiscal 2005 was Rs.5,181.42 lakhs, compared to Rs.3,961.63 lakhs in fiscal 2004. The increase in total income by 31% was primarily due to impressive growth of Services business by 77%. However, in absolute terms it has increased from Rs.612.73 lakhs in fiscal 2004 to Rs.1,085.04 lakhs in fiscal 2005. While Solutions business, though increased by 21%, in absolute terms it grew from Rs.3,257.83 lakhs in fiscal 2004 to Rs.3,943.69 lakhs in fiscal 2005.

The Other Incomes of our Company was Rs.11.88 lakhs in FY 05 vis-à-vis Rs.32.06 lakhs in FY 04. Our Company's export revenues were also not very significant – Rs.11.60 lakhs.

EXPENDITURE

Total expenditure for the fiscal 2005 was Rs.4,842.92 lakhs i.e. 94% of the total income as compared to Rs.3,777.62 lakhs i.e. 96% of total income in fiscal 2004. Likewise the Material Cost to Operating Income has changed insignificantly from 76% to 74% in the fiscal 2004 and 2005 respectively. The percentage of Other operating costs to operating income improved to 15% in FY 2005 from 21% in FY 2004 due to control over its costs.

EXTRA ORDINARY EXPENSE

We have incurred an Extraordinary Expense to the tune of Rs.199.29 Lakhs in FY 2005 i.e. almost 4% of our total revenues. This was in the form of 130 numbers of engineers that were deployed who had to undergo

training and certification, which is mandatory for Unisys to render their service to their customers. Many of the training were conducted at Dell factory, which is located at Penang, Malaysia.

PROFITABILITY

Our Company's EBIDTA margins in FY 2005 have increased marginally vis-à-vis FY 2004 i.e. from 4% in FY 2004 to 6% in FY 2005. The PAT margins in FY 2005 were 2.41% as against 0.81% in FY 2004.

OPERATIONS DURING FY 2005

Unisys Operations:

We, at Allied Digital Services, have incurred an Extra Ordinary Expenses in the year 2004-05 in terms of creating a readiness for the future Unisys services business which is expected to the tune of Rs.1,500 lakhs per annum. Unisys is a 132 years old, worldwide information technology services and solutions company having its presence in more than 100 countries across the globe. Management has taken decision to invest in such activity keeping long term view and for the opportunity worth minimum Rs.1,500 lakhs of services revenue per annum. The first phase of roll out started in the month of March '2005 and the business is expected to grow in phases.

Expenses incurred which treated as Extraordinary expenses are in the form of 130 numbers of engineers that were deployed who had to undergo training and certification, which is mandatory for Unisys to render their service to their customers. Many of the training were conducted at Dell factory, which is located at Penang, Malaysia.

Other Initiatives:

"A new SBU called "Integrated Solutions" has been formed. Allied Digital has been a strong player in the IT industry being recognized by prestigious publications such as Dataquest, Computer World, and Voice & Data for its Support, Third Party Maintenance, Channel Partnering and Systems Integration Skills.

Since these recognitions and awards were a direct result of strong customer base and support, it was felt that leveraging on the core competency and by adding more technology skills, Allied Digital would evolve into a significant Systems Integration solution provider.

"Integrated Solution" SBU of Allied Digital Services Limited provides Comprehensive Systems Integration Solution for Security, Smartcards, and RFID comprising of Hardware, Software, and embedded technology products.

These solutions are generally integrated around proprietary product components requiring support from the supplier. This leads to Maintenance, Upgrade and Repeat orders being given to the supplier. This scenario also presents a strong entry barrier for a new vendor since heterogeneous systems have compatibility problems.

Industry and Market Place Analysis:

Security and Protection market covering Access Control, Fire Detection, CCTV and Intrusion Detection Provides an average gross margin of around 36%.

Security business has shown 40% growth rate in India and is expected to increase to 55% to 60% due to increased threat perception. There will be significant increase in requirement from BFSI, Government, Defense, Travel & Transportation and PSU units for enhancing security protection from unwarranted threats.

There is a growing demand for CCTV systems for Visual surveillance as well as for Management observation for increased productivity. Digital Video Recording technology has made it simpler to install cameras and record the clips on a PC which can be viewed on a LAN or a WAN.

Smartcards are used in applications such as Driving License, Vehicle Registration Certificate and Citizen ID cards. These projects are generally awarded on BOOT basis. These cards are also being increasingly used for loyalty, employees ID, Cashless payment applications.

RFID tags are predicted to replace barcode labels for inventory tracking, supply chain management and job tracking.

Organization having following profile can be a successful player in this segment:

- Core skill in Networking and systems integration
- Software and Firmware skills
- National presence for supporting Multi location customers.

It is difficult to estimate the actual size of the Indian Market in the absence of any authentic body such as MAIT. However some analyst pegs the size at Rs.500 Crores. The market is yet to mature with several emerging technologies now appearing.

Strategic Alliances:

Allied Digital has entered into strategic alliance with the following International companies to provide quality solution:

a) GE Securities - a very prominent security company in USA having bagged very large contracts for security systems. GE has acquired four security companies including Casi – Rusco in US to become a formidable player in the international market.

This strategic alliance with Allied Digital for its multi-location presence, IT skill sets and Facility Management Infrastructure. They have also indicated their willingness to refer their international customers to Allied Digital for better support.

Joint Ventures:

Allied CNT Solutions Pvt. Ltd.:

In July 2004 Our Company has formed a Joint Venture with a controlling stake of 47.33% with CNT International Ltd. The name of the new company is Allied CNT Solutions Pvt. Ltd. CNT group is largest business house of Sri Lanka having their footprints almost in all the verticals of the industry in Sri Lanka. In Allied CNT Solutions company will undertake distribution activity of large internet security products, such as Checkpoint, Stonesoft, Resilience and IMAS.

SIGNIFICANT DEVELOPMENTS SUBSEQUENT TO THE LAST FINANCIAL YEAR

Except as stated above, no circumstances have arisen since the date of the last financial statements as disclosed in this RHP which materially and adversely affect or are likely to affect, the trading or profitability of our Company or the value of our assets or our ability to pay material liabilities within the next twelve months.

RELATED PARTY TRANSACTIONS

Please refer to page 139 & 150 of this Red Herring Prospectus for further details on “Related Party Transaction”.

FINANCIAL INDEBTNESS

MATERIAL COVENANTS

Our company has availed credit facilities from banks for financing our business activities. The following are the details:

| Lender | Nature of facility | Sanctioned Amount (Rs. in lakhs) | Outstanding as on March 31, 2007 (Rs. in lakhs) | Security Created |
|---------------------|--------------------|-------------------------------------|--|--|
| State Bank of India | Cash Credit | 600 | 390 | Hypothecation of our Company's stocks, book debts and all other current assets. Mortgage of gala No.4, bldg. 3, MIDC, Mahape & Mortgage of |
| | DD Purchases | 50 | Nil | |
| | Letter of Credit | 200 | 10 | |

| | | | | |
|--|----------------|-----|-----|--|
| | | | | new gala to be purchased in MIDC, Mahape |
| | Bank Guarantee | 525 | 460 | i) Extension of Hypothecation in the current Assets of our company. ii) Omnibus Counter Guarantee |

Material Covenants: Terms and conditions of the facilities:

Our company shall not without Bank's permission in writing:

- effect any change in the company's capital structure.
- formulate any scheme of amalgamation
- implement any scheme of expansion or acquire fixed assets
- invest by way of share capital or lend or advance funds or place deposits with any other concern (normal overdue credit / security deposits in the normal course of business or advances to employees exempted)
- enter into any borrowing arrangements either secured or unsecured with any bank, Financial Institution or company or accept deposits.
- declare dividend for any year except out of profit after making all dues.
- make any drastic change in the management set up

Other covenants:

- Bank has a right to appoint a nominee Director.
- Monies brought in by the principal shareholders / directors / depositors not to be withdrawn without bank's permission.

| Lender | Nature of facility | Sanctioned Amount (Rs. in lakhs) | Outstanding as on March 31, 2007 (Rs. In lakhs) | Security Created |
|------------------------------|--|----------------------------------|---|--|
| Global Trade Finance Limited | Factoring facility | 750 | 27 | Receivables together with associated rights |
| ICICI Bank Limited | Overdraft facility | 27 | 22 | Security of deposit made by our Company with the bank. |
| DBS | Medium Term Loan (to be repaid in 36 EMIs) | 1,500 | 40 | Specific charge on the receivables of our Company to be created within 2 months of the acceptance of the sanction letter |

Financial Covenants:

- Current ratio to be maintained at a minimum of 1.33% times from financial year ending 31.3.2007.
- TOL/TNW (Total Outside Liabilities/Total Net Worth) shall be maintained below 1.
- Interest Service Ratio/Debt Service Coverage Ratio to be maintained above 5 times from financial year 31.3.2007 onwards, during the currency of the term loan.

Negative covenant: Promoters' holding not to fall below 51% without prior written consent of the Bank.

Other terms:

- List of approved buyers to be submitted prior to disbursement.
- Offer to lapse, if not accepted within 30 days from the date of sanction letter, unless the company seeks extension and the same is approved by the Bank.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

We are exposed to market risk from changes in foreign exchange rates and interest rates. The following discussion is based on our consolidated financial statements under Indian GAAP.

Interest Rate Risk

Our interest rate risk results from changes in interest rates, which may affect our financial expenses. The interest rates on working capital finance are linked to PLR of the lending banks. Hence, our interest rate risk is limited only to the extent of changes in PLR. In respect all other secured long-term loans, the interest rates are fixed.

Exchange Rate Risk

Even though our functional currency is the Indian Rupee, we may transact a portion of our business in foreign currencies, including the U.S. dollar. The exchange rate between the Rupee and various international currencies has changed substantially in recent years and may fluctuate substantially in the future. For fiscal 2005, 2006 and 2007, our foreign currency denominated income represented 0.23%, 6.82% and 6.09% of our total income respectively. Our exchange rate risk primarily arises from our foreign currency income, receivables and payables. Currently, such incomes are not significant in relative terms to our total income. However, this portion may assume significant portion in the future. We may, if required, will reduce the effect of exchange rate fluctuations on our operating results by purchasing foreign exchange forward contracts and we may, in the future, adopt more active hedging policies.

OTHER INDUSTRY AND COMPANY SPECIFIC INFORMATION**INFORMATION REQUIRED AS PER CLAUSE 6.10.5.5 (A) OF THE DIP GUIDELINES****i. Unusual or Infrequent Events or Transactions**

There have been no events or material transactions to our knowledge which may be described as “unusual” or “infrequent”.

ii. Significant Economic Changes that materially affect or are likely to affect income from continuing operations

Government’s focus on IT / ITES industry will have major bearing on the companies involved in this industry. Any major changes in the policies of the Government would have the significant impact on the profitability of our Company. The risk relating to the changes in the economic or regulatory environment and its impact on our business is discussed separately in the Section titled ‘Risk Factors’ on page xii of this RHP.

iii. Known trends and uncertainties that have or are expected to have a material adverse impact on sales, revenues or income from operations

Other than as described in this Red Herring Prospectus, to our knowledge, there are no known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income of our Company from continuing operations.

iv. Relationships between costs and revenues

Other than as described in this Red Herring Prospectus, to our knowledge, there are no known factors, which will affect the future relationship between the costs and income, or which will have a material impact on the operations and finances of our Company.

v. New Products or Business Segment

Other than the one described in the heading titled “Our Products and Services” of Section titled “Business Overview” on page 80 of this Red Herring Prospectus, to our knowledge, there are no new products or business segments.

vi. Seasonality of business

To our knowledge, our business does not have any seasonal impact, though our revenues may not be evenly spread throughout the year. Our customer billing for the second half is higher than the customer billing in the first half of the each financial year. Our billings could vary in terms of amount as we cater to end clients of all sizes and the period may also vary accordingly over which our revenues are spread during the year.

vii. Significant dependence on a few entities across our business units

The top client of our Company has contributed 17%, 10% 13% and 12% in FY 2004, FY 2005, FY 2006 and FY 2007 respectively. Our Company’s top 10 clients contribution is 47% in FY 2007.

Since our Company is dealing with the end-users of the technology and services and not with the resellers, our Company’s top clients keep on changing every year. Thus, such concentration of revenues amongst the top 10 clients would not impact our Company’s performance.

Also please refer to the Section titled “Risk Factors” on page xii of this Red Herring Prospectus.

viii. Competitive conditions

Our company may face competition from other established players in the IT and ITES industry. For further details, please refer to the discussions of competition in the sections titled “Risk Factors” and “Business Overview” on page xii and 69 respectively of this Red Herring Prospectus.

SECTION VI: LEGAL AND REGULATORY INFORMATION**OUTSTANDING LITIGATIONS AND DEFAULTS**

Except for the details of proceedings given below, there are no outstanding litigation suits or criminal or civil prosecution, proceedings or tax liabilities against our company, directors or promoters. There are no defaults, non-payment of statutory dues, overdues to banks / financial Institutions. There are no defaults in dues payable to holders of any debentures, bonds or fixed deposits. There are no arrears on preference shares issued by our company. There are no defaults in creation of full security as per terms of issue / other liabilities. There are no proceedings initiated for civil / economic / any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of Part 1 of Schedule XIII of the Companies Act, 1956) that would result in a material adverse effect on Company's consolidated business taken as a whole.

1. Litigation against the company:**A. Labour Court**

Sub: **Reference (9DA) No.387 of 2000 filed against Allied by former employee Mr. Sanjeev B. Thube**

Mr. Thube joined the company on 11.2.1998. He was in probation for 6 months. Thereafter w.e.f. 11.8.1998 he was made permanent. According to him, he was illegally terminated on 28.1.1999. He raised a dispute before the Commissioner of Labour alleging that he was terminated without following the provisions of ID Act and thereby claiming reinstatement. According to our Company the Applicant was offered employment during the proceedings before the Conciliation Officer, however the Applicant refused to accept the same. According to our Company the Conciliation Officer has recorded the same. The matter was referred to Labour Court for adjudication. According to our company's advocate, as none was present for our Company the matter was decided ex parte granting relief to the Applicant. Subsequently our Company's application to set aside the ex parte order and restoration of the matter was decided by the court in our Company's favour.

Our company contends before the Labour court that the Applicant is not a workman within the definition of workman under the ID Act. Further our Company contends that his employment was not terminated by our company. The ex-employee had refrained from attending to his duties and thereby voluntarily abandoned his job without notice to our company.

The matter is pending before the Labour Court.

Date of last hearing: April 17, 2007

Date of next hearing: July 2, 2007

B. Income tax**Appeal before the Commissioner of Income Tax- IV, Mumbai**

1. For the assessment year 1998-1999, the Assessment Officer had disallowed the expenditure of Rs.9.60 lakhs paid by our company to Gateways towards supervision charges. The CIT (A) set aside the order of the Assessment Officer. On appeal, the Income Tax Appellate Tribunal, by its order dated 17th October 2005 has remanded the matter back to the Assessment Officer for a fresh adjudication.

Last date of hearing: May 28, 2007

Next date of hearing: To be intimated by the department

2. For the assessment year 2001-2002, our company has filed an appeal against the demand for Rs.16,29,166/-. The grounds of the appeal are –

- Disallowance of 1/3rd supervision charges
- Disallowance of late payment of contribution to PF and ESIC
- Deletion of interest u/s 234A,B,C of the Income-tax.

Last date of hearing: May 28, 2007

Next date of hearing: To be intimated by the department

3. For the assessment year 2003-04, our company has filed an appeal against the demand for Rs.19,72,340/-. The grounds of the appeal are –

- Disallowance on account of late payment of Provident Fund & ESIC
- Disallowance of repairs and maintenance expenditure of Rs.1,33,077

- Addition of Rs.15,39,085/- on account of debtors written off
- Disallowance of registration fees of Rs.33,500/-

By his order dated 09.02.2007, the Commissioner of Income-tax has disposed the appeal filed by our Company, by partly allowing the appeal. By the aforesaid order, the Commissioner has:

- deleted the addition of Rs.15,39,085/- made on account of sundry balances written off;
- deleted the disallowance of Registration fee of Rs.33,500/-;
- confirmed the addition towards payment of contribution towards Provident Fund and ESIC to the extent of Rs.2,19,866/- only;
- confirmed the addition of Rs.1,33,077/- on account of repairs and maintenance and Rs.93,977/- towards credit card expenses.

By the aforesaid order, the appeal filed by our Company has been partly allowed.

C. Sales Tax / Central Sales Tax

- Appeal filed before the Deputy Commissioner of Sales Tax (Appeals) against the Assessment Order dated 12-6-2000.

| | |
|---|-----------------|
| Demand as per the Assessment Order | 3,15,714 |
| Less: Tax paid | 75,000 |
| Balance | 2,40,714 |

| | |
|-----------------------------|---------------|
| Demand under CST Act | 33,828 |
| Less Tax Paid | 5,000 |
| Balance | 28,828 |

The ground on which the appeal has been filed was that sales effected on high seas (during import) was not chargeable under Bombay Sales Tax Act and exempted under CST. The Appeal before the Dy. Commissioner was disallowed. Our company has filed an appeal before the Sales Tax Appellate Tribunal and the same is pending.

Last date of hearing: September 3, 2005

Next date of hearing: To be intimated by the department

- For the assessment year 1999-2000, order was passed on 05.05.2004. Demand as per the Assessment order under Bombay Sales Tax Act (BST Act) was Rs.32,83,471/- and a refund of Rs.12,12,215 under Central Sales Tax Act (CST Act). Appeal filed by our Company resulted in refund of Rs.21,00,105/- under BST Act and a refund of Rs.13,09,405/- under CST Act. Second Appeal was filed by our Company against the order under CST Act before the Sales Tax Appellate Tribunal on 19.03.2005, being Second Appeal No.349 of 2005.

Last date of hearing: July 1, 2005

Next date of hearing: To be intimated by the department

- For the Assessment Year 2000-2001, there was a demand of Rs.2,99,063 under CST. On appeal, an order was passed ordering Rs.85,442/- demand under CST Act. Second appeal was filed against the order before the Maharashtra Sales Tax Tribunal and the matter is pending before the Tribunal.

Last date of hearing: February 14, 2006

Next date of hearing: To be intimated by the department

- For the assessment year 2000-2001 there was a demand of Rs.1,31,242/ against our company. The Appeal filed by our company against this demand was dismissed for non attendance on January 12, 2006. The Appeal has since been restored on filing a restoration application on February 1, 2006.

Last date of hearing: February 14, 2006

Next date of hearing: To be intimated by the department

- One Marketics India Pvt. Ltd. ("Marketics") filed a suit against our company in the Bombay High Court, being Summary Suit No. 4757 of 1998 for the recovery of Rs.2,92,000/-, together with interest @ 18% p.a. from date of suit till date of realization. Marketics based its claim under an Agreement dated 1st April, 1995

entered into between Marketics and our company. Our company contested the said claim of Marketics. Marketics took out a Summons for Judgment in the above suit. The High Court by its Order dated 7.6.2000 granted leave to our company to defend,, subject to the company depositing the suit claim of Rs.2,92,000/- within 8 weeks from the date of the Order. Against the above Order, our company filed an Appeal. By an order dated 1st August 2000, the Hon'ble High Court directed the Defendant to deposit the sum of Rs.1,50,000/=. The abovesaid sum of Rs.1,50,000/= had been deposited and the summary suit is pending.

Last date of hearing: August 1, 2000

Next date of hearing: The suit has not been listed for hearing

2. Criminal Proceeding filed by our Company

Our company had filed two complaints against Mr. Jaheer Hussain Meeran Sahib (an ex-employee of the company) before the Metropolitan Magistrate's Court, Esplanade, Mumbai, being Case No. 455/SS/2006 and Case No.708/SS/2006 under section 138 of the Negotiable Instruments Act for dishonour of cheques for Rs.10,000/- and Rs.1,00,000/- issued by the said Mr. Jaheer Hussain Meeran Sahib in discharge of his liability to the company. The complaints are pending.

REGULATORY AND OTHER APPROVALS

We have received the necessary approvals from the GoI and various governmental and regulatory authorities in relation to our present business and to undertake this Issue. No further approvals are required for conducting our present business and to undertake this Issue other than as described below.

Following are the relevant details pertaining to various approvals from the respective authorities

1. **FIPB Approval** dated 9.11.2004 for foreign equity participation in foreign exchange 49% amounting to Rs.24.50 lakhs in the paid-up capital of our company. The amount of consideration for the aforesaid investment will be paid out of the inward remittance of foreign exchange through normal banking channels.

| | | |
|---|---|---|
| a | Name and address of Foreign collaborator | M/s. CNT International Ltd., Sri Lanka |
| b | Items of manufacturer/activity covered by the Foreign collaboration | Engaged in import and reselling of software products and solutions primarily targeted at internet security and net work management. |
| c | Approval No. | FC:11:359(2004)/385(2004) |
| d | Issued by | Govt. of India, Ministry of Finance, Dept. of Economic Affairs, FIPB Unit |
| e | Proposed location | Mumbai, Greater Mumbai, Maharashtra |

2. Certificate of Imports-Exports Code (IEC)

| | | |
|---|-------------------------|---|
| a | Issued by | Government of India, Ministry of Commerce |
| b | Name | Allied Digital Services Ltd |
| c | Address | 375 JSS Road , B Wing, 5 th Floor, Vidyut Building, Charni Road, Mumbai – 400002 |
| d | Address of Branch/ Unit | Issued to Company's Unit , Branch Code- 1, Unit No.4, Building No.3, Sector -3, MBP, TTC Industrial Area Mahape Village, Navi Mumbai – 400705 |
| | | 53-58, 3 rd Floor, Sri Chakravarthi Complex, Kavi Lakshimisha Road, V.V. Puram, Bangalore -560 004. |
| | | 27, Laketemple Road, P. S. Tollygunge, Kolkatta – 700 029 |
| | | B-5, Kalkaji, New Delhi – 110 119 |
| | | Door o.6, First Street, Nandanam Extension, Chennai -600 035 |
| e | PAN | AAACA5509K |
| f | IEC No. | 039 601 9722 |
| g | Date of issue | 12.7.1996, as amended by the certificate dated 30.11.2006 |

3. Quality Management System Certification

| | | |
|---|--|---|
| a | Issued by | Bureau of Indian Standards (Under Bureau of Indian Standards Act, 1986) |
| b | Products / Processes with respect to which the Firm has been granted the licence for quality management system certification | Sale of computer system, networking products, net working project solutions, communication project solutions, sale of Smart card /RFID, sale of fire detection and security systems, banking project solutions, services under warranty, AMC and facilities management service excluding design |
| c | License No | QSC/L – 7000884.2 |
| d | Valid | 3 – 11 – 2005 to 2 – 11 – 2008 |

4. Technical approval / Licence:

Letter of Permission issued by Software Technology Park of India extending all the facilities and privileges admissible and subject to the provisions of the STP Scheme as envisaged in Foreign Trade Policy 2004-2009 for setting up the STP Unit located at Unit No.4, Building No.3, Sector 3, Millennium Business Park, TTC Industrial Area, MIDC, Mahape, Navi Mumbai – 400710 in Maharashtra.

Letter is dated 27.2.2006 bearing reference No. STPI / MUM / VIII (A) (1267) / 2006 (02) /1518.

The unit is expected to export its entire production / service as per provisions of STP scheme for a period of 5 years from the date of commencement of production. This letter of permission is valid for years from its date of issue within which the unit should implement the project and commence production. An application for extension of validity, if necessary, is to be made before (expiry) end of the said period.

OTHER APPROVALS**1. Employees State Insurance Corporation**

Regional Office: Maharashtra

Code No. 31-42135-102 allotted with letter No.B/Cov/NS-41247(31.42135-102) Dated - 21.3.95

This registration was done in the name of Digital Data Services, which was a Partnership Firm. The same firm was later converted into Private Limited Company viz. Allied Digital Services Pvt. Ltd. Address for both are same. Our Company has informed that an application has been given to ESIC for change of name and status.

2. Office of the Regional Provident Fund Commissioner, Bandra (E), Mumbai – 400051

| | | |
|---|---------------------|---|
| a | Name | Allied Digital Services Pvt. Ltd |
| b | PF No. | MH/PE/APP/43628/Enf II/02A/2404/566 dated 11.1.1999 |
| c | Effective date from | September 01, 1998 |

3. Bombay Shops and Establishment Act, 1948

| | | |
|---|-----------------------|-----------------------------------|
| a | Registration No. | CW-11 / 013127 |
| b | Name of Establishment | Allied Digital Services Pvt. Ltd. |
| c | Nature of business | Trading in Computers |
| d | Registered on | January 01, 2005 |

4. Ahmedabad Municipal Corporation Shops and Establishment Act

| | | |
|---|------------------|---|
| a | Address | 706, Shit Ratna, Panchavati, Ambavadi, Ahmedabad - 380009 |
| b | Business | Computer Peripheral Accessories |
| c | Registration No. | P / 0011714 Dated 28-10-2002 |
| d | Validity | 28.10.2002 (still valid) |

5. Sales Tax - Registration with appropriate Authorities

| Sr. No. | Location | Local Sales Tax No. | Central Sales Tax No. | TIN No. |
|---------|-----------|--------------------------------|--------------------------------|--|
| 1 | Mumbai | 400002/S/3842 w.e.f. 1.4.96 | 400002/C/3493 w.e.f. 1.4.96 | VAT 27660008218V w.e.f 1.4.2006 CST 27660008218C w.e.f 1.4.2006 |
| 2 | Delhi | LC/044/6900236696/ 1200 | | 7300236696 |
| 3 | Bangalore | 92909140 w.e.f. 16.12.1999 | 92959143 w.e.f. 16.12.1999 | 29200087396 |

| | | | | |
|----|-------------------------------|--|---|--|
| 4 | Andhra Pradesh (Hyderabad) | ABS/03/1/3486/2002 -2003 w.e.f. 22.11.2002 | ABS/03/1/3085/20 02-20 w.e.f. 22.11.2002 | |
| 5 | Tamilnadu (Chennai) | 1422667/2002-2003 w.e.f. 10.12.2002 | 768261/2002-2003 w.e.f. 9.12.2002 | |
| 6 | Gujrat (Ahmedabad) | 24073500880 w.e.f. 30.10.2002 | 24573500880 w.e.f. 30.10.2002 | VAT 24073500880 w.e.f. 30.10.02 CST 24573500880 w.e.f. 30.10.02 |
| 7 | West Bengal (Kolkatta) | BH/7660 Dtd. 20.3.2003 w.e.f. 21.3.2003 | 6658 (BH) C Dtd. 20.3.2003 w.e.f. 26.3.2003 | - |
| 8 | Kerala (Cochin) | 23192355 Dtd. 15.1.03 | 23197355 Dtd. 15.1.03 | 32071557115 |
| 9 | U.P. (Noida) | ND - 0136620 DT 21.11.2003 | ND - 5128160 Dtd. 20.11.2003 | - |
| 10 | Gurgaon (Haryana) | TIN : 06671925570 w.e.f. 25.12.03 | - | - |
| 11 | Indore (M.P.) | - | - | 23210904472 |
| 12 | Jammu | - | - | 01501121131 |

MATERIAL DEVELOPMENTS

Apart from the changes mentioned in this Red Herring Prospectus, including in the share capital as mentioned in the Section titled “Capital Structure” on page 20 and in “Management Discussion and Analysis of Financial Condition and Results of Operations” on page 163, which have occurred since the date of the last financial statements disclosed (i.e., March 31, 2007), the Board of Directors are not aware of any circumstances that materially or adversely affect or are likely to affect the profitability of our Company or the value of our assets or our ability to pay its liabilities within the next twelve months.

SECTION VII: OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorized pursuant to a resolution of the Board of Directors of our Company adopted at our meeting held on December 28, 2006 and by a special resolution adopted pursuant to Section 81(1A) of the Companies Act at the Extra Ordinary General Meeting of our Company held on January 02, 2007.

Prohibition by SEBI

Our Company, our Directors, our Promoters, other entities promoted by our Promoters, and companies/entities with which our Directors are associated as directors, have not been prohibited from accessing the capital markets under any order or direction passed by SEBI. None of our Directors or the persons in control of our Promoter entities have been prohibited from accessing the capital markets or restrained from buying/selling/dealing in securities under any order or direction passed by SEBI.

Eligibility of the issuer company

Our Company is eligible for the Issue as per Clause 2.2.1 of the SEBI Guidelines as explained under:

- Our Company has net tangible assets of at least Rs.3 crores in each of the preceding three full years (of 12 months each), of which not more than 50% is held in monetary assets and is compliant with Clause 2.2.1(a) of the SEBI DIP Guidelines;
- Our Company 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 and is compliant with Clause 2.2.1(b) of the SEBI DIP Guidelines;
- Our Company has a Pre-Issue net worth of not less than Rs.100 Lakhs in each of the three preceding full years and is compliant with Clause 2.2.1(c) of the SEBI DIP Guidelines;
- Our Company has not changed its name during the last one year and is compliant with Clause 2.2.1(d) of the SEBI DIP Guidelines except for the deletion of the word "Private" on conversion of our Company from Private Limited to Limited.
- The proposed Issue size would not exceed five times the pre-issue net worth as per the audited accounts for the last FY and is compliant with Clause 2.2.1(e) of the SEBI DIP Guidelines;

The net tangible assets, monetary assets, net profits (as restated) and net worth (as restated) as derived from the financial statements (restated), included in the Red Herring Prospectus under the section titled "Financial Statements" as at, and for the last five years ended March 31, 2007 as per our Statutory Auditors Certificate dated June 06, 2007 is set forth below:

| Particulars | For the financial year ended | | | | |
|---|------------------------------|---------|---------|---------|---------|
| | FY 2003 | FY 2004 | FY 2005 | FY 2006 | FY 2007 |
| Distributable Profits ⁽¹⁾ | 83 | 40 | 124 | 1206 | 2,293 |
| Net Worth ⁽²⁾ | 383 | 415 | 540 | 2520 | 5,865 |
| Net Tangible Assets ⁽³⁾ | 383 | 415 | 540 | 2520 | 5,865 |
| Monetary Assets ⁽⁴⁾ | 127 | 128 | 172 | 269 | 294 |
| Monetary Assets as a % of Net Tangible Assets | 33% | 31% | 32% | 11% | 5% |

(Rs. in lakhs)

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 not written off, if any.
3. Net tangible assets are defined as the sum of all net fixed assets (including capital work in progress and excluding revaluation reserves, if any), excluding intangible assets as defined in Accounting Standard 26 issued by ICAI and including Net Current Assets and Trade Investments, if any, excluding Non trade Investments and Deferred Tax Assets.
4. Monetary Assets are defined as the sum of cash on hand, Non Trade Investments, Balance with Scheduled Bank in Current accounts and Fixed Deposits and public deposit account with the Government, if any.

If the number of allottees in the proposed Issue is less than 1,000 allottees, we shall forthwith refund the entire subscription amount received. If there is a delay beyond fifteen (15) days after we become liable to pay the amount, we shall pay interest at the rate of fifteen percent (15%) per annum for the delayed period.

Disclaimer Clause

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI.

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY THE SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER VIZ., ANAND RATHI SECURITIES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER VIZ., ANAND RATHI SECURITIES LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED JANUARY 22, 2007 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

“1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;

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

WE CONFIRM THAT:

- 1. THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
- 2. ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
- 3. THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.**
- 4. BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID**
- 5. WE HAVE SATISFIED OURSELVES ABOUT THE NET WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.**

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 AND SECTION 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGER, ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN WILL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.

ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE HAVE BEEN COMPLIED WITH AT THE TIME OF FILING OF THE DRAFT RED HERRING PROSPECTUS WITH THE ROC IN TERMS OF SECTION 60B OF THE ACT. ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WOULD BE COMPLIED WITH AT THE TIME OF REGISTRATION OF THE FINAL PROSPECTUS WITH THE ROC IN TERMS OF SECTION 56, SECTION 60 AND SECTION 60B OF THE COMPANIES ACT.”

Disclaimer from our Company and the BRLM

Investors that bid in the Issue will be required to confirm and will be deemed to have represented to our Company, the Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not Issue, sell, pledge, or transfer the Equity Shares of our Company to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company. Our Company, the Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

General Disclaimer

We, our Directors, and the BRLM accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisements or any other material issued by or at our instance of the above mentioned entities and anyone placing reliance on any other source of information, including our website www.alliedindia.com would be doing so at his or her own risk.

The BRLM accepts no responsibility, save to the limited extent as provided in the Underwriting Agreement to be entered into among the Underwriters and our Company and the Memorandum of Understanding among the BRLM and our Company dated December 28, 2006.

All information shall be made available by us and the BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at bidding centres, or elsewhere.

Further, our Company and the BRLM undertake to update the Red Herring Prospectus and keep the public informed of any material changes till the listing and trading commencement.

Disclaimer in Respect of Jurisdiction

The 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 authorized to invest in shares, Indian Mutual Funds registered with SEBI, Indian Financial Institutions, Commercial Banks, Regional Rural Banks, Co-operative Banks (subject to RBI permission), Trusts (registered under the Societies Registration Act, 1860, as amended from time to time, or any other Trust law and who are authorized under their constitution to hold and invest in shares) permitted insurance companies and pension

funds and to permitted Non-Residents including NRIs and FIIs and eligible Foreign investors on repatriable / non- repatriable basis. This Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to 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 Red Herring 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 Mumbai 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 submitted to the 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 since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

A copy of this Red Herring Prospectus, along with the documents has been filed with the Corporate Finance Department of SEBI, at “SEBI BHAWAN”, Block – G, Bandra Kurla Complex, Bandra (East) Mumbai 400 021 and SEBI vide its letter no CFD/DIL/ISSUES/NB/DM/94765/2007 dated May 29, 2007 has given its comments.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Act, would be delivered for registration to the Registrar of Companies, 100 Everest Building, Marine Drive, Mumbai 400 002 and a copy of the Prospectus would also be delivered to the Registrar of Companies.

Investors may please note that Central Government / RBI does not take any responsibility for the financial soundness or correctness of the statements disclosed in this Red Herring Prospectus.

Disclaimer Clause of Bombay Stock Exchange Limited

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAD BEEN SUBMITTED TO BOMBAY STOCK EXCHANGE LIMITED, MUMBAI (“BSE”). BSE HAD VIDE ITS LETTER DCS/IPO/SC/IPO-IP/553/2006-07 DATED FEBRUARY 20, 2007 GIVEN PERMISSION TO THE COMPANY TO USE BSE’S NAME IN THIS RED HERRING PROSPECTUS AS ONE OF THE STOCK EXCHANGES ON WHICH THIS COMPANY’S SECURITIES ARE PROPOSED TO BE LISTED. BSE HAS SCRUTINIZED THIS RED HERRING PROSPECTUS FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO US. BSE DOES NOT IN ANY MANNER:

- **WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THE RED HERRING PROSPECTUS; OR**
- **WARRANT THAT THIS COMPANY’S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON BSE; OR**
- **TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF 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 TO MEAN THAT THIS RED HERRING PROSPECTUS HAS BEEN CLEARED OR APPROVED BY BSE.

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 BSE WHATSOEVER BY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION/ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR FOR ANY OTHER REASON WHATSOEVER.

Disclaimer Clause of the National Stock Exchange of India Limited

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAD BEEN SUBMITTED TO NATIONAL STOCK EXCHANGE OF INDIA LIMITED (HEREINAFTER REFERRED TO AS NSE). NSE HAS VIDE ITS LETTER NO NSE/LIST/40638-P DATED MARCH 1, 2007, GIVEN PERMISSION TO THE ISSUER TO USE NSE’S NAME IN THIS RED HERRING PROSPECTUS AS

ONE OF THE STOCK EXCHANGES ON WHICH THIS ISSUER'S SECURITIES ARE PROPOSED TO BE LISTED. NSE HAS SCRUTINIZED THIS 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 THIS 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 NSE; 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 THE 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 NSE WHATSOEVER BY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION /ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR ANY OTHER REASON WHATSOEVER.

Filing of Red Herring Prospectus with Registrar of Companies

A copy of this Red Herring Prospectus along with the documents required to be filed under section 60 B of the Companies Act will be delivered for registration to the Registrar of Companies at, 100 Everest Building, Marine Drive, Mumbai 400 002. A copy of this Red Herring Prospectus required to be filed under section 60 of the Companies Act would be delivered for Registration with the RoC, having attached thereto the Material Contracts and Documents for Inspection referred in section titled "Material Contracts and Documents for Inspection" on page 276 of this Red Herring Prospectus.

Filing of Red Herring Prospectus with SEBI

A copy of this Red Herring Prospectus has been filed with SEBI at "SEBI BHAWAN", Block – G, Bandra Kurla Complex, Bandra (East) Mumbai 400 021.

Listing

Applications have been made to BSE and NSE for permission to deal in and for an official quotation of the Equity Shares of our Company. We have received in principle approvals from the BSE and the NSE dated February 20, 2007 and March 01, 2007 respectively. BSE shall be the Designated Stock Exchange with which the basis of allocation will be finalized for the QIB Portion, the Non-Institutional Portion and Retail Portion.

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, we shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Red Herring Prospectus. If such money is not repaid within eight days after we become liable to repay it (i.e., from the date of refusal or within 15 days from the date of Bid / Issue Closing Date, whichever is earlier), then we 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.

We 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 and adoption of the Basis of Allotment for the Issue.

Undertaking from the Promoters and Directors

We accept full responsibility for the accuracy of the information given in this Red Herring Prospectus and confirm that, to the best of our knowledge and belief, there are no other facts, the omission of which makes any statement in this Red Herring Prospectus misleading and we further confirm that they have made all reasonable inquiries to ascertain such facts. We further declare that the Stock Exchanges to which an application for official quotation is proposed to be made do not take any responsibility for the financial soundness of the Issue or for

the price at which the Equity Shares are issued or for the correctness of the statement made or opinions expressed in the Red Herring Prospectus. The Promoters/Directors declare and confirm that no information/material likely to have a bearing on the decision of investors in respect of the Equity Shares issued in terms of this Red Herring Prospectus has been suppressed, withheld and/or incorporated in the manner that would amount to misstatement, misrepresentation and in the event of its transpiring at any point of time till allotment/refund, as the case may be, that any information/material has been suppressed /withheld and/or amounts to a misstatement/ misrepresentation, the Promoters/Directors undertake to refund the entire application monies to all the subscribers within 7 days thereafter without prejudice to the provisions of Section 63 of the Companies Act.

Consents

The written consents of Promoters, Directors, Company Secretary, Auditors, Legal Advisors, Book Running Lead Manager, Registrars to the Issue, Bankers to our Company and Bankers to the Issue to act in their respective capacities, have been obtained and would be filed along with a copy of the Red Herring Prospectus with the Registrar of Companies, Maharashtra, Mumbai as required under Section 60 of the Act and such consents have not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration.

Expert Opinion

Except for details mentioned elsewhere in the Red Herring Prospectus our Company has not obtained any other expert opinion.

Expenses of the Issue

The expenses of the Issue payable by us inclusive of brokerage, fees payable to the BRLM, Registrar to the Issue, Legal Advisors, stamp duty, printing, publication, advertising and distribution expenses, bank charges, listing fees and other miscellaneous expenses will not exceed Rs.[●] and will be met out of the proceeds of the Issue.

Details of Fees Payable

| <i>(Rs. in lakhs)</i> | | | |
|---|--------|---------------------------|-----------------------|
| Particulars | Amount | % of total Issue expenses | % of total Issue size |
| Lead Management fees | [●] | [●] | [●] |
| Underwriting Commission and Brokerage | [●] | [●] | [●] |
| Marketing and Advertisement expenses | [●] | [●] | [●] |
| Stationary, Printing and Registrar expenses | [●] | [●] | [●] |
| Legal fees, Auditors fees, Listing fees, Book Building charges, | [●] | [●] | [●] |
| Legal Advisor Fees | [●] | [●] | [●] |
| Miscellaneous | [●] | [●] | [●] |
| Total | [●] | [●] | [●] |

Will be updated at the time of filing of the Prospectus.

We shall pay the listing fees and all other expenses with respect to the Issue shall also be paid by us.

Fees payable to the Book Running Lead Managers and Syndicate Members

The total fees payable by us to the Book Running Lead Manager (including underwriting commission and selling commission) and Syndicate Member will be as per Engagement Letter dated 10th January, 2006 a copy of which is available for inspection at our Corporate office.

Fees payable to the Registrar to the Issue

The total fees payable by our Company to the Registrar to the Issue will be as per the Memorandum of Understanding dated April 21, 2006 signed with our Company, a copy of which is available for inspection at the registered office of the Company.

Adequate funds will be provided to the Registrar by our Company to enable them to send refund orders or allotment advice by registered post.

Underwriting Commission, Brokerage and Selling Commission

The underwriting commission and selling commission for the Issue are set out in the Underwriting Agreement amongst our Company, the BRLM and the Syndicate Members. The underwriting commission shall be paid as set out in the Underwriting Agreement based on the Issue Price and the amount underwritten as stated in paragraph 'Underwriting Agreement' on page 18 of this Red Herring Prospectus.

Previous Public or Rights Issues

Our Company has not made any previous rights and public issue in the last five years preceding the date of filing of this Red Herring Prospectus.

Previous Issue of Shares Otherwise than for Cash

Our Company has not issued any shares for consideration otherwise than for cash, except as stated in the Section titled "Capital Structure" beginning on page 20 till the date of filing of this Red Herring Prospectus.

Commission or Brokerage on Previous Issues

Since this is the initial public issue of our 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 of our Company since our inception.

Particulars in Regard to our Company and Other Listed Companies under the Same Management within the meaning of Section 370(1)(B) of the Companies Act, 1956, which made any Capital Issue during last three years

There are no listed companies under the same management within the meaning of section 370 (1)(B) of the Companies Act that made any capital issue during the last three years.

Promises vis-à-vis Performance

Our Company has not made any public issue of shares since our incorporation. There is no group company, which has made any public issues.

Outstanding Debentures or Bonds or Redeemable Preference Shares

Except as stated herein, there are no outstanding bonds or redeemable preference shares and other instruments issued by our Company as of the date of this Red Herring Prospectus. For details please see the Section titled "Capital Structure" beginning on page 20.

Stock Market Data

This being the first public issue by our Company, no stock market data is available.

Disclosure on Investor Grievances and Redressal System

We will endeavor to settle investor grievances expeditiously and satisfactorily. The Memorandum of Understanding between our Company and the Registrar will provide for retention of records with the Registrar for a period of one year from the last date of dispatch of Letters of Allotment / Share Certificates / Refund Orders to enable the investors to approach the Registrar for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, Intime Spectrum Registry Limited, giving full details such as name, address of the applicant, number of Shares applied for, amount paid on application and the bank branch/collection center where the application was submitted.

Disposal of Investor Grievances

Our Company estimates that the average time required by us or the Registrar to the Issue for the redressal / interim reply of routine investor grievances shall be seven days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

Our Company has appointed Mr. Ravindra V. Joshi, as the Company Secretary & Compliance Officer and he may be contacted in case of any Pre-Issue or Post-Issue related problems or investor grievances. He can be contacted at the following address:

Mr. Ravindra V. Joshi

Company Secretary & Compliance Officer
3rd Floor, Kimmatrai Building,
77/79, Maharshi Karve Marg,
Marine Lines,
Mumbai – 400 002.
Tel: +91-22-2200 2020
Fax: +91-22-2206 4170
Email: ravindra.joshi@alliedindia.com
Website: www.alliedindia.com

Changes in the Auditors during the last Three Years and Reasons thereof

Our Company has not changed our Auditors M/s. K. M. Kapadia & Associates, Chartered Accountants, over the last three years.

Capitalization of Reserves or Profits during the Last Five Years

Save as stated in the section titled "Capital Structure" on page 20 of this Red Herring Prospectus, we have not capitalized our reserves or profits at any time.

Revaluation of Assets during the last Five Years

There has been no revaluation of assets by our Company during the last five years.

Credit Rating

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

SECTION VIII: ISSUE RELATED INFORMATION

ISSUE STRUCTURE

Public Issue of 45,22,435 Equity Shares at the Issue Price of Rs.[●] for cash aggregating Rs.[●] Lakh. Out of this 2,00,000 Equity Shares are reserved for allocation to Employees of our Company. The Net Issue to the Public is 43,22,435 Equity Shares. The issue is being made through the Book Building Process.

| Particulars | Employees | QIBs | Non-Institutional Bidders | Retail Individual Bidders |
|--|--|---|---|---|
| Number of Equity Shares* | Upto 2,00,000 Equity Shares. | Upto 21,61,217 Equity Shares or Issue size less allocation to Non-Institutional Bidders and Retail Individual Bidders | Not less than 6,48,365 Equity Shares or Net Issue to Public less allocation to QIB Bidders and Retail Individual Bidders. | Not less than 15,12,853 Equity Shares or Net Issue to Public less allocation to QIB Bidders and Non-Institutional Bidders. |
| Percentage of Issue size available for Allocation | Upto 4.42% of size of the issue** | Upto 50% of the Net issue to public or the Net issue to public less allocation to Non-Institutional Bidders and Retail Individual Bidders. However, upto 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds only. The unsubscribed portion in the Mutual Fund reservation will be available to QIBs. | Not less than 15% of the Net issue to public or the Net issue to public less allocation to QIB Bidders and Retail Individual Bidders. | Not less than 35% of the Net issue to public or the Net issue to public less allocation to QIB Bidders and Non-Institutional Bidders. |
| Basis of Allocation if respective category is over-subscribed | Proportionate | Proportionate as follows: (a) 1,08,061 Equity Shares shall be allocated on a proportionate basis to Mutual Funds in the Mutual Funds Portion; (b) 20,53,156 Equity Shares shall be allocated on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above. | Proportionate | Proportionate |
| Minimum Bid | 35 Equity Shares and in multiples of 35 Equity Share thereafter | Such number of Equity Shares that the Bid Amount exceeds Rs.1,00,000 and in multiples of 35 Equity Shares. | Such number of Equity Shares that the Bid Amount exceeds Rs.1,00,000 and in multiples of 35 Equity Shares. | 35 Equity Shares and in multiples of 35 Equity Shares |
| Maximum Bid | Such number of Equity Shares such that the Bid Amount does not exceed 2,00,000 | Such number of Equity Shares not exceeding the Net Issue to Public, subject to applicable limits. | Such number of Equity Shares Net Issue to Public subject to applicable limits. | Such number of Equity Shares whereby the Bid Amount does not exceed Rs.1,00,000. |

| | | | | |
|--------------------------|--|--|--|--|
| | Equity Shares | | | |
| Mode of Allotment | Compulsorily in dematerialized form. | Compulsorily in dematerialized form. | Compulsorily in dematerialized form. | Compulsorily in dematerialized form. |
| Allotment lot | Minimum 35 Equity Shares and in multiples of 1 Equity Share thereafter | Minimum 35 Equity Shares and in multiples of 1 Equity Share thereafter | Minimum 35 Equity Shares and in multiples of 1 Equity Share thereafter | Minimum 35 Equity Shares and in multiples of 1 Equity Share thereafter |
| Trading Lot | One Equity Share | One Equity Share | One Equity Share | One Equity Share |
| Who can Apply*** | (a) a permanent employee of our Company as on the date of filing this RHP with RoC and present in India as on the date of submission of the Bid cum Application Form; or (b) a director of our Company, whether a whole time director, part time director or otherwise as on the date of filing the RHP with RoC and based and present in India as on the date of submission of the Bid cum Application Form. | 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, Venture Capital Funds registered with SEBI, Foreign Venture Capital Investors registered with SEBI, State Industrial Development Corporations, permitted Insurance companies registered with the Insurance Regulatory & Development Authority, Provident Funds with minimum corpus of Rs.2500 Lakhs and pension funds with minimum corpus of Rs.2500 lakhs in accordance with applicable law. | Resident Indian individuals, NRIs, HUF (in the name of Karta), companies, bodies' corporate, scientific institutions societies and trusts, such that the Bid Amount exceeds Rs.1,00,000/-. | Individuals, including NRIs and HUF (in the name of Karta), such that the Bid Amount does not exceed Rs.1,00,000/-. |
| Terms of Payment | Margin Amount applicable to Employees at the time of submission of Bid cum Application Form to the Syndicate Members. | Margin Amount applicable to QIB Bidders shall be payable at the time of submission of Bid-cum-Application Form to the members of the Syndicate. | Margin Amount applicable to Non-Institutional Bidders at the time of submission of Bid-cum-Application Form to the members of the Syndicate. | Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid-cum-Application Form to the members of the Syndicate. |
| Margin Amount | 100% of Bid Amount | At least 10% of the Bid Amount 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 any portion of the Net Issue would be allowed to be met with spillover from any other portions at the discretion of our Company in consultation with the BRLMs.

*** Any under-subscription in Equity Shares, if any, reserved for Employees would be included in the Net Issue and allocated in accordance with the description in the section titled "Issue Procedure" under the heading "Basis of Allocation or Allotment" beginning on page 216 of this Red Herring Prospectus.*

**** In case the Bid-cum-Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid-cum-Application Form.*

Under-subscription, if any, in any category, would be allowed to be met with spill-over from any other category or combination of categories at our discretion and in consultation with the BRLM. However, if the aggregate demand by Mutual Funds is less than 1,08,061 Equity Shares (assuming QIB Portion is upto 50% of the Net Issue to Public size, i.e. 21,61,217 Equity Shares), the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB Portion has been met, under-subscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at our discretion and in consultation with the BRLM.

ISSUE PROCEDURE

Book Building Process

Book Building Process, with reference to the Issue, refers to the process of collection of Bids, on the basis of this 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:

- The Company;
- The Book Running Lead Manager;
- The Syndicate Members, who are intermediaries registered with SEBI or registered as a broker with NSE / BSE and eligible to act as underwriters. The Syndicate Members are appointed by the BRLM; and
- The Registrar to the Issue.

SEBI, through its guidelines, has permitted issue of securities to the public through 100% Book Building Process, wherein: (i) Up to 50% of the Net Issue to Public 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; (ii) not less than 15% of the Net Issue to Public shall be available for allocation on a proportionate basis to the Non-Institutional Bidders and (iii) not less than 35% of the Net Issue to Public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the Syndicate Members. In case of QIB Bidders, the Company in consultation with the BRLM may reject Bids at the time of acceptance of Bid-cum-Application Form provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders and bids by employee Reservation Portion, our and Syndicate Member would have a right to reject the Bids only on technical grounds.

QIBs are not allowed to withdraw their Bid(s) after the Bid /Issue Closing Date. For further details please see the section titled “Basic Terms of the Issue” beginning on page 41 of this RHP.

Our Company shall comply with guidelines issued by SEBI for this Issue. In this regard, our Company has appointed Anand Rathi Securities Limited as the BRLM to manage the Issue and to procure subscription to the Issue.

Investors should note that Equity Shares would be allotted to all successful allottees only in the dematerialized form. Bidders will not have the option to getting allotment in physical form. The Equity Shares, on allotment, shall be traded only in the dematerialized segment of the Stock Exchange(s).

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. A graphical representation of the consolidated demand and price would be made available at the websites of the BSE (www.bseindia.com) and NSE (www.nseindia.com). The illustrative book as shown below, shows the demand for the shares of a 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% |
| 2,800 | 42 | 6,100 | 101.67% |
| 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 Rs.42 in the above example. The issuer, in consultation with the BRLM will finalise the issue price at or below such price i.e. at or below Rs.42. All bids at or above this issue price and bids at cut-off are valid bids and are considered for allocation in respective category.

Steps to be taken for Bidding:

- Check eligibility for making a Bid (see the section titled “Issue Procedure - Who Can Bid” beginning on page 196);
- Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid-cum-Application Form;
- If your Bid is for Rs.50,000/- or more, ensure that you have mentioned your PAN and attached a copy of the PAN card of all the Bidders to the Bid-cum-Application Form (see the section titled “Issue Procedure - PAN or GIR Number” beginning on page 212);
- 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.

Withdrawal of the Issue

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

Bid/Issue Programme

Bidding / Issue Period

| | |
|------------------------------|-------------------------------|
| BID / ISSUE OPENS ON | Monday, July 2, 2007 |
| BID / ISSUE CLOSES ON | Thursday, July 5, 2007 |

Bids and any revision in Bids shall be accepted **between 10 a.m. and 3 p.m.** (Indian Standard Time) during the Bidding/ Issue Period as mentioned above at the bidding centres mentioned on the Bid-cum-Application Form except that on the Bid / Issue Closing Date, the Bids shall be accepted **between 10 a.m. and 3 p.m.** (Indian Standard Time) and uploaded till such time as permitted by the BSE and the NSE on the Bid / Issue Closing Date.

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

In case of revision in the Price Band, the Bidding / Issue Period will be extended for three additional days after revision of Price Band subject to the Bidding /Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding /Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the web sites of the BRLM and at the terminals of the Syndicate.

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 Bidder shall have the option to make a maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered as multiple bids. Upon the allocation of Equity Shares, dispatch of the Confirmation of Allocation Note, (“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 this Red Herring Prospectus and the Bid-cum-Application Form as would be required for filing the Red Herring Prospectus and the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid-cum-Application Form for various categories is as follows:

| Category | Colour of Bid-cum-Application Form |
|--|------------------------------------|
| Indian public, including resident QIBs, Non-Institutional Bidders and Retail Individual Bidders applying on a non-repatriation basis | White |
| Non-Residents, NRIs, FVCIs, FIIs registered with SEBI, Multilateral and Bilateral Development Financial Institution applying on a repatriation basis | Blue |
| Eligible Employees | Pink |

Who can Bid

1. Persons eligible to invest under all applicable laws, Rules, regulations and Guidelines;
2. Indian nationals resident in India who are majors, in single or joint names (not more than three);
3. Hindu Undivided Families or HUFs in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
4. Insurance Companies registered with the Insurance Regulatory and Development Authority, India;
5. As permitted by the applicable laws, provident funds with minimum corpus of Rs.250 Million and who are authorized under their constitution to invest in equity shares;
6. Pension funds with a minimum corpus of Rs.250 Million and who are authorized under their constitution to invest in equity shares;
7. Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in the Equity Shares;
8. Mutual Funds registered with SEBI;
9. Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI guidelines and regulations, as applicable);
10. Multilateral and bilateral development financial institutions;
11. State Industrial Development Corporations;
12. Trust / 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;
13. Eligible Non-residents including NRIs and FIIs on a repatriation basis or a non-repatriation basis subject to applicable laws;
14. Scientific and/ or Industrial Research Organisations authorized under their constitution to invest in Equity Shares;
15. Foreign Venture Capital Investors registered with SEBI; subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
16. Venture Capital Funds registered with SEBI;
17. A permanent employee or a Director (whole-time Director, part time or otherwise) of our Company, who is an Indian National and is based in India, excluding any Promoter or member of the Promoter group. The permanent employees should be on the payroll of our Company as on the date of filing this RHP with RoC and the Directors should be Directors on the date of this Red Herring Prospectus.

Note: Further, the BRLM and Syndicate Members shall not be entitled to subscribe to this issue in any manner except towards fulfilling their underwriting obligation.

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.

Pursuant to the existing regulations, OCBs are not eligible to participate in the Issue.

Associates of BRLM and Syndicate Members may bid and subscribe to Equity Shares in the Issue either in the QIB Portion or in Non-Institutional Portion as may be applicable to such investors. Such bidding and subscription may be on their own account or on behalf of their clients. Allotment to all investors including associates of BRLM and Syndicate Members shall be on a proportionate basis.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under the relevant regulations or statutory guidelines.

Application by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than 1,08,061 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the 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 Fund Portion.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

- No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds
- No mutual fund under its scheme should own more than 10% of any company's paid-up capital carrying voting rights
- These limits would have to be adhered to by the mutual funds for investment in the Equity Shares.
- 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.

Information on reservation for Mutual Funds

5% of the QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion.

Application by NRIs

Bid-cum-Application forms have been made available for NRIs at 3rd Floor, Kimmatrai Building, 77/79, Maharshi Karve Marg, Marine Lines, Mumbai – 400 002, the Corporate Office of our Company.

NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment under the reserved category. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians and shall not use the forms meant for reserved category.

All applications by NRIs with the Bid amount equal to or above Rs.50,000/- should be accompanied by a copy of the PAN card / letter, for further details refer to the paragraph titled "PAN or GIR Number" on page 212 of this Red Herring Prospectus.

Application by FIIs

As per the SEBI (Foreign Institutional Investors) Regulations, 1995 and the Guidelines made there under, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue issued capital Equity Shares. In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our 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, off shore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed 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.

As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, a venture capital fund cannot invest more than 25% of the corpus of the fund in one venture capital undertaking. Please note that this restriction is not applicable to a foreign venture capital investor. However, venture capital funds or foreign venture capital investors may invest not more than 33.33% of their respective investible funds in various prescribed instruments, including in initial public offers of venture capital undertakings.

The above information is given for the benefit of the Bidders. We and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations. However, we shall update this Red Herring Prospectus and keep the public in India informed of any material changes in matters concerning the business and operations until the listing and commencement of trading of the Equity Shares.

Maximum and Minimum Bid Size:

1. **For Retail Individual Bidders:** The Bid must be for a minimum of 35 Equity Shares and in multiples of 35 Equity Shares thereafter and it must be ensured that the Bid Amount payable by the Bidder does not exceed Rs.1,00,000/-. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs.1,00,000/-. In case the Bid Amount is over Rs.1,00,000/- due to revision of the Bid or revision of the Price Band or on exercise of option to bid at Cut-off Price, the Bid would be considered for allocation under the Non Institutional Portion. The option to bid at Cut-off Price is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.
2. **For Non-Institutional and QIB Bidders:** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs.1,00,000 and in multiples of 35 Equity Shares. A Bid cannot be submitted for more than the Issue size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/ Issue Closing Date. In case of revision in Bids, the Non Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs.1,00,000 for being considered for allocation in the Non Institutional Portion. In case the Bid Amount reduces to Rs.1,00,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non Institutional Bidders and QIB Bidders are not entitled to the option of bidding at Cut-off Price.
3. **For Employee Reservation Portion:** The Bid must be for a minimum of 35 Equity Shares and in multiple of 35 Equity Shares. The maximum bid in this category cannot exceed 2,00,000 Equity Shares. Bidders in the Employee Reservation Portion applying for a maximum Bid in any of the Bidding Options not exceeding Rs.1,00,000 may bid at "Cut-off". No promoters or persons belonging to the promoter group are part of the employees for whom reservation has been made.

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. Our Company will file the Red Herring Prospectus with the RoC at least 3 (three) days before the Bid/ Issue Opening Date.
2. Our Company and the BRLM shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with RoC and also publish the same in two widely circulated newspapers (one each in English and Hindi) and a regional language newspaper circulated at the place where the registered office of our Company is situated. This advertisement shall be in the format and contain the disclosures specified in Part A of Schedule XX-A of the SEBI

Guidelines. The BRLM and Syndicate Members shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement

3. The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid-cum-Application Form to prospective investors.
4. Any investor (who is eligible to invest in the Equity Shares) who would like to obtain this Red Herring Prospectus and / or the Bid-cum-Application Form can obtain the same from the Registered and the Corporate Office of our Company or from any of the BRLM or Syndicate Members.
5. Eligible Investors who are interested in subscribing for our Company's Equity Shares should approach any of the BRLM or Syndicate Members or their authorised agent(s) to register their Bid.
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.

Method and process of Bidding

1. Our Company and the BRLM shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with RoC and also publish the same in two widely circulated national newspapers (one each in English and Hindi) and one in regional newspaper. This advertisement, subject to the provisions of Section 66 of the Companies Act, shall be in the format prescribed in Schedule XX-A of the SEBI Guidelines, as amended by the SEBI Circular No. SEBI/CFD/DIL/DIP/17/2005/11/11 dated November 11, 2005. The members of the Syndicate shall accept Bids from the Bidders during the Bidding/Issue Period in accordance with the terms of the Syndicate Agreement.
2. The Bidding Period shall be a minimum of three working days and shall not exceed seven working days. In case the Price Band is revised, the revised Price Band and Bidding Period will be informed to the Stock Exchanges and published in two national newspapers (one each in English and Hindi) and one in regional newspaper and the Bidding Period may be extended, if required, by an additional three days, subject to the total Bidding Period not exceeding 10 working days.
3. Each Bid-cum-Application Form will give the Bidder the choice to bid for up to three optional prices (for details kindly refer the paragraph 'Bids at Different Price Levels' on page 200 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 and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.
4. The Bidder cannot bid on another Bid-cum-Application Form after his or her Bids on one Bid-cum-Application Form have been submitted to any member of the Syndicate. Submission of a second Bid-cum-Application Form to either the same or to another member of the Syndicate will be treated as multiple bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or allotment of Equity Shares in the Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph 'Build up of the Book and Revision of Bids' on page 203 of this Red Herring Prospectus.
5. The BRLM, and Syndicate Members 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. Bidders should make sure that they ask for a copy of the computerized TRS for every Bid Option from the Syndicate Member. Therefore, a Bidder can receive up to three TRSs for each Bid-cum-Application Form
6. During the Bidding 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.
7. Along with the Bid-cum-Application Form, all Bidders will make payment in the manner described under the paragraph 'Terms of Payment and Payment into Escrow Account' on page 201 of this Red Herring Prospectus.
8. The Syndicate Members shall compulsorily take the Bid Form in writing from prospective Investors.

Bids at Different Price Levels

1. The Price Band has been fixed at Rs.170/- to Rs.190/- per Equity Share of Rs.10 each, Rs.170/- being the Floor Price and Rs.190/- being the Cap Price. The Bidders can bid at any price within the Price Band, in multiples of Re 1.
2. We in consultation with the BRLM, can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.
3. In accordance with the SEBI Guidelines, we in consultation with the BRLM, can revise the Price Band during the Bidding period, in which case the Issue will be kept open for a period of three working days after the revision of the Price Band, subject to the total Bidding Period not exceeding ten working days. The Price Band can be revised during the Bidding Period in which case the maximum revisions on either side of the Price Band shall not exceed 20% fixed initially and as disclosed in this Red Herring Prospectus. In addition to this, the cap on the Price Band should not be more than 20% of the floor of the Price Band.
4. In case of revision in the Price Band, the Issue Period will be extended for three additional working days after revision of Price Band subject to a maximum of 10 working days. Any revision in the Price Band and the revised Bidding/ Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a public notice in two national newspapers (one each in English and Hindi) and a regional newspaper, and also by indicating the change on the websites of the BRLM and at the terminals of the members of the Syndicate.
5. The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders and bidders in the Employee Reservation portion applying for a maximum bid in any of the Bidding Options not exceeding Rs.1,00,000/- may bid at "Cut-off". However, bidding at "Cut-off" is prohibited for QIB and Non Institutional Bidders and such Bids from QIBs and Non Institutional Bidders shall be rejected.
6. Retail Individual Bidders who bid at the Cut-off Price and Employee bidding under the Employee reservation Portion at Cut Off price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-Off Price and Employees bidding under the Employee Reservation Portion at Cut-Off Price shall deposit the Bid Amount based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders, who Bid at Cut-off Price and Employees bidding under the Employee Reservation Portion 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 Cutoff Price, shall receive the refund of the excess amounts from the Escrow Account or the Refund Account, as the case may be.
7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders and Employee bidding under the Employee Reservation Portion at Cut Off price, who had bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band (such that the total amount i.e. original Bid Amount plus additional payment does not exceed Rs.1,00,000/- if the Bidder wants to continue to bid at Cut-off Price), with the Syndicate Member to whom the original Bid was submitted. In case of Retail Individual Bidders the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs.1,00,000/- the Bid will be considered for allocation under the Non-Institutional Portion. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downwards for the purpose of allotment, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.
8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders Employees bidding under the Employee Reservation Portion, who have bid at Cut-off could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account or Refund Account, as the case may be.
9. In the event of any revision in the Price Band, whether upwards or downwards, the Minimum Application Size shall remain 35 Equity Shares irrespective of whether the Bid amount payable on such Minimum Application is not in the range of Rs.5,000/- to Rs.7,000/-.

Option to Subscribe

Equity Shares being issued through this Red Herring Prospectus can be applied for in the dematerialized form only. Bidders will not have the option of getting allotment in physical form. The Equity Shares on allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

Escrow Mechanism

We and members of the Syndicate shall jointly open Escrow Account with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the Escrow Account. The Escrow Collection Banks will act in terms of this Red Herring Prospectus and the Escrow Agreement. The monies in the Escrow Account shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Issue Account as per the terms of the Escrow Agreement. Payments of refund to the Bidders shall also be made from the Escrow 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 Escrow Collection Bank(s), the Registrar to the Issue, BRLM and Syndicate Members to facilitate collections from the Bidders.

Payment of refund, if any, to the Bidders shall also be made from the respective Escrow Account by the Escrow Collection Bank(s), as per the terms of the Escrow Agreement and this Red Herring Prospectus.

Terms of Payment and Payment into the Escrow Account

Each Bidder shall, who is required to pay margin amount shall, with the submission of the Bid-cum-Application Form draw a cheque / demand draft for the maximum amount of his / her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details kindly refer to the paragraph 'Payment Instructions' on page 210 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 maximum bid price has to be paid at the time of submission of the Bid-cum-Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft received from the Bidders with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the issue size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Issue Account of our Company shall be held for the benefit of the Bidders who are entitled to refunds, on the Designated Date and no later than 15 days from the Bid / Issue Closing Date, the Escrow Collection Bank(s) shall refund all monies to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allotment to the Bidders.

Each category of Bidders i.e. QIBs, Non Institutional Bidders, Retail Individual Bidders and Employees bidding under the Employee Reservation Portion, would be required to pay their applicable Margin Amount at the time of the submission of the Bid-cum-Application Form. For details of Margin Amount payable kindly refer to the section titled "Issue Structure" on page 191 of this Red Herring Prospectus. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of 2 days from the date of communication of the allocation list to the members of the Syndicate by the BRLM.

QIB Bidders will be required to deposit a margin of 10% at the time of submitting of their Bids. After the Issue Closing Date/Bid Closing Date, the level of subscription in all categories shall be determined. Based on the level of subscription, additional margin money, if any, may be called for the QIB.

If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the members of the Syndicate do not waive such payment, the full amount of payment has to be made at the time of submission of the Bid-cum-Application Form.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allotment, will be refunded to such Bidder within 15 days

from the Bid/Issue Closing Date, failing which we shall pay interest at 15% per annum for any delay beyond the periods mentioned above.

Electronic Registration of Bids

1. The Syndicate members will register the Bids using the on-line facilities of BSE and 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. BSE and NSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Syndicate Members of and their authorised agents during the Bidding Period. The Syndicate Members can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on a regular basis. On the Bid / Issue Closing Date, the Syndicate Members shall upload the Bids till such time as may be permitted by the Stock Exchanges.
3. The aggregate demand and price for Bids registered on the electronic facility of the BSE and NSE will be downloaded on a regular basis, consolidated and displayed on-line at all bidding centers. A graphical representation of consolidated demand and price would be made available at the bidding centers during the bidding 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, NRI, FII, or Mutual Fund, etc.
 - Numbers of Equity Shares bid for
 - Bid price
 - Bid-cum-Application Form number
 - Whether payment is made upon submission of Bid-cum-Application Form
 - Depository Participant Identification No. and Client Identification No. of the beneficiary account of the Bidder
5. A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate.** The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or by us.
6. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
7. The members of the Syndicate have the right to review the Bid. Consequently, the member of the Syndicate also has the right to accept the Bid or reject it without assigning any reason, in case of QIBs. In case of Non-Institutional Bidders, Retail Individual Bidders and Bids shall not be rejected except on technical grounds listed elsewhere in this Red Herring Prospectus.
8. It is to be distinctly understood that the permission given by BSE and NSE to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by us or the BRLM are cleared or approved by BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company.
9. It is also to be distinctly understood that the approval given by BSE and NSE 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 the Equity Shares will be listed or will continue to be listed on the BSE and NSE.

Build up of the Book and Revision of Bids

1. Bids registered by various Bidders through the Syndicate members shall be electronically transmitted to BSE or NSE mainframe on an online basis.
2. The book gets built up at various price levels. This information will be available with the BRLM on a regular basis.
3. During the Bidding Period, any Bidder who has registered his / her interest in the Equity Shares at a particular price level is free to revise his / her Bid within the price band using the printed Revision Form, which is a part of the Bid-cum-Application Form.
4. Revisions can be made in both the desired numbers of Equity Shares and the Bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid-cum-Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid-cum-Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
5. The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid. **Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such revision Form or copies thereof.**
6. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand 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 QIBs, the members of the Syndicate may at their sole discretion waive the payment requirement at the time of one or more revisions by the QIB Bidders. In case of 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.
7. When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**
8. In case of discrepancy of data between NSE or BSE and the members of the Syndicate, the decision of the BRLM, based on the physical records of Bid-cum-Application form shall be final and binding on all concerned.

Price Discovery and Allocation

1. After the Bid/Issue Closing Date, the BRLM will analyse the demand generated at various price levels and discuss pricing strategy with us.
2. We in consultation with the BRLM, shall finalize the "Issue Price" (and the number of Equity Shares to be allocated in each investor category).
3. The allocation for QIBs for upto 50% of the Net Issue to Public would be on a proportionate basis (with a minimum 5% allocation of the QIB Portion reserved for Mutual Funds, and such Mutual Funds can participate in the remaining allocation for QIBs), in consultation with the Designated Stock Exchange subject to valid Bids being received at or above the Issue Price, in the manner as described in the paragraph titled "Basis of Allotment or Allocation" on page 216 of this Red Herring Prospectus. The allocation to Non-Institutional Bidders and Retail Individual Bidders of not less than 15% and 35% of the Net Issue to Public respectively, would be on proportionate basis, in the manner specified in the SEBI Guidelines, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.

4. In terms of SEBI Guidelines, QIBs Bidders shall not be allowed to withdraw their bid after the Bid / Issue Closing Date.
5. Any under-subscription in the Employee Reservation Portion would be included in the Net Issue. Under subscription, if any, in the Retail and Non Institutional categories, would be allowed to be met with spill over from any of the other categories at our discretion and the BRLM. However, if the aggregate demand by Mutual Funds is less than 1,08,061 Equity Shares, the balance Equity in the Mutual Fund Portion will be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.
6. Allotment to all investors, including Eligible non residents, NRIs or FIIs registered with SEBI or Mutual Funds or FVCIs registered with SEBI applying on repatriation basis will be subject to applicable laws, rules, regulations, guidelines and approvals the terms and conditions stipulated by the RBI while granting permission for Issue/ allocation of Equity Shares to them.
7. The BRLM in consultation with us shall notify the Syndicate Members of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
8. We in consultation with the BRLM reserves the right to cancel the Issue any time after the Bid/Issue Opening Date but before the Allotment without assigning any reasons whatsoever

Signing of Underwriting Agreement and RoC Filing

1. We, the BRLM and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s) to the Bidders.
2. After signing the Underwriting Agreement, We would update and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue Size, underwriting arrangements and would be complete in all material respects.

Filing of the Prospectus with the ROC

We will file a copy of the Prospectus with the ROC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Advertisement regarding Issue Price and Prospectus

A statutory advertisement will be issued by our Company after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Announcement of Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, our Company shall after receiving final observations, if any, on this Red Herring Prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI Guidelines in two national newspapers (one each in English and Hindi).

Notice to QIBs: Allotment Reconciliation

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.

Issuance of Letter for Additional Margin Money

In case of QIB Bidders who have submitted their Bids with the Margin Amount of 10%, additional margin amount may be called for by the Bank or Syndicate Member, in consultation with the BRLM. The amount of such additional Margin Amount called for shall depend on the level of subscription in various categories as determined on the basis of electronic registration of bids. The allotment of shares to QIB Bidders shall be finalised by us in consultation with the BRLM and the Designated Stock Exchange.

Issuance of CAN

1. Upon approval of the Basis of Allotment by the Designated Stock Exchange, the BRLM or the Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the Basis of Allocation by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. However, the investor should note that we shall ensure that the date of Allotment of the Equity Shares to all investors in this Issue shall be done on the same date.
2. The BRLM or the members of the Syndicate would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the Margin Amount into the Escrow Account at the time of bidding shall pay the balance amount payable into the Escrow Account by the Pay-in Date specified in the CAN.
3. Bidders who have been allocated Equity Shares and who have already paid into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to 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 the Equity Shares to be allotted to such Bidder.
4. The Issuance of CAN is subject to "Notice to QIBs: Allotment Reconciliation" as set forth under the section titled "Terms of Issue" of this Red Herring Prospectus.

Designated Date and Allotment of Equity Shares

1. We 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 of the allotted Equity Shares to the allottees within two working days of the date of Allotment.
2. As per the SEBI Guidelines, Equity Shares will be issued and allotted only in the dematerialized form to the allottees. Allottees will have the option to re-materialise the Equity Shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.
3. We would ensure the allotment of Equity Shares within 15 days of Bid Closing Date and also ensure that credit is given to the allottees' depository accounts within 2 working days from the date of allotment. In case our Company fails to make an allotment within 15 days of the Bid Closing Date, interest would be paid to the investors at the rate of 15% per annum.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

General Instructions**Do's:**

1. Check if you are eligible to apply; having regard to applicable laws, rules, regulations, guidelines and approvals and the terms of this Red Herring Prospectus;
2. Ensure that the Bid is only within the Price Band and that you have collected TRS for all your bid options;
3. Read all the instructions carefully and complete the Resident Bid-cum-Application Form or Non-Resident Bid-cum-Application Form, as the case may be;
4. Ensure that the details about Depository Participant and Beneficiary Account are correct as Equity Shares will be Allotted in the dematerialized form only;
5. Ensure that the DP account is activated;
6. 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, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid-cum-Application Form;
7. Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;
8. Submit Revised Bids to the same member of the Syndicate through whom the Original Bid was placed and obtain a revised TRS; and
9. If your Bid is for Rs.50,000/- or more, ensure that you mention your PAN allotted under the I.T. Act and ensure that you have attached copies of your PAN with the Bid-cum-Application Form. In case the PAN has not been allotted, mention "Not allotted" in the appropriate place. (Refer section titled "Issue Procedure - PAN or GIR Number" on page 212 of this Red Herring Prospectus.);

Dont's:

1. Do not Bid if prohibited from doing so under the law of your local jurisdiction;
2. Do not Bid for lower than the minimum Bid size;
3. 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;
4. Do not Bid on another Bid-cum-Application Form after you have submitted a Bid to the members of the Syndicate;
5. Do not pay the Bid Amount in cash, by money order or by postal order or by stockinvest;
6. Do not send Bid-cum-Application Forms by post; instead submit the same to a member of the Syndicate only;
7. Do not Bid at cut off price (for QIBs, Non-Institutional bidders and bidders under the Employee Reservation Portion, for whom the bid amount exceeds Rs.1,00,000);
8. 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.

Instructions for completing the Bid-cum-Application Form

Bidders can obtain Bid-cum-Application Forms and / or Revision Forms from the BRLM or Syndicate Members.

Bids and Revisions of Bids

Bids and revisions of Bids must be:

1. Made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable (White, Blue).
2. Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid-cum-Application Form or in the Revision Form. Incomplete Bid-cum-Application Forms or Revision Forms are liable to be rejected.
3. The Bids from the Retail Individual Bidders must be for a minimum of 35 Equity Shares and in multiples of 35 thereafter subject to a maximum Bid Amount of Rs.1,00,000/-.
4. For Non-Institutional and QIB Bidders, Bids must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs.1,00,000/- and in multiples of 35 Equity Shares thereafter. Bids cannot be made for more than the Issue Size. Bidders are advised to ensure that no Bid from them exceeds the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.
5. In single name or in joint names (not more than three, and in the same order as their Depository Participant Details).
6. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bids by Employees in the Employees Reservation Portion

Bids under Employee Reservation Portion by employees shall be made only in the prescribed Bid cum Application Form or Revision Form (i.e. pink colour) and Employees, applying in this Employees Reservation Portion should mention their employee number in the Bid cum Application Form.

The following may be noted in respect of Bids by Employees in the Employees Reservation Portion:

1. In case of joint Bids, the sole/first Bidder should be an Employee. Only those Bids by Employees that are at or above the Issue Price would be considered for Allocation.
2. Employees who Bid for Equity Shares for a value of up to Rs.1,00,000 at Cut off.
3. Employees can also Bid in the Net Issue to the public portion and such Bids shall not be treated as multiple Bids.
4. If the valid Bids in this category is less than or equal to 2,00,000 Equity Shares at or above the Issue Price, full Allocation shall be made to the Employees to the extent of their valid Bids. Under subscription, if any, in the Employees Reservation Portion will be added back to the Net Issue to the public, and the under subscription can be met with spill over from any other category at the discretion of our Company and, in consultation with the BRLM.

If the valid Bids in this category is greater than 2,00,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. For a description of the proportionate basis of Allocation please see the paragraph titled “Method of Proportionate Basis of Allotment” beginning on page 218.

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 demographic details of the Bidders such as address, bank account details for printing on refund orders or give credit through ECS, NEFT, Direct Credit or RTGS and occupation (“Demographic Details”). Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form. These Bank Account details would be printed on the refund order, if any, to be sent to Bidders. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLM nor we shall have any responsibility and undertake any liability for the same.

Bidder's Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID-CUM-APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID-CUM-APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID-CUM-APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID-CUM-APPLICATION FORM.

Bidders may note that delivery of refund orders / ECS credit or credit through NEFT, Direct Credit or RTGS for refunds/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 on account of returned refund orders / allocation advice / CANs shall be at the Bidders sole risk, we and the BRLM shall not have any responsibility nor undertake any liability for the same. **In case of refunds through electronic modes as detailed in this Red Herring Prospectus, Bidders may note that refunds may get delayed if bank particulars obtained from the DP are incorrect.**

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders / CANs / Allocation Advice and printing of Bank particulars on the refund order and the Demographic Details given by Bidders in the Bid-cum-Application Form would not be used for these purposes by the Registrar. Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants. In case no corresponding record is available with the Depositories that match three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

By signing the Bid-cum-Application Form, the Bidder would have deemed to authorize the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

In case no corresponding record is available with the Depositories that match three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum and articles of association and/or bye laws must be lodged along with the Bid-cum-Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of 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, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made by provident funds with minimum corpus of Rs.2500 Lakhs and pension funds with minimum corpus of Rs.2500 Lakhs, 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, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made by Mutual Fund registered with SEBI, Venture Capital Fund registered with SEBI and Foreign Venture Capital Investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case without assigning any reason thereof.

We, in our absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid-cum-Application Form, subject to such terms and conditions that we and the BRLM may deem fit.

We in consultation with the BRLM, in their absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice, the Demographic Details given on the Bid-cum-Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid-cum-Application Form instead of those obtained from the depositories.

Bids by NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI on a repatriation basis

NRI, FIIs and Foreign Venture Capital Funds Bidders have to comply with the following:

1. Individual NRI Bidders can obtain the Bid-cum-Application Forms from our Corporate Office or from the BRLM or the Syndicate Member(s).
2. NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange through approved banking channels shall be considered for allotment.
3. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid-cum-Application form meant for Resident Indians (White in colour).
4. All applications by NRIs with the Bid amount equal to or above Rs.50,000/- should be accompanied by a copy of the PAN card / letter, for further details refer to the paragraph "PAN or GIR Number" on page 212 of this Red Herring Prospectus.

Bids and Revision to Bids must be made

1. On the Bid-cum-Application Form or the Revision Form, as applicable, (Blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In a single name or joint names (not more than three, and in the same order as their Depository Participant Details).
3. **By NRIs:** For a minimum of 35 Equity Shares and in multiples of 35 thereafter subject to a maximum Bid amount of Rs.1,00,000/- for the Bid to be considered as part of the Retail Portion. Bids for Bid Amount more than Rs.1,00,000/- would be considered under Non Institutional Category for the purposes of allocation. For further details refer the paragraph "Maximum and Minimum Bid Size" on page 198 of this Red Herring Prospectus.
4. **By FIIs:** For a minimum of such number of Equity Shares and in multiples of 35 such that the Bid Amount exceeds Rs.1,00,000/-. For further details refer the paragraph "Maximum and Minimum Bid Size" on page 198 of this Red Herring Prospectus.
5. In the names of individuals or in the names of FIIs or in the names of Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions but not in the names of minors, firms or partnerships, foreign nationals (excluding NRIs) or their nominees or OCB's.

6. Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money payable upon submission of the Bid-cum-Application Form or Revision Form 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/ speed 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.

We do not require approval from the Government of India or from the Reserve Bank of India for making a fresh issue of Equity Shares under the Foreign Direct Investment Scheme as prescribed in the FEMA read with the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 to Non-Residents, since foreign direct investment in companies engaged in manufacturing, such as ours, is permitted to the extent of 100% under existing law and policy.

It is to be distinctly understood that there is no reservation for Non-Residents, NRIs and FIIs and all Non-Residents, NRI and FII applicants will be treated on the same basis with other categories for the purpose of allocation. As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

Payment Instructions

Our Company shall open Escrow Account(s) with the Escrow Collection Bank(s) for the collection of the Bid Amount payable upon submission of the Bid-cum-Application Form and for amounts payable pursuant to allotment in the Issue. Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Payments into Escrow Account for the Issue:

1. The Bidders for whom the applicable margin is equal to 100% shall, with the submission of the Bid-cum-Application Form draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the member of the Syndicate.
2. In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the Syndicate Member(s) by the BRLM.
3. In case the payment of the Bid Amount has been waived by a member of the Syndicate during the Bidding/Issue Period on receipt of the CAN, an amount equal to the Issue Price multiplied by the Equity Shares allocated to the Bidder shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be a minimum period of two days from the date of communications of the allocation list to the member of the Syndicate by the BRLM.
4. The payment instruments for payment into the Escrow Account of our Company should be drawn in favour of:
 - In case of Resident Bidders: "**Escrow Account – ADSL IPO**"
 - In case of Non Resident Bidders: "**Escrow Account – ADSL IPO – NR**"
 - In case of Resident QIB Bidders: "**Escrow Account- ADSL IPO – QIB – R**"
 - In case of Non Resident QIB Bidders: "**Escrow Account- ADSL IPO – QIB – NR**"
 - In case of Employees: "**Escrow Account- ADSL IPO – Employees**"
5. In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary (NRO) Account of a Non-Resident

bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account.

6. In case of Bids by FIIs/FVCIs registered with the SEBI/multilateral and bilateral financial institutions, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
7. Where a Bidder has been allocated 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 allotted, will be refunded to the Bidder from the Escrow Account.
8. The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date.
9. On or after the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreements into the Issue Account with the Bankers to the Issue.
10. No later than 15 days from the Bid/ Issue Closing Date, the Escrow Banker shall refund all amounts payable to unsuccessful Bidder and also the excess amount paid by Bidding, if any, after adjusting for allocation to Bidders
11. Payments should be made by cheque, or demand draft drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid-cum-Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ Stock invest/Money orders/ Postal orders will not be accepted.

Payment by Stock invest

In terms of 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 stock invest instruments in lieu of cheques or bank demand drafts for payment of bid money has been withdrawn. **Accordingly, payment through stock invest will not be accepted in the 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. Member of the Syndicate may at its sole discretion waive the requirement of payment at the time of submission of the Bid-cum-Application Form and Revision Form in the case of QIB Bidders provided however that the Syndicate Member shall collect the QIB Margin and deposit the same in a special Escrow Account.

Separate receipts shall not be issued for the money payable on the submission of Bid-cum-Application Form or Revision Form. However, the collection center 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 payments will be made out in favour of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic details received from 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, an illustration of certain procedures which may be followed by the Registrar to the Issue to detect multiple applications are provided below:

1. All applications with the same name and age will be accumulated and taken to a separate process file which will serve as a multiple master document.
2. In this master document, 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 will obtain from the depositories, details of the applicants' addresses based on the DIP ID and Beneficiary Account Number provided in the Bid-cum-Application Form and create an address master document.
4. The addresses of all the applicants in the multiple master documents will be strung from the address master document. 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 addresses and pin code will be converted into a string for each application received and a photo match will be carried out among all the applications processed. A print-out of the addresses will be taken to check for common names. Applications with the same name and address will be treated as multiple applications.
5. The applications will be scrutinized for similar DP ID and Beneficiary Account Numbers. In case where applications bear the same DP ID and Beneficiary Account Numbers, they will be treated as multiple applications.
6. After consolidation of all the masters as described above, a print out of the multiple master document will be taken and applications will be physically verified to tally signatures and the name of father's or husband's. 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 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.

The applications made by the asset management companies or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which application is being made.

Bids made by Employees both under Employees Reservation Portion as well as in the Net Issue shall not be treated as multiple Bids.

Our Company in consultation of BRLM reserves the right to reject, in their absolute discretion all or any multiple Bids in any or all categories.

PAN or GIR Number

Where Bid(s) is/are for Rs.50,000 or more, the Bidder (including NRIs) or in the case of a Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the Income Tax Act. **The copy of the PAN card or PAN allotment letter is required to be submitted with the application form for all the Joint Bidders, if any.** Applications without this information and documents 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.** In case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid-cum-Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the Sole/First Bidder and each of the Joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person of declaration to be filed by a person who does not have a permanent account number and who enters into any

transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61 as the case may be.

Unique Identification Number (UIN)

With effect from July 1, 2005, SEBI had decided to suspend all fresh registrations for obtaining UIN and the requirement to contain/quote UIN under the SEBI MAPIN Regulations/Circulars vide its circular MAPIN/Cir-13/2005. However, in a recent press release dated December 30, 2005, SEBI has approved certain policy decisions and has now decided to resume registrations for obtaining UINs in a phased manner. The press release states that the cut off limit for obtaining UIN has been raised from the existing limit of trade order value of Rs.1,00,000/- to Rs.5,00,000/- or more. The limit will be reduced progressively. For trade order value of less than Rs.500,000, an option will be available to investors to obtain either the PAN or UIN. These changes are, however, not effective as of the date of this Red Herring Prospectus and SEBI has stated in the press release that the changes will be implemented only after necessary amendments are made to the SEBI MAPIN Regulations.

Therefore, MAPIN is not required to be quoted with the Bids.

Company's Right to Reject Bids

The BRLM may reject any QIB Bid procured by any or all members of the Syndicate provided the rejection is at the time of receipt of such Bid 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, Retail Individual Bidders, Bidders in the Employee Reservation Portion, we will have the right to reject Bids only on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on, amongst others, the following technical grounds:

1. Amount paid doesn't tally with amount payable for the highest value of Equity Shares bid for;
2. Age of First Bidder not given; Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors, insane Persons;
3. PAN not stated if Bid is for Rs.50,000/- or more
4. GIR Number given instead of PAN;
5. Bids for lower number of Equity Shares than specified for that category of investors;
6. Bids at a price less than lower end of the Price Band;
7. Bids at a price more than the higher end of the Price Band;
8. Bids at cut-off price by Non-Institutional and QIB Bidders;
9. Bids for number of Equity Shares, which are not in multiples of 35;
10. Category not ticked;
11. Multiple bids as defined in this Red Herring Prospectus;
12. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
13. 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;
14. NRIs, except eligible NRIs and Non-Residents;
15. Signature of sole and / or joint bidders missing;
16. Bid cum Application Form does not have the stamp of the BRLM or Syndicate Members;
17. Bid cum Application Form does not have Bidder's depository account details;
18. Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Form, Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Form; or

19. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations. For further details please kindly refer to the section titled “Basic Terms of the Issue” on page 41 of this Red Herring Prospectus.
20. Bids accompanied by Stock Invests / money order/postal order/cash;
21. Bids by OCBs; or
22. Bids by U.S. residents or U.S. persons.
23. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the sequence of names of joint holders), the depository participant’s identity (DP ID) and the Beneficiary Account number.
24. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations. See the details regarding the same in the paragraph entitled “Issue Procedure – Bids at Different Price Levels” at page 200 of this Red Herring Prospectus;
25. Bids by QIBs not submitted through BRLM or members of the Syndicate.
26. Bids by any 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.
27. Bids by Employees or Directors of our Company not eligible to apply in the Employee Reservation Portion.

Equity Shares in Dematerialized Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in the Issue shall be Allotted only in a de-materialized form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar to the Issue:

1. a tripartite agreement dated March 14, 2007 with our Company , NSDL and Registrars to the Issue
2. a tripartite agreement dated March 26, 2007 with our Company, CDSL and Registrars to the Issue

All bidders can seek allocation only in dematerialized mode. Bids from any investor without relevant details of his or her depository account are liable to be rejected.

1. A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
2. The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant’s Identification number) appearing in the Bid-cum-Application Form or Revision Form.
3. Equity shares allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder
4. Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details with the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
5. Non-transferable allocation advice or refund orders will be directly sent to the Bidder by the Registrar to the Issue.
6. 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.
7. 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.
8. It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
9. The trading of the Equity Shares of our Company would be in dematerialized form only for all investors in the demat segment of the Stock Exchanges.
10. As the Issue comprises of Fresh Issue, investors are advised to instruct their Depository Participants to accept the Equity Shares that may be allotted to them pursuant to the Issue. Investors should satisfy themselves that their demat account is active.

Communications

All future communications in connection with Bids made in the Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid-cum-Application Form number, details of the Depository Participant, number of Equity Shares applied for, date of Bid-cum-Application Form, name and address of the member of the Syndicate where the Bid was submitted and cheques or draft number and issuing bank thereof.

Pre-Issue and Post Issue Related Problems

We have appointed Mr. Ravindra V. Joshi, as our Company Secretary & Compliance Officer and he may be contacted in case of any Pre-Issue and Post Issue Related Problems, such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account, refund orders, etc., at the following address:

Mr. Ravindra V. Joshi

Company Secretary & Compliance Officer

Allied Digital Services Limited,

3rd Floor, Kimmatrai Building,

77/79, Maharshi Karve Marg,

Marine Lines,

Mumbai – 400 002.

Tel: +91-22-2200 2020

Fax: +91-22-2206 4170

Email: ravindra.joshi@alliedindia.com

Website: www.alliedindia.com

Disposal of Applications and Applications Money

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 2 (two) working days of date of Allotment. We shall dispatch refund orders, if any, of value up to Rs.1,500, “Under Certificate of Posting”, and shall dispatch refund orders above Rs.1,500, if any, by registered post or speed post at the sole or First Bidder’s sole risk except for Bidders who have opted to receive refunds through the ECS or NEFT or RTGS or Direct Credit, adequate funds for this purpose shall be made available to the Registrar for this purpose.

Applicants to whom refunds are made through Electronic transfer of funds will be send a letter through ordinary post intimating them about the mode of credit of refund within 15 working days of closure of Issue.

We 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 7 (seven) working days finalization of the basis of allotment.

Interest in case of delay

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines we further undertake that:

1. allotment of Equity Shares shall be made only in dematerialized form within 15 (fifteen) days of the Bid /Issue Closing Date;
2. dispatch of refund orders (including through ECS, NEFT, Direct Credit or RTGS) within 15 (fifteen) days of the Bid /Issue Closing Date would be ensured; and
3. We 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 and/or demat credits are not made to investors within the 15 (fifteen)-day time prescribed above or if in a case where the refund or portion thereof is made in electronic manner through ECS, NEFT, Direct Credit or RTGS, the refund instructions have not been given to the clearing system in the disclosed manner within 15 days from the Bid/Issue Closing Date, 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; and

4. We will provide adequate funds required for dispatch of refund orders or allocation advice to the Registrar to the Issue. Refunds will be made by ECS, NEFT, RTGS, Direct Credit, cheques, pay orders or demand drafts drawn on a bank appointed by us as a refund banker and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Act, which is reproduced below:

“Any person who:

- a. **makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or**
- b. **otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,**

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

Interest on Refund of Excess Bid Amount

We shall pay interest at the rate of 15% per annum on the excess Bid Amount received if refund orders are not dispatched within 15 days from the Bid/Issue Closing Date 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.

Basis of allotment or allocation

A. For Retail Individual Bidders

1. Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
2. 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.
3. If the aggregate demand in this category is less than or equal to 15,12,853 Equity Shares at or above the Issue Price, full allotment shall be made to the Retail Individual Bidders to the extent of their demand.
4. If the aggregate demand in this category is greater than 15,12,853 Equity Shares at or above the Issue Price, the allotment shall be made on a proportionate basis subject to minimum allocation being equal to the minimum bid/application size of 35 Equity Shares. For the method of proportionate basis of allotment, refer below.

B. For Non Institutional Bidders

1. Bids received from Non institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all successful Non Institutional Bidders will be made at the Issue Price.
2. The Issue size less allotment to QIB Bidders and Retail Individual Bidders 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.
3. If the aggregate demand in this category is less than or equal to 6,48,365 Equity Shares at or above the Issue Price, full allotment shall be made to Non Institutional Bidders to the extent of their demand.
4. In case the aggregate demand in this category is greater than 6,48,365 Equity Shares at or above the Issue Price, allotment shall be made on a proportionate basis subject to minimum allocation being equal to the minimum bid/ application size of 35 Equity Shares. For the method of proportionate basis of allotment refer below.

C. For QIBs

1. Upto 50% of the Net Issue to Public, i.e., 21,61,217 Equity Shares shall be allotted to QIBs.
2. Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all the QIBs will be made at the Issue Price.
3. The Net Issue size less allotment to Non Institutional Portion and Retail Portion shall be available for allotment to QIBs who have bid in the Issue at a price that is equal to or greater than the Issue Price.
4. However, eligible Bids by Mutual Funds only shall first be considered for allocation proportionately in the Mutual Fund Portion. After completing proportionate allocation to Mutual Funds for an amount of upto 1,08,061 Equity Shares (the Mutual Fund Portion), the remaining demand by Mutual Funds, if any, shall then be considered for allocation proportionately, together with Bids by other QIBs, in the remainder of the QIB Portion (i.e. after excluding the Mutual Fund Portion). For the method of allocation in the QIB Portion please see the section titled "Illustration of Allotment to QIBs" appearing below. If the valid Bids by Mutual Funds is less than 1,08,061 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and allocated proportionately to the QIB Bidders. For the purposes of this section it has been assumed that the QIB Portion for the purposes of the Issue amounts upto 50% of the Net Issue size, i.e. 21,61,217 Equity Shares.
5. Allotment shall be undertaken in the following manner:
 - In the first instance allocation to Mutual Funds for 5% of the QIB Portion shall be determined as follows:
 - (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.
 - (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full allotment to the extent of valid Bids received above the Issue Price.
 - (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below.
 - In the second instance allocation to all QIBs shall be determined as follows:
 - (i) In the event of over subscription 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 up to 95% of the QIB Portion.
 - (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
 - (iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.
6. Under-subscription, if any, in the Non-Institutional and Retail Individual categories would be allowed to be met with spill over from any other category at the sole discretion of our Company and the BRLM.

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. Any revised CAN, if issued, will supersede in entirety the earlier CAN.

D. For Employee Reservation Portion

- Bids received from the Employees at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Employees will be made at the Issue Price.

- If the aggregate demand in this category is less than or equal to 2,00,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Employees to the extent of their demand.
- If the aggregate demand in this category is greater than 2,00,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 35 Equity Shares. For the method of proportionate basis of allocation, refer below.
- Only Employees (as defined above) are eligible to apply under Employee Reservation Portion.

Procedure and Time Schedule for Allotment of Equity Shares

We and the members of the Syndicate reserve the right to reject any Bid without assigning any reason thereof in case of QIBs. In case of Non - Institutional Bidders and Retail Individual Bidders, we have a right to reject bids based on technical grounds. In case a Bid is rejected in full, the whole of the Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. In case a Bid is rejected in part, the excess Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. We will ensure allotment of the Equity Shares within 15 days from the Bid/Issue Closing Date, and we shall pay interest at the rate of 15% per annum (for any delay beyond the periods as mentioned above), if Equity Shares are not allotted, refund orders are not dispatched and/ or demat credits are not made to investors within two working days from the date of allotment.

Method of Proportionate Basis of Allotment:

1. Bidders will be categorized according to the number of Equity Shares applied for by them.
2. 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.
3. 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.
4. In all Bids where the proportionate allotment is less than 35 Equity Shares per Bidder, the allotment shall be made as follows:
 - Each successful Bidder shall be allotted a minimum of 35 Equity Shares;
 - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and
5. If the proportionate allotment to a Bidder is a number that is more than 35 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. All Bidders in such categories would be allotted Equity Shares arrived at after such rounding off.
6. 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 Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

ILLUSTRATION of Allotment to QIBs and Mutual Funds (“MF”)**Issue details**

| Sr. No. | Particulars | Issue Details |
|---------|--|-----------------------|
| 1. | Issue size | 200 Mn. Equity Shares |
| 2. | Allocation to QIB (Upto 50% of the Net Issue) | 100 Mn. Equity Shares |
| | Of which: | |
| | a. Reservation For Mutual Funds, (5%) | 5 Mn. Equity Shares |
| | b. Balance for all QIBs including Mutual Funds | 95 Mn. Equity Shares |
| 3. | Number of QIB applicants | 10 |
| 4. | Number of Equity Shares applied for | 500 Mn. Equity Shares |

Details Of QIB Bids

| Sr. No | Type of QIB bidders# | No. of shares bid for (in Mn.) |
|--------|----------------------|--------------------------------|
| 1. | A1 | 50 |
| 2. | A2 | 20 |
| 3. | A3 | 130 |
| 4. | A4 | 50 |
| 5. | A5 | 50 |
| 6. | MF1 | 40 |
| 7. | MF2 | 40 |
| 8. | MF3 | 80 |
| 9. | MF4 | 20 |
| 10. | MF5 | 20 |
| | TOTAL | 500 |

A1-A5: (QIB Bidders other than Mutual Funds), MF1-MF5 (QIB Bidders which are Mutual Funds)

Details of Allotment To QIB Bidders/Applicants

(Number of equity shares in Mn.)

| Type of QIB bidders | Shares bid for (in Mn.) | Allocation of 5 Mn. Equity Shares to MF proportionately (please see note 2 below) | Allocation of balance 95 Mn. Equity Shares to QIBs proportionately (please see note 4 below) | Aggregate allocation to MFs |
|---------------------|-------------------------|---|--|-----------------------------|
| (I) | (II) | (III) | (IV) | (V) |
| A1 | 50.00 | 0.00 | 9.60 | 0.00 |
| A2 | 20.00 | 0.00 | 3.84 | 0.00 |
| A3 | 130.00 | 0.00 | 24.95 | 0.00 |
| A4 | 50.00 | 0.00 | 9.60 | 0.00 |
| A5 | 50.00 | 0.00 | 9.60 | 0.00 |
| MF1 | 40.00 | 1.00 | 7.48 | 8.48 |
| MF2 | 40.00 | 1.00 | 7.48 | 8.48 |
| MF3 | 80.00 | 2.00 | 14.97 | 16.97 |
| MF4 | 20.00 | 0.50 | 3.74 | 4.24 |
| MF5 | 20.00 | 0.50 | 3.74 | 4.24 |
| | 500.00 | 5.00 | 95.00 | 42.42 |

Note:

- The illustration presumes compliance with the requirements specified in this Red Herring Prospectus in the section titled “Issue Structure” beginning on page 191.

2. Out of 100 Mn. Equity Shares allocated to QIBs, 5 Mn. (i.e. 5%) will be allocated on proportionate basis among five Mutual Fund applicants who applied for 200 Mn. shares in the QIB Portion.
3. The balance 95 Mn. Equity Shares [i.e. 100 - 5 (available for Mutual Funds only)] will be allocated on proportionate basis among 10 QIB Bidders who applied for 500 Mn. Equity Shares (including 5 Mutual Fund applicants who applied for 200 Equity Shares).
4. The figures in the fourth column titled “Allocation of balance 95 Mn. Equity Shares to QIBs proportionately” in the above illustration are arrived as under:
 - For QIBs other than Mutual Funds (A1 to A5)= Number of Equity Shares Bid for X 95 / 495
 - For Mutual Funds (MF1 to MF5)= [(No. of shares bid for (i.e in column II of the table above) less Equity Shares allotted (i.e., column III of the table above)] X 95 / 495
 - The numerator and denominator for arriving at allocation of 95 Mn. Equity Shares to the 10 QIBs are reduced by 5 Mn. shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

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 Bidders bank account details including nine digit MICR code. 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 credit of refunds to Bidders at the Bidders sole risk and neither the BRLM nor the Bank shall have any responsibility and undertake any liability for the same.

PAYMENT OF REFUND

Bidders must note that on the basis of name of the Bidders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Bid-cum-Application Form, the Registrar to the Issue will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition (“MICR”) code as appearing on a cheque leaf. Hence Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither our Company, the Registrar to the Issue, Escrow Collection Bank(s), Bankers to the Issue nor the BRLM shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

Mode of making refunds

The payment of refund, if any, would be done through various modes as under:

1. ECS – Payment of refund would be done through ECS for applicants having an account at any of the following fourteen centres: Ahmedabad, Bangalore, Bhubaneswar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi and Patna. Only applicants having a bank account at any of these 14 centers where clearing houses for ECS are managed by the RBI are eligible to receive refunds through the modes details in herein.

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. The payment of refunds is mandatory for applicants having a bank account at any of the above mentioned fourteen centres, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS.

2. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method.

3. Direct Credit – Applicants having bank accounts with the Refund Banker(s), in this case being, UTI Bank Ltd, shall be eligible to receive refunds through direct credit.
4. RTGS – Applicants having a bank account at any of the abovementioned fourteen centres and whose refund amount exceeds Rs.10 Lakhs (Rupees Ten Lakhs only), 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.

For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched under certificate of posting for value up to Rs.1,500 and through Speed Post/Registered Post for refund orders of Rs.1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

For all the other applicants excepts for whom payment of refund is possible through I, II, III and IV the refund orders would be dispatched “Under Certificate of Posting” for refund orders less than Rs.1,500 and through Speed Post/Registered Post for refund orders exceeding Rs.1,500.

Interest in case of delay in Despatch of Allotment Letters/Refund Orders

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines we further undertake that:

1. allotment of Equity Shares shall be made only in dematerialised form within 15 (fifteen) days of the Bid /Issue Closing Date;
2. dispatch of refund orders (including through ECS, NEFT, Direct Credit or RTGS) within 15 (fifteen) days of the Bid /Issue Closing Date would be ensured; and
3. We 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 and/or demat credits are not made to investors within the 15 (fifteen)-day time prescribed above or if in a case where the refund or portion thereof is made in electronic manner through ECS, NEFT, Direct Credit or RTGS, the refund instructions have not been given to the clearing system in the disclosed manner within 15 days from the Bid/Issue Closing Date, 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.

Refunds will be made by ECS, NEFT, RTGS, Direct Credit, 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.

Undertaking by our Company

We hereby undertake as follows:

1. that the complaints received in respect of the Issue shall be attended to by us expeditiously and satisfactorily;
2. that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of allotment;
3. that the funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by us;

4. that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of the closure of the issue, giving details of the bank where refunds shall be credited alongwith the amount and expected date of electronic credit of refund;
5. that the refund orders or allocation advice to the NRIs or FIIs shall be dispatched within specified time; and
6. no further issue of Equity Shares shall be made till the Equity Shares issued through the Red Herring Prospectus are listed or until the bid monies are refunded on account of non-listing, under-subscription etc.

Utilisation of Issue Proceeds

The Board of Directors of our Company certify that:

1. all monies received out of the Issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
2. details of all monies utilized out of Issue referred above shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised;
3. details of all unutilised monies out of the Issue, if any shall be disclosed under the appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested; and
4. We shall not have recourse to the Issue proceeds until approval for trading of Equity Shares from all the stock exchanges where listing is sought is received;

Pending utilisation of net proceeds of the Fresh Issue as specified under the section “Objects of the Issue”, we intend to temporarily invest the funds in high quality interest / dividend bearing liquid instruments as permitted under the SEBI Guidelines. These investments shall be in accordance with investment policies approved by our Board of Directors from time to time.

Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the Industrial Policy of the Government of India notified through press notes and press releases issued from time to time and the FEMA and circulars and notifications issued there under. While the policy of the Government prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy of the Government, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures and reporting requirements for making such investment.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without prior RBI approval, so long as the price of equity shares to be issued is not less than the price at which equity shares are issued to residents. In our Company, as of date the aggregate FII holding cannot exceed 24% of the total issued share capital.

Subscription by NRIs/ FIIs

It is to be distinctly understood that there is no reservation for Non-Residents, NRIs and FIIs and all Non-Residents, NRI and FIIs applicants will be treated on the same basis as other categories for the purpose of allocation.

As per the RBI regulations, OCBs cannot participate in this Issue.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit

of, “U.S. persons” (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to “Qualified Institutional Buyers”, as defined in Rule 144A of the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

As per the current regulations, the following restrictions are applicable for investments by FIIs

We do not require approval from the Government of India or from the Reserve Bank of India for making a fresh issue of Equity Shares under the Foreign Direct Investment Scheme as prescribed in the FEMA read with the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 to FIIs, since foreign direct investment in companies engaged in manufacturing, such as ours, is permitted to the extent of 100% under existing law and policy. The above information is given for the benefit of the Bidders. Our Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this 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.

No single FII can hold more than 10% of our post-Issue paid up capital (i.e. 10% of 1,72,89,740 Equity Shares). In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual. As of now, the aggregate FIIs holding in our Company cannot exceed 26% of the total issued capital of our Company. Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of regulation 15A(1) of the SEBI (Foreign Institutional Investors) Regulations, 1995, 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.

As per the current regulations, the following restrictions are applicable for investments by SEBI registered VCFs:

The SEBI (Venture Capital) Regulations, 1996 prescribe investment restrictions on venture capital funds registered with SEBI. Accordingly, the holding by any VCF should not exceed 25% of the corpus of the VCF. As per the current regulations, OCBs cannot participate in this Issue. The above information is given for the benefit of the Bidders. Our Company and the Book Runners are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen 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. However, we shall update this Red Herring Prospectus and keep the public informed of any material changes in matters concerning our business and operations till the listing and commencement of trading of the Equity Shares.

The above information is given for the benefit of the Bidders. Our Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations. However, we shall update this Red Herring Prospectus and keep the public informed of any material changes in matters concerning our business and operations till the listing and commencement of trading of the Equity Shares.

SECTION IX: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY**DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION**

Pursuant to Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting as detailed below. Please note that the each provision herein below is numbered as per the corresponding article number in the Articles of Association and defined terms herein have the meaning given to them in the Articles of Association.

The regulations contained in Table A of Schedule I of the Companies Act, 1956, shall not apply to our Company except in so far as the same are repeated, contained or expressly made applicable in these articles or by the said Act.

| SR. NO. | INTRODUCTION | |
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| | CAPITAL | |
| 3 | The authorised share capital of the Company shall be the Capital as specified in Clause V of the Memorandum of Association, with power to increase or reduce the share capital of the Company and to divide the shares in the capital for the time being into several classes as permissible in law and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate any of such rights, privileges or conditions in such manner as may for the time being be provided in the Articles of Association. | Authorised Capital |
| 4 | Subject to the right of the holders of any shares entitled by the terms of issue of preferential repayment over the equity shares in the event of winding up of the Company, holders of the equity shares shall be entitled to be repaid the amount of Capital paid up or credited as paid up on such equity shares and all surplus assets thereafter shall belong to the holders of Equity Shares in proportion to the amount paid up or credited as paid up on such equity shares respectively at the commencement of the winding up. | |
| 5 | The preference shares shall confer on the holder thereof the right to a cumulative preferential dividend for each year at a rate as may be fixed by the Board of Directors at the time of issue thereof or revising rate of interest on the existing preference shares in conformity with the rate prescribed by law from time to time subject to deduction of tax at sources at the prescribed rates, on the capital paid up or credited as paid up thereon, and in the event of winding up the right to redemption of capital and arrears of dividend accrued up to the date of the commencement of the winding up whether declared or undeclared shall rank in priority to equity shares in the capital of the Company for the time being, but the said preference shares shall not entitle the holder thereof to any further or other participation in the profits or assets of the Company. | |
| 6 | Subject to the applicable provision of the Companies Act, 1956 and all other applicable provisions of law (including any statutory modifications or re-enactment thereof for the time being in force or as may be enacted from time to time) and subject to such other approvals/permissions or sanctions as may be necessary, the Company may issue shares with non-voting rights upon such terms and conditions and with such rights and privileges (including with regard to dividend) as may be permitted by law or guidelines issued by the statutory authorities and/or listing requirements and that the provisions of these Articles of Association, to the extent they are concerning or relating to voting rights of shares shall not be applicable to the aforesaid non-voting shares, if any, issued by the Company. | Non Voting Shares |

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| 7 | A | The Company in General Meeting may from time to time by Ordinary Resolution increase the capital by the creation of new shares, the increases to be of such aggregate amount and to be divided into Shares of such respective amounts as the Resolution shall prescribe, subject to the provisions of the Act, any shares of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the General Meeting resolving upon the creation thereof, shall direct, and if no direction be given, as the Directors shall determine, and in particular, such shares may be issued with a preferential or a qualified right to dividends, and in the distribution of the assets of the Company in conformity with Section 87 and 88 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the provisions of Section 97 of the Act. | Increase Capital |
| | B | Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise. | New Capital same as existing capital |
| 8 | | In the event it is permitted by law to issue shares without voting rights attached to them, the Directors may issue such share upon such terms and conditions and with such rights and privileges annexed thereto as thought fit and as may be permitted by law. | Issue of Shares without Voting Rights |
| 9 | A | Subject to the provisions of Sections 80 and 80A of the Act, the Company shall have the power to issue Preference Shares, which are at the option of the Company liable to be redeemed, and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption. | Redeemable preference Shares |
| | B | The holder of Preference Shares shall have a right to vote only on Resolutions, which directly affect the rights attached to his Preference Shares. | Voting rights of preference shares |
| | C | On the issue of Redeemable Preference Shares under the provisions of the Articles hereof the following provisions shall take effect: | Provision to apply on issue of redeemable preference shares |
| | | i) no such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of the redemption; | |
| | | ii) no such shares shall be redeemed unless they are fully paid; | |
| | | iii) the premium, if any, payable on redemption must have been provided for out of the profits of the Company or the Company's Share Premium Account before the shares are redeemed; | |
| | | iv) Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, which would otherwise have been available for dividend, be transferred to a reserve fund, to be called the "Capital Redemption Reserve Account", a sum equal to the nominal amount of the shares redeemed and the provisions of the Act relating to the reduction of share capital of the Company shall, except as provided in Section 80 of the Act, apply as if the Capital Redemption Reserve Account was paid-up share capital of the Company. | |
| 10 | | The Company may from time to time by Special Resolution, subject to the provisions of Section 78, 80, 100 to 104 inclusive of the Act, reduce its Share Capital and any Capital Redemption Reserve Account or Share Premium Account in any manner for the time being authorised by law, and in particular without prejudice to the generality of the forgoing power may: | Reduction of Capital |
| | | i) extinguish or reduce the liability on any of its shares in respect of share capital not paid up; | |
| | | ii) either with or without extinguishing or reducing liability on any of its shares, cancel any paid up share capital which is lost or is unrepresented by available assets; or | |

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| | | iii) either with or without extinguishing or reducing liability on any of its shares, pay off any paid-up share capital which is in excess of the wants of the Company; and may, if and so far as is necessary, alter its Memorandum, by reducing the amount of its share capital and of its shares accordingly. | |
| 11 | A. | The Company in general meeting may subject to the provisions of Section 94 of the Act by Ordinary Resolution alter the conditions of its Memorandum as follows, that is to say, it may: | Sub-division, consolidation and cancellation of shares |
| | | i) Consolidate and divide any of its Share Capital into Shares of larger amounts than its existing shares; | |
| | | ii) Sub-divide its shares or any of them into shares of smaller amount than originally fixed by the Memorandum, so however, that in the sub-division the proportion between the amount paid-up and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived and so that as between the holders of the shares resulting from such sub-division one or more of such shares may, subject to the provisions of the Act, be given any preference or advantage or otherwise over the others or any other such share. | |
| | | iii) Convert all or any of its fully paid-up shares in to stock and reconvert that stock into fully paid-up shares of any denomination. | |
| | | iv) Cancel shares which, on the date of such General Meeting have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of shares so cancelled; | |
| | B. | The cancellation of shares in pursuance of this Article shall not be deemed to be reduction of Share Capital. | |
| | | MODIFICATION OF RIGHTS | |
| 12. | | Whenever the capital, by reason of the issue of Preference Shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to each calls may subject to the provisions of Sections 106 and 107 of the Act be modified, commuted, affected or abrogated, or dealt with by agreement between the Company and any person purporting to contract on behalf of that class, provided such agreement is ratified in writing by holders of at least three-fourths in nominal value of the issued shares of the class or is confirmed by a Special Resolution passed at separate general meeting of the holders of shares of that class. The provision of these Articles relating to General Meetings shall mutatis mutandis apply to every such separate meeting. This Article shall not derogate from any power which the Company would have if this Article were omitted. | |
| 13. | | Subject to the provisions of Section 100 to 105 (inclusive) of the Act, the board may accept from any member on such terms and conditions as shall be agreed a surrender of all or any of his shares. | Board may accept surrender of shares |
| | | SHARES | |
| 14 | | The shares in the capital shall be numbered progressively according to their several denominations, and except in the manner herein before mentioned no shares shall be sub-divided, provided however, that the provisions relating to progressive numbering shall not apply to the shares of the Company which are in dematerialized form. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished. | Shares to be numbered progressively and no share to be sub-divided |
| 15 | | FURTHER ISSUE OF SHARES | |
| | A | The rights or privileges conferred upon the holders of the shares of any class issued with preferred or other rights, shall not unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied or modified affected by the creation or issue of further shares ranking pari passu therewith. | Issue of further shares not to affect rights of existing shareholders |
| | B | Where it is proposed to increase the subscribed capital of the company by allotment of further shares either out of the un-issued capital or out of the increased share capital then: | |

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| | | i) Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the company, in proportion, as near as the circumstances admit, to the capital paid up on those shares at the date. | |
| | | ii) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of offer and the offer if not accepted, will be deemed to have been declined. | |
| | | iii) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person(s) as they may think, in their sole discretion, fit. | |
| | C. | Notwithstanding anything contained in sub-clause (B) thereof, the further shares aforesaid may be offered to any persons (Whether or not those persons include the persons referred to in clause (B) sub-clause (i) thereof in any manner whatsoever. | |
| | | i) If a special resolution to that effect is passed by the company in General Meeting, or | |
| | | ii) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting of vote, if any, of the Chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the Company. | |
| | D. | Nothing in sub-clause (iii) of (B) hereof shall be deemed; | |
| | | i) To extend the time within which the offer should be accepted; or | |
| | | ii) 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 has declined to take the shares comprised in the renunciation. | |
| | E. | 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: | |
| | | i) 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 | |
| | | ii) In the case of debentures or loans or other than debentures issued to or loans obtained from Government or Banks 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. | |
| 16 | | SHARES AT THE DISPOSAL OF THE DIRECTORS: | |
| | | Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any 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 the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the company in the General Meeting to give to any person or persons the option or right to | |

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| | | call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may Issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so, issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in the General Meeting. | |
| 17 | | INITIAL PUBLIC OFFER | |
| | A. | The Company and the Promoters, jointly and severally agree that they shall use reasonable endeavours to cause an initial public offering of the Company ("IPO") within 36 months (thirty six months) of the Closing Date, including but not limited to obtaining all consents and approvals (corporate and otherwise) for the same in accordance with applicable laws. | |
| | B. | BCCL agrees with the Company that the BCCL Shares shall be subject to a lock-in for a period of 36 (thirty six) months from the date of allotment of the BCCL Shares or for such period as may be determined at the time of IPO, in accordance with the Securities and Exchange Board of India (Disclosure and Investor) Protection Guidelines, 2000 (the "DIP Guidelines") whichever occurs earlier. It is clarified that BCCL shall have the right to transfer or sell or otherwise dispose of the BCCL Shares in any manner at the expiry of the lock-in period mentioned in the Article 6.4 of the Agreement. | Lock-in |
| | C. | The Company agrees not to issue Shares through the IPO at a price lower than the Subscription Price. For this purpose the Subscription Price shall be adjusted for any bonus issue and/or any stock split made by the Company from the Closing Date till the date of the IPO. In the event that the IPO takes place at a price lower than the Subscription Price after the adjustment, the Promoters hereby covenant and undertake to transfer such number of Shares to BCCL for no additional consideration such that the weighted average price of the BCCL Shares (i.e., the Shares held by BCCL after the Closing Date and the Shares transferred by the Promoters in accordance with the terms hereof) is equal to the IPO Price. It is clarified that the transfer of Shares by the Promoters shall take place on the next succeeding Business Day after the completion of the statutory lock-in of one year from the date of the IPO of the entire pre-issue share capital currently prescribed in clause 4.14.1 of Chapter IV of the DIP Guidelines, as may be amended from time to time. Promoters undertake to keep available such number of Shares as may be required to fulfill their obligations in terms hereof and ensure that the same are not subject to the three year promoter shares lock in under the DIP Guidelines. It is further clarified that the number of Shares to be transferred to BCCL by the Promoter shall be computed on the basis of IPO Price. | IPO price |
| 18 | | FRESH OFFERING | |
| | A | In the event that the Company issues any further Shares at any point of time prior to the completion of the IPO (a "Fresh Offering") at a price lower than the Subscription Price, then the Company shall issue and the Promoters shall cause the Company to offer such number of Shares forming part of the Fresh Offering to BCCL, in accordance with applicable law, for no additional consideration or a consideration being the par value of the Shares or such other consideration as may be determined by the board of directors of the Company, whichever is lower, such that the weighted average price of the BCCL Shares and the Shares acquired by BCCL at the Fresh Offering shall be equal to the price paid for the Shares issued at the Fresh Offering by another Person. The Company shall obtain and the Promoters shall cause the Company to obtain all approvals, regulatory and otherwise, in this regard. In the event the Company is unable to offer the Shares to BCCL for no additional consideration, the Promoter shall sell such number of Shares held by the Promoter at par value to BCCL, such that the weighted average price of the BCCL Shares and the Shares acquired by BCCL from the Promoter in the manner indicated herein shall be equal to the price paid for the Shares | "Fresh Offering" |

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| | | issued at the Fresh Offering by another person. Provided however, that such Fresh Offering made to employees of the Company pursuant to an employee stock option plan or scheme at a price lower than the Subscription Price will not be taken into the purview of Article 6.5 of the Agreement, however the Fresh Offering in such an event should not exceed 3% of the total paid up equity capital of the Company post investment by BCCL. For the purposes of this Article the term employee does not include the Promoters and directors of the Company and or any relative of such Promoters and directors. Provided further that, such Fresh Offering shall not include Shares issued by way of bonus issue, rights issue and stock split. | |
| | B | The Company shall provide and the Promoters shall cause the Company to provide, intimation to BCCL of all the details of any Fresh Offering made by the Company after the Closing Date, within 5 Business Days of such Fresh Offering. | |
| 19 | | If and whenever, as a result of issue of new or further shares or any consolidation or sub-division of shares, any shares held by members in fractions, the Directors shall, subject to the provisions of the Act, and the Articles and to the directions of the Company in General Meeting, if any, sell those shares which members hold in fractions, for the best price reasonably obtainable and shall pay and distribute to and amongst the members entitled to such shares in the proportion, the net proceeds of the sale thereof. For the purpose of giving effect to any such sale the Directors may authorize any person to transfer the shares sold to the purchaser thereof, comprised in any such transfer and he shall not be bound to see the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale. | Sale of Fractional Shares |
| 20 | | In addition to and without derogating from the powers for that purpose conferred on the Board under Articles 17, 18 and 19 the Company in general meeting may, subject to the provisions of Section 81 of the Act determine that any shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such person (whether a Member or not), in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Section 78 and 79 of the Act) at a premium or at par or at a discount, as the general meeting shall determine and with full power to give any person (whether a Member or not) the option to call for or be allotted shares of any class of the Company either (subject to compliance with the provisions of Section 78 and 79 of the Act) at a premium or at par or at a discount, such option being exercisable at such times and for such consideration as may be directed by such General Meeting or Company in general meeting may make any other provision whatsoever for the issue, allotment or disposal of any shares. | Power also to Company in General Meeting to issue shares |
| 21 | | Subject to these Articles and the provisions of the Act, the Board may issue and allot share in the Capital of the Company as payment, or in consideration, or as part payment, or in part consideration of the purchase or acquisition of any property or for services, rendered to the Company in the conduct of its business and shares which may be so issued or allotted shall be credited or deemed to be credited as fully paid-up or partly paid-up shares. | Issue of Shares for consideration other than Cash |
| 22 | | Any application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any share therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the Register shall, for the purposes of these Articles, be a Member. | Acceptance of shares |
| 23 | | UNDERWRITING AND BROKERAGE | |
| | A | The company may pay a commission to any person in consideration of: | Underwriting Commission and Brokerage |
| | | i) His subscribing or agreeing to subscribe whether absolutely or conditionally, for any shares in or debentures of the Company, subject to the restrictions specified in Sub-Section(4A) of Section 76 of the Act, or | |
| | | ii) His procuring or agreeing to procure subscriptions, whether absolute or | |

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| | | conditional for any shares in, or debentures of the Company, if the following conditions are fulfilled, viz: | |
| | B | i) The commission paid or agreed to be paid does not exceed in the case of shares, five percent of the price at which the shares are issued and in the case of debentures, two and half percent of the price at which the debentures are issued; | |
| | | ii) The amount or rate percent of the commission paid or agreed to be paid, on shares or debentures offered to the public for subscriptions, shall be disclosed in the prospectus, and in the case of shares and debentures not offered to the public for subscription, disclosed in the statement in lieu of prospectus and filed, before the payment of the commission, with the Registrar, and where a circular or notice, not being a prospectus inviting subscription for the shares or debentures is issued, and disclosed in that circular or notice; | |
| | | iii) The number of shares or debentures which persons have agreed for a commission to subscribe, absolutely or conditionally is disclosed in the manner aforesaid, and | |
| | | iv) A copy of the contract for the payment of commission is delivered to the Registrar at the time of delivery of the prospectus or the statement in lieu of the prospectus for registration. | |
| | C | Save as aforesaid and save as provided in Section 79 of the Act, the Company shall not allot any of its Shares or Debentures or apply any of its moneys, either directly or indirectly in payment of any commission, discount or allowance, to any person in consideration of: | |
| | | i) his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in, or debentures of the Company; or | |
| | | (ii) his procuring or agreeing to procure subscriptions, whether absolutely or conditionally, for the shares in, or debentures of the Company whether the shares, debentures or money be so allotted or applied by, being added to the purchase money of any property acquired by the Company or to the contract price of any work to be executed for the Company, or the money be paid out of the nominal purchase money or contract price, or otherwise. | |
| | D | Nothing in this Article shall affect the power of the Company to pay such brokerage as it has heretofore been lawful for the Company to pay. | |
| | E | A vendor to promoter of, or other person who receives payment in shares, debentures or money from the Company shall have and shall be deemed always to have had power to apply any part of the shares, debentures or money so received for payment of any commission the payment of which, if made directly by the Company would have been legal under Section 76 of the Act. | |
| | F | The commission may be paid or satisfied (subject to the provisions of the Act and these Articles) in cash, or in share, debentures or debenture-stocks of the Company. | |
| | G | The company may also on issue of Shares, pay reasonable brokerage as it may lawful. | |
| 24 | | REGISTER AND INDEX OF MEMBERS | |
| | | The Company shall cause to be kept a Register and Index of Members in accordance with all applicable provisions of the Act and the Depositories Act, 1996 with details of shares held in material and dematerialized forms in any media may be permitted by law including in any form of electronic media. The Company shall be entitled to keep in any State or Country outside India a branch Register of Members resident in the State or country. | Register and Index of Members |
| 25 | | TRANSFER AND TRANSMISSION OF SHARES | |
| | A | RIGHT OF FIRST REFUSAL | |
| | | i) Subject to the lock-in restriction in respect of the Subscription Shares prescribed in Article 6.3 of the Agreement BCCL shall have the right to | |

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| | <p>sell the Subscription Shares or a part thereof, to any third party in the manner provided in this Article.</p> <p>ii) Prior to the listing of Shares on a recognised stock exchange pursuant to an IPO, if BCCL desires to transfer or sell or otherwise dispose of the BCCL Shares, or a part thereof by way of a negotiated deal, BCCL shall first give a written notice to the Promoters, stating BCCL's intention to transfer the BCCL Shares, the number of the BCCL Shares proposed to be transferred and the price at which BCCL proposes to transfer the BCCL Shares.</p> <p>iii) Upon receipt of the notice, the Promoters shall have the irrevocable and exclusive right to buy all the BCCL Shares offered by BCCL, by themselves or by a person/entity nominated by the Promoters, at the price specified in the notice. Such a right shall be exercisable by a written notice from the Promoters to BCCL, within 7 (seven) days from the date of the notice sent by BCCL. In the event that the Promoters or any person/entity nominated by the Promoters does not buy the BCCL Shares specified in the notice, then BCCL shall have the right to sell the BCCL Shares to any person it deems fit.</p> | |
| B | TAG ALONG RIGHTS | |
| | <p>i) Notwithstanding anything to the contrary to this Article, the Parties hereby agree that in the event the Promoters intends to sell or otherwise dispose of all or part of its shareholding in the Company to a third party who is not an affiliate of the Promoter (the "Third Party Offeror"), the Promoter shall provide notice of such proposed sale to BCCL no later than 21 (Twenty-One) days prior to the proposed closing of such sale. The Promoter shall not be permitted to carry out the sale unless simultaneously with the sale the Third Party Offeror makes an offer in writing to BCCL to purchase a pro-rata portion (i.e. a ratio of Shares of the Promoter proposed to be transferred to the Shares held by the Promoter at the time of the sale or disposal, as the case may be) of the BCCL Shares held by BCCL in the Company at such time, on the same terms and conditions as the Third Party Offeror's proposed acquisition of Shares from the Promoter, including as to price (the "Tag-Along Offer"). The Third Party Offeror's Tag-Along Offer shall remain open for acceptance for not less than 21 (Twenty-One) days following delivery of the offer of the Third Party Offeror. Provided however that this Article 25 (B) (i) will come into effect only if the Promoter shareholding in the Company goes below 76% of the total paid up share capital of the Company.</p> <p>ii) If the Third Party Offeror refuses to purchase Shares from BCCL and BCCL notifies the Promoter in writing within 21 (Twenty-One) days following receipt by BCCL of the Promoter's notice that it desire to sell Shares to the Third Party Offeror, the Promoter shall reduce the number of Shares proposed to be sold to the Third Party Offeror and BCCL shall sell to the Third Party Offeror, and Promoter shall ensure that the Third Party Offeror shall buy, a pro rata portion of the BCCL Shares held by BCCL at that time, as the case may be, on the same terms and conditions, including as to price, as described in Article 25 (B) (i) of the Agreement. It is clarified that the Promoter will not be permitted to sell any Shares to the Third Party Offeror, unless and until the Third Party Offeror has acquired the said pro-rata portion of the BCCL Shares on the terms and conditions, including as to price, as described in Article 25 A.</p> <p>iii) Provided that in the event that any such sale or disposal by the Promoter results in the Promoters shareholding falling below 51% in the Company, then, the Promoter shall not be permitted to carry out such sale or otherwise dispose of the Shares held by the Promoter, unless simultaneously with the sale, the Third Party Offeror makes an offer in writing to BCCL to purchase all the BCCL Shares held by BCCL in the Company at such time, on the same terms and conditions as the Third</p> | |

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| | | Party Offeror's proposed acquisition of Shares from the Promoter, including as to price. iv) After the occurrence of the IPO, BCCL shall have the right to Transfer, the BCCL Shares, or a part thereof, in any manner and to any person that it deems fit. | |
| 26 | | The Company shall keep a book to be called "Register of Transfer", and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share held in material form. | Register of Transfer |
| 27 | | In the case of transfer of shares/debentures held by joint holders, the transfer will be effective only if it is made by all the joint holders. | Transfer by Joint Holders |
| 28 | | It shall be not be lawful for the company to register a transfer of any shares unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation if any, of the transferee has been delivered to the company along with the Certificate relating to the Shares and if no such Certificate is in existence, along with the letter of allotment of shares. The Directors may also call for such other evidence as may reasonably be required to show the right of the transferor to make the transfer, provided that where it is proved to the satisfaction of the Directors of the Company that an instrument of transfer signed by the transferor and the transferee has been lost, the company may, if the Directors think fit, on an application in writing made by the transferee and bearing the stamp required by an instrument of transfer register the transfer on such terms as to indemnity as the Directors may think fit. | Transfer form to be completed and Presented to the Company |
| 29 | | The Board shall have power on giving not less than 'seven days' previous notice by advertisement in some newspaper circulation in the district in which the Office of the Company is situated to close the Transfer Books, the Register of Members or Register of Debenture holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in a year. | Transfer Books and Register of Members when closed |
| 30 | | i) An application of registration of the transfer of shares may be made either by the transferor or the transferee provided that where such application is made by the transferor, no registration shall in the case of partly paid shares be effected unless the company gives notice of the application to the transferee and subject to the provisions of this Article, the company shall unless objection is made by the of Members the name of the transferee in the same manner and subject to same conditions as if the application for registration was made by the transferee. | Transfer of shares |
| | | ii) For the purpose of Clause (i) above notice to the transferee shall be deemed to have been duly given if sent by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered to him in the ordinary course of post. | |
| | | iii) Nothing in Clause 28 above shall prejudice any power of the company to register as shareholder any person to whom the right to any share has been transmitted by operation of law. | |
| 31 | | The instrument of transfer shall after registration be retained by the company and shall remain in their custody. All instruments of transfer which the Directors may decline to register, shall on demand be returned to the persons depositing the same. The Directors may cause to be destroyed all transfer deeds lying with the company after such period as they may determine. | Custody of instrument of transfer |
| 32 | | Subject to Article 30 hereof in the case of the death of any one or more of the persons named in the Register of Members as the joint-holders of any shares, the survivor or survivors shall be the only persons recognised by the Company as having any title to or interest in such shares, but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liabilities on shares held by him jointly with any other person. | Death of one or more Joint holders of shares |
| 33 | | The executors or administrators or holders of a Succession Certificate or the legal representatives of a deceased Member (not being one or two or more joint-holders) shall be the only persons recognised by the Company as having | Title to Shares of Deceased Member |

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| | | any title to the shares registered in the name of such Member and the Company shall not be bound to recognise such executors or administrators or holders of a Succession Certificate or the legal representatives unless such executors or administrators or legal representatives shall have first obtained Probate or Letters of Administration or Succession Certificate, as the case may be, from a duly constituted Court in the Union of India, provided that in any case where the Board in its absolute discretion thinks fit, the Board may dispense with production of Probate or Letters of Administration or Succession Certificate, upon such terms as to indemnify or otherwise as the Board in its absolute discretion may think necessary and under Article 34 register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased Member, as a Member. | |
| 34 | | A holder or joint holders of shares in or debentures of the company may nominate, in accordance with the provisions of Section 109A of the Companies Act, 1956 (including any amendment thereto or any re-enactment thereof) and in the manner prescribed there under, any person to whom all the rights in the shares in or debentures of the Company shall vest in the event of death of such holder (s). Any nomination so made shall be dealt with by the company in accordance Act,1956 or any statutory modification or re-enactment thereof for the time being in force. | Nomination |
| 35 | | Only fully paid-up shares or debentures shall be transferred to a minor acting through his/her legal or natural guardian under no circumstances shares or debentures be transferred to any insolvent or a person of unsound mind. | No Transfer to Minor etc. |
| 36 | i) | Subject to the provisions of the Act and Articles 79 to 85 and 88 any person becoming entitled to shares in consequence of the 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 is shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such title as the Board thinks sufficient either be registered himself as the holder of the shares or elect to have some person nominated by him and approved by the Board registered as such holder, provided nevertheless, that if such person shall elect to have his nominee registered he shall testify the election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained, and until he does so, he shall not be freed from any liability in respect of the share. This Article is hereafter called "The Transmission Article". | Registration of Persons entitled to shares otherwise than by transfer, "The Transmission Article". |
| | ii) | A transfer of the share or other interest in the Company of a deceased member thereof made by his legal representative shall, although the legal representative is not himself a member be as valid as if he has been a member at the time of the execution of the instrument of transfer. | |
| 37 | | A person entitled to a share by transmission shall, subject to the right of the Directors, retain such dividends or money as hereinafter provided, be entitled to receive and may give discharge for any dividends or other moneys payable in respect of the shares. | Person entitled may receive dividend without being registered as member |
| 38 | | The person becoming entitled to a share by reason of the death, lunacy, bankruptcy or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled as if he were registered holder of the shares except that he shall not before being registered as a member in respect of the share, be entitled in respect of it, to exercise any right conferred by membership in relation to the meeting of the company provided that the Board may at any time give notice requiring any such persons to elect either to be registered himself or to transfer the shares and if the notice is not complied within sixty days, the Board may thereafter withhold payment of all dividends, interests, bonus or other moneys payable in respect of the shares until the requirements of the notice have been complied with. | Claimant to be entitled to same advantage |
| 39 | | NO FEE ON TRANSFER OR TRANSMISSION: | Fee on transfer |

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| | No fee shall be charged for registration of transfer, transmission, probate, Succession Certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document. | or transmission |
| 40 | The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice or referred thereto, in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, thought 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. | Company not liable for disregard of a notice, prohibiting registration of a transfer |
| 41 | Every transmission of a share shall be verified in such manner as the Directors may require, and the company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the company with regard to such registration which the Directors at their discretion | Directors may require evidence of transmission |
| 42 | In the case of transfer or transmission of shares or other marketable securities where the company has not issued any certificates and where such shares or securities are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply. | Transfer of shares in Dematerialised form |
| 43 | The provisions of these Articles shall mutates mutandis apply to the transfer or transmission by operation of law of debentures and / or detachable warrants of the Company. | Transfer or transmission of debentures and/ or detachable warrants |
| | CALLS | |
| 44 | Every Member, or his heirs, executors or administrators, shall pay to the Company the portion of the capital represented by his share or shares which may for the time being, remain unpaid thereon, in such amounts at such time or times in such manner as the Board shall from time to time in accordance with the Company's regulations, require or fix for the payment thereof. | Liability of members |
| 45 | The money (if any) which the Board shall, on the allotment of any share being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them, shall immediately on the insertion of the name of the allottee in the Register of Members as the name of the holder of such shares, becomes a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly. | Deposit & Call etc. to be a debt payable immediately |
| 46 | The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting to the condition of allotment by a resolution passed at a meeting of the Board (and not by circular resolution) make such call as it thinks fit upon the Members in respect of all moneys unpaid on the shares held by them respectively and such Member shall pay the amount of every call so made on him to the person or persons and at the time and places appointed by the Board. A call may be made payable by installments. | Directors may make calls |
| 47 | At least Fourteen day's notice of any call shall be given by the Company specifying the time and place of payment, and to whom such call shall be paid. Provided that before the time for payment of such call the Board of Directors may be notice in writing to the members, revoke the same or extend the time for payment thereof. | Notice of Calls |
| 48 | If by the terms of issue of any shares or otherwise any amount is made payable at any fixed time or by installments at fixed times whether on account of the amount of the shares or by way of premium, every such amount or installment shall be payable as if it were a call duly made by the Board of | Amount payable at fixed times on new issues payable |

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| | | Directors and of which due notice had been given, and all the provisions herein contained in respect of calls shall relate to such amount or installments accordingly. | as calls |
| 49 | | A call shall be deemed to have been made at the time when the resolution authorizing such call was passed at the meeting of the Board. | Calls to date from resolution |
| 50 | | A call may be revoked or postponed at the discretion of the Board. | Call may be revoked or postponed |
| | | *Inserted vide special resolution passed at the EOGM held on 02/01/2006. | |
| 51 | | The joint-holders of any share shall be jointly and severally liable in respect of all calls or installments and other payment, which ought to be made in respect of such shares. | Liability of joint holders |
| 52 | | The Board may from time to time at its discretion, extend the time fixed for the payment of any call and may extend such time as to all or any of the Members who from residence at a distance or other cause, the Board may deem fairly entitled to such extension but no Member shall be entitled to such extension save as a matter of grace and favor. | Directors may extend time |
| 53 | | If any Member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board not exceeding 18 percent per annum but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such Member and the Directors may waive payment by any one or more Members of any such interest wholly or in part. | Calls to carry interest |
| 54 | | Any sum, which by the terms of issue of a share becomes payable on allotment or at any time fixed date, whether on account of the nominal value of the share or by way of premium shall for the purposes of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment of such sum all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of call duly made and notified. | Sums deemed to be calls |
| 55 | | On the trial or hearing of any action or suit brought by the Company against any Member or his representative/s for the recovery of money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the Member/s in respect of whose shares the money is sought to be recovered, appears entered on the Register of Members as the holder, at or subsequent to the date at which the money sought to be recovered appears entered on the Register of Members as the holder at or subsequently to the date at which the money is sought to be recovered that the resolution making the call is duly recorded in the Minute Book and that notice of such calls was duly given to the Member or his representatives sued in pursuance of these Articles; and it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of Directors was present at the Board at which any call was made, nor that the meeting at which any call was made was duly convened or constituted nor any other matter whatsoever but the proof of the matters aforesaid shall be conclusive evidence of the debt. | Proof on trial of suit for money due on shares |
| 56 | A | The Board may, if it thinks fit, subject to the provisions of Section 92 of the Act, agree to and receive from any Member willing to advance the same, all or any part of the amount of his shares beyond the sums, actually called up and upon the moneys so paid in advance or upon so much thereof from time to time and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares on account of which such advances are made the Board may pay or allow interest at such rate (not exceeding without the sanction of the Company in General Meeting up to fourteen per cent per annum) as the member paying the sum in advance and the Board agree to repay at any time any amount so advanced or may at any time repay the same upon giving to the Member three months notice in writing provided that | Payment in anticipation of calls may carry interest |

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| | | moneys paid in advance of calls shall not confer the right to dividend/s or to participate in profits. | |
| | B | No Member paying any such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him until the same would but for such payments become presently payable. | |
| | C | Advance payment made against future calls shall not be constructed deposits within the meaning of Companies (Acceptance of deposits) Rules, 1975. | |
| | D | Payment made in advance against calls shall be credited in the member's account and it shall carry interest at the rate, which may be prescribed by the Board from the date of payment up to the date of calls, or call, which may be made by the Board from time to time. | |
| | E | The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company. | |
| 57 | A. | Any calls for future share capital are made on shares such calls shall be made on a uniform basis on all shares falling under the same class. For the purpose of this Article, shares of the same nominal value on which different amount have been paid up shall not be deemed to fall under the same class. | Calls on shares of same class to be made on uniform basis |
| | B. | If by the condition of allotment for any shares the whole or part of the amount of issue price thereof shall be payable by installments every such installment shall, when due be paid to the company by the person who, for the time being and from time to time shall be registered holder of the share or his legal representative. | Installment on shares to be duly paid |
| | C. | The provisions of the Articles under this Chapter, to the extent applicable, shall mutates mutandis apply to Debentures of the company. | Provisions to apply to Debentures also. |
| | | FORFEITURE AND SURRENDER OF SHARE | |
| 58 | A | Neither a judgment nor a decree in favor of the Company for calls or other moneys due in respect of any shares nor any payment or satisfaction thereof nor the receipt by the Company of a portion of any which shall from time to time be due from any member in respect of any shares either by way of principal of interest nor any indulgence granted by the Company in respect of payment of any such money shall preclude the forfeiture of such shares as herein provided. | Partial payment not to preclude forfeiture |
| | B | If any Member fails to pay the whole or any part of any call or installments or any money due in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Directors may at any time thereafter, during such time as the call or installment or any part thereof or the other moneys remain unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, send a notice on such Member or on the person (if any) entitled to the share by transmission, requiring him to pay such call or installment or such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment. | If money payable on shares not paid notice to be given to member |
| | C | The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and at which such calls or installments and such interest thereon at such rate not exceeding 18 percent per annum as the Directors shall determine from the day on which such call or installment ought to have been paid and expenses as aforesaid are to be paid. The notice shall also state that, in the event of the non-payment at or before the time and at the place appointed, the shares in respect of which the calls was made or installment is payable, will be liable to be forfeited. | Form of Notice for forfeiture of shares |
| | D | If the requirements of any such notice as aforesaid shall not be complied with, every or any share in respect of which, such notice has been given, may at any time thereafter before payment of all calls or installments, Interest and expenses due in respect thereof be forfeited by a ordinary resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited shares and not actually paid before the date of forfeiture which shall be the date on which the ordinary resolution of the Directors is passed forfeiting the shares. | In default of payment shares to be forfeited |

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| | E | When any share shall have been so forfeited notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid. | Notice of Forfeiture to Member |
| | F | Any share so forfeited shall be deemed to be the property of the Company, and may be sold, re-allotted, or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board shall think fit and at any time before a sale or disposal as aforesaid the board may cancel the forfeiture on such terms as it thinks fit. | Forfeited share to be property of the company and may be sold etc. |
| | G | Upon forfeiture of shares, the member shall forthwith forfeit the shares to the Company. | Surrender of forfeited shares |
| | H | Any member whose shares have been forfeited shall cease to be a member in respect of those shares but shall notwithstanding the forfeiture be liable to pay and shall forthwith pay to the Company, on demand all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment, at such rate not exceeding eighteen percent per annum or as the Board may determine and the Board may enforce the payment thereof, if it thinks fit. | Liability on forfeiture |
| | I | The forfeiture of a share shall involve extinction, at the time of the forfeiture, of all interest in and all claims and demand against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved. | Effect of forfeiture |
| | J | A declaration in writing that the declarant is a Director or Secretary of the Company and that a share in the Company has been duly forfeited in accordance with these Articles on a date state in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares. | Evidence of forfeiture |
| | K | Upon any sale after forfeiture in purported exercise of the powers therein before given, the Board may appoint some person to execute an instrument of transfer of the shares sold and cause the Purchaser's name to be entered in the Register in respect of the shares sold, and the purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money, and after his name has been entered in the Register in respect of such shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively. | Validity of Sale under these Articles |
| | L | Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Member) stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a duplicate certificate or certificates in respect of the said shares to the person or persons entitled thereto distinguishing it on them in such manner as they think fit from the certificates not so delivered. | Cancellation of share certificate in respect of forfeited shares |
| | M | The Board may at any time before any share so forfeited shall have been sold, or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit. | Power to annul forfeiture |
| 59 | | The Directors may subject to the provisions of the Act, accept surrender of any share or by any member desirous of surrendering on such terms as the Directors may think fit. | Surrender of shares |
| 60 | | The provisions of the Articles to the extent applicable, shall mutates mutandis apply to debentures of the Company. | Provisions to apply to debentures also |
| 61 | | LIEN | |
| | A | The Company shall have a first and paramount lien upon all the shares (other than fully paid up shares) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof, for all | Company to have lien on shares |

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| | | moneys (Whether presently payable or not) called or payable at a fixed time in respect of such shares, and no equitable interest in any shares shall be created except upon the footing and upon the condition of these 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. Provided that the Board Directors may at any time declare any shares wholly or in part to be exempt from the provisions of this clause. | |
| | B | The company shall be entitled to treat the registered holder of any share or debenture as the absolute owner thereof and accordingly shall not (except as order by a Court of Competent Jurisdiction or by statute required) be bound to recognize equitable or other claim to, or interest in, such shares or debentures on the part of any other person. The company's lien shall prevail notwithstanding that it has received notice of any such claims. | Outsider's claim not to affect company's lien |
| | C | For the purpose of enforcing such lien the Board may sell the shares subject hereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and may authorize one of their members to execute a transfer thereof on behalf of and in the name of such Member. No sale shall be made until such period as aforesaid shall have arrived, and until notice in writing of the intention to sell shall have been served on such Member or his representatives and default shall have been made by him or them in payment, fulfillment, or discharge of such debts, liabilities or engagements for fourteen days after such notice. | As to enforcing lien by sale. |
| | D | To give effect to any such sale, the Board may authorize some person to transfer the shares sold to the purchase thereof. | Transfer of share sold under lien |
| | E | The purchaser shall be registered as the holder of the shares comprised in any such transfer. | |
| | F | The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the same | |
| | G | The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a like for sums not presently payable as existed upon the shares before the sale) be paid to person entitled to the shares at the date of the sale. | Application of proceeds of sales |
| 62 | | INFORMATION TO BCCL | |
| | | The Company agrees with BCCL that it shall on a continuous basis furnish the following information to BCCL after the Closing Date: i) Unaudited quarterly profit and loss account statements of the Company within 45 (Forty-Five) days of the end of each quarter; ii) Annual audited financials of the Company within 180 (One Hundred and Eighty) days, of the date of each financial year-end; and iii) Such other information and documents, as may be reasonably requested by BCCL. | Information to BCCL |
| 63 | | The Company agrees with BCCL that the Company shall and the Promoters shall take all necessary steps to ensure that all transactions of the Company with related parties shall take place on arms-length basis. | Transactions of the Company with related parties shall take place on arms-length basis. |
| 64 | | The Company agrees with BCCL that it shall make, and the Promoters shall cause the Company to make all necessary endeavors to ensure the growth of the business of the Company. The Promoters shall not either alone or jointly with any other person directly or indirectly engage, in any business which competes with the business of the Company. | |
| 65 | | INSTRUMENT OF TRANSFER: | |
| | | The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof. | |

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| 66 | | UNPAID OR UNCLAIMED DIVIDEND: | |
| | A | 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 42 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 42 days open a special account in that behalf in any scheduled bank called "Unpaid Dividend of ALLIED DIGITAL SERVICES 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. | |
| | B | Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of three years from the date of such transfer, shall be transferred by the Company to the general revenue account of the Central Government. A claim to any money so transferred to the general revenue account may be referred to the Central Government by the shareholders to whom the money is due. | |
| | C | No unclaimed or unpaid dividend shall be forfeited by the Board. | |
| | | SHARE CERTIFICATE AND REGISTER OF MEMBERS | |
| 67 | | <p>Every Member of allottee of shares shall be entitled without payment, to receive one certificate specifying the name of the person in whose favour it is issued, the shares to which it relates and the amount paid-up thereon. Such certificate shall be issued only in pursuance of a resolution passed by the board and on surrender to the company of the letter of allotment or the fractional coupons of requisite value, save in case of issue against letters of acceptance or of renunciation or in cases of issue of bonus shares. Every such certificate shall be issued under the seal of the Company, which shall be affixed in the presence of two Directors or persons acting on behalf of the Directors under a duly registered power of attorney and the Secretary, or some other person appointed by the Board for the purpose and the two Directors or their attorney and the Secretary or other person shall sign the share certificate provided that if the composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than a Managing or a Whole time Director. Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person, to whom it has been issued, indicating the date of issue. For any further certificate the Board shall be entitled, but shall not be bound to prescribe a charge not exceeding Rupee One, Provided that the Company shall not be bound to register more than four persons as joint holders of any share except in the face of executors or trustees or a deceased member and in respect of a share held jointly by several persons the Company shall not be bound to issue more than one certificate. The Company shall comply with provisions of Section 113 of the Act.</p> <p>Provided however, that no share certificate (s) shall be issued in respect of the shares held in Depository.</p> | Share Certificate |
| 68 | | The issue of Certificates of Shares or of duplicate or renewal of Certificates of Shares shall be governed by the provisions of the Act and by the rules or notifications or orders, if any, which may be prescribed or made by competent authority under the Act, the Directors shall also comply with the provisions of such rules or regulations of any stock exchange where the shares of the company may be listed for the time being and also the requirements of the Securities Contracts (Regulation) Act, 1956 as may be applicable. | |
| 69 | | Every Certificate of Shares shall specify the date of issue, the numbers and distinctive numbers of the shares in respect of which it is issued and the amount paid-up thereon and shall be in such form as the Directors shall prescribe or approve. | |
| 70 | | Any two or more joint allottees of a share shall, for the purpose of this Article, be treated as a single Member, and the certificate of any share, which may be subject of joint ownership, may be delivered to any one of such joint owners | |

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| | | on behalf of all of them. | |
| 71 | | The Company shall complete and have ready for delivery, the share certificates within the time provided by Section 113 of the Act, unless the conditions of issue thereof otherwise provide. | |
| 72 | | If any Certificate be worn out, torn, defaced or otherwise mutilated or rendered useless, or if there be no further space on the back thereof for endorsement of transfers, then, upon production thereof to the Directors, they may order the same to be cancelled, and may issue a new Certificate in lieu thereof, without charging any fee in respect thereof. If any Certificate be lost or destroyed, then, upon proof thereof to the satisfaction of the Directors, and on such indemnity as the Directors deem adequate being given, a new certificate in lieu thereof shall be given to the partly entitled to such lost or destroyed Certificate on payment of such fee as may be decided by the Board of Directors from time to time on that behalf. Out of pocket expenses incurred by the Company in investigation the evidence as to the loss or destruction shall be paid to the Company if demanded. | |
| 73 | | Every certificate under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for Issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer. Provided that notwithstanding what is stated above, the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf. | |
| 74 | | Where any shares under the power in that behalf in those Articles herein contained are sold by the Directors and the Certificate thereof has not been delivered to the Company by the former holder of the said shares, the Directors may issue a new certificate for such shares distinguishing it in such manner as they may think fit from the certificate not so delivered. | |
| 75 | | Provided that not withstanding what is stated above in the Directors shall comply with such rules or regulations or requirements of any Stock Exchange or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf. | |
| 76 | | The Company shall not be bound to register more than four persons as the joint holder of any shares, except in the case of executors or trustees of a deceased member in respect of a share held jointly by several persons, the Company shall not be bound to issue more than one Certificate and the delivery of a Certificate for a share to any one of several joint holders shall be sufficient delivery to all such holders. | |
| 77 | | The Company may issue such fractional coupons as the Board may approve in respect of any of the shares of the Company on such terms as the Board thinks fit as to the period within which the fractional coupons are to be converted into Share Certificates. | |
| 78 | | A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of rubber stamp, provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose. | |
| 79 | | Not withstanding anything contained in this Article, the Board may in its absolute discretion refuse application for sub-division or consolidation of Share Certificates or Debenture Certificates into denominations of less than the marketable lot except when such sub-division or consolidation is required to be made to comply with as statutory provision or an order of a competent Court of law. | |
| 80 | | When a new share certificate has been issued in pursuance of this Articles, it shall state on the face of it and against the stub or counterfoil to the effect that | |

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| | | it is "issued in lieu of share certificate No.----- sub-divided / replaced / on consolidation of shares. | |
| 81 | | If a share certificate is lost or destroyed, a new certificate in lieu thereof shall be issued only with the prior consent of the Board and on such terms, if any, as to evidence and indemnity as to the payment of out-of pocket expenses incurred by the Company in investigating evidence, as the Board thinks fit. | |
| 82 | | When a new share certificate has been issued in pursuance of this Articles, it shall state on the face of it and against the stub or counterfoil to the effect that is a Duplicate issued in lieu of share certificate No. ----- The word "Duplicate" shall be stamped or punched in bold letters across the face of the share certificate. | |
| 83 | | Where a new certificate has been issued in pursuance of this Articles, particulars of every such share certificate shall be entered in a Register of Renewed and Duplicate Certificates indicating against the names of the persons to whom the certificate is issued, the number and date of issue of the share certificate in lieu of which the new certificate is issued and the necessary changes indicated in the Register of Members by suitable cross reference in the "Remarks" column. | |
| 84 | | All blank forms to be used for issue of share certificates shall be printed and the printing shall be done only on the authority of a resolution of the Board. The blank forms shall be consecutively machine-numbered and the forms and the blocks, engravings facsimiles and hues relating to the printing of such forms shall be kept in the custody of the Secretary or such other person as the Board may appoint for the purpose and the Secretary or the other person aforesaid shall be responsible for rendering an account of these forms to the Board. | |
| 85 | | The Managing Director of the Company for the time being, or if the Company has no Managing Director, every Director of the Company shall be responsible for the maintenance, preservation and safe custody of the machine, equipment and/or other material referred to in this Articles and of all books and documents relating to the issue of share certificates except the blank forms of share certificate referred to in this Articles. | |
| 86 | | All books referred to in the Articles shall be preserved in good order permanently. | |
| 87 | | The Company may issue such fractional certificates as the Board may approve in respect of any of the shares of the Company on such terms as the Board thinks fit as to the period within which the fractional certificates are to be converted into share certificates. | |
| 88 | | The provisions of the Articles under this chapter to the extent applicable, shall mutates mutandis apply to Debentures of the Company. | Provisions also applicable to Debentures |
| 89 | | The Company shall be entitled to dematerialise its existing shares, debentures and other securities, rematerialise its shares, debentures and other securities held in the Depositories and/or to issue its fresh shares, debentures and other securities, in a dematerialised form pursuant to the Depositories Act, 1996 and the rules framed there under, if any. | Dematerialisation and Rematerialisation of Securities |
| 90 | A. | If any shares stands in the name of two or more persons, the person first named in the Register shall as regards receipt of dividends or bonus or service of notices and all or any other matter connected with the Company, except voting at meetings and the transfer of the shares, be deemed the sole holder thereof but the joint-holders of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such share and for all incidents thereof according to the Company's regulations. | The first name of joint holders deemed sole holders |
| | B. | Any one of such joint holders may give effectual receipts of any dividends, interests or other moneys payable in respect of such share/debenture. | Receipt of one joint holder is sufficient |

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| 91 | A | Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or whose name appears as the beneficial owner of shares in the records of Depository, as the absolute owner thereof and accordingly shall not except as ordered by a court of competent jurisdiction or as by law required, be bound to recognise any benami trust or equity or equitable, contingent, future or partial or other claim or claims or right to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof. | Company not bound to recognise an interest in shares other than that of registered holder |
| | B | No notice of any trust, express, implied or constructive shall be entered in the Register of Members or of Debenture holders. | |
| 92. | | No member who shall change his name or who being a female, shall marry, shall be entitled to recover any dividend or to vote in the name other than the one registered with the Company, until notice of the change of name or of marriage, respectively, is given to the Company in order that the same be registered. | Notice of Change of name or of marriage of member. |
| 93 | A | Notwithstanding anything herein contained a person whose name is at any time entered in the register of members of the Company as a holder of a share in the Company, but who does not hold the beneficial interest in such share, shall, if so required by the Act, within such time and in such forms as may be prescribed make a declaration to the Company specifying the name and other particulars of the person or persons who hold the beneficial interest in such share in such manner as may be provided in Section 187 C of the Act. | Declaration by person not holding beneficial interest in any shares |
| | B | A person who holds a beneficial interest in a share a class of shares of the Company shall, if so required by the Act, within the time prescribed, after his becoming such beneficial owner, make a declaration to the Company specifying the nature of his interest, particulars of the person in whose name the shares stand in the Register of Members of the Company and such other particulars as may be prescribed as provided in Section 187 C of the Act. | |
| | C | Whenever there is a change in the beneficial interest in a share referred to above, the beneficial owner shall, if so required by the Act, within the time prescribed from the date of such change, make a declaration to the Company in such form and containing such particulars as may be prescribed as provided in Section 187 C of the Act. | |
| | D | Notwithstanding anything contained in Section 153 of the Act and the Articles hereof, where any declaration referred to above is made to the Company, the Company shall, if so required by the Act, make a note of such declaration in the Register of Members and file within the time prescribed from the date of receipt of the declaration a return in the prescribed form with the Registrar with regard to such declaration. | |
| 94 | | DEMATERIALIZATION OF SECURITIES | |
| | A | For the purpose of this Article :- i) 'Beneficial Owner' means a person or persons whose name is recorded as such with a depository ; ii) 'SEBI' means the Securities & Exchange Board of India ; iii) '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 iv) 'Security' means such security as may be specified by SEBI from time to time. | Definitions |
| | B | Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a Company in a dematerialised form pursuant to the Depositories Act, 1996. | Dematerialisation of Securities |
| | C | i) 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 | Option for Investors |

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| | | Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificate of Securities. ii) If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottees as the beneficial owner of the security. | |
| | D | 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. | Securities to be in Fungible Form |
| | E | i) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner. ii) Save as otherwise provided in (i) 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. iii) 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. | Rights of the Depositories and the Beneficial Owners |
| | F | Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronics mode or by delivery of floppies or discs. | Service of Documents |
| | G | Nothing contained in section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository. | Transfer of Securities |
| | H | Notwithstanding anything in the Act or these Articles, where securities dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities. | Allotment of Securities dealt with a Depository |
| | I | Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository. | Distinctive No. of Securities held with a Depository |
| | J | The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996 shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles.” | Register and Index of Beneficial Owners |
| 95 | | Except as provided in these Articles, none of the funds of the Company shall be applied in the purchase of, or lend on the security of shares of the Company and the Company shall not, except as permitted by Section 77 of the Act, give any financial assistance for the purpose of or in connection with any purchase of shares in the Company. Nothing in this Article shall affect the right of the Company to redeem any shares issued under Section 80 of the Act. | Funds of Company may not be applied in purchase of the shares of company |
| 96 | | Subject to and in accordance with the applicable provisions of the Companies Act, 1956 and all other applicable provisions of law (including any statutory modifications or re-enactment thereof for the time being in force or as may be enacted from time to time) and subject to such other approvals/permissions or sanctions as may be required, the Company shall have power to acquire, purchase, sell, dispose off, provide finance for the purchase of any of its own fully/partially paid shares whether or not they are redeemable and to make the payment out of Capital Reserves or otherwise in respect of such acquisition, | Dealing in its own shares |

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| | | purchase, financing. | |
| 97 | | Notwithstanding anything contained in these articles, in the event it is permitted by law for a company to purchase its own shares or securities, the Board of Directors may, when and if thought fit, buy back, such of the Company's own shares or securities as it may think necessary, subject to such limits, upon such terms and conditions, and subject to such approvals, Provisions of Section 77 and SEBI (Buy Back of Shares) Regulations, as may be permitted by law. | Buy-Back of Shares and Securities |
| 98 | | The Directors shall have the power to offer, issue and allot Equity Shares in or Debentures (Whether fully/ partly convertible or not into Equity Shares) of the Company with or without Equity Warrants to such of the Officers, Employees, Workers of the Company or of its Subsidiary and / or Associate Companies or Managing and Whole Time Directors of the Company (hereinafter in this Article collectively referred to as "the Employees") as may be selected by them or by the trustees of such trust as may be set up for the benefit of the Employees in accordance with the terms and conditions of the Scheme, trust, plan or proposal that may be formulated, created, instituted or set up by the Board of Directors or the Committee thereof in that behalf on such terms and conditions as the Board may in its discretion deem fit. | Employees Stock Options Scheme/ Plan |
| 99 | | Subject to the provisions of the Act (including any statutory modification or re-enactment thereof, for the time being in force), shares of the Company may be issued at a discount or for consideration other than cash to Directors or employees who provide know-how to the Company or create an intellectual property right or other value addition. | Sweat Equity |
| 100 | | The Company may pass such resolution by postal ballot in the manner prescribed by Section 192A of the Companies Act, 1956("the Act") and such other applicable provisions of the Act and any future amendments or re-enactment thereof. Notwithstanding anything contained in the provisions of the Act, the Company shall in the case of a resolution relating to such business, as the Central Government may, by notification, declare to be conducted only by postal ballot, get such resolution passed by means of postal ballot instead of transacting such business in a general meeting of the Company. | Postal Ballot |
| | | INTEREST OUT OF CAPITAL | |
| 101 | | Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any work or building, or the provision of any plant, which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up, for the period, at the rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building, or the provisions of plant. | Interest may be paid out of capital |
| 102 | | BORROWING POWER | |
| | A | TERM OF ISSUE OF DEBENTURE: | |
| | | Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution. | |
| | B | Subject to the provisions of Section 58A, 292 and 293 of the Act and of the Companies (Acceptance of Deposits) Rules, 1975 and of these Articles or any statutory modification thereof for the time being in force the Board may, from time to time at its discretion by a resolution passed at a meeting of the Board, accept deposits from Members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any sum or sums of money for the purpose of the company. Provided however where the moneys to be | Powers to borrow |

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| | | borrowed together with the moneys already borrowed (apart from temporary loans to be obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company and its, free reserves (not being reserves set apart for any specific purpose) the Board of Directors shall not borrow such money without the sanction of the Company in General Meeting. No Debt incurred by the Company in excess of the limit imposed by these Articles shall be valid or effectual unless the lender proves that he advances the loan in good faith and without knowledge that the limit imposed by this Article had been exceeded. | |
| | C | Subject to the provisions of these Articles hereof, the payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit., and in particular by a resolution passed at a Meeting of the Board by the issue of debentures or debenture-stock of the Company, charged upon all or any part of the property of the Company (both present and future), including its uncalled capital for the time being and debentures, debentures-stock and other securities may be made assignable free from any equities between the Company and person to whom the same may be issued. | Payment or repayment of moneys borrowed |
| | D | Any bonds, debentures, debenture-stock or other securities issued or to be issued by the Company shall be under the control of the Directors who may issue them upon such terms and condition and in such manner and for such consideration as they shall consider to be for the benefit of the Company. | Bonds, Debentures, etc. to be subject to control of Directors |
| | E | Subject to the provisions of any law, any debentures, debenture stock or other securities may be issued at a discount, premium or otherwise and may be issued on the condition that they shall be convertible into shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares and attending (but not voting) at General Meeting, appointment of Directors and otherwise. Where the terms of issue of Debentures or loans includes as option to the holder to convert such debentures or loans into shares of the Company or to subscribe for shares in the Company shall comply with the provisions to Section 81 (3) of the Act. | Terms of issue of Debentures |
| | F | Any debenture or debenture-stock issued by the Company shall be subject to the provisions of Sections 117 to 123 (both inclusive) and other applicable provisions of the Act or of any statutory modification hereof for the time being. | Section 117 to 123 to apply |
| | G | The Board shall cause a proper Register to be kept in accordance with the provisions of Section 143 of the Act of all mortgages, debentures and charged specifically affecting the property of the Company and shall cause the requirements of Section 118, 125 and 127 to 144 of the Act in that behalf to be duly complied with, (within the time prescribed by the said section or such extension thereof as may be permitted by the Company Law Board or the Court or the Registrar of Companies as the case may be) so far as they feel to be complied with by the Board. | Register of mortgage etc. to be kept |
| | H | If any uncalled up capital of the Company is included in or charged by any mortgage or other security, the Directors shall, subject to the provisions of the Act and these Articles, make calls on the Members in respect of such uncalled up capital in trust for the person in whose favor such mortgage or security is executed or if permitted by the Act, may by instrument under the seal authorize the person in whose favor such mortgage or security is executed or any other person in trust for him to make calls on the Members in respect of such uncalled up capital and the provisions hereinbefore contained in regard to calls shall mutants mutandis apply to calls made under such authority and such authority may be made exercisable either conditionally or unconditionally and either to the exclusion or the Director's power or otherwise and shall be assignable if expressed so to be. | Mortgage of un called up capital |
| | I | The Directors or any of them may guarantee the whole or any part of the loans or debts raised or incurred by or on behalf of the Company or any interest payable thereon, and shall be entitled to receive such payment as consideration for the giving of any such guarantee as may be determined by | Indemnity may be given |

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| | | the Directors with power to them to indemnify the guarantors from or against liability under their guarantees by means of a mortgage or charge on the undertaking of the company or upon any of its property or assets or otherwise. If the Directors or any of them or any other persons, shall become personally liable for the payment of any sum primarily due from the company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the company by way of indemnity to secure the Directors or persons so becoming liable as aforesaid from any loss in respect of such liability. | |
| | J | The Company shall, if at any time, issues debentures, keep a Register and Index of Debenture-holders in accordance with Section 152 and 157 of the Act. The Company shall have the power to keep in any state or country outside India a branch Register of Debenture-holders resident in that State or Country. | Register and Index of Debentures holders |
| 104 | | CONVERSION OF SHARES INTO STOCK AND RECONVERSION | |
| | A | The Company may by ordinary resolution of the Company in General Meeting; | |
| | | i) Convert any paid up shares into stock; and | |
| | | ii) Reconvert any stock into paid-up shares of any denomination. | |
| | B | The holders of stock may transfer the same or any part thereof in the same manner as and subject to the same regulations under which, the shares from which the stock arose before the conversion have been transferred or as near thereof as circumstances admit provided that, the board may, from time to time, fix the minimum amount of stock transferable, so that such minimum shall not exceed normal amount of the shares from which the stock arose. | Transfer of Stock |
| | C | The holders of stock, shall according to the amount of stock held by them have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company and other matters, as if they held the shares from which the stock arose, but no such privileges or advantages (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage. | Rights of stock holders |
| | D | Such of the regulations of the Company (other than those relating to share warrants) as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder" in these Articles shall include "Stock" and "stockholder" respectively. | Provision for shares to apply to stock |
| 105 | | MEETING OF MEMBERS | |
| | A | The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meetings in that year. All General Meetings other than Annual General Meeting shall be called Extraordinary General Meetings. An Annual General Meeting of the Company shall be held within six months after the expiry of each financial year, provided that not more than fifteen months shall elapse between the date of one Annual General Meeting and that of the next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the provisions of Section 166(1) of the Act to extend the time within which any Annual General Meeting may be held. Every Annual General Meeting shall be called for a time during business hours, on a day that is not a public holiday, and shall be held either at the Registered Office of the Company or at some other place within the City in which the registered office of the Company is situated. The Company may in any one Annual General Meeting fix the time for its subsequent Annual General Meeting. Every Member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any General Meeting, which he attends on any part of the business which concerns him as Auditor. At every Annual General Meeting of the Company there shall be kept on the table the Director's Report and Audited Statement of Accounts, Auditor's Report (if not already incorporated in the Audited Statement of Accounts) the Proxy Register shall remain open and accessible during the continuance of the meeting. The Board shall cause to be prepared the Annual | Annual General Meeting |

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| | | List of Members, Summary of Share Capital, Balance Sheet and Profit and Loss Account and forward the same to the Registrar in accordance with Section 159, 161 and 220 of the Act. | |
| | B | i) Section 171 to 175 and Sections 177 to 186 of the Act with such adaptations and modifications, if any, as may be prescribed shall apply with respect to meetings of any class of members or of debenture holders or any class of debenture holders of the company in like manner as they apply with respect to General Meeting of the company. | Section 171 to 186 of the Act shall apply to Meeting |
| | | ii) Section 176 of the Act with such adaptations and modifications if any, as may be prescribed shall apply with respect to meetings of any class of members or of debenture holders of the company in like manner as it applies with respect to General Meeting. | |
| | C | In the case of an Annual General Meeting, all business to be transacted at the meeting shall be deemed special with the exception of business relating to: | Special Business |
| | | i) The consideration of the Accounts, Balance Sheet and Profit and Loss account and Report of the Board of Directors and of the Auditors; | |
| | | ii) the declaration of dividend; | |
| | | iii) the appointment of Directors in the place of those retiring; | |
| | | iv) the appointment of and fixing of the remuneration of the Auditors. | |
| | D | In the case of any other meeting all business shall be deemed special. | |
| | E | Where any items of business to be transacted at the meeting are deemed to be special as aforesaid, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each such item of business including in particular the nature of the concern or interest, if any, therein of every Director. | |
| | F | Where any item of business to be transacted at the meeting or the Company consists of according to the approval of the meeting to any document, the time and place where the document can be inspected shall be specified in the explanatory statement referred to in these Articles. | |
| 106 | | NOTICE FOR GENERAL MEETING | |
| | A | Notice of every meeting shall be given to every Member of the Company in any manner authorized by sub-sections (1) to (4) of Section 53 of the Act and by these Articles. It shall be given to the persons entitled to a share in consequence of the death or insolvency of a Member, by sending it through the post in a prepaid letter addressed to them by name, or by any like description, at the address, if any, in India supplied for the purpose by the persons claiming to be so entitled, or until such an address has been so supplied by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred, provided that where the notice of a meeting is given by advertising the same in a newspaper circulating in the neighborhood of the Registered Office of the Company under sub-section (3) of the Section 53 of the Act, explanatory statement need not be annexed to the notice as required by Section 173 of the Act, but it shall be mentioned in the advertisement that the statement has been forwarded to the Members of the Company | Service of Notice |
| | B | At least Twenty-one days notice of every General Meeting, Annual or Extraordinary General Meeting, and by whomsoever called specifying the day, place and hour of meeting and the general nature of the business to be transacted thereat, shall be given in the manner hereinafter provided, to such persons as are under these Articles entitled to receive notice from the Company. Provided that in the case of an Annual General Meeting with the consent in writing of all the Members entitled to vote thereat and in case of any other meetings, with the consent of Members holding not less than 95 percent of such part of the paid-up share capital of the Company as gives a right to vote at the meeting, a meeting may be convened by a shorter notice. In the case of an Annual General Meeting, if any business other than the ordinary business is to be transacted and in the case of any other meeting in any event there shall be annexed to the notice of the Meeting a statement setting out all material facts concerning each such item of business, including in particular | Twenty-one days notice of meeting to be given |

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| | | the nature of the concern or interest, if any, therein of every Director, and the Manager (if any) where any such item of business relates to, or affect any other Company the extent of shareholding interest in that other Company of every Director and the Manager, if any, of the Company shall also be set out in the statement if the extent of such shareholding interest is not less than twenty percent of the paid-up share capital of that other Company, where any item of business consists of the according of approval to any document by the Meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid. | |
| | C | The accidental omission to give any such notice as aforesaid to any of the members, or the non-receipt thereof, shall not invalidate any resolution passed at or the proceedings of any such meeting. | Omission to give notice not to invalidate a resolution passed |
| | D | No General Meeting, Annual or Extraordinary General Meeting, shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices upon which it was convened. | Meeting not to transact business not mentioned in notice |
| | E | Every notice of a meeting of the company shall specify the place, day date and hour of the meeting and shall contain a statement of the business to be transacted thereat. | Contents of Notice |
| | F | Where by any provision contained in this Act or in these Articles, special notice is required of any resolution, notice in respect of the same shall be given as provided in Section 190 of the Act. | Resolutions requiring Special Notice |
| | G | No business shall be transacted at any adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of the adjournment or of the business to be transacted at an adjourned meeting. | Business at Adjourned Meetings |
| | H | When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of the adjournment or of the business to be transacted at an adjourned meeting. | Notice to be given where a Meeting is adjourned for 30 days or more |
| | I | The provisions of Section 191 of the Act shall apply to resolutions passed at an adjourned meeting of the Company, or of the holders of any class of shares in the Company and of the Board of Directors of the Company and the resolutions shall be deemed for all purposes as having been passed on the date on which in fact they were passed and shall not be deemed to have been passed on any early date. | Resolution passed at Adjourned Meeting |
| 107 | A. | The Board may, whenever it thinks fit, call an Extraordinary General Meeting and it shall do so upon a requisition in writing by any Member or Members holding in the aggregate not less than one-tenth of such of the paid-up capital as that date carries the right of voting in regard to the matter in respect of which the requisition has been made. | Extraordinary General Meeting |
| | B. | If at any time they are not present in India, Directors capable of acting who are sufficient in number to form a quorum, any Director of the Company may call an Extraordinary General Meeting of the Company, in the same manner, nearly a possible, as that in which such a meeting can be called by the Board. | |
| | C. | Any valid requisition so made by Members must state the object or objects of the meeting proposed to be called and must be signed by the requisitionists and be deposited at the Office, provided that such requisition may consist of several documents in like form each signed by one or more requisitionists. | Requisition of Members to state object of Meeting |
| | D. | Upon the receipt of any such requisition, the Board shall forthwith call an Extraordinary General Meeting and if they do not proceed within twenty-one days from the date of the requisitions being deposited at the Office to cause a meeting to be called on a day not later than forty-five days from the date of deposit of the requisition, the requisitionists, or such of their number as represent either a majority in value of the paid-up share capital held by all of them or not less than one-tenth of such of the paid-up share capital of the | Calling of Meeting on Requisition |

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| | | Company as is referred to in Section 169(4) of the Act, whichever is less, may themselves call the meeting, but in either case any meeting so called shall not be held after three months from the date of the delivery of the requisition as aforesaid. | |
| | E. | Where two or more distinct matters are specified in the requisition the provisions of Clause 88 A, shall apply separately in regard to each such matters; and the requisition shall accordingly be valid only in respect of those matters in regard to which the condition specified in that clause is fulfilled. | Required number of Requisitionists to be counted separately in regard to each matter |
| | F. | The Directors shall on the requisition of members representing not less than one-twentieth of the voting rights of members having a right to vote at any Annual General Meeting or being not less than one hundred members holding shares on which there has been paid up an aggregate sum of not less than one lakh of rupees in all, give notice to the members of any resolution which can properly be moved and intended to be moved at the meeting and circulate any statement supplied by the requisitionists in accordance with the requirements of Section 188 of the Act with which the company shall also comply. | Circulation of Member's Resolution |
| | G. | Any meeting called under the foregoing Articles by the requisitionists shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by the Board. | Meeting called by Requisitionists |
| | H. | Where two or more persons hold any shares or interest in the company jointly, a requisition, or a notice calling a meeting, signed by one or some of them shall, for the purpose of these Articles, have the same force and effect as if it had been signed by all of them. | Requisition by Joint holders |
| | I. | Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board duly to call a meeting shall be repaid to the requisitionists by the company; and any sum so repaid shall be retained by the company out of any sums due or to become due from the company by way of fees or other remuneration for their services to such of the Directors as were in default. | Reimbursement of expenses of calling Extraordinary General Meeting |
| 108 | | The Directors may in their absolute discretion on giving a reasonable period notice in accordance with these Articles, postpone or cancel any meeting of members, except a meeting called pursuant to a member's requisition. | Postponement or cancellation of meeting |
| 109 | | Five Members present in person shall be the quorum for a General Meeting. | Quorum at General Meeting |
| 110 | | A body corporate, whether a company within the meaning of the Act or not, which is a member of the Company, may in accordance of the provisions of Section 187 of the Act, by resolution of its Board of Directors or other governing body, authorize such person as it thinks fit to act as its representative at any meeting of the company or at any meeting of any class of members of the company and the persons so authorized shall be entitled to exercise the same rights and power (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise as if it were an individual member of the company and the production of a copy of the Minutes of such resolution certified by a director or the copy of the Minutes of such resolution certified by a Director or the or the Secretary of such body corporate as being a true copy of the Minutes of such resolution shall be accepted as sufficient evidence of the validity of the said representative's appointment and of his right to vote. | Body corporate deemed to be personally present |
| 111 | | If, at the expiration of half an hour from the time appointed for holding a meeting of the Company, a quorum not be present, the meeting, if convened by or upon the requisition of Members, shall stand dissolved. But in any other case, the meeting shall stand adjourned to the same day in the next week or if that day is a public holiday, until the next succeeding day which is not a public holiday at the same time and place or to such other day as such other time and place in the city or town in which the Office of the company is for the time being situated, as the Board may determine, and if at such adjourned meeting a quorum is not present at the expiration of half an hour from the time appointed for holding the meeting, the Members present shall be a quorum, and may transact the business for which the meeting was called. | If quorum not present meeting to be dissolved or adjourned |

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| 112 | | The Chairman (if any) of the Board of Directors shall be entitled to take the chair at every General Meeting, whether Annual or Extraordinary. If there be no such Chairman or if at any meeting he shall not be present within fifteen minutes of the time appointed for holding such meeting or if he shall be unable or unwilling to take the chair then the Members present shall elect another Director as Chairman, and if no Director be present or if all the Directors present decline to take the Chair, then the Members present shall elect one of their member to be Chairman, on a show of hands. If a poll is demanded in the election of the Chairman, it shall be taken forthwith, the Chairman elected on a show of hands exercising all the powers of the Chairman under the provisions of the Act. If some other person is elected Chairman as a result of the poll, he shall be chairman for the rest of the meeting. | Chairman of General Meeting |
| 113 | | No business shall be discussed at any General Meeting except the election of a Chairman, whilst the Chair is vacant. | Business whilst chair vacant |
| 114 | | The Chairman, with the consent of the Members, may adjourn any meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. A poll demanded on a question of adjournment shall be taken forthwith. When a meeting is adjourned for a period of 30 days or more, seven clear days notice of the adjourned meeting shall be given specifying the place and the time of the meeting as in the case of an original meeting, but it shall not be necessary for such a notice to contain a statement of the business to be transacted or to annex thereto any statement of material facts. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted thereat. | Chairman with consent may adjourn meeting |
| 115 | | At any General Meeting a resolution including a special resolution put to the vote of the meeting shall be decided on a show of hands, unless before or on the declaration of the result of the voting on any resolution on a show of hands a poll is ordered to be taken by the chairman of the meeting of his own motion or on a demand made in that behalf by any member or members present in person or by proxy and holding shares in the company which confer a power to vote on the resolution not being less than one tenth of the total voting power in respect of the resolution or on which an aggregate sum of not less than fifty thousand rupees has been paid-up. Unless a poll be so demanded, and ordered to be taken a declaration by the Chairman that a resolution has on a show of hands, been carried or carried unanimously, or by a particular majority or lost, and an entry to that effect in the Minute Book of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against such resolution. | Questions at General Meeting how decided |
| 116 | | In the case of an equality of votes, the Chairman shall both on a show of hands and at a poll (if any) have a casting second vote in addition to the vote or votes to which he may be entitled to as a member. | Chairman's casting vote |
| 117 | A | Before or on the declaration of the result of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the meeting of his own motion and shall be ordered to be taken by him on a demand made in that behalf in the manner mentioned in Section 179 of the Act. | Poll to be taken if demanded |
| | B | The demand for a poll may be withdrawn at any time by the person or persons who made the demand. | |
| | C | A poll demand on a question of adjournment and on the question relation to the election of the Chairman which is provided in Section 175 of the Act, shall be taken forthwith. | |
| | D | A poll demanded on a question shall be taken at such time not being later than 48 (Forty-eight) hours from the time when the demand was made, as the Chairman may direct. | |
| | E | Subject to the provisions of the Act, the Chairman of the Meeting shall have powers to regulate the manner in which a poll shall be taken. | |
| | F | The result of the poll shall be deemed to be decision of the meeting on the | |

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| | | resolution on which poll was taken. | |
| 118 | | Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinise the votes cast at the poll and to report thereon to him. One of the scrutineers so appointed shall always be a Member (not being an officer or employee of the Company) present at the meeting, provided such a member is available and willing to be appointed. The Chairman shall have power at any time before the result of the poll is declared to remove a scrutineer from office and fill vacancies in the office of scrutineer arising from such removal or from any other cause. | Scrutineers at Poll |
| 119 | | The demand for a poll, except on the question of the election of the Chairman and of an adjournment, shall not prevent the continuance of meeting for the transaction of any business other than the question on which the poll has been demanded. | Demand for poll not to prevent, continuance of business |
| 120 | | VOTES OF MEMBERS | |
| | A | No Member shall be entitled in respect of any shares registered in his name to be present or to exercise any voting right on any question at any General Meeting or be reckoned in a quorum whilst any call or other sum presently payable to the Company in respect of such shares, shall remain unpaid or in regard to which the Company has exercised any right of lien; and no member shall be entitled to be present or to vote in respect of any shares that he has acquired by transfer at any meeting unless his name has been entered as the registered holder of such share in respect of which he claims to vote. | Restrictions on Voting |
| | B | Any shareholder whose name is entered in the Register of Members of the company shall enjoy the same rights and be subject to the same liabilities as all other shareholders of the same class. | Equal Rights of Shareholders |
| | C | Subject to the provisions of these Articles and without prejudice to any special privileges or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the Company, every member, not disqualified by the last preceding Article shall be entitled to be present and to speak and vote at such meeting, and on a show of hands every Member present in person or by proxy shall have one vote and upon a poll the voting right of every Member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital of the Company. Provided, however if any preference Shareholder be present at any meeting of the Company, save as provided in clause (b) of sub-section (2) of Section 87, he shall have a right to vote only on resolutions placed before the meeting which directly affect the rights attached to his preference shares. | Number of votes to which a member is entitled |
| | D | On a poll taken at a meeting of the Company a Member entitled to more than one vote or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses. | Casting of votes by a Member entitled to more than one vote |
| | E | A member of unsound mind or in respect of whom an Order has been made by any Court, having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian and any such committee or guardian may, on poll vote by proxy. If any Member be a minor the vote in respect of his share or shares shall be by his guardian, or any one of his guardians, if more than one, to be selected in case of dispute by the Chairman of the meeting. | How Members non-composment may vote |
| | F | Where there are joint registered holders of any shares any one of such persons may vote at any meeting either personally or by attorney duly authorised under power attorney or by proxy in respect of such shares as if he were solely entitled thereto; and if more than one of such joint-holders be personally present at any meeting that one of the said persons so present whose name stands first or higher on the Register in respect of such share shall alone be entitled to vote in respect thereof. Provided always that a joint-holder present at any , meeting personally shall be entitled to vote in preference to a joint holder present by an attorney duly authorised under power of attorney or by proxy although the name of such joint holder present by an attorney or proxy stands first or higher in the Register in respect of such shares. Several executors or administrators of a deceased member in whose sole name any | Votes of joint members |

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| | | share stands shall for the purpose of this clause be deemed joint holders thereof. | |
| 121 | | PROXY | |
| | A | Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint any other person (whether a member or not) as his proxy to attend and vote instead of himself. A member (and in case of joint holders all holders) shall not appoint more than one person as proxy. | Voting in person or by proxy |
| | B | Any person entitled under the Transmission Article, to transfer any share may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that forty-eight hours at least before the time of the holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote he shall satisfy the Director of his right to transfer of such shares and give such indemnity (if any) as the Directors may require or the Directors shall have previously admitted his right to vote at such meeting in respect thereof. For the purpose of the Article, the Directors shall have same powers either to recognise or to refuse to recognise such right to transfer, as they have to reject or accept, a transfer or transmission of shares under these Articles. | Votes in respect of shares of deceased and insolvent Member |
| | C | Every proxy (whether a Member or not) shall be appointed in writing under the hand of the appointer or his attorney, duly authorized in writing, or if such appointer is a body corporate under the common seal of such corporation, or be signed by an officer or any attorney duly authorised by it, and any Committee or guardian may appoint such proxy. | Appointment of proxy |
| | D | An instrument of may appoint a proxy either for purposes of a particular meeting specified in the instrument and any adjournment thereof or it may appoint for the purpose of every meeting of the Company, or of every meeting to be held before a date specified in the instrument and every adjournment of any such meetings. | Proxy either for specified meeting or for a period |
| | E | No Member present only by proxy shall be entitled to vote on a show of hands, unless such Member is a body corporate present by a proxy who is not himself a Member, in which case such proxy shall have a vote on the show of hands as if he were a member. | No Proxy except for a body corporate to vote on a show of hands |
| | F | A Member present by proxy shall be entitled to vote only on a poll. | Proxy to vote only on a poll |
| | G | The Instrument appointing a proxy and the power of attorney or other authority (if any) under which it signed or a notarially certified copy of that power or authority, shall be deposited at the Office not later than forty-eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiry of twelve months from the date of its execution. | Deposit of Instrument of appointment of proxy |
| | H | Every instrument appointing a proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in the form set out in Schedule IX of the Act, and shall be retained by the Company. | Form of proxy |
| | I | A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the proxy or of any power of attorney under which such proxy was signed, or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of the death or insanity, revocation or transfer shall have been received at the Office before the commencement of the meeting or adjourned meeting at which the proxy is used. | Validity of votes given by proxy notwithstanding death of member |
| | J | i) No objection shall be made to the validity of any vote, except at the meeting or poll at which such vote shall be tendered, and every vote not disallowed at such meeting or poll shall be deemed valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the meeting whose decision shall be final and conclusive. | Time for objections of votes and inspection of proxies |
| | | ii) Every Member entitled to vote at a meeting of the Company or on any resolution to be moved thereat shall be entitled, during the period beginning twenty-four hours before the time fixed for the | |

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| | | commencement of the meeting and ending with the conclusion of the meeting, to inspect the proxies lodged, at any time during the business hours of the Company, provided not less than three days notice in writing of the intention so to inspect is given to the Company. | |
| 122 | | The Chairman present at the taking of poll shall be the sole judge of the validity of every vote tendered at such poll. | Chairman of the meeting to be the judge of validity of any vote |
| 123 | | A declaration by the Chairman in pursuance of Section 177 of the Act that on a show of hands, a resolution has or has not been carried, either unanimously or by a particular majority, and an entry to that effect in the books containing the minutes of the proceedings of the company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favor of or against such resolution. | Chairman's Declaration of results of voting to show of hand to be conclusive |
| MINUTES OF GENERAL MEETINGS | | | |
| 124 | A | The Company shall cause minutes of all proceedings of every General Meeting to be kept in accordance with the provisions of Section 193 of the Act. | Minutes of General Meeting and inspection thereof by members |
| | B | Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the same meeting within the aforesaid period of thirty days or in the event of the death or inability of that Chairman within that period, by a Director duly authorised by the Board for the purpose. | |
| | C | In no case shall the minutes of proceedings of a meeting be attached to any such book as aforesaid by pasting or otherwise. | |
| | D | The Minutes of each Meeting shall contain a fair and correct summary of the proceeding thereat. | |
| | E | All appointments of Officers made at any aforesaid meeting shall be included in the Minutes of the Meeting. | |
| | F | Nothing herein contained shall require or be deemed to require the inclusion in any such Minutes of any matter which in the opinion of the Chairman of the Meeting (a) is or could reasonably be regarded as, defamatory of a person, or (b) is irrelevant or immaterial to the proceedings, or (c) is detrimental to the interests of the Company. The Chairman of the meeting shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the Minutes on the aforesaid grounds. | |
| | G | Any such Minutes shall be evidence of the proceedings recorded therein. | |
| | H | The book containing the Minutes of the proceedings of any General Meeting of the Company shall: | |
| | | i) be kept at the Registered Office of the Company, and | |
| | | ii) be open, during the business hours to the inspection of any members without charge, subject, to such reasonable restrictions as the Company may, in General Meeting impose so however that not less than two hours in each day are allowed for inspection. | |
| | | iii) Any Member shall be entitled to be furnished within seven days after he has made a request in that behalf to the company, with a copy of any minutes referred to in above, on payment of such fees as prescribed under Section 196 of the Act. | |
| 125 | A | Where minutes of the proceedings of any General Meeting of the company have been kept in accordance with the provisions of Section 193 of the Act, then, until the contrary is proved, the meeting shall be deemed to have been duly called and held, and all proceedings thereat to have duly taken place and in particular all appointments of Directors or Liquidators made at the meeting shall be deemed to be valid and the minutes shall be evidence of the proceedings recorded therein. | Presumptions to be drawn where minutes duly drawn and signed |
| | B | No document purporting to be a report of the proceedings of any General Meeting of the Company shall be circulated or advertised at the expense of the | |

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| | | Company unless it includes the matters required by Section 193 of the Act to be contained in the Minutes of the proceedings of such meeting. | |
| 126 | | DIRECTORS | |
| | A | Until otherwise determined in a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors of the Company (excluding Alternate Directors) shall not be less than three or more than twelve. | Number of Directors |
| | B | The first Directors of the Company are : MR. NITIN DHANJIBHAI SHAH MR. PRAKASH DHANJIBHAI SHAH | First Directors |
| | C | Retirement of Directors by Rotation shall be as per the provision of the Act. | Rotation Directors of the Company |
| 127 | A | In Connection with any collaboration agreement with any Company or Corporation or firm or person for supply of Technical know-how and/or machinery or technical advice, the Directors may authorize such company, corporation firm or person (hereinafter in this clause referred to as "Collaborator") to appoint from time to time, any person or persons as Director or Directors of the Company (hereinafter referred to as 'Special Director') and may agree that such Special Director shall, subject to the provisions of the Act, not be liable to retire by rotation and need not possess any qualification shares to qualify him for the office of such Director, so however, that such Special Director shall hold office so long as such collaboration arrangement remains in force unless otherwise agreed upon between the Company and such Collaborator under the Collaboration arrangements or at any time thereafter. | Appointment of Special Director |
| | B | The Collaborator may at any time and from time remove any such Special Director appointed by it and may at the time of such removal and also in the case of death or resignation of the person so appointed, at any time, appoint any other person as a special director in his place and such appointment or removal shall be made in writing signed by such company or corporation or an partner of the firm or such person and shall be delivered to the Company at its registered office. | |
| | C | It is clarified that every collaborator entitled to appoint a Director under this Article may appoint one or more such person or persons as a Director(s) and so that if more than one Collaborator is so entitled there may at any time be as many Special Directors as the Collaborators eligible to make the appointment. | |
| 128 | A | In the event, the Company enters into any such collaboration, including the collaboration of technology; technical know-how; financial participation; buy-back of part/full production; license for manufacturing/producing/processing; license and/or rights to use patterns; and/or trade marks; or any such allied, similar or other arrangement /s and or agreement /s including the arrangements and or agreements falling under the meaning and definition of joint venture and / or 100% export oriented unit with any foreign-company / corporation/entity and if such an arrangement and / or agreement with the foreign Company /collaborator provides the rights to the foreign company / collaborator to have their one person as a director of this company, the Board of this Company shall accordingly be bound by the nominated person of he foreign-company / collaborator shall be appointed as one on the directors of this company whose appointment will be subject to retirement on rotation as required under the Act and the Articles ; and such director, if nominated by the foreign company / collaborator for re-appointment, shall be re-appointed under the provisions of the Articles and subject to these Articles and further subject to approval of the Reserve Bank of India and / or Government of India as may required, under the Indian laws from time to time in case of any foreigner. | Special Rights of Foreign Company or Collaborator/s |
| | B | The foreign-company / collaborator under this Article subject to approval by the Reserve Bank of India and further subject to Income Tax and other applicable Indian laws for the time being, if entitled for repatriation of dividends, profits, technical fees, commissions and other charges (that may | |

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| | | become due and payable to the foreign company / collaborator by virtue of the aforesaid agreement and / or any amendment thereto and / or any supplementary agreement thereto) in foreign currency from time to time then the Board will grant sanction and approval by passing suitable resolutions by complying with all formalities, if any from time to time. | |
| | C | As the Board may prescribe The foreign-company /collaborator under this Article (subject to approval by the Reserve Bank of India and other laws for the time being) if provided in their agreement will be entitled to acquire and own maximum share of the total equity and / or paid-up capital of the company from time to time and the Board will accordingly reserve this portion of the capital of the Company for the foreign company/collaborator and allot such and suitable number of shares in favor of the foreign-company/collaborator as per the terms of their agreement with the Company/ and / or any amendment thereof and/ or any supplementary agreements thereto from time to time. | |
| 129 | | <p>Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the company to the Industrial Development Bank Of India (IDBI), Industrial Finance Corporation of India (IFCI), The Industrial Credit and Investment Corporation of India Limited (ICICI), The Industrial Reconstruction Bank of India (IRBI), Life Insurance Corporation of India (LIC), General Insurance Corporation of India (GIC), and its subsidiaries viz., National Insurance Corporation of India (NIC), The New India Assurance Company INIA), The Oriental Insurance Company (OIC), United Insurance Company (UII), Unit Trust of India (UTI), Gujarat Industrial Investment Corporation Limited (GIIC), any one or more commercial Bank (Banks) or to any other Finance Corporation or Credit Corporation or any other Finance Company or Body out of any loans granted by them to the Company or so long as IDBI, IFCI, ICICI, IRBI, LIC, GIC, NIC, OIC, UTI,GIIC, Banks or any other Finance Corporation of credit Corporation or any other Finance Company or Body (each of which IDBI, IFCI, ICICI, IRBI, LIC, GIC, NIC, NIA, OIC, UTI, UII, GIIC, Banks or any other Finance Corporation or Credit Corporation or any other Finance Company or Body is hereinafter in this Article referred to as “ the Corporation”) continue to hold debentures in the Company by direct subscription or private placement, or so long as the Corporation holds shares in the company as a result of underwriting or so long as any liability of the company arising out of any guarantee furnished by the Corporation on behalf of the company remains outstanding, the Corporation shall have a right to appoint from time to time, any person or persons as a Director or Directors whole time or non-whole time, (which Director or Directors are hereinafter referred to as Nominee Director/s) on the Board of the Company and to remove such office any person or persons so appointed and to appoint any person or persons in his or their place/s.</p> <p>The Board of Directors of the Company shall have no power to remove from office the Nominee Directors/s. At the option of the Corporation such Nominee Director/s shall not be required to hold any share qualification in the company. Also at the option of the Corporation such Nominee Director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Directors/s shall be entitled to the same privileges and be subject to the same obligations as any other Director of the Company. The Nominee Director/s so appointed shall hold the said office only so long as any moneys remain owing by the Company to the Corporation or so long as the Corporation holds Debentures in the company as a result of direct subscription or private placement or so long as the Corporation holds shares in the company as a result of underwriting or the liability of the company arising out of any Guarantee furnished by the Corporation on behalf of the Company is outstanding and the Nominee Director/s so appointed in exercise of the said power shall ipso fact vacate such office immediately the moneys owing by the Company to the Corporation is paid off or on the Corporation ceasing to hold</p> | Power to appoint ex-officio Directors |

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| | <p>debentures/ shares acquired in the manner referred hereinabove in the Company or on the satisfaction of the liability of the Company arising out of any Guarantee furnished by the Corporation.</p> <p>The Nominee Director / s appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and Meetings of the Committee, of which the Nominee Director /s is/are member/s and shall also be entitled to receive the minutes of such meetings. The Corporation shall also be entitled to receive all such notices and minutes.</p> <p>The Company shall pay to the Nominee Director/s sitting fees and expenses to which the other Directors of the Company are entitled, but if any other fees, commission, moneys or remuneration in any form is payable to the Directors of the Company, the fees, commission moneys and remuneration in relation to such Nominee Directors/s shall accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Directors/s in connection with their appointment or Directorship shall also be paid or reimbursed by the company to the Corporation or as the case may be to such Nominee Director/s.</p> <p>Provided that if any such Nominee Director/s is/are Officer/s of the Corporation, the sitting fees in relation to such Nominee Directors/s shall accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation.</p> <p>Provided also that in the event of the Nominee Director/s being appointed as whole- time Director/s such Nominee Director/s shall exercise such powers and duties as may be approved by the Corporation and have such rights as are usually exercised by or available to the whole time Director/s, in the management of the Company. Such Nominee Director/s shall be entitled to receive such remuneration, fees, commission and moneys as may be approved by the Corporation.</p> | |
| 130 | Any Trust Deed for securing debentures or debenture stock, if so arranged provide for appointment from time to time by the Trustees thereof or by the holders of the Debentures or Debenture stock of some person to be Director of the Company and may empower such Trustees or Debenture holders or Debenture Stock from time to time to remove any Director so appointed. A Director appointed, under this Article is herein referred to as a "Debenture Director" and that the term "Debenture Director" means a Director for the time being in office under the Article. A Debenture Director shall not be bound to hold any qualification shares and not be liable to retire by rotation or be removed by the Company. The Trust deed may contain such ancillary provisions as may be arranged between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions herein contained. | Debenture Director |
| 131 | The Board may, in accordance with and subject to the provision of Section 313 of the Act, appoint an Alternate Director during the letter's absence for a period of not less than three months from the state in which the meeting of the Board is ordinarily held. An Alternate Director appointed under this Article shall not hold office for a period longer than that permissible to the original director in whose place he has been appointed and shall vacate office if and when the original director returns to that State. If the term of office of the original Director is determined before so returns to that State, any provisions in the Act or in these Articles for the automatic reappointment of a retiring Director in default of another appointment shall apply to the Original Director and not the Alternate Director. | Appointment of Alternate Director |
| 132 | Subject to the provisions of Section 260, 261 and 264 of the Act and further subject to the Articles, the Board shall have power at any time and from time to time to appoint any person to be an Additional Director, but so that the total | Additional Director |

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| | | number of Directors shall not at any time exceed the maximum fixed under the Act. Any such Additional Director shall hold office only up to the date of next Annual General Meeting. | |
| 133 | A. | The Board of Directors shall have the right from time to time to appoint any person or persons as Technical Director (not being a member of the Board of Directors) or Executive Director/s and remove any such persons from time to time without assigning any reason whatsoever. A Technical Director shall not be required to hold any qualification shares and shall not be entitled to vote at any meeting of the Board of Directors. A Technical Director shall not be an Executive Director. | Appointment of Technical or Executive Directors |
| | B. | Subject to the provisions of Section 262 of the Act, if the office of any Director appointed by the Company in General Meeting vacated before his term of office will expire in the normal course, the resulting casual vacancy may in default of and subject to any regulation in the Articles of the Company be filled by the Board of Directors at the meeting of the Board and the Director so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if had not been vacated as aforesaid. | |
| 134 | | A Director shall not require acquiring or having any share qualification. | Share Qualification of Directors |
| 135 | A | The remuneration to each director shall be at such rate for each meeting of the Board or Committee of the Board attended by him as may be prescribed by the Central Government from time to time for each such meeting including adjourned meeting attended by him. If any Director being willing may be called upon to perform extra services or to make any special exertions for any of the purpose of Company or is giving special attention to the business of the Company as a member of the Committee of Directors then subject to Section 198, 309 and 310 of the Act, the Company may remunerate the Directors so performing the extra services or making special exertions or giving special attention or being a member of a committee of Directors, either by a fixed sum or by commission of like emoluments or by a percentage of profits or otherwise and such remuneration may be either in addition to or substitution for any other remuneration to which he may be entitled. | Remuneration of Directors |
| | B | Subject to the provision of the Act, a Director who is neither in the whole-time employment of the Company nor a Managing Director, may be paid remuneration either:- | |
| | i) | by way of monthly, quarterly or annual payment with the approval of the Central Government, or | |
| | ii) | by way of commission if the company by a Special Resolution authorities such payment. | |
| | C | Subject to the provisions of the Act, a Managing Director or director in the Whole Time employment of the Company may be paid remuneration either by way of monthly or at a specified percentage of the net profit of the Company or partly by one way or partly by the other. The Board of Directors reserves the rights to execute and sign the specific agreement / arrangements with the Managing Director or director in the Whole Time employment of the Company as the case may be as well as with the Whole Time Director specifying the details or remunerations and other terms etc. as per the Act and these Articles of Association and such agreement will be signed by two Directors to be authorized by the Board for such purpose for time to time. | |
| | D | The Board may pay to any director (including the foreigner Director) for the purpose of attending any meeting; such sum as the Board may consider fair compensation or for traveling, boarding, lodging and other expenses, in addition to his fee for attending such meeting as above specified; and if any Director by called upon to go or reside out of the ordinary place of his residence on the Company's business, he shall be entitled to be repaid and reimbursed any traveling or other expenses incurred in connection with business of the Company. | Travelling expenses incurred by director not a bona fide resident |

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| 136 | | The continuing Director may act notwithstanding any vacancy in their body if and so long as their number is reduced below the minimum, the continuing Director not being less than two may act for the purpose of increasing the number of Directors to that number, or of summoning a General Meeting, but for no other purpose. | Directors may act notwithstanding any vacancy |
| 137 | | A person shall not be capable of being appointed as a Director if he has the disqualifications referred to in Section 274 of the Act, as may be amended from time to time. | Eligibility |
| 138 | | Subject to provisions of the Act the office of a Director shall become vacant if:- | When office of Director to become vacant |
| | A | he is found to be of unsound mind by the Court of competent jurisdiction ; or | |
| | B | he applies to be adjudicated an insolvent; or | |
| | C | he is adjudged an insolvent ; or | |
| | D | he fails to pay any call made on him in respect of shares of the company held by him, whether alone or jointly with other, within six months from the date fixed for the payment of such call unless the Central Government has by notification in the Official Gazette removed the disqualification incurred by such failure; or | |
| | E | he absents himself from three consecutive meetings of the Directors or from all meetings of the Directors for a continuous period of three months, whichever is longer, without leave of absence from the Board; or | |
| | F | He contravenes the provisions of Section 314 of the Act; or | |
| | G | he becomes disqualified by an order of the court under section 203 of the Act; or | |
| | H | he is removed in pursuance of section 284; or | |
| | I | he (whether by himself or by any person for his benefit or on his account) or any firm in which is a partner or any private company of which he is a Director, accepts a loan, or ay guarantee of security for a loan, from the company in contravention of section 295 of the Act; or | |
| | J | he acts in contravention of section 299 of the Act; or | |
| | K | he is convicted by a court for an offence involving moral turpitude and is sentenced in respect thereof to imprisonment for not less than six months; or | |
| | L | having been appointed a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company; or | |
| | M | he resigns his office by a notice in writing addressed to the company. | |
| 139 | | Notwithstanding anything contained in sub-clause (C), (G) and (K) of Clause 138 above, the disqualification referred to in these Sub-Clauses shall not take effect: | Disqualification not to take effect |
| | A | for thirty days from the date of the adjudication, sentence or order; | |
| | B | Where any appeal or petition is preferred within the thirty days aforesaid against the adjudication, sentence or conviction resulting in the sentence or order until the expiry of seven days from the date on which such appeal or petition is disposed of; | |
| | C | Where within the seven days aforesaid, any further appeal, petition is preferred in respect of the adjudication, sentence, conviction or order and the appeal or petition, if allowed, would result in the removal of the disqualification, until such further appeal or petition is disposed off. | |
| 140 | A | Subject to the provisions of the Act, Director or his relative, firm in which such Director or relative is a partner or any other partner in such firm or a private company of which the director is a Member or Director may enter into any contract with the company for the sale, purchase or supply of any goods, materials or services or for underwriting the subscription of any shares or debentures of the company, no such contract shall be entered into except with the previous approval of the Central Government and the sanction of the Board shall be obtained before or within three months' of the date on which the contract is entered into in accordance with section 297 of the Act. | Director may contract with Company |
| | B | No sanction shall, however, be necessary for: | |

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| | | i) any purchase of goods and materials from the company, or the sale of goods or materials to the company, by any such Director, relative, firm, partner or private company as aforesaid for cash at prevailing market prices; or | |
| | | ii) Any contract or contracts between the company on one side and any such Director, relative, firm, partner, or private company on the other side for sale, purchase or supply of any goods, materials and services in which either the company or the Director, relative, firm, partner or private company, as the case may be, regularly trades or does business, where the value of the goods and materials or the cost of such services does not exceed Rs.5,000/- in the aggregate in any year comprised in the period of the contract. Provided that in circumstances of urgent necessity a Director, relative, firm, partner or private company as aforesaid may, without obtaining the consent of the Board, enter into any such contract with the company for the sale, purchase or supply of any goods, materials or services even if the value of such goods or cost of such services exceeds Rs.5,000/- in the aggregate in any year comprised in the period of the Contract, if the consent of the Board shall be obtained to such contract or contracts at a meeting within three months of the date on which the contract was entered into. | |
| 141 | | A Director of the company who is in any way, whether directly or indirectly concerned or interested in a contract or arrangement, or proposed contract or arrangement entered into or to be entered into by or on behalf of the company, shall disclose the nature of his concern or interest at a meeting of the Board in the manner provided in section 299(2) of the Act; provided that it shall not be necessary for a Director to disclose his concern or interest in any contract or arrangement entered into or to be entered into with any other company where any of the Directors of the company or two or more of them together hold or holds not more than two percent of the paid-up share capital in any such other Company or the Company. | Disclosure of Interest |
| 142 | | A General Notice given to the Board by the Directors, to the effect that he is a Director or Member of a specified body corporate or is a member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may after the date of the notice, be entered into with that body corporate or firm, shall be deemed to be a sufficient disclosure of his concern or interest in relation to any contract or arrangement so made. Any such general notice shall expire at the end of the financial year in which it is given but may be renewed for a further period of one financial year at a time by a fresh notice given in the last month of the financial year in which it would have otherwise expired. No such general notice, and no renewal thereof shall be of effect unless, either it is given at a meeting of the Board or the Directors concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given. | General notice of interest |
| 143 | | Subject to the exception stipulated by Section 300(2) of the Act, no Director shall as a Director, take part in the discussion of, or vote on any contract or arrangement entered into or to be entered into by or on behalf of the Company, if he is any way, whether directly or indirectly concerned or interested in such contract or arrangement; nor shall his presence be counted for the purpose of forming a quorum at the time of any such discussion or vote; and if he does vote, his vote shall be void; provided, however, that nothing herein contained shall apply to :- | Interested Directors not to participate or vote in Board's proceeding |
| | A | any contract of indemnity against any loss which the Directors, or any one or more of them, may suffer by reason of becoming or being sureties or a surety for the Company; | |
| | B | any contract or arrangement entered into or to be entered into with a public company or a private company which is a subsidiary of a public company in which the interest of the Director consists solely:- | |
| | i) | in his being :- | |
| | | (a) a Director of such company; and | |
| | | (b) the holder of not more than shares of such number or value therein | |

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| | | as is requisite to qualify him for appointment as a Director thereof, he having been nominated as such Director by the Company; or | |
| | | ii) in his being a member holding not more than two percent of its paid up share capital. | |
| 144 | | The company shall keep a Register in accordance with section 301(1) of the Act and shall within the time specified in Section 301(2) enter therein such of the particulars as may be relevant having regard to the application of Section 297 or Section 299 of the Act as the case may be. The Register shall be kept at the Registered Office of the Company and shall be open to inspection at such office, and extracts may be taken there from and copies thereof may be required by any member of the Company to the same extent, in the same manner, and on payment of the same fees as in the case of the Register of Members of the Company and the Provisions of Section 163 of the Act shall apply accordingly. | Register of Contracts in which Directors are interested |
| 145 | | A Director may be or become a Director of any Company promoted by the Company, or in which it may be interested as a vendor, shareholder or otherwise and no such Director shall be accountable for any benefits received as Director or shareholder of such Company except in so far as Section 309 (6) or Section 314 of the Act may be applicable. | Directors not to hold office or place of profit |
| 146 | | The Company shall observe the restrictions imposed on the Company in regard to granting of loans to Directors and other persons as provided in Section 295 and other applicable provisions, if any, of the Act. | Loan to Directors |
| 147 | | At every Annual General Meeting of the Company one-third of such of the Directors for the time being as are liable to retire by rotation in accordance with the provisions of Section 255 & 256 of the Act or these Articles or if their number is not three or a multiple of three, the number nearest to one-third shall retire from office. The Debenture Directors, if any, shall not be subject to retirement under this clause and shall not be taken into account in determining to rotation of retirement or the number of Directors to retire. | Rotation Retirement and of Directors |
| 148 | | Subject to Section 256(2) of the Act, the Directors to retire by rotation under Article 126 (c) at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on the same day, those who are to retire shall, in default of and subject to any agreement among themselves, be determined by lot. | Ascertainment of Directors retirement by rotation and filling of vacancies |
| 149 | | A retiring Director shall be eligible for re-election. | Eligibility of re-election |
| 150 | | Subject to section 258 and 261 of the Act and further subject to provisions of the Articles, the Company at the General Meeting at which a Director retires in the manner aforesaid, may fill the vacated office by electing a person thereto. | Company to appoint successors |
| 151 | A. | If the place of the retiring Director is not so filled up and the meeting not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a holiday, at the same time and place. | Provision in default of appointment |
| | B. | If at the adjourned meeting also, it has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been reappointed at the adjourned meeting unless : | |
| | i) | at that meeting or at the previous meeting resolution for the re-appointment of such Director has been put to the meeting and lost; | |
| | ii) | the retiring Director has, by a notice in writing addressed to the Company, or its Board expressed his willingness to be so reappointed; | |
| | iii) | he is not qualified or is disqualified for appointment; | |
| | iv) | a resolution, whether special or ordinary, is required for the appointment or re appointment by virtue of any provisions of the Act; or | |
| | v) | the provisions of sub-section (2) of section 263 of the Act is applicable to the case. | |
| 152 | | Subject to Sections 259 of the Act, the Company may by ordinary resolution, | Company may |

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| | | from time to time, increase or reduce the number of Directors, within the limits fixed in that behalf by these Articles, and may alter their qualifications and the Company may (subject to the provisions of Section 284 of the Act) remove any Director before the expiration of his period of office and appoint another qualified person in his place. The person so appointed shall hold office during such time as the Director in whose place he is appointed would have held the same if he had not been removed. | increase or reduce the number of Directors |
| 153 | A | A person who is not a retiring Director shall, in accordance with and subject to the compliance of provisions of Section 257 of the Act and provisions of the Articles, be eligible for appointment to the office of Director at any General Meeting. | Right of persons other than retiring Directors to stand for Directorship |
| | B | The Company shall comply with the provisions of said Section 257 of the Act in case of such an appointment. | |
| 154 | A | No person, not being a retiring Director, shall be eligible for appointment to the office of Director at any General Meeting unless he or some other member intending to propose him has, not less than fourteen days before the meeting, left at the office of the company, a notice in writing under his hand signifying his candidature for the office of Director for that office under these Articles, along with a deposit of such sum as may be fixed by the Act, which shall be refunded to such person or, as the case may be, to such member if the person succeeds in getting elected as a Director. | Notice of Candidate for office of Director except in certain cases |
| | B | Every person (other than a Director retiring by rotation or otherwise) or a person who has left at the office of the Company a notice under section 257 of the Act signifying his candidature for the office of a Director) proposed as a candidate for the office of a Director shall sign and file with the Company, his consent in writing to act as a Director, if appointed. | |
| | C | A person other than a Director re-appointed after retirement by rotation or immediately on the expiry of his term of office, or an Additional or Alternate Director, or a person filling a casual vacancy in the office of a Director under section 262 of the Act, appointed as a Director or re-appointed as an Additional or Alternate Director, immediately on the expiry of his term of office shall not act as a Director of the Company, unless he has within thirty days of appointment signed and filed with the Registrar his consent in writing to act as such Director. | |
| 155 | A | The Company may (subject to the provision of Section 284 of the Act and other applicable provisions of the Act and these Articles) remove any Director before the expiry of his period of office. | Removal of Director |
| | B | Special notice as provided by the Articles or Section 190 of the Act shall be given of any resolution to remove a Director under this Article or to appoint some other person in place of a Director so removed at the meeting as which he is removed. | |
| | C | On receipt of notice of a resolution to remove a director under this Article, the Company shall forthwith send a copy thereof to the Director concerned and the Director concerned (Whether or not he is a Member of the Company) shall be entitled to be heard on the resolution at the meeting. | |
| | D | Where notice is given of resolution to remove a Director under this Article, and the Director concerned makes with respect thereto representations in writing to the Company (not exceeding a reasonable length) and requests its notification to Members of the Company, the Company shall, unless the representations are received by it too late for it to do so (i) in the notice of the resolution given to Members of the Company state the fact of the representations having been made, and (ii) send a copy of the representations to every Member of the Company, and if a copy of the representation is not sent as aforesaid because they were received too late or because of the Company's default, the Director may without prejudice to his right to be heard orally require that copies of the representations shall be read out at the meeting. Provided that copies of the representations need not be sent or read out at the meeting if on the application either of the Company or of any other person who claims to be aggrieved, the Court is satisfied that the rights | |

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| | | conferred by this sub-clause are being abused to secure needless publicity for defamatory matter. | |
| | E | A vacancy created by the removal of director under this Article may, if he has been appointed by the company in General Meeting or by the Board in pursuance of the Articles or section 262 of the Act, be filled by the appointment or another director in his stead by the meeting at which he is removed, provided special notice of the intended appointment has been given under sub-clause (B) hereof. A director so appointed shall hold office until the date up to which his predecessor would have held office if he had not been removed as aforesaid. | |
| | F | If the vacancy is not filled under sub-clause (E) hereof, it may be filled as casual vacancy in accordance with the provisions, in so far as they are applicable to the Articles or Section 262 of the Act, and all the provisions of the said Act in all respects thereof shall accordingly apply. | |
| | G | A Director who has removed from office under this Article shall not be re-appointed as a director by the Board of Directors. | |
| | H | Nothing contained in this Article shall be taken : | |
| | | i) as depriving a person removed hereunder of any compensation or damages payable to him in respect of the termination of his appointment as director or of any appointment terminating with that as Director; or | |
| | | ii) as derogating from any power to remove a Director which may exist apart from this Article. | |
| 156 | A | The Company shall keep at its Office a Register containing the particulars of its Directors, Secretary and other persons mentioned in Section 303 of the Act, and shall otherwise comply with the provisions of the said section in all respects. | Register of Directors etc. and notifications of change, to Registrar |
| | B | The Company shall in respect of each of its Directors also keep at its office a Register, as required by Section 307 of the Act, and shall otherwise duly comply with the provisions of the said section in all respects. | Registrar of shares or debentures held by Directors |
| 157 | A | Every Director including a person deemed to be a Director (by virtue of the Explanation (1) to sub-section (1) of Section 303 of the Act), Managing Director, Manager, or Secretary of the Company shall within twenty days of his appointment to any of the above offices in any other Body Corporate, disclose to the Company the particulars relating to his office in the other body corporates which are required to be specified under sub-section (2) of Section 303 of the Act. | Disclosure by Director of appointment to any other Body Corporate |
| | B | Every Director of the Company and every person deemed to be a Director of the Company by virtue of Sub-Section (10) of Section 307 of the Act, shall give notice to the Company of such matters as may be necessary for the purpose of enabling the Company to comply with the provisions of that Section and Section 308 of the Act. | Disclosure by Director of his holdings of shares and debentures of the Company etc. |
| 158 | | MANAGING DIRECTOR | |

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| | A | Subject to the provisions of the Act and these Articles, the Board shall have the power to appoint from time to time any of its members as Managing Director or Managing Directors of the Company for a fixed term not exceeding five years at a time and upon such terms and conditions as the Board thinks fit, and the Board may by resolution vest in such Managing Director or Managing Directors/Whole time Director(s) and Special Directors such of the powers hereby vested in the Board generally as it thinks fit, and such powers may be made exercisable for such period or periods, and upon such conditions and subject to such restrictions as it may determine. The remuneration of such Directors may be by way of monthly remuneration and/or fee for each meeting and/or participation in profits, or by any or all of those modes, or of any other mode not expressly prohibited by the Act. Provided that, subject to the provisions of Section 198, 269, 309, 310 and 311 of the Act, the appointment and payment of remuneration shall be subject to the approval of members in General Meeting and of the Central Government, if required. | The Board to appoint Managing Director/s |
| | | Managing Director or Managing Directors shall not in any event exercise the powers to: | Restriction of Management |
| 159 | A | Make calls on shareholders in respect of money unpaid on the shares or debentures of the Company; | |
| | B | issue debentures and except to the extent mentioned in a resolution passed at the Board Meeting under Section 292 of the Act, shall also not exercise the power to; | |
| | C | borrow money, otherwise than on debentures; | |
| | D | invest the funds of the Company; and | |
| | E | make loans. | |
| 160 | | The company shall not appoint or employ, or continue the appointment or employment, of a person as its Managing or Whole-time Director who :- | Certain Persons not to be appointed Managing Director |
| | A | is an undischarged insolvent or has at any time been adjudged an insolvent; | |
| | B | suspends, or has at any time suspended, payment to his creditors, or makes or has at any time made a composition with them; or | |
| | C | is, or has at any time been, convicted by a court of an offence involving moral turpitude. | |
| 161 | | A Managing Director shall not while he continues to hold that office be subject to retirement by rotation, in accordance with Article. If he ceases to hold the office of director he shall ipso facto immediately cease to be a Managing Director. | Special position of Managing Director |
| 162 | | WHOLE TIME DIRECTOR | |
| | A | Subject to the provisions of the Act and of these Articles, the Board may from time to time appoint one or more of its Director/s or other person/s as Whole-Time Director or Whole-Time Directors of the Company out of the Directors or persons nominated under Article for a fixed term that the Board may determine upon such terms and conditions as the Board may determine or permanently for life time upon such terms and conditions as the Board thinks fit. The Board may by ordinary resolution and / or an agreement/s vest in such Whole-Time Director or Whole Time Directors such of the powers authorities and functions hereby vested in the Board generally as it thinks fit and such powers may be made exercisable and for such period of periods and upon such conditions and subject to such restrictions as it may be determined or specified by the Board and the Board has the powers to revoke, withdraw, alter or vary all or any of such powers and / or remove or dismiss him or them and appoint another or others in his or their place or places again out of the Directors / persons nominated under the Articles only. The Whole Time Director or Whole Time Directors will be entitled for remuneration as may be fixed and determined by the Board from time to time either by way of | Power to appoint Whole Time Director and/or Whole-time Directors |

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| | | ordinary resolution or a Court act/s or an agreement/s under such terms not expressly prohibited by the Act. | |
| | B | Subject to the provisions of Section 255 of the Act and these Articles, a Whole Time Director or Managing Director shall not, while he/they continue to hold that office, be liable to retirement by rotation but (subject to the provisions of any contract between him/they and the Company) he/they shall be subject to the same provision as to resignation and removal as the other Directors, and he/they shall ipso facto and immediately ceases or otherwise under the sees to hold the office of Director/s for any reason whatsoever save that if he/they shall vacate office whether by retirement, by rotation or otherwise under the provisions of the Act any Annual General Meeting and shall be re-appointed as a Director of Directors at the same meeting he/they shall not by reason only of such vacation, cease to be a Whole Time Director or Whole Time Directors. | To what provisions Whole time Directors shall subject |
| 163 | | PROCEEDINGS OF THE BOARD OF DIRECTORS | |
| | A | The Directors may meet together as a Board for the dispatch of business from time to time, and shall so meet at least once in every three months and at least four such meetings shall be held in every year. The Directors may adjourn or otherwise regulate their meeting as they think fit. | Meeting of Directors |
| | B | A reasonable period of prior notice of every meeting of the Board shall be given in writing to every Director for the time being in India, and at his usual address in India, to every other Director. Notice may be given by telegram, cable, telex or other means of communications to any Director who is not in India and a Notice sent by registered airmail shall confirm the same. | Notice of Meetings |
| | C | Subject to the Section 287 of the Act, the quorum for a meeting of the Board shall be one-third of its total strength (excluding Director, if any, whose places may be vacant at the time) any fraction contained in that one-third being rounded off as one), or two Directors, whichever is higher, provided that where at any time the number of interested Directors exceeds or equal to two-third of the total strength the number of the remaining Directors, that is to say, the number of Directors who are not interested present at the meeting being not less than two, shall be the quorum during such time. | Quorum |
| | D | If a meeting of the Board could not be held for want of a quorum, than the meeting, subjects to Section 288 of the Act, shall automatically stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place or such day, time and place as may be fixed by the Chairman and the Directors present at the meeting. | Adjournment of meeting for want of quorum |
| | E | The secretary shall, as and when directed by the Chairman to do so, convene a meeting of the Board by giving a notice in writing to every Director. | When meeting to be convened |
| | F | The Board may from time to time elect from among their number, a Chairman of the Board and determine the period for which he is to hold office. The Directors may likewise appoint from among their number a Vice-Chairman and determine the period for which he is to hold office. If at any meeting of the Board, the Chairman and the Vice-Chairman are not present within fifteen minutes after the time appointed for holding the same or is unwilling to act as Chairman, the Directors may choose one of their number to be Chairman of the Meeting. | Chairman |
| | G | Subject to the provisions of the Act and of these Articles, question arising at any meeting of the Board of Directors shall be decided by a majority or votes and in the case of equality of votes, the Chairman shall have a second or a casting vote. | Questions at Board Meeting how decided |
| | H | A meeting of the Board for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions which by or under the Act or the Articles of the Company are for the time being vested in or exercisable by the Board generally. | Powers of Board Meeting |
| 164 | A | Subject to the restrictions contained in Section 292 and other applicable provisions of the Act, the Board may delegate any of their powers to a committee of Directors consisting of such Director or Directors or one or more Director and a Member or Members of the Company as it thinks fit or to | Directors may appoint Committee |

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| | | the Managing Director, Manager or any other Principal Officer of the Company or a Branch Officer or to one or more of them together and it may from time to time revoke and discharge any such committee of the Board either wholly or in part, and either as to purpose or purposes, but every committee of the Board so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such committee of the Board in Conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board. | |
| | B | The meeting and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, so far, as the same are applicable thereto and are not superceded by any regulations made by the Directors under the last preceding Article. | Meeting of Committee, how to be governed |
| 165 | | No resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation, unless the resolution has been circulated in draft, together with the necessary papers, if any, to all the Directors, or to all the Members of the Committee, then in India (not being less in number than the quorum fixed for a meeting of the Board or Committee, as the case may be) and to all other Directors or Members of the Committee, at their usual address in India and has been approved by such of the Directors or Members of the Committee as are then in India, by a majority of such of them, as are entitled to vote on the resolution. | Resolution by circulation |
| 166 | | All acts done by any meeting of the Board or by a Committee of the Board, or by any person acting as a Director shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Director or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such persons had been duly appointed and was qualified to be Director and had not vacated his office or his appointment had not been terminated, provided that nothing in his Article shall be deemed to revive validity to acts done by a Director after his appointment has been shown to the company to be invalid or to have terminated. | Acts of Board or Committee valid notwithstanding informal appointment |
| 167 | A | The Company shall cause Minutes of all proceedings of every meeting of the Board and committee thereof to be kept by making within thirty days of the conclusion of every such meeting entries thereof in books kept for that purpose with their pages consecutively numbered. | Minutes of proceedings of meetings of the Board |
| | B | Each page of every such book shall be initialled or signed and the last page of they record or proceedings of every meeting in such book shall be dated and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting. | |
| | C | In no case the minutes of proceedings of a meeting be attached in any such book as aforesaid by pasting or otherwise. | |
| | D | The minutes of each meeting shall contain a fair and correct summary of the proceeding thereat. | |
| | E | All appointments of officers made at any of the meeting aforesaid shall be included in the Minutes of the meeting. | |
| | F | The minutes shall also contain :- | |
| | | i) the names of the Directors present at the meeting, and | |
| | | ii) in the case of each resolution passed at the meeting, the names of the Directors, if any, dissenting from or not concurring in the resolution. | |
| | G | Nothing contained in sub-clauses (A) to (F) shall be deemed to require the inclusion in any such Minutes of any matter which, in the opinion of the Chairman of the meeting :- | |
| | | i) is, or could reasonably be regarded as defamatory of any person; or | |
| | | ii) is irrelevant or immaterial to the proceedings; or | |
| | | iii) is detrimental to the interests of the Company; | |

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| | H | The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in this sub- clause and the decision of the Chairman shall be final and binding. | |
| | I | Minutes of any meeting of the Board of Directors or of any committee of the Board if purporting to be signed by the Chairman of such meeting or by the Chairman of the next succeeding meeting shall be, for all purposes whatsoever, prima facie evidence of the actual passing of the resolutions recorded and the actual and regular transaction of occurrence of the proceedings so recorded and the regularity or the meeting at which the same shall appear to have been taken place. | |
| 168 | | Where minutes of the proceedings of any meeting of its Board of Directors or of a Committee of the Board have been kept in accordance with the provisions of Section 193 of the Act, then, until the contrary is proved, the meeting shall be deemed to have been duly called and held, and all proceedings thereat to have duly taken place and in particular all appointments of Director or Liquidators made at the meeting shall be deemed to be valid and the minutes shall be evidence of the proceedings recorded therein. | Presumptions to be drawn where minutes duly drawn and signed |
| 169 | | POWERS OF DIRECTORS | |
| | A | The Board may exercise all such powers of the Company and do all such acts and things as are not, by the Act, or any other Act or by the Memorandum or by the Articles of the Company required to be exercised by the Company in General Meeting, but subject nevertheless to these Articles, to the provisions of the Act, or any other Act and to such regulations being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by the Company in General Meeting, but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made. | Power of Directors |
| | | Provided that the Board shall not, except with the consent of the Company in General Meeting :- | |
| | | i) sell, lease or otherwise dispose of the whole, or substantially the whole of the undertaking of the Company, or where the Company owns more than one undertaking, or the whole, or substantially the whole, of any such undertaking; provided that nothing herein contained shall affect the selling or leasing of any property of the Company when the ordinary business of the Company consists of, or comprises, such selling or leasing; | |
| | | ii) remit, or give time for the repayment of any debt due by a Director; | |
| | | iii) invest otherwise than in trust securities the amount of compensation received by the Company in respect of compulsory acquisition of such undertaking as is referred to in clause (i) above, or of any premise or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or any after a considerable time; | |
| | | iv) borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose. | |
| | | v) Contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees in excess of limits laid down by Section 293 of the Act. | |
| 170 | | Due regards and compliance shall be observed in regard to the matters dealt with by Section 293A of the Act. | Political Contributions |
| 171 | | Without prejudice to the general powers conferred by the last proceeding Article and so as not in any way to limit or restrict these powers, and without prejudice to the other powers conferred by these Articles, but subject to the restriction contained in the last proceeding Article, it is hereby declared that the Directors shall have the following powers, that is to say power :- | Certain powers of the Board |
| | | i) To pay the costs, charges and expenses preliminary and incidental to the | |

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| | | promotion, formation, establishment and registration of the Company; | |
| | ii) | To pay and charge to the capital account of the Company any commission or interest lawfully payable there out under the provisions of Sections 76 and 208 of the Act; | |
| | iii) | Subject to Section 292 and 297 of the Act, to purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorized to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit; and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory; | |
| | iv) | At their discretion and subject to the provision of the Act to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially, in cash or in shares, bonds, debentures, mortgages, or other securities of the Company, and any such shares may be issued either as fully paid-up or with such amount as paid-up thereon as may be agreed upon; and any such bonds, debentures, mortgages, or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled up capital or not so charged; | |
| | v) | To secure the fulfillment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for time being or in such manner as they may think fit; | |
| | vi) | To appoint any person to accept and hold in trust for the Company any property belonging to the Company, in which it is interested, or for any other purpose, and to execute and do all such deeds and things as may be required in relation to any trust, and to provide for the remuneration of such trustee or trustees; | |
| | vii) | To institute, conduct, defend, compound, or abandon any legal proceedings by or against the Company or its officers, or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts, dues and of any claims or demands by or against the Company and to refer any differences to arbitration and observe and perform any awards made thereon; | |
| | viii) | To act on behalf of the Company in all matters relating to bankrupts and insolvents; | |
| | ix) | To make and give receipts, releases, and other discharges for moneys payable to the Company and for the claims and demands of the Company; | |
| | x) | Subject to the provisions of Section 292, 293(1)(C), 295, 369, 370, 372 and 373 of the Act, to invest and deal with any moneys of the Company not immediately required for the purposes thereof upon such security (not being shares of this Company) or without security and in such manner as they may think fit and from time to time vary or realise such investments. Save as provided in Section 49 of the Act all investments shall be made and held in the Company's own name; | |
| | xi) | To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or security, for the benefit of the Company, such mortgages of the Company's property (present and future) as they think fit; and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon; | |
| | xii) | To determine from time to time who shall be entitled to sign on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purposes; | |
| | xiii) | To distribute by way of bonus amongst the staff of the Company a share or shares in the profits of the Company, and to give to any officer or | |

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| | | other person employed by the Company commission in the profits of any particular business or transaction; and to charge such bonus or commission as part of the working expenses of the Company; | |
| | | xiv) To provide for the welfare of Directors or employees or ex-employees of the Company and their wives, widows and families or the dependents or connections of such persons, by building or contributing to the building of houses, dwelling or chawls, or by grants of money, pension, gratuities, allowances, bonus or other payments, or by creating, and from time to time subscribing or contributing to provident fund and other association, funds or trusts and by providing or subscribing or contributing towards places of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit, and subject to Section 293 (1)(C) to subscribe or contribute or otherwise assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or objects which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of public and general utility or otherwise. | |
| | | xv) Before recommending any dividend, to set aside out of the profits of the Company such sums as they may think proper for depreciation or to depreciation Fund, or to an Insurance Fund, or as a Reserve Fund or Sinking Fund or any Special Fund, to meet contingencies or to repay debentures, or debenture-stock, or redeemable preference shares or for special dividends or for equalizing dividends or for repairing, improving, extending and maintaining any of the property of the Company and for such other purpose (including the purposes referred to in the preceding clause), as the Board may in the absolute discretion, think conducive to the interest of the Company, and subject to Section 292 of the Act, to invest the several sums so set aside or so much thereof as required to be invested and disposed off and apply and expand all or part thereof for the benefit of the Company in such manner and for such purposes as the Board in their absolute discretion, think conducive to the interest of the Company notwithstanding that the matters to which the Board may apply or upon which they may expend the same, or any part hereof, may be matters to or upon which the capital moneys of the Company might rightly be applied or expended, and to divide the Reserve Fund into such special funds as the Board may think fit, with power to transfer the whole or any portion of a Reserve Fund or division of a Reserve Fund and with full power to employ the assets constituting all or any of the above funds, including the Depreciation Fund, in the business of the Company or in the purchase or repayment of debentures or debenture-stock, and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with power however to the Board at their discretion to pay or allow to the credit to such funds interest at such rate as the Board may think proper, not exceeding nine percent per annum. | |
| | | xvi) To appoint, and at their discretion remove or suspend such managers, secretaries, assistants, supervisors, clerks, agents and servants for permanent, temporary or services as they may from time to time think fit, and to determine their power and duties and fix their salary or emoluments or remuneration and to require security in such instances and to such amount as they may think fit and also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit; and the provisions contained in four next following sub clauses shall be without prejudice to the general powers conferred by this sub clause; | |
| | | xvii) To comply with the requirements of any local law which in their opinion it shall in the interest of the Company be necessary or expedient to comply with; | |
| | | xviii) From time to time and at any time to establish any local Board for | |

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| | | managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any persons to be members of such Local Board, and to fix their remuneration; | |
| | | xix) Subject to Section 292 of the Act, from time to time, and at any time, to delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Board, other than their power to make calls or to make loans or borrow monies and to authorize the Members for the time being of any such Local Board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation may be made on such terms and subject to such conditions as the Board may think fit, and the Board may at any time remove any person so appointed, and may annul or vary any such delegation; | |
| | | xx) At any time and from time to time by Power of Attorney under the Seal of the Company to appoint any person or persons to be the Attorney or Attorneys of the Company for such purposes and with such powers, authorities and discretions (including exceeding those vested in or exercisable by the Board under these present and excluding the power to make calls and excluding also except in their limits authorised by the Board the power to make loans and borrow money) and for periods and subject to such conditions as the Board may from time to time think fit, and any such appointment may (if the Board thinks fit) be made in favour of the member or any of the members or any of the members of any Local Board, established as aforesaid or in favour of any Company, or the shareholders, directors, nominees, or managers of any Company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such Power of Attorney may contain such Powers for the protection or convenience of persons dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegates or attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them; | |
| | | xxi) Subject to Section 294, 297 and 300 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient and generally subject to the provisions of the Act and these Articles to delegate the powers or authorities and discretions vested in the Directors to any person, firm, Company or fluctuating body of person as aforesaid; | |
| | | xxii) From time to time to make, vary and repeal bye-laws for the regulation of the business of the Company, its officers and servants; | |
| 176 | | THE SEAL | |
| | A | The Board shall provide a Common Seal for the purposes of the Company, shall have powers 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 Committee of the Board, previously given. | The Seal, its custody and use |
| | 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. | |
| | C | Every deed or other instrument, to which the Seal of the Company is required to be affixed shall be signed by One Director and the Secretary or some other person appointed by the Board for the purpose provided that in respect of the Share Certificate the Seal shall be affixed in accordance with the Articles. | Deeds how executed |
| 177 | | DIVIDENDS | |
| | A | Subject to the provision of Section 205 of the act and the rules made there under, the profits of the Company, subject to any special rights relating thereto created or authorized to be created by these Articles and subject to the provision of these Articles, shall be divisible among Members in proportion to | Division of profits |

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| | | the amount of capital paid-up or credited as paid-up on the shares held by them respectively. | |
| | B | The Company in General Meeting may declare dividends to be paid to Members according to their respective rights but no dividends shall exceed the amount recommended by the Board, but the Company in General Meeting may declare a smaller dividend. | The Company in General Meeting may declare a dividend |
| | C | No dividend shall be declared or paid except in accordance with Section 205 and Section 205 A of the Act and no dividend shall carry interest as against the Company. The declaration of the Board as to the amount of profits of the Company shall be conclusive. Where a dividend has been declared, either the dividend shall be paid or the warrant in respect thereof shall be posted to the shareholder entitled to the payment of the dividend within time prescribed under Section 207 of the Act. | Dividends only not to be paid out of profit |
| | D | No dividend shall be paid by the Company in respect of any share except to the registered holder of such share or to his order or to his banker. | Dividend payable to Registered holders |
| | E | Subject to the provision of the Act, the Board may, from time to time pay to the Members such interim dividend as in their judgment the position of the Company justifies. | Interim Dividend |
| | F | Where Capital is paid in advance of calls, such capital may carry interest but shall not in respect thereof confer a right to dividend or participate in profits. | Capital paid-up in advance at interest, not to earn dividend |
| | G | All dividends shall be apportioned and paid proportionately to amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividends as from a particular date, such share rank for dividend accordingly. | Dividends in proportion to amount paid up |
| | H | Subject to the provisions of the Act, where any instrument of transfer of shares has been delivered to the Company for registration and the transfer of such shares has not been registered by the company, notwithstanding anything contained in any other provisions of the Act, the company shall: (a) transfer the dividend in relation to such shares to the special account referred to Section 205-A unless the Company is authorized by the registered holder of such shares in writing to pay such dividend to the transferee specified in such instruments of transfer, and (b) keep in abeyance in relation to such shares any offer of rights shares under section 81 (1) (a) and any issue of fully paid bonus shares in pursuance of section 205 (3) of the Act. | Right to dividend rights / Bonus shares to be held in abeyance pending registration of transfer |
| | I | A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer. | Transfer of shares must be registered |
| | J | Any one of several persons who are registered as the joint-holders of any share may give effectual receipts for all dividends or bonus and payments on account of dividends or bonus or other moneys payable in respect of such shares. | Dividend etc. to joint holders |
| | K | No member shall be entitled to receive payment of any interest or dividend in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or shares or otherwise on any other account whatsoever, either alone or jointly with any other person or persons, and the Board may deduct from the interest or dividend payable to any Member all sums of money so due from him to the Company. | No member to receive dividend whilst indebted to the Company and Company's right of reimbursement there out |

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| | L | Unless otherwise directed any dividend may be paid by cheques or warrant or by a pay slip or receipt having the force of a cheque or warrant sent through the post of the registered address of the Member or person entitled or in case of joint-holders to that one of them first named in the Register in respect of the joint-holding. Every such cheques or warrant or pay-slip shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transmission, or for any dividend lost to the Member or person entitled thereto by the forged endorsement of any cheque or warrant or the forged signature of any pay slip or receipt or the fraudulent recovery of the dividend by any other means. When a dividend cheque, warrant, pay slip or receipt is so posted the Company shall be deemed to have paid the dividend to the person entitled to it. | Dividend how Remitted |
| | M | Any General Meeting declaring a dividend, may, on the recommendation of the dividend, make a call on the Member of such amount as the meeting fixes, but so that the call on each Member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend; and the dividend may, if so arranged between the Company and the Member be set off against the calls. | Dividend and call together |
| | N | Subject to the provision of the Act, no unpaid dividend shall bear the interest as against the Company. | No interest on dividend |
| | O | Save as stated in Article 255, no dividend shall be payable except in cash. Provided that nothing in this Article shall be deemed to prohibit the capitalization of profits or reserves of the Company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on any shares held by the members of the Company. | Dividend to be payable in cash |
| | P | Subject to the provisions of Section 205 of the Act and if and in so far as may not be prohibited by that Section or any of the provisions of the Act, any General Meeting sanctioning or declaring a dividend in terms of these Articles may direct payment of such dividend, wholly or in part, by the distribution of partly or fully paid up, shares and the Directors shall give effect to such direction and where any difficulty arises in regard to the distribution, they may settle the same as they think expedient, and in particular may issue fractional certificates or that fractions of less value than Rupee one may be disregarded, in order to adjust the right of the parties and may vest any such shares, in trustees upon such trusts for the person entitled to the dividend as may seem expedient to the Directors. When required the Directors shall comply with Section 75 of the Act and the Directors may appoint any person to sign any contract thereby requires on behalf of the persons entitled to the dividend and such appointment shall be effective. | Special provisions in respect of dividend |
| 178 | A | The Company in General meeting may, upon recommendation of the Board resolve that it is desirable to capitalize any undivided profits of the Company not required for paying the fixed dividends on any Preference shares (including profits carried and standing to the credit of any reserve or reserves or other special account and profit arising from the realization of any capital assets or the issue of shares at a premium) and accordingly that the Directors be authorised to the member who would have been entitled to receive the same had such sums been distributed by way of dividends in accordance with their rights, and to apply such profits on their behalf on the footing that they become entitled thereto as capital either in or towards paying up the amount, if any, for the time being unpaid on any shares by such members respectively, or in paying up in full un-issued shares, debentures or securities of the Company of a nominal amount equal to such profits, such shares, debentures or securities to be allotted and distributed, credited, as fully paid-up, to and amongst such members in the proportion aforesaid, or partly in one way and partly in other. Whenever such resolution as aforesaid shall have been passed, the Directors shall make all appropriations and applications of the undivided profits resolved to be capitalized thereby, and all the allotments and issues of fully paid shares, debentures or securities, if any, and generally shall do all acts and things required to give effect thereto with full power to the Directors | Capitalisation of profits and reserves |

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| | | to make such provisions by the issue of fractional certificates or by payment in cash or otherwise as they think fit for the case of shares, debentures or securities becoming distributable in fraction and also to authorise any person to enter on behalf of all the members in to an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares to which they may be entitled upon such capitalisation, or (as they case may require) for the payment by the Company on their behalf by the application thereto of their respective proportions of the profits resolved to be capitalized of the amounts or any parts of the amounts remaining unpaid on their existing shares, and any agreement made under such authority shall be effective and binding on all such members. | |
| | B | If the Company shall have redeemed any redeemable preference shares, all or any part of any capital redemption fund arising from the redemption of such shares may by resolution of the Company be applied in paying up in full or in part any new shares or any shares then remaining un-issued to be issued such members of the Company or other persons as the Directors may resolve up to an amount equal to the nominal amount of the shares so issued. | |
| | | INTEREST OUT OF CAPITAL | |
| 179 | | Where any shares in the Company are issued for the purpose of raising money to defray the expenses of construction of any work or building, or the provisions of any plant, which can not be made profitable for a lengthy period, the Company may pay interest on so much of that Share Capital as is for the time being paid up, for the period and at the rate and subject to the conditions and restrictions provided by Section 208 of the Act, and may charge the same to capital as part of the cost of construction of the work or building, or the provisions of plant. | Interest may be paid out of capital |
| 190 | | DOCUMENTS AND NOTICES | |
| | A | A document or notice may be served or given by the Company on any Member either personally or be sending it by post to him to his registered address or (if he has no registered address in India) to the address, if any, in India supplied by him to the Company for serving documents or notices on him. | Service of documents or notice on Members by Company |
| | B | Where a document or notice is sent by post, service of the document or notice shall be deemed to be effected by properly addressing, preparing and posting a letter containing the document or notice, serving shall be deemed to have been effected in the case of a notice of a meeting, at the expiry of forty-eight hours after the letter containing the document or notice is posted and in any other case, at the time at which the letter would be delivered in the ordinary course of post. | |
| | C | Where a member has intimated to the Company in advance that documents should be sent to him under a certificate of posting or by Registered Post with or without acknowledgement due, and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the documents shall not be deemed to be effected unless it is sent in the manner intimated by the member. | |
| | C | A document or notice advertised in a newspaper circulating in the neighbourhood of the Office shall be deemed to be duly served or sent on the day on which the advertisement appears on every Member who has no registered address in India and has not supplied to the Company any address within India for the serving of documents on or the sending of notices to him and shall be deemed to have been given on the day on which the advertisement shall first appear. | By Advertisement |
| | D | A document or notice may be served or given by the Company on or to the joint-holders of a share of serving or giving the document or notice to the joint-holder named first in the Register of Members in respect of the shares. | On joint holders |
| | E | A document or notice may be served or given by the Company on or to the persons entitled to a share in consequence of the death or insolvency of a Member by sending it through the post in prepaid letter addressed to them by name or by the title of representatives of the deceased, or assignee of the insolvent or by any like description, at the address (if any) in India supplied | On personal representatives etc. |

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| | | for the purpose by the persons claiming to be entitled, or until such an address has been so supplied by serving the document or notice in any manner in which the same have been given if the death or insolvency had not occurred. | |
| | F | Documents or notices of every General Meeting shall be served or given in same manner hereinbefore authorized or to (a) every member, (b) every person entitled to a share in consequence of the death or insolvency of a Member, and (c) the Auditor or Auditors for the time being of the Company. | To whom documents or notices must be served or given |
| | G | Every person who, by operation of law, or other means whatsoever, shall become entitled to any share, shall be bound by every document or notice in respect of such share, which previously to his name and address being entered on the Register of Members, shall have been duly served on or given to the person from whom he derives his title to such shares. | Members bound by documents or notices served on or given to previous holders |
| | H | Any document or notice to be served or given by the Company may be signed by a Director, or some person duly authorized by the Board of Directors for such purpose and the signature thereto may be written, printed or lithographed. | Documents or notice by Company and signature thereto |
| | I | A notice may be served on the Company or any Officer thereof by sending it to the Company or Officer at the Registered Office of the Company by post under a certificate of posting or by registered post, or by leaving it at its Registered Office. | Service of document or notice by Members |
| 193 | | WINDING UP | |
| | A. | Subject to the provisions of the Act, if the Company shall be wound up and the assets available for distribution among the members are such be less than sufficient to repay the whole of the paid up capital such assets shall be distributed so that, as nearly, as may be the losses shall be borne by the members in proportion to the Capital paid up, or which ought to have been paid up, at the commencement of winding up, on the shares held by them respectively. And if in winding up, the assets available for distribution amongst the members shall be more than sufficient to repay the whole of the Capital paid up at the commencement of winding up the excess shall be distributed amongst the members in proportion to the Capital at the commencement of the winding up or which ought to have been paid up on the shares held by them respectively. | Winding up |
| | B. | But this clause will not prejudice the rights of the holders of shares issued upon special terms and conditions. | |
| | C. | Subject to the provisions of the Act if the Company shall be wound up whether voluntarily or otherwise the liquidator may with the sanction of a Special Resolution and any other sanction required by the Act, divide amongst the contributories, in specie or kind the whole or 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 contributories or any of them as the liquidators with the like sanction shall think fit. | Distribution in specie or in kind |
| 194 | | INDEMNITY AND RESPONSIBILITY | |
| | A. | The representations, warranties, indemnities and covenants specified the Agreement shall survive and continue to be in full force and effect for a period of 4 (four) years from the Closing Date. Any claims brought in relation to the relevant representation or warranty after the expiry of the relevant period as aforesaid shall be void and unenforceable. | |
| | B. | The Company and the Promoter agrees to, jointly and severally, indemnify, defend and hold harmless BCCL and its lawful successors and permitted assigns from and against any and all losses, liabilities, claims, damages, costs and expenses, including reasonable legal fees and disbursements in connection therewith (collectively "Claims") incurred by BCCL, which directly arise out of, result from or may be payable by virtue of any breach of any representation, or warranty made by the Promoter and/or the Company, or any covenants or agreements made or obligations required to be performed by the Promoter and/or the Company pursuant to this Articles, provided that (i) the indemnity as aforesaid shall relate only to actual losses directly incurred by BCCL and its lawful successors and permitted assigns by virtue of any breach of any representation, or warranty made by the | |

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| | | Company and/or the Promoter's covenants or agreements made or obligations required to be performed by the Company and/or the Promoter pursuant to this Articles; and (ii) any claim for indemnity pursuant to this Articles shall be made by the BCCL and its lawful successors and permitted assigns by notice in writing to the Company and the Promoter. | |
| | C. | BCCL agrees to indemnify, defend and hold harmless the Promoter, the Company and their respective successors and permitted assigns from and against all or any Claims asserted against or incurred by them or any of them, which directly arise out of, result from or may be payable by virtue of any breach of any representation, warranty, covenant or agreement made or obligation required to be performed by BCCL pursuant to this Articles provided that: (i) the indemnity as aforesaid shall relate only to actual losses directly incurred by the Promoter, the Company and their successors and permitted assigns by virtue of any breach of any representation, warranty, covenant or agreement made or obligation required to be performed by BCCL pursuant to this Articles; and (ii) any claim for indemnity pursuant to this Article shall be made by the Promoter, the Company and their successors and permitted assigns by notice in writing to BCCL. | |
| | D. | In the event the Indemnified Party (either BCCL and its lawful successors and permitted assigns pursuant to Article 194 B or the Promoter, or the Company, their successors and permitted assigns pursuant to Article 194 C) receives any notice or communication from any third party in relation to any Claim, the Indemnified Party shall promptly notify the Indemnifying Party (either the Company and the Promoter pursuant to Article 194 B or BCCL pursuant to Article 194 C) of such Claim. The Indemnified Party shall not admit compromise or settle the Claim without the prior written consent of the Indemnifying Party. The Indemnifying Party may, if it so desires, by notice to the Indemnified Party, decide to defend such Claim on its own. In such circumstances, the Indemnified Party shall provide all further information or records at its disposal that may be necessary for Indemnifying Party for this purpose. The Indemnifying Party's obligation to indemnify pursuant to this Article 194 shall arise immediately upon the Indemnified Party being required to make any payments or incur any liability pursuant to a Claim irrespective of any defence or right of appeal available to it. | |
| | E | The Indemnified Party shall procure that all reasonable steps are taken and all reasonable assistance is given to avoid or mitigate any losses, which in the absence of mitigation might give rise to a liability in respect of any claim for indemnity under this Article 194. | |
| | F | The Indemnifying Party shall not be liable in respect of any claim for indemnity in relation to any losses or damages suffered by the Indemnified Party to the extent of any corresponding financial savings by or net financial benefit to the Indemnified Party arising directly therefrom. | |
| 195 | | DIRECTOR'S AND OTHER'S RIGHT OF INDEMNITY | |
| | A | Subject to the provisions of Section 201 of the Act, every Director, Manager, Auditor and other Officer or Servant of the Company shall be indemnified by the Company against, and it shall be the duty of the Directors out of the Funds of the Company to pay all costs, losses and expenses which any such Director, Manager, Auditor or other Officer of Servant may incur or become liable to by reason of any contract entered into, or act or thing done by him as such Director, Manager, Auditor or other Officer or servant or in any way in the discharge of his duties including travelling, expenses and in particular and so as not to limit the generality of the forgoing provisions against all liabilities incurred by him as such Director, Manager, Auditor or other Officer in defending any proceedings, whether civil or criminal, in which judgment is given in his favor or he is acquitted, or in connection with any application under Section 633 of the Act in which relief is provided shall immediately attach as a lien on the property of the Company and have priority as between | Director's and other's right of indemnity |

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| | | the members over all other claims. | |
| | B | Subject to the provision of Section 201 of the Act, no Director, Manager, or other Officer of the Company shall be liable for the acts, receipts neglects or defaults of any other Director or Officer or for joining in any receipt or other Act for conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for and on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person with whom any moneys, securities or effect shall be deposited or for any loss occasioned by an error of judgment or oversight on his part, or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto unless the same happen through his own dishonest. | |

SECTION X: OTHER INFORMATION**MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which have been attached to the copy of the Red Herring Prospectus, delivered to the ROC for registration and also the documents for inspection referred to hereunder, may be inspected at the registered office of our Company situated at 375, J.S.S Road, 5th Floor, Vidyut, Mumbai – 400 002, Mumbai, India 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.

MATERIAL CONTRACTS

1. Letter of Appointment dated April 12, 2006 to Anand Rathi Securities Limited from our Company appointing it as BRLM.
2. Memorandum of Understanding dated December 28, 2006 between Allied Digital Services Limited and the BRLM.
3. Memorandum of Understanding dated April 21, 2006 executed by our Company with Registrar to the Issue.
4. Escrow Agreement dated June 7, 2007 between our Company, the BRLM, Escrow Collection Banks, and the Registrar to the Issue.
5. Syndicate Agreement dated June 7, 2007 between our Company, the BRLM and Syndicate Members.
6. Underwriting Agreement dated [●] between our Company, the BRLM and the Syndicate Members.

MATERIAL DOCUMENTS

1. Memorandum and Articles of Association of our Company as amended till date.
2. Certificate of incorporation of our Company dated February 10, 1995.
3. Resolutions of the Board dated December 28, 2006 and EGM Shareholders' resolutions dated January 02, 2007 in relation to this Issue and other related matters.
4. Resolutions of the Board dated January 22, 2007 approving this Draft Red Herring Prospectus and resolutions of the Board dated June 12, 2007 approving the Red Herring Prospectus and [●] the Prospectus.
5. Resolutions of the general body for appointment and remuneration of Company's whole-time Directors
6. Report of the statutory Auditors, K.M. Kapadia & Associates, Chartered Accountants, prepared as per Indian GAAP and mentioned in this Red Herring Prospectus
7. Copies of Annual Accounts of our Company.
8. General Powers of Attorney executed by the Directors of our Company in favour of person(s) for signing and making necessary changes to this Red Herring Prospectus and other related documents.
9. Consents of Auditors, Bankers to our Company, BRLM, Syndicate Members, Registrar to the Issue, Domestic Legal Advisor to the Issue, the Directors, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
10. In-principle listing approval dated March 01, 2007 and February 20, 2007 from the NSE and the BSE respectively.
11. Tripartite agreement between NSDL, our Company and the Registrar to the Issue dated March 14, 2007.

12. Tripartite agreement between CDSL, our Company and the Registrar to the Issue dated March 26, 2007.
13. Due diligence certificate dated January 22, 2006 to SEBI from Anand Rathi Securities Limited.
14. A copy of Tax Benefit Certificate dated May 16, 2007 from our Statutory Auditor, M/s K. M. Kapadia & Co. for the possible tax benefits available to our shareholders and our Company.
15. Share Purchase Agreement and Advertising Agreement entered with Bennett Coleman & Co. Ltd.
16. Shareholder's agreement between Company and CNT International Limited
17. Bank Sanction Letter dated December 19, 2006
18. Other Business Agreements
19. Listing Agreement dated [●] with [●]
20. Initial listing applications dated [●] and [●] filed with BSE and NSE respectively
21. SEBI observation letter bearing number CFD/DIL/ISSUES/NB/DM/94765/2007 dated May 29, 2007.

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

All the relevant provisions of the Companies Act 1956, and the guidelines issued by the Government of India or the guidelines issued the by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this 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. Our Company and the signatories mentioned below further certify that all statements in this Red Herring Prospectus are true and correct.

SIGNED BY ALL DIRECTORS

Shri Nitin D. Shah, Chairman & Managing Director*

Shri Prakash D. Shah, Executive Director & CFO

Shri Manoj Shah, Executive Director & CIO *

Dr. Om Prakash Chawla, Independent Director *

Dr. Shrikant Parikh, Independent Director *

Shri Shailesh Vaidya, Independent Director*

* Through the Power of Attorney given to Mr. Prakash Shah.

Date: June 21, 2007

Place: Mumbai

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