DRAFT RED HERRING PROSPECTUS
Dated March 18, 2008
Please read section 60B of the Companies Act, 1956
(The Draft Red Herring Prospectus will be updated upon filing with the RoC)
100% Book Building Issue

APOLLO HEALTH STREET LIMITED

(Our Company was originally incorporated on October 8, 1999 as "Apollo Health Street Limited" in Tamil Nadu with its registered office at No. 19, Bishop Gardens, Raja Annamalaipuram, Chennai – 600 028, Tamil Nadu, India and received its certificate of commencement of business on December 13, 1999. Pursuant to a special resolution of the members passed at an EGM held on April 21, 2005 and the consequent approval from the Central Government dated May 26, 2005, the Company was converted to a private limited company with effect from May 26, 2005 pursuant to Section 31 of the Companies Act and consequently the name of the Company was changed to "Apollo Health Street Private Limited". Further, pursuant to a special resolution of the members passed at an EGM held on January 13, 2007 and the consequent approval from the Central Government dated January 25, 2007, the Company was converted to a public limited company with effect from January 25, 2007 pursuant to Section 44 of the Companies Act and consequently the name of the Company was changed to "Apollo Health Street Limited".)

Registered Office: No. 19, Bishop Gardens, Raja Annamalaipuram, Chennai – 600 028, Tamil Nadu, India; Tel: (91 44) 2493 7720; Fax: (91 44) 2829 2104.
Corporate Office: Life Sciences Building, Apollo Hospitals Complex, Jubilee Hills, Hyderabad – 500 033, Andhra Pradesh, India; Tel: (9140) 4000 3892, Fax: (9140) 2355 4353
Company Secretary and Compliance Officer: Mr. Y. Uday Chandra, Life Sciences Building, Apollo Hospitals Complex, Jubilee Hills, Hyderabad – 500 033, Andhra Pradesh, India
Tel: (9140) 4000 3892, Fax: (9140) 2355 4353, E-mail: investors@apollohealthstreet.com; Website: www.apollohealthstreet.com

PUBLIC ISSUE OF 6,500,000 EQUITY SHARES OF RS. 10 EACH FOR CASH AT A PRICE OF RS [•] PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF RS. [•] PER EQUITY SHARE (THE "ISSUE") BY APOLLO HEALTH STREET LIMITED (THE "COMPANY OR "THE ISSUER"), AGGREGATING RS. [•] MILLION. THE ISSUE COMPRISES A NET ISSUE OF 6,300,000 EQUITY SHARES OF RS. 10 EACH (THE "NET ISSUE") AND A RESERVATION OF UP TO 200,000 EQUITY SHARES OF RS. 10 EACH FOR OUR ELIGIBLE EMPLOYEES (THE "EMPLOYEE RESERVATION PORTION"). THE ISSUE LESS THE EMPLOYEE RESERVATION PORTION IS REFERRED TO AS THE "NET ISSUE". THE ISSUE WOULD CONSTITUTE 20.63% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF THE COMPANY. THE NET ISSUE WILL CONSTITUTE 19.99% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF THE COMPANY.

* *The Company is considering a Pre-IPO placement with certain investors ("Pre-IPO Placement"). The Pre-IPO Placement is at the discretion of the Company. The Company will complete the issuance, if any, of such Equity Shares prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the Issue size offered to the public will be reduced to the extent of such Pre-IPO Placement, subject to a minimum Issue size of 10% of the post Issue capital being offered to the public.*

PRICE BAND: RS. [•] TO RS. [•] PER EQUITY SHARE OF FACE VALUE OF RS. 10.
THE FACE VALUE OF THE EQUITY SHARES IS RS. 10 AND THE FLOOR PRICE IS [•] TIMES OF THE FACE VALUE AND THE CAP PRICE IS [•] TIMES OF THE FACE VALUE

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

In terms of Rule 19(2)(b) of the Securities Contract Regulation Rules, 1957 ("SCRR"), this being an Issue for less than 25% of the post–Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue will be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to all QIBs including Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 60% of the Net Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, not less than 10% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Net Issue 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. Further, up to 200,000 Equity Shares shall be available for allocation on a proportionate basis to Eligible Employees, subject to valid Bids being received at or above the Issue Price.

RISK IN RELATION TO THE FIRST ISSUE

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

GENERAL RISKS

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

IPO GRADING

The Issue has been rated [•] by [•](pronounced [•]) indicating [•].For details see the section titled "General Information" beginning on page 14.

ISSUER'S ABSOLUTE RESPONSIBILITY

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

LISTING

The Equity Shares are proposed to be listed on the BSE and the NSE and the Company has received in-principle approvals from these Stock Exchanges for the listing of its Equity Shares pursuant to letters dated [•] and [•] respectively. For purposes of this Issue, the Designated Stock Exchange is [•].

BOOK RUNNING LEAD MANAGERS		REGISTRAR TO THE ISSUE
ICICI Securities Limited ICICI Centre, HT Parekh Marg Churchgate Mumbai 400 020 India Tel: (91 22) 2288 2460 Fax: (91 22) 2282 6580 Email: ahsl_ipo@isecltd.com Investor Grievance Email: customercare@isecltd.com Website: www.icicisecurities.com Contact Person: Mr. Sumanth Rao SEBI Registration No.: INM000011179	**Edelweiss Capital Limited** 14th floor, Express Towers Nariman Point Mumbai 400 021, India Tel: (91 22) 4086 3535 Fax: (91 22) 2288 2119 E-mail: ahsl.ipo@edelcap.com Investor Grievance Email: ahsl.investorgrievance@edelcap.com Website: www.edelcap.com Contact Person: Mr. Jibi Jacob SEBI Registration No.: INM000010650	**Karvy Computershare Private Limited** Karvy House, 46 Avenue 4, Street No. 1, Banjara Hills, Hyderabad 500 034, India Tel: (91 40) 2342 0832 Fax: (91 40) 2342 0833 E-mail: ahsl.ipo@karvy.com Website: www.karvy.com Contact Person: Mr. S. Ganapathy Subramanian

BID ISSUE PROGRAM

BID/ISSUE OPENS ON	**[•], 2008**	**BID/ISSUE CLOSES ON**	**[•], 2008**

TABLE OF CONTENTS

SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

Term	Description
the "Company" or "our Company" or "AHSL" or the "Issuer"	Unless the context otherwise requires, refers to Apollo Health Street Limited, a company incorporated under the Companies Act and having its registered office at No. 19, Bishop Gardens, Raja Annamalaipuram, Chennai – 600 028, Tamil Nadu, India
"we" or "us" or "our"	Unless the context otherwise requires, refers to the Company and its Subsidiaries

Company related terms

Term	Description
ABMCL	AB Medical Centres Limited, a company incorporated under the Companies Act and having its registered office at No. 154, Poonamallee High Road, Kilpauk, Chennai – 600 010
AFSI	Armanti Financial Services, Inc., a company incorporated under the laws of Delaware, United States and having its registered office at 2711, Centerville road, Suite 400, Wilmington, County of New Castle, State of Delaware, 19808
AGHL	Apollo Gleneagles Hospital Limited, a company incorporated under the Companies Act and having its registered office at 58, Canal Circular Road, Kolkata – 700 054, West Bengal, India
AGPPL	Apollo Gleneagles PET-CT Private Limited, a company incorporated under the Companies Act and having its registered office at No. 19, Bishop Gardens, Raja Annamalaipuram, Chennai – 600 028, Tamil Nadu, India
AHEL	Apollo Hospitals Enterprise Limited, a company incorporated under the Companies Act and having its registered office at No. 19, Bishop Gardens, Raja Annamalaipuram, Chennai – 600 028, Tamil Nadu, India
AHIL	Apollo Hospitals International Limited, a company incorporated under the Companies Act and having its registered office at No. 19, Bishop Gardens, Raja Annamalaipuram, Chennai – 600 028, Tamil Nadu, India
AHSI	Apollo Health Street, Inc., a company incorporated under the laws of Delaware, United States and having its registered office at 15, East North Street, Dover, Kent, Delaware 19901
Apollo Group	Unless the context otherwise requires, refers to the Company, its Subsidiaries and the entities forming part of the Promoter Group
Apollo Hospital	Apollo Hospital, a corporate hospital under the administration of AHEL and located at 21, Greams Lane, Off Greams road, Chennai 600 006, Tamil Nadu, India
Apollo Mumbai	Apollo Mumbai Hospital Limited, a company incorporated under the Companies Act and having its registered office at No. 19, Bishop Gardens, Raja Annamalaipuram, Chennai – 600 028, Tamil Nadu, India
Apollo Sindoori Hotels	Apollo Sindoori Hotels Limited, a company incorporated under the Companies Act and having its registered office at 19-B, Anugraha Apartments, 41, Uthamar Gandhi Salai, Nungambakkam, Chennai 600 034, Tamil Nadu, India
Apollo Speciality Hospital	Apollo Speciality Hospital, a corporate hospital under the administration of AHEL and located at 320, Anna Salai Nandanam, Chennai 600 035, Tamil Nadu, India
Armanti Financial	Armanti Financial Services, LLC., a company incorporated under the laws of Delaware, United States and having its registered office at 2 Broad Street, Bloomfield, New Jersey 07003
Articles/ Articles of Association	Articles of Association of AHSL, as amended from time to time
ASCIL	Apollo Sindhoori Capital Investments Limited, a company incorporated under the Companies Act and having its registered office at 55, Ali Towers, Greams Road, Chennai – 600 006
Board of Directors/ Board	The Board of Directors of AHSL or a committee thereof
CCPS	The 2,661,242 convertible cumulative redeemable preference shares of Rs. 60 each that were issued to Maxwell and Eliza Holdings and other investors pursuant to the subscription and shareholders agreement dated April 14, 2005 (as amended from time to time), as detailed in the section titled "History and Corporate Structure - Shareholders and Joint Venture Agreements - Restated Shareholders agreement dated January 8, 2007 between Maxwell, Eliza Holdings, the Company and AHEL" on page 90
Class A Shares	The 14,535,800 shares of the Company being a separate class of redeemable and convertible preference shares of the Company having a face value of Rs. 10 each that were issued to Maxwell and Eliza Holdings and other investors pursuant to the subscription and shareholders agreement dated April 14, 2005 (as amended from time to time), as detailed in the section titled "History and Corporate Structure - Shareholders and Joint Venture

Term	Description
	Agreements - Restated Shareholders agreement dated January 8, 2007 between Maxwell, Eliza Holdings, the Company and AHEL" on page 90
Compensation and Remuneration Committee	The committee of our Board comprising of Mr. NJ Yasaswy (Chairman), Mr. Nasser Munjee and Mr. R. Ramaraj that was constituted by our Directors to administer our ESOPs
Directors	The directors of AHSL, as they may change from time to time
Eliza Holdings	Eliza Holdings, a company incorporated under the laws of Mauritius and having its registered office at International Management (Mauritius) Limited, 4th floor, Les Cascades building, Edith Cavell street, Port Louis, Republic of Mauritius
Emedlife	Emedlife Insurance Broking Services Limited, a company incorporated under the Companies Act and having its registered office No.610/611, Asoka State Building, Bharakamba Road, Conn Place, New Delhi – 110 001, India
Equity Shares	Equity shares of the Company of face value of Rs. 10 each, unless otherwise specified in the context thereof
ESOP 1	The employee stock option scheme of the Company titled "Apollo ESOP 2005" under which the Company has issued 414,000 options
ESOP 2	The employee stock option scheme of the Company titled "Apollo ESOP 2006" under which the Company has issued 1,100,850 options
ESOP 3	The employee stock option scheme of the Company titled "Apollo ESOP 2006-II" under which the Company has issued 97,350 options
ESOP 4	The employee stock option scheme of the Company titled "Apollo Employees – Accelerated Stock Option Plan" under which the Company has issued 325,000 options
ESOP 5	The employee stock option scheme of the Company titled "Apollo ESOP 2007" under which the Company has issued 297,000 options
ESOPs	Collectively ESOP 1, ESOP 2, ESOP 3, ESOP 4 and ESOP 5
FHPL	Family Health Plan Limited, a company incorporated under the Companies Act and having its registered office at 1st Floor, Ali Towers, 55, Greams Road, Chennai 600 006, Tamil Nadu, India
Financial year/fiscal/FY	The twelve months ended March 31 of a particular year
GDPL	Gleneagles Development Pte. Limited, a company incorporated under the laws of Singapore and having its registered office at No.1, Grange Road, #11-01 Orchard Building, Singapore 239 693
Heritage Websolutions	Heritage Websolutions Private Limited, a company incorporated under the Companies Act and having its registered office at DITP-5B, 5th Floor, Delhi IT Park, Shastri Park, New Delhi 110 053, India
IHRCL	Imperial Hospital and Research Centre Limited, a company incorporated under the Companies Act and having its registered office at 154/11, Opposite IIMB, Bannergatta Road, Bangalore 560 076, Karnataka, India
IMCL	Indraprastha Medical Corporation Limited, a company incorporated under the Companies Act and having its registered office at Hospital Complex, Sarita Vihar, Delhi-Mathura Road, New Delhi 110 076, New Delhi, India
Indraprastha Apollo Hospital	Indraprastha Apollo Hospital, a corporate hospital under the administration of IMCL and located at Sarita Vihar, Delhi Mathura road, New Delhi 110 044, India
Maxwell	Maxwell (Mauritius) Pte Limited, a company incorporated under the laws of Mauritius and having its registered office at 3rd floor, TM Building, Pope Hennessy Street, Port Louis, Republic of Mauritius
Medvarsity	Medvarsity Online Limited, a company incorporated under the Companies Act and having its registered office at Life Sciences Building, Apollo Hospitals Complex, Jubilee Hills, Hyderabad – 500 033, Andhra Pradesh, India
Memorandum/ Memorandum of Association	The Memorandum of Association of AHSL, as amended from time to time
PCR Investments	PCR Investments Limited, a company incorporated under the Companies Act and having its registered office at 19, Temple Trees, Bishop Gardens, Raja Annamalaipuram, Chennai – 600028
Samudra Healthcare	Samudra Healthcare Enterprise Limited, a company incorporated under the Companies Act and having its registered office at Apollo Hospitals Complex, Jubilee Hills, Hyderabad 500 033, Andhra Pradesh, India
Series B Preference Shares	The 1,766,963 compulsorily convertible, cumulative Series B Preference Shares of Rs. 158 allotted to Eliza Holdings and other investors pursuant to the subscription and shareholders agreement dated April 14, 2005 (as amended from time to time), as detailed in the section titled "History and Corporate Structure - Shareholders and Joint Venture Agreements - Restated Shareholders agreement dated January 8, 2007 between Maxwell, Eliza Holdings, the Company and AHEL" on page 90
Statutory Auditors	Statutory auditors of the Company, being M/s S.R. Batliboi & Associates, Hyderabad, Chartered Accountants
Subsidiaries	(i) Accordis, Inc.; (ii) Accordis Holding Corporation; (iii) AFSI; (iv) AHSI; (v) Armanti

Term	Description
	Financial; (vi) Health Receivables Management, Inc.; (vii) Heritage Websolutions; (viii) HPS Paradigm, Inc.; (ix) Global STI Mauritius Limited; (x) STI Processmind, Inc.; (xi) Symphony Data Corporation; (xii) Zavata, Inc.; (xiii) Zavata Acquisition Corporation; and (xiv) Zavata India Private Limited
UHHL	Unique Home Healthcare Limited, a company incorporated under the Companies Act and having its registered office at 19, Bishop Gardens, Raja Annamalaipuram, Chennai 600 028, Tamil Nadu, India
Zavata, Inc.	Zavata, Inc., a company incorporated under the laws of Delaware, United States and having its principal office at 400 Perimeter Center Terrace, Suite 249, Atlanta, Georgia 30346
Zavata Merger Agreement	The Agreement and Plan of Merger dated August 29, 2007 between AHSI, AFSI, Zavata Acquisition Corporation, Mr. Satish Sanan and Zavata, Inc. in relation to the acquisition of Zavata, Inc. For further details, please refer to the section titled "History and Corporate Structure- Shareholders and Joint Venture Agreements - Agreement and Plan of Merger dated August 29, 2007 between AHSI, AFSI, Zavata Acquisition Corporation, Mr. Satish Sanan and Zavata, Inc." on page 88

Issue Related Terms

Term	Description
Allotment	Unless the context otherwise requires, the issue or transfer of Equity Shares, pursuant to the Issue to the successful Bidders
Allottee	The successful Bidder to whom the Equity Shares are/ have been issued or transferred
Allocation Amount	The amount payable by a Bidder on or prior to the Pay-in Date after deducting any Bid Amounts that may already have been paid by such Bidder
Banker(s) to the Issue	[•]
Bid	An indication to make an offer during the Bidding Period by a prospective investor to subscribe to the Equity Shares of the Company at a price within the Price Band, including all revisions and modifications thereto
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue
Bid/Issue Closing Date	The date after which the Syndicate will not accept any Bids for the Issue, which shall be notified in two widely circulated newspapers (one each in English and Hindi) and a Tamil newspaper
Bid/Issue Opening Date	The date on which the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in two widely circulated newspapers (one each in English and Hindi) and a Tamil newspaper
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to purchase Equity Shares of our Company in terms of the Red Herring Prospectus
Bid Price	In respect of each successful Bidder, the Issue Price multiplied by the number of Equity Shares allocated to a successful Bidder
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form
Bidding Period/ Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date (inclusive of both days) and during which prospective Bidders can submit their Bids
Book Building Process/ Method	Book building process as provided in Chapter XI of the SEBI Guidelines, in terms of which this Issue is being made
BRLMs	Book Running Lead Manager to the Issue, in this case being ICICI Securities and Edelweiss
CAN/ Confirmation of Allocation Note	Means the note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted
Companies Act / Act	The Companies Act, 1956, as amended from time to time
Cut-off Price	The Issue Price finalised by the Company in consultation with the BRLMs. Only Retail Individual Bidders are entitled to bid at the Cut-off Price, for a Bid Amount not exceeding Rs. 100,000. QIBs and Non-Institutional Bidders are not entitled to bid at the Cut-off Price
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time
Depository Participant	A depository participant as defined under the Depositories Act
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

Term	Description
	shall allot Equity Shares to the successful Bidders
Designated Stock Exchange	[•]
Draft Red Herring Prospectus/DRHP	The Draft Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Issue
Edelweiss	Edelweiss Capital Limited, a company incorporated under the Companies Act and having its registered office at 14th Floor, Express Towers, Nariman Point, Mumbai – 400 021, India
Edelweiss Securities	Edelweiss Securities Limited, a company incorporated under the Companies Act and having its registered office at 14th floor, Express Towers, Nariman Point, Mumbai – 400 021, India
Eligible Employees	Permanent employees of the Company and the Subsidiaries including the directors thereof who are Indian nationals based in India and are present in India on the date of submission of the Bid cum Application Form. However, the Directors who are the Promoters of the Company shall not be considered to be Eligible Employees
Eligible NRI	An NRI from such jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe or purchase the Equity Shares offered thereby
Employee Reservation Portion	The portion of the Issue being up to 200,000 Equity Shares available for allocation to Eligible Employees
Escrow Agreement	Agreement entered into by the Company, the Registrar, the BRLMs, the Syndicate Member and the Escrow Collection Bank(s) for collection of the Bid Amounts and where applicable refunds of the amounts collected to the Bidders
Escrow Collection Account	Account opened with the Escrow Collection Bank(s) for the Issue and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid and the Allocation Amount paid thereafter
Escrow Collection Bank(s)	The banks, which are clearing members and registered with SEBI as Bankers to the Issue with whom the Escrow Collection Account will be opened
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted
ICICI Securities	ICICI Securities Limited, a company incorporated under the Companies Act and having its registered office at ICICI Centre, HT Parekh Marg, Churchgate, Mumbai 400 020, India
IPO	Initial Public Offering
Issue	Public issue of 6,500,000 Equity Shares by the Company at the Issue Price
Issue Price	The final price at which Equity Shares will be allotted in terms of the Prospectus, as determined by the Company in consultation with the BRLMs on the Pricing Date
Margin Amount	The amount paid by a Bidder at the time of submission of the Bid, which may range between 10% to 100% of the Bid Amount
Mutual Funds	Mutual funds registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time
Mutual Fund Portion	5% of the QIB Portion or 189,000 Equity Shares available for allocation to Mutual Funds only, out of the QIB Portion
Net Issue	The Issue less the Employee Reservation Portion being 6,300,000 Equity Shares
Non-Institutional Bidders	All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 100,000
Non-Institutional Portion	The portion of the Net Issue being up to 630,000 Equity Shares available for allocation to Non Institutional Bidders
Pay-in-Date	Bid Closing Date or the last date specified in the CAN sent to Bidders, as applicable
Pay-in-Period	(i) With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending until the Bid Closing Date, and (ii) with respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending up to the closure of Pay-in Date
Price Band	The price band with a minimum price (Floor Price) of Rs. [●] and the maximum price (Cap Price) of Rs. [●], including any revisions thereof
Pricing Date	The date on which the Company in consultation with the BRLMs finalizes the Issue Price
Promoter Group	Unless the context otherwise requires, refers to those individuals and those entities mentioned in the section titled “Our Promoter - Promoter Group” on page 120
Promoters	Our promoters, being AHEL, Dr. Prathap C. Reddy and Mrs. Sangita Reddy
Prospectus	The Prospectus, to be filed with the RoC containing, *inter alia*, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information
Public Issue Account	Account opened with the Banker(s) to the Issue to receive monies from the Escrow

Term	Description
	Accounts for the Issue on the Designated Date
QIB Margin Amount	An amount representing at least 10% of the Bid Amount
QIB Portion	The portion of the Net Issue to public being not less than 3,780,000 Equity Shares at the Issue Price, available for allocation to QIBs on a proportionate basis
Qualified Institutional Buyers or QIBs	Public financial institutions as defined in Section 4A of the Companies Act, FIIs, scheduled commercial banks, mutual funds registered with SEBI, venture capital funds registered with SEBI, multilateral and bilateral development financial institutions, foreign venture capital investors registered with SEBI, State industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with a minimum corpus of Rs. 250 million, pension funds with a minimum corpus of Rs. 250 million, and multilateral and bilateral development financial institutions
Refund Account	The account opened with the Escrow Collection Bank(s), from which refunds, if any, of the whole or part of the Bid Amount shall be made
Refund Banker	[●]
Registrar /Registrar to the Issue	Registrar to the Issue, in this case being Karvy Computershare Private Limited, a company incorporated under the Companies Act and having its registered office as indicated on the cover page.
Retail Individual Bidders	Individual Bidders (including HUFs) who have Bid for Equity Shares for an amount less than or equal to Rs. 100,000, in any of the bidding options in the Issue
Retail Portion	The portion of the Net Issue to the public being up to 1,890,000 Equity Shares available for allocation to Retail Individual Bidder(s) on a proportionate basis
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 Form s 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 on the price at which the Equity Shares are offered and the size of the Issue. The Red Herring Prospectus will be filed with the RoC in terms of section 60B of the Companies Act, at least 3 days before the Bid Opening Date and will become a Prospectus after filing with the RoC after pricing and allocation
RoC	The Registrar of Companies, Tamil Nadu at Chennai
Stock Exchanges	NSE and BSE
Syndicate	The BRLMs and the Syndicate Member
Syndicate Agreement	The agreement to be entered into among the Company and the Syndicate in relation to the collection of Bids in this Issue
Syndicate Member	Edelweiss Securities
TRS or Transaction Registration Slip	The slip or document issued by the Syndicate Member to a Bidder as proof of registration of the Bid
Underwriters	The BRLMs and the Syndicate Member
Underwriting Agreement	The agreement among the Underwriters and the Company to be entered into on or after the Pricing Date
Venture Capital Funds	Venture capital funds as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996, as amended from time to time

Company/ Industry related terms

Term	Description
AAPC	American Academy of Professional Coding
BPO	Business Process Outsourcing
FBO	Full Business Office
FDCPA	The United States Fair Debt Collection Practices Act
Government/GoI	Government of India
HIPAA	United States Health Insurance Portability and Accountability Act of 1996
IT	Information Technology
ITES	Information Technology Enabled Services
PPO	Preferred Provider Organisation
RCM	Revenue Cycle Management
STPI	Software Technology Parks of India

Conventional/ General Terms/ Abbreviations

Term	Description
AGM	Annual General Meeting
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India

Term	Description
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
ECS	Electronic Clearing Service
EGM	Extraordinary General Meeting of shareholders
Electronic Transfer of Funds	Refunds through ECS, Direct Credit or RTGS, as applicable
EPS	Earnings per share
FDI	Foreign direct investment
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed there under
FII	Foreign Institutional Investor (as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000) registered with SEBI under applicable laws in India
FIPB	Foreign Investment Promotion Board, Government of India
FVCI	Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000
HUF	Hindu Undivided Family
I.T. Act/ IT Act	The Income Tax Act, 1961, as amended from time to time
Indian GAAP	Generally accepted accounting principles of India
IPC	Indian Penal Code, 1860
LIBOR	London Interbank Offered Rate
N.A/NA	Not applicable
NAV	Net asset value
NEFT	National Electronic Fund Transfer
Non Residents/ NR	Non Resident is a Person resident outside India, as defined under FEMA and includes a Non Resident Indian
NRE Account	Non Resident External Account
NRI/Non Resident Indian	Non Resident Indian is a Person resident outside India, who is a citizen of India or a Person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB/ Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Deposit) Regulations, 2000. OCBs are not allowed to invest in this Issue
p.a. / P.A.	Per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
Person/Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires
PIO/ Person of Indian Origin	Shall have the same meaning as is ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000
RBI	The Reserve Bank of India
Re.	One Indian Rupee
RoNW	Return on Net Worth
Rs.	Indian Rupees
RTGS	Real Time Gross Settlement Process
SCRR	Securities Contract Regulation Rules, 1957, as amended
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI ESOP Guidelines	Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended from time to time
SICA	Sick Industrial Companies (Special Provisions) Act, 1995
SPV	Special Purpose Vehicle
United States or U.S. or USA	United States of America
U.S. GAAP	Generally accepted accounting principles of the United States of America

CERTAIN CONVENTIONS; USE OF MARKET DATA

Unless stated otherwise, the financial data in this Draft Red Herring Prospectus is derived from our unconsolidated and our consolidated financial statements prepared in accordance with Indian GAAP and restated in accordance with the SEBI Guidelines, beginning on page 186. Our fiscal year commences on April 1 and ends on March 31. In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

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

All references to "Rupees" or "Rs." are to Indian Rupees, the official currency of the Republic of India. All references to "US$" or "US Dollars" or "USD" are to United States Dollars, the official currency of the United States of America.

For additional definitions, please refer to the section titled "Definitions and Abbreviations" beginning on page I.

Market and industry data used throughout this Draft Red Herring Prospectus has been obtained from publications available in the public domain. These publications generally state that the information contained therein 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 the industry data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified.

This Draft Red Herring Prospectus contains translations of some Rupee amounts into US Dollars which should not be construed as a representation that those Rupee or US Dollar amounts could have been, or could be, converted into US Dollars or Indian Rupees, as the case may be, at any particular rate, the rates stated below, or at all.

The following table sets forth, for each period indicated, information concerning the number of Rupees for which one US Dollar could be exchanged at the noon buying rate given by the Federal Reserve Bank of New York. The rows titled average, low and high in the table below represent the average, the low and the high of the daily noon buying rate during the fiscal indicated or any part period thereof.

Except as otherwise stated in this Draft Red Herring Prospectus, US Dollar amounts have been translated into Rupees for each period, and presented solely to comply with the requirements of the Clause 6.9.7.1 of the SEBI Guidelines. Investors are cautioned not to rely on such translated amounts.

	Fiscal 2007	**Fiscal 2006**	**Fiscal 2005**
Period End	43.10	44.48	43.62
Average	45.12	44.17	44.86
Low	42.78	43.05	43.27
High	46.83	46.26	46.45

On March 14, 2008, the noon-buying rate was Rs. 40.40 per one US Dollar.

We acquired Zavata, Inc in August 2007. The consolidated financial statements of Zavata, Inc. have been prepared and presented in accordance with US GAAP in USD with a convenience translation into Indian Rupees using the Reserve Bank of India exchange rate as of March, 2007. Our financial statements are prepared in conformity with Indian GAAP, which differs in certain significant respects from US GAAP; accordingly, the degree to which the US GAAP financial statements of Zavata, Inc. included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with US GAAP. Any reliance by persons not familiar with US GAAP on the financial disclosures regarding Zavata, Inc. presented in this Draft Red Herring Prospectus should accordingly be limited. The Company has not attempted to quantify those differences or their impact on the financial data included herein, and you should consult your own advisors regarding such differences and their impact on our financial data.

All amounts disclosed in this Draft Red Herring Prospectus are in millions, except as disclosed in the section titled "Main Provisions of the Articles of Association" on page 467.

For the sake of clarity, one million is equivalent to ten lakhs and ten million is equivalent to one crore.

FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain forward-looking statements. These forward looking statements can generally be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “may”, “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 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:

- Inability to manage our growth effectively which could have an adverse effect on our business, results of operations or financial condition.
- An adverse change in our relationship or in the performance or financial position of a few of our clients on whom we rely for a significant portion of our income.
- Decrease in demand for RCM services, IT services or enterprise solution services in the healthcare industry could reduce our income and adversely affect our business.
- Loss of our management team and other key personnel who are critical to our continued success.
- Withdrawal or reduction of tax exemptions or benefits and other incentives currently provided by the GoI to companies within our industry.
- Inability to keep pace with changing technology, evolving industry standards and new product introductions.
- Any changes in United States laws governing the healthcare or BPO industries which may have an adverse effect on our results of operations.
- Failure to realize the anticipated benefits from our acquisitions could effect our results of operations adversely.
- Long selling cycle for our outsourcing services that requires significant funds and management resources and a long implementation cycle that requires significant resource commitments.
- Failure to estimate the resources and time required for our contracts may negatively affect our profitability.

For a further discussion of factors that could cause our actual results to differ, please refer to the section titled “Risk Factors” beginning on page X. 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, the BRLMs and the Company 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 our Equity Shares involves a high degree of risk. You should carefully consider all information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making any investment in the Equity Shares. If any of the following risks or any of the other risks and uncertainties discussed in this Draft Red Herring Prospectus occur, our business, results of operations and financial condition could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment.

This Draft Red Herring Prospectus also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from those anticipated in these forward looking statements as a result of certain factors, including the considerations described below, under "Forward-looking Statements" beginning on page IX and elsewhere in this Draft Red Herring Prospectus.

Risks Associated with Our Business

1. ***There are a number of legal proceedings by and against us, our Directors, Promoters and Promoter Group companies*.**

We, our Directors, Promoters and certain of our Promoter Group companies are involved in a number of legal proceedings and claims in relation to certain civil and criminal matters. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. Any adverse decision in one or more of these proceedings may have a significant effect on our business and results of operations.

The following are the details of such litigation:

- The Company has filed 17 cases and one notice has been issued to it;
- Our Subsidiaries are involved in six cases and eight notices have been issued to or by them that may lead to potential litigation;
- Our Promoters are involved in 180 cases.
- Our Promoter Group is involved in 179 cases.

For further details, please see "Outstanding Litigation and Material Developments" beginning on page 365.

2. ***We may be unable to manage our growth effectively which could have an adverse effect on our business, results of operations or financial condition.***

We have grown our business through a combination of organic and inorganic route, including the recent acquisition of Zavata, Inc. in the United States. We also acquired Armanti Financial in the United States and Heritage Websolutions in India in 2006. We are currently in the process of expanding our delivery location in Hyderabad and we are establishing a new delivery location in Chennai. In order to manage our growth effectively, we must implement and improve our operational systems and procedures and internal controls on a timely basis. If we fail to do so, we may not be able to service our clients' needs, pursue new business opportunities, complete future acquisitions or operate our business effectively. Failure to effectively transfer new client business to our service delivery locations, accurately estimate transfer and operational costs associated with new contracts, hire and retain new employees or other factors, could result in delays in executing client contracts, trigger service level penalties, give the client the right to terminate the contract for breach, or cause our profit margins not to meet our expectations or our historical profit margins. Our inability to execute our growth strategy to ensure the continued adequacy of our current systems or to manage our expansion effectively could have an adverse effect on our business, prospects, results of operations and financial condition.

3. ***We rely on a limited number of clients for a significant portion of our income. An adverse change in a client relationship or in a client's performance or financial position could adversely affect our business and financial condition.***

We currently derive a significant portion of our income from a limited number of clients. For the six months ended September 30, 2007, we had one client who contributed to over 10.0% of our income from operations. This client accounted for 14.5% of our income from operations for the six months ended September 30, 2007. Our top five clients in the hospital and physician services, payer services and IT and enterprise solution services contributed 32%, 12% and 11%, respectively of our income from operations for the six months ended September 30, 2007. Our top five clients in the hospital and physician services, payer services and IT and enterprise solution services contributed 38%, 22% and 9%, respectively of our income from operations for the fiscal year ended March 31, 2007.

We expect that a significant portion of our income will continue to be attributable to a limited number of clients in the near future. In addition, most of our clients have not committed to provide us with a minimum volume of work or to exclusively use us for their outsourcing needs. Some of these clients could stop outsourcing work to us by terminating our contract with little or no notice, or by electing not to renew the contract after expiration of its initial term. Our clients have in the past and may in the future demand price reductions, develop and implement newer technologies, automate some or all of their processes or change their outsourcing strategy by moving more work in-house or to other service providers, which could reduce our profitability.

Our business could be adversely affected in case our clients terminate their relationships with us due to a change in vendor preference or any other reason. If we were to lose one or more of our major clients or if any one of our large clients significantly reduces its business with us or became financially troubled, our business, prospects, financial condition and results of operations would be adversely affected.

4. *Our business is dependent upon the healthcare industry and any decrease in demand for revenue cycle management services, IT services or enterprise solution services in the healthcare industry could reduce our income and adversely affect our business.*

Our business and growth largely depend on the continued demand for our services from clients in the healthcare industry, as well as on trends in the healthcare industry to outsource business processes and IT, especially in the United States. For the year ended March 31, 2007 and the six months ended September 30, 2007, 98.15% and 99.97%, respectively, of our income from operations was derived from outside India. Hence, any slow down in the United States economy, change in the United States healthcare industry, a slowdown or reversal of the trend to outsource business processes and IT or the introduction of regulation which restricts or discourages companies from outsourcing could result in a decrease in the demand for our services and adversely affect our results of operations and financial condition. Certain other developments may also lead to a decline in the demand for our services. For example, consolidation in the healthcare industry or acquisitions, particularly involving our clients, may decrease the potential number of buyers of our services. Any significant reduction in or the elimination of the use of the services we provide within the healthcare industry would result in reduced income and may adversely affect our business. Our clients may also experience rapid changes in their prospects, price competition and pressure on their profitability. Although such pressures may encourage clients to increase outsourcing of services, they may also require us to lower our prices, which could adversely affect our business, prospects, results of operations and financial condition.

5. *We may fail to attract and retain trained employees to support our operations, as competition for highly skilled personnel is intense and we experience significant employee attrition.*

Our operations are labour intensive and our success depends to a significant extent on our ability to attract, hire, train and retain employees with skills to operate our business. In the past, our industry, including our company, has experienced high employee attrition. For the nine months ended December 31, 2007 and the fiscal year 2007, our overall attrition rate for all employees was approximately 18.4% and 30.5%, respectively. Our attrition rate is based on employees working with us for more than six months. We believe that the attrition rate is much higher in the first six to twelve months of joining and progressively reduces thereafter. We face a shortage of skilled resources in our market and our ability to cross-utilize our existing resources among different revenue streams is limited due to the specialized nature of our work. There is intense competition for skilled professionals in India and the United States to perform the services we offer to our clients. Increased competition for these professionals could increase our employee attrition rate and have an adverse effect on our operations. A significant increase in the attrition rate among our employees, particularly among the highly skilled workforce needed to provide RCM services, IT services and enterprise solution services, could also increase our recruiting and training costs and decrease our operating efficiency, productivity and profit margins.

A shortage of sufficiently qualified personnel could also inhibit our ability to establish operations in new markets and our efforts to expand geographically. In addition, high attrition rates among our key employees could also result in a loss of domain and process knowledge, which could result in poor service quality. Our failure to attract, train and retain skilled personnel with the qualifications necessary to fulfill the needs of our existing and future clients could have an adverse effect on our business, prospects, results of operations and financial condition.

6. *Our management team and other key personnel are critical to our continued success and the loss of any such personnel could harm our business*.

Our future success substantially depends on the continued service and performance of the members of our management team and other key personnel. These personnel possess technical and business capabilities that are difficult to replace. If we lose the services of any of these or other key personnel, we may be unable to replace them in a timely manner or at all, which may affect our ability to continue to manage and expand our business. Members of our management team are employed pursuant to customary employment agreements, which may not provide adequate incentive for them to remain with us or adequately protect us in the event of their departure or otherwise. In addition, certain of those agreements contain non-compete and other provisions that may not be enforceable. Furthermore, we do not maintain any "key man" insurance for our key personnel. The loss of key members of our management team or other key personnel could have an adverse effect on our business, prospects, results of operations and financial condition.

7. *Salary increases in India may prevent us from sustaining our competitive advantage and may reduce our profit margins.*

Salaries and related benefits of our staff and other employees constitute a significant portion of our expenses. Salary costs in India have historically been significantly lower than salary costs in the United States and Europe for comparably skilled professionals, which has been one of our key competitive advantages. However, because of rapid economic growth in India and increased competition for skilled employees in India, salaries for comparably skilled employees in India is increasing at a rate faster than in the United States, which is reducing this competitive advantage. We also face increased competition and cost pressures from BPO companies in developing countries. Salary increases may reduce our profit margins and could have an adverse effect on our business, prospects, results of operations and financial condition.

8. *Our failure to estimate the resources and time required for our contracts may negatively affect our profitability. Our periodic fee escalations are based upon United States consumer price index, which is not indicative of our cost increases and this may adversely affect our profit margins.*

In many of our contracts, we commit to long-term pricing with our clients and therefore we may not be able to pass cost overruns, completion delays and salary inflation. If we fail to accurately estimate the costs, resources and time required for a contract, future salary inflation rates or currency exchange rates, or if we fail to complete our contractual obligations within the contracted timeframe, our income, margins and profitability may be negatively affected. Some of our contracts have periodic fee escalation clauses that are linked to the United States consumer price index. Since most of our costs are incurred in India, our cost increases could be higher than the United States consumer price index increases and this may cause our profit margins not to meet our expectations or our historical profit margins.

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

Our client contracts range from three to five years, while certain others are rolling one-year short-term contracts. Typically, our contracts can be terminated by our clients without cause by giving little or no notice and without any termination related penalties. The length of notice required to terminate without cause varies between six months or immediate termination upon giving notice. These clients could stop outsourcing work to us by terminating or not renewing their contract. In addition, most of our clients have not committed to provide us with a minimum volume of work or to exclusively use us for their outsourcing needs. There are a number of factors that are outside our control, which might result in the termination of a contract or the loss of a client, including financial difficulties, bankruptcy, mergers and acquisitions, change of management and change in outsourcing strategy. A contract termination or significant reduction in work assigned to us by a key client or a number of smaller clients could cause us to experience a higher than expected number of unassigned employees and unutilized infrastructure dedicated to those clients, which would increase our expenditure as a percentage of income until we are able to reduce or reallocate our resources and could have an adverse affect on our business, prospects, results of operations and financial condition.

10. *If we fail to meet the standards set forth in our contracts, our clients may have claims for damages against us. We are also exposed to uncapped liabilities and consequential and indirect damages in certain cases*.

Most of our contracts with clients contain service level or performance requirements. Failure to consistently meet service requirements of a client or errors made by our personnel in the course of providing services to our clients could disrupt the client's business and result in a reduction of income or a claim for damages against us. In addition, a failure or inability to meet contractual requirements could adversely affect our goodwill and our ability to attract new clients. Our liability for breach of our obligations under client contracts is typically limited to actual damages incurred by the client is capped at a portion of the fees paid or payable under the relevant contract. However, to the extent that our contracts contain limitations of liability, such limitations may be unenforceable or otherwise may not protect us from liability for damages. In addition, typically there is no limitation of liability in relation to certain liabilities, such as, indemnification obligations for third party claims or breaches of confidentiality obligations. Further, some of our contracts do not have limitation of liability provisions, which exposes us to unlimited liabilities and to consequential and indirect damages. The assertion of one or more large claims against us could have an adverse effect on our goodwill, business, prospects, results of operations and financial condition.

11. *Our pricing for certain collections-linked services is based on a contingency fee model. An adverse change in our success rate for collections may have a negative affect on our business.*

Most of our provider work for collections-linked services is based on a contingency fee model. The success rate on actual collections of the receivables depends upon several factors, some of which are not under our control, such as the type of client, the duration of time for which the receivables have been due and outstanding and our level of involvement. Although this fee structure is consistent with the industry norm, an adverse change in our success rate for collections may require us to pay fines or penalties, purchase underlying receivables or trigger a termination of the contract. Any such action could adversely affect our business.

For instance, in fiscal 2007, we were unable to meet the milestone for receivable collections under a client contract and consequently, we had to purchase the underlying receivables for approximately US$ 6.0 million, which is recoverable on realization of client receivables by us. In addition, Zavata, Inc. did not achieve the milestones set out in a client contract and was required to pay a penalty of approximately US$ 5,000.

12. *We are liable to our clients for damages caused by unauthorized disclosure of sensitive and confidential information, whether through a breach of our systems, through employees or otherwise.*

We are required to manage, utilize and store sensitive or confidential client data in connection with the services we provide and to protect our clients' intellectual property rights. Under the terms of our client contracts, we are required to keep such information strictly confidential. The collection, use and processing of personal data is heavily regulated in the United States and the United Kingdom and the transfer of personal data to an outsourcing company in a jurisdiction with a less robust data protection regime could be an issue that may cause concern for clients. Consequently, our contracts with clients typically contain provisions relating to confidentiality and data protection. Our client contracts generally do not include a limitation on our liability to them with respect to breaches of our obligation to maintain the confidentiality of the information and some of our client contracts can be terminated immediately in the event of a breach of the data protection or confidentiality provisions. We seek to implement measures to protect sensitive and confidential client data and to protect our clients' intellectual property, but notwithstanding these measures, if any person, including any of our employees, penetrates our network security or otherwise mismanages or misappropriates sensitive or confidential client data or client's intellectual property rights, we could be subject to liability and lawsuits from regulatory authorities, our clients or their customers for breaching contractual confidentiality or data protection provisions or privacy laws. The occurrence of such events could have an adverse effect on our goodwill, business, prospects, results of operations and financial condition.

13. *We have a long selling cycle for our outsourcing services that requires significant funds and management resources and a long implementation cycle that requires significant resource commitments*.

We have a long selling cycle for our outsourcing services, which requires significant investment of capital, resources and time. Before committing to use our services, potential clients generally require us to expend substantial time and resources presenting to them the value of our services and assessing the feasibility of integrating our systems and processes with theirs. From time to time, we also provide services, free of cost, or at subsidized prices, to enable our prospective clients to test our service quality and business capability. Our clients typically evaluate our services before deciding whether to use them. Therefore, our selling cycle is subject to many risks and delays over which we have little or no control, including our clients' decision to choose alternatives to our services, such as, other providers or in-house resources, and the timing of our clients' budget cycles and approval processes. In addition, we may not be able to successfully conclude a contract after the selling cycle is complete.

Implementing our services also involves a significant commitment of resources over an extended period of time from our clients and us. Our clients may also experience delays in obtaining internal approvals or delays associated with technology or system implementations, thereby further delaying our implementation process. Our clients may not be willing or able to invest the time and resources necessary to implement our services, and we may fail to close sales with clients to which we have devoted significant time and resources, which could have an adverse effect on our business, prospects, results of operations and financial condition.

14. *We face competition from onshore and offshore revenue cycle management solutions providers. Our clients may also choose to run their business processes themselves or through captive units located offshore.*

The market for outsourcing services is extremely competitive and we expect competition to intensify and increase in the future. We face competition from a number of onshore and offshore revenue cycle management solutions providers as well as from our clients' own in-house groups, including, in some cases, in-house departments operating offshore, or captive units. See "Our Business - Competition" beginning on page 75 for a description of our primary competitors. Clients who currently outsource a significant proportion of their revenue cycle services to service providers in India may, for various reasons, including in order to diversify geographic risk, seek to reduce their dependence on Indian service providers. In addition, the trend towards offshore outsourcing, international expansion by foreign and domestic competitors and continuing technological changes may result in new competitors entering our markets. A number of our international competitors are setting up operations in India. Further, many of our other international competitors with existing operations in India are expanding their operations. Some of the existing competitors have greater financial, human and other resources, longer operating histories and more established relationships in the healthcare industry as compared to us.

In addition, some of our competitors may enter into strategic or commercial relationships among themselves or with larger, more established companies, in order to increase their ability to address client needs or enter into similar arrangements with potential clients. In addition to our direct competitors, we also face competition from certain companies that choose to perform some or all of their revenue cycle services internally. Increased competition, our inability to compete successfully against competitors, pricing pressures or loss of market share could result in reduced operating margins and could adversely affect our business, prospects, results of operations and financial condition.

15. *Our historical financial results may not be accurate indicators of our future performance due to recent acquisitions and disposition as well as our operating results differing from period to period.*

Our consolidated financial statements included in this Draft Red Herring Prospectus include the financial results of Heritage Websolutions Private Limited since September 1, 2006, Armanti Financial since August 1, 2006, and Zavata, Inc. since August 29, 2007, the respective dates of their acquisitions by us. Our consolidated financial statements included in this Draft Red Herring Prospectus, also include the financial results of Medvarsity Online Limited, which we sold on January 1, 2007 to an affiliate. As a result of these acquisitions and disposition, our historical financial results may not be an accurate indicator of our future performance.

In addition, our operating results may differ significantly from period to period due to factors such as client losses, variations in the volume of business from clients resulting from changes in our client's operations, the business decisions of our clients regarding the use of our services, delays or difficulties in expanding our operational facilities and infrastructure, changes to our pricing structure or that of our competitors, inaccurate estimates of resources and time required to complete ongoing contracts and currency fluctuations. In addition, the long sales cycle for our services and the internal budget and approval processes of our prospective clients makes it difficult to predict the timing of new client engagements. Due to the above factors, our historical financial results may not be accurate indicators of our future performance.

16. *If we fail to realize the anticipated benefits from our acquisitions, our results of operations may be adversely affected.*

The success of our acquisitions will depend, in part, on our ability to realize the anticipated synergies from our acquired businesses. The integration of our business operations is a challenging task that may result in unforeseen operating difficulties, absorb significant senior management attention or require additional financial resources. In particular, the challenges involved include:

- recruiting, training and retaining sufficient skilled management, employees and marketing personnel;
- obtaining any consents or authorizations that may be required in respect of our integrated operations;
- adhering to quality and process execution standards that meet customer expectations;
- developing and preserving a uniform culture, values and work environment in our operations; and
- developing and improving our internal administrative infrastructure, including our financial, operational, communications and other internal systems.

If we fail to realize the anticipated benefits from our acquisition, our results of operations may be adversely affected.

17. *We have incurred losses in the prior periods.*

We incurred losses in the fiscal years 2005, 2003 and in the six months ended September 2007. We expect our expenditures to continue to increase in future periods and as such, if our income does not grow at a rate faster than these expected increases in our expenses, or if our operating expenses are higher than we anticipate, we may not be profitable in the future and we may incur additional losses. In addition, we have a limited operating history and may not be able to secure additional business or retain current business or add or maintain a sufficient level of new clients in the future.

18. *The allocation of Equity Shares pursuant to our ESOP may result in a charge to our income statement and may adversely impact our net income.*

We have adopted certain ESOPs for our employees and for further details, see Note 21 to the section titled "Capital Structure – Notes to Capital Structure" on page 38. Under these ESOPs, we are permitted to grant options at an exercise price that may be lower than the fair market value of the options on the date of the grant.

Under Indian GAAP, the grant of these stock options will result in a charge to our profit and loss account based on the difference between the exercise price determined at the date of the grant of options and the fair market value of the options. This expense will be amortised over the vesting period of the options.

As a purchaser of Equity Shares in this Issue, you may experience dilution of your shareholding to the extent that we issue Equity Shares pursuant to any stock options issued under ESOP.

19. *Certain of our Promoter Group companies have incurred losses in recent fiscal periods.*

Certain of our Promoter Group companies have incurred losses in recent fiscal periods, as set forth in the table below:

Name of Promoter Group Entity	Loss for fiscal year (Rs. in Millions)		
	2007	2006	2005
Apollo DKV Insurance Company Limited	(2.47)	-	-
AGHL	(14.41)	(88.11)	(160.49)
AGPPL	(12.86)	(11.83)	-
Apollo Sindoori Hotels	-	-	(10.97)
AHIL	(119.09)	(103.10)	(55.32)

Name of Promoter Group Entity	Loss for fiscal year (Rs. in Millions)		
	2007	2006	2005
Apollo Health and Lifestyle Limited	-	-	(0.66)
Apollo Health Resources Limited	(9.48)	-	-
Apollo Mumbai	-	(0.29)	(0.35)
Apollo Sindhoori Commodities Trading Limited	(10.93)	-	-
Samudra Healthcare	(6.20)	(25.07)	(39.14)
UHHL	(12.69)	-	-
Medvarsity	-	-	(5.17)
Citadel Research and Solutions Limited	(1.66)	-	-
Stephan Medizintechnik (India) Limited	(0.06)	-	-
Sindya Infrastructure Development Company Private Limited	(16.87)	-	-
Kalpatharu Infrastructure Development Company Private Limited	(0.06)	(0.05)	(0.08)
Preetha Investments Private Limited	-	-	(12.47)
Altosys Software Technologies Limited	-	-	(6.12)
PPN Holdings Private Limited	(28.62)	(13.33)	(11.37)
Apollo Infrastructure Projects Finance Company Private Limited	-	-	(27.92)
Aurama Solutions Private Limited	(1.92)	(1.66)	(0.75)
Kiddy Concepts Private Limited	(0.21)	(0.13)	(0.20)
Prime Time Recreations Private Limited	(0.31)	(0.36)	(0.21)
Kamineni Builders Private Limited	(0.01)	(0.01)	(0.01)
KEI Rajamahendri Resorts Private Limited	(6.74)	(1.53)	(0.08)
Sindya Aqua Minerale Private Limited	(3.83)	(8.79)	-
Pinakini Hospitals Limited	(9.20)	(0.04)	(0.18)
Lifetime Wellness Rx International Limited	(6.83)	(0.07)	(0.24)
Apollo Telemedicine Networking Foundation (A non-profit company under Section 25 of the Companies Act)	(0.05)	(0.81)	(0.02)
Apex Agencies (Hyderabad)	(0.39)	(0.38)	(0.44)
M/S Vaishnavi Constructions	(0.02)	(0.02)	-

20. *We are expanding our capacity without client agreements in place to utilize this capacity.*

We are in the process of expanding our Hyderabad facility to increase our capacity without having signed any contracts to provide new services and will continue to expand capacity in the future in preparation for anticipated business growth. We may have excess capacity available upon completion of the Hyderabad facility expansion and other expansions, if any, and if we are unsuccessful in increasing the demand for our services to match our increased capacity in a timely manner, we may not be able to fully recover the costs of our investment in the expansions, which may adversely affect our business, prospects, results of operations and financial condition.

21. *Failure to adhere to regulations that govern our clients' businesses could result in breaches of contract with our clients and expose us to liability.*

Our clients' business operations are subject to certain rules and regulations in various jurisdictions, such as the United States Health Insurance Portability and Accountability Act of 1996, as amended ("HIPAA"). Our clients require that we perform our services in a manner that would enable them to comply with such rules and regulations and any failure to perform services in such a manner could result in breaches of contract with our clients and, in some circumstances, fines and criminal penalties against us.

In addition, we are required under various Indian and United States laws to obtain and maintain regulatory approvals, registrations, permits and licenses for the conduct of our business. Some of our approvals, registrations, permits or licenses may have expired. See "Government Licenses and Approvals" on page 420.We have applied for, or from time to time apply for, the renewal of such approvals, registrations, permits and licenses, however, we cannot assure you that we will receive the renewals on a timely basis or at all. We may also become subject to new regulatory regimes with our planned expansion into new geographies. If we do not maintain our approvals, registrations, permits or licenses, we may not be able to provide services to existing clients or be able to attract new clients, which would have an adverse effect on our business, prospects, results of operations and financial condition.

22. ***Most of our income is generated from operations in the United States. We must comply with applicable laws in the United States healthcare industry, which is highly regulated. Any changes in United States laws governing the healthcare or BPO industries may have an adverse effect on our results of operations.***

For the year ended March 31, 2007 and six months ended September 30, 2007, 98.15% and 99.97%, respectively, of our total income was derived from outside India, especially in the United States. The United States healthcare industry is highly regulated. Under the HIPAA, certain rules have been published regarding standards for electronic transactions as well as standards for privacy and security of individually identifiable health information. The HIPAA rules set high standards for the healthcare industry in handling healthcare transactions and information, with penalties for non compliance. We have incurred, and will continue to incur, costs to comply with these rules, including training our employees to process electronic medical claims in a HIPAA-compliant format. Although we believe that future compliance costs will not have an adverse affect on our results of operations, compliance with these rules may prove to be more costly than anticipated. This may adversely affect our profit margins if we are unable to pass on such additional costs to our clients.

We expect the United States federal and state governments to continue to pass new laws and regulations addressing healthcare issues. We cannot predict whether these laws would be enacted by the government, or, if enacted, to what extent they will affect our business. Healthcare industry participants may respond by reducing their investments or postponing investment decisions, including investments in our services, which may have an adverse effect on our income and financial condition. Our failure to comply with HIPAA or any other applicable laws and regulations could result in restrictions on our ability to provide services and may also result in imposition of fines or penalties, which could have an adverse affect on our business, results of operations and financial condition.

23. ***We could lose rights to use the brand name 'Apollo,' which may adversely affect our ability to market, our services*.**

The 'Apollo' brand name is owned by our Promoter and shareholder, AHEL and until such time that AHEL continues to hold at least 15% of our share capital, on a fully diluted basis, we have a license to use the brand in connection with our business and operations. As a license holder, we do not enjoy the statutory protections accorded to a registered trademark and are subject to the risk of non-performance of obligation to maintain the trademark registration by the brand owner.

Further, we have applied for the registration of our logo, as a trademark on December 16, 2005 under the Trademarks Act, 1999 in respect of healthcare related IT and IT enabled services. The application is pending. Until such registration is granted, we may not be able to prohibit other persons from using the logo.

24. ***We have in the past entered into related party transactions and may continue to do so in the future. Some of these transactions could be subject to transfer pricing regulations and if the applicable income tax authorities determine that the transfer price we applied was not appropriate, we may incur increased tax liability, including accrued interest and penalties.***

We have entered into transactions with our Promoters and with certain Subsidiaries and their respective affiliates. See "Related Party Transactions" beginning on page 184. For example, in fiscal year 2007 and for six months ended September 30, 2007 we made trade advances of Rs. 1.81 million and Rs. 0.33 million, respectively to our shareholder, AHEL, and rented our offices in Hyderabad from them for Rs. 18,928,794 per annum for the fiscal year 2007 and Rs. 10,065,499 for the six months ended September 30, 2007. In addition, we sold our ownership interest in Medvarsity on January 1, 2007 to an affiliate, Citadel Research and Solutions Limited, for a cash consideration of Rs. 36.55 million. We have also entered into a transfer pricing agreement dated April 1, 2005 with our subsidiary, AHSI, to provide healthcare outsourcing services to its clients in the United States. Our total income from AHSI in fiscal year 2007 and for six months ended September 30, 2007 pursuant to this services agreement was Rs. 65.08 million and Rs. 27.84 million, respectively. While we believe that all such transactions have been conducted on an arm's length basis, there can be no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties. Further, it is likely that we will enter into related party transactions in the future and there can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our results of operations and financial condition. For more information regarding our related party transactions, see the section "Financial Statements" on page 186 of this Draft Red Herring Prospectus.

In addition, some of these transactions may also be subject to any transfer pricing regulations that require any international transaction involving associated enterprises to be at an arm's-length price. Although, we determine the pricing among our associated enterprises on the basis of detailed functional and economic analysis involving benchmarking against transactions among entities that are not under common control, we cannot assure you that if our pricing terms are reviewed by any tax or other regulatory authority that they will be held to be appropriate. If the tax or other regulatory authorities review any of our tax returns and determine that the transfer price we applied was not appropriate, we may incur increased tax liability, including accrued interest and penalties, which will have an adverse affect on our results of operations and financial condition.

25. ***Our significant shareholders, AHEL, Maxwell and, Eliza Holdings, will continue to exercise significant influence over us, and their interests in our business may be different to those of other shareholders*.**

As of the date of this DRHP, Apollo Hospitals Enterprises Limited, Maxwell and Eliza Holdings owned 44.71%, 10.91% and 25.19%, respectively, of our issued and outstanding Equity Shares. Immediately following this Issue, assuming no other changes in shareholding, Apollo Hospital Enterprises Limited will own 11,181,360 Equity Shares (representing 35.48% of our issued and outstanding Equity Shares); Maxwell will own 2,728,915 Equity Shares (representing 8.66% of our issued and outstanding Equity Shares); and Eliza Holdings will own 6,300,805 Equity Shares (representing 20% of our issued and outstanding Equity Shares). Each of these parties can exercise significant influence over our business policies and affairs and all matters requiring a shareholders' vote, including the composition of our board of directors, the adoption of amendments to our organisational documents, the approval of mergers, strategic acquisitions, joint ventures or the sales of substantially all of our assets, lending and investment policies, capital expenditures and dividend policies under the terms of the shareholders' agreement dated April 14, 2005. Please see "History and Corporate Structure - Shareholders and Joint Venture Agreements – Subscription and Shareholders agreement dated April 14, 2005, as amended from time to time, between Maxwell, Eliza Holdings, the Company, AHEL, Dr. Prathap, C. Reddy, Mrs. Sucharitha Reddy, Mrs. Sangita Reddy, Mr. K. Vishweshwar Reddy and PCR Investments Limited" on page 89 for a detailed description of the shareholders agreement. This concentration of ownership also may delay, defer or even prevent a merger, acquisition or change in control of the Company. We cannot assure you that the interests of these shareholders may not conflict with the interests of other shareholders.

26. ***Our inability to keep pace with changing technology, evolving industry standards and new product introductions could adversely affect us.***

The market for our services and solutions are characterized by rapidly changing technology, evolving industry standards and frequent new product introductions. Our ability to keep pace with changes in the healthcare industry may be dependent on a variety of factors, including our ability to:

- enhance existing services;
- introduce new services quickly and cost effectively;
- achieve market acceptance for new services; and
- respond to emerging industry standards and other technological changes.

Although we strive to keep our technology current with the latest international technological standards, the technologies machinery currently employed by us may become obsolete. The cost of implementing new technology and upgrading our machines could be significant and our competitors may also develop competitive solutions that could adversely affect our business, prospects, financial condition and results of operations.

27. *We may not succeed in identifying suitable acquisition targets or integrating any acquired business into our operations, which could have an adverse effect on our business, results of operations and financial condition.*

Our growth strategy involves gaining new clients and expanding our service offerings, both organically and through strategic acquisitions. Historically, we have expanded some of our service offerings and gained new clients through strategic acquisitions, such as our acquisition of Zavata on August 29, 2007, Armanti on August 1, 2006 and Heritage Websolutions on September 1, 2006. Our number of customers increased from 30 and 15 as of March 31, 2006 and 2005, respectively, to 62 as of March 31, 2007. Our clients increased from 62 as of March 31, 2007 to 189 as of December 31, 2007, including as a result of the acquisition of Zavata.

In future, our management may not be able to successfully integrate any acquired business into our operations and any acquisition we complete may not result in long-term benefits to us. For example, if we acquire a company, we could experience difficulties in assimilating that company's personnel, operations, technology and software. In addition, the key personnel of the acquired company may decide not to work for us or the key clients may decide not to continue to use our services. The lack of profitability of any of our acquisitions could have an adverse effect on our results of operations.

Future acquisitions may also result in the incurrence of indebtedness or the issuance of additional Equity Shares for such acquisition. Acquisitions also typically involve a number of other risks, including diversion of management's attention, legal liabilities and the need to amortize acquired intangible assets, any of which could have an adverse effect on our business, prospects, results of operations and financial condition.

28. *Our industry may not develop in ways that we currently anticipate due to negative public reaction in the United States, the United Kingdom and elsewhere to offshore outsourcing, recently proposed legislation or otherwise.*

We have based our strategy of future growth on certain assumptions regarding our industry, services and future demand in the market for such services. However, the trend to outsource business processes may not continue and could reverse. Offshore outsourcing is a politically sensitive topic in the United States, the United Kingdom and elsewhere. For example, many organizations and public figures in the United States and the United Kingdom have publicly expressed concern about a perceived association between offshore outsourcing and the loss of jobs in their home countries. In addition, there has been recent publicity about the negative experiences, such as theft and misappropriation of sensitive client data of various companies that use offshore outsourcing, particularly in India. Current or prospective clients may elect to perform such services themselves or may be discouraged from transferring these services from onshore to offshore providers to avoid negative perceptions that may be associated with using an offshore provider. Any slowdown or reversal of existing industry trends towards offshore outsourcing would seriously harm our ability to compete effectively with competitors that operate out of facilities located in the United States or the United Kingdom.

A variety of United States federal and state legislation have been proposed that, if enacted, could restrict or discourage United States companies from outsourcing their services to companies located outside the United States. As many of our clients are located in the United States, any expansion of existing laws or the enactment of new legislation restricting offshore outsourcing could adversely affect our ability to do business with United States clients and have an adverse effect on our business, results of operations and financial condition. In addition, it is possible that legislation could be adopted that would restrict United States private sector companies that have federal or state government contracts from outsourcing their services to offshore service providers. If the United States, the United Kingdom or any of the other countries where we do business were to enact legislation that makes it more difficult or costly to outsource business processes, or otherwise impose increased liabilities in connection therewith, we could lose clients in the enacting countries. Further, even if anti-outsourcing legislation is not enacted, certain of our current or prospective clients could face potential pressure to restrict their outsourcing activities. If our clients in the United States, the United Kingdom or other countries are restricted or discouraged from outsourcing work to India, it would have a significant adverse affect on our income, prospects, results of operations and financial condition.

29. *Because substantially all of our income is denominated in foreign currencies and a portion of our expenses are denominated in Indian rupees, we face currency exchange risk.*

The exchange rate between the United States dollar and the Indian rupee has changed substantially in recent years and may continue to fluctuate significantly in the future. For the six months ended September 30, 2007 and the fiscal year 2007, 99.97% and 98.15%, respectively, of our income from operations derived from overseas and 28.2 % and 43.1 %, respectively, of our total expenditure was denominated in Indian rupees. We expect that a majority of our income will continue to be generated in foreign currencies and that a significant portion of our expenses will continue to be denominated in Indian rupees. Accordingly, our operating results have been and will continue to be affected by fluctuations in the exchange rate between the United States dollar and the India rupee, as well as exchange rates with other foreign currencies. Additionally, our foreign exchange exposure is increased as our investments in our foreign subsidiaries are denominated in United States dollars. Although we take steps to hedge our foreign currency exposure, our results of operations may be adversely affected if the Indian rupee fluctuates significantly against the United States dollar or if our hedging strategy is unsuccessful. We cannot assure you that we will continue to enter into such foreign currency hedges or that we will purchase adequate instruments to insulate ourselves from foreign exchange currency risks in the future. In addition, the policies of the Reserve Bank of India may also change from time to time, which may limit our ability to hedge our foreign currency exposures adequately.

30. *The international nature of our business exposes us to several risks, such as diverse and complex regulatory requirements and political and economic uncertainties.*

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

These risks include:

- social, political or regulatory developments that may result in an economic slowdown in any of these regions;
- legal and contractual uncertainty due to the overlap of different legal regimes, and problems in asserting contractual or other rights, across international borders or due to other reasons;
- potentially adverse tax consequences, such as scrutiny of transfer pricing arrangements by authorities in the countries in which we operate and increase of withholding and other taxes;
- potential tariffs and other trade barriers;
- changes in regulatory requirements;
- the burden and expense of complying with the laws and regulations of various jurisdictions; and
- terrorist attacks and other acts of violence or war.

The occurrence of any of these events could have an adverse effect on our business, prospects, results of operations and financial condition.

31. *We may borrow in the future for organic and inorganic growth purposes, which may restrict our ability to operate our business and affect our results of operations.*

As of September 30, 2007, we had Rs. 5,168.09 million of aggregate principal amount of secured loans outstanding. In addition, we have a revolving credit facility of Rs. 397.40 million and as of September 30, 2007, we had drawn Rs. 4,967.50 million and Rs. 109.50 million from these facilities. A combination of this debt and equity has been used in connection with the acquisition of Zavata. Our Company, Bank of India and Barclays Capital, each as arranger, with Barclays Bank Plc, Hong Kong Branch, acting as facility agent and security agent, among others, entered into a facilities agreement, dated August 29, 2007 (the "Facilities Agreement") by which a facility amounting to $145.00 million was provided by Bank of India, New York Branch and Barclays Bank PLC. This facility includes certain covenants that, among other things, restrict our ability to incur additional debt, give or issue guarantee, sell, lease, transfer or create certain securities over our assets, make investments and capital expenditures, issue equity, make certain payments, transact with affiliates, create liens on assets, demerge, undergo a corporate reconstruction or enter into joint ventures with, merge with, amalgamate into or acquire other companies. In addition, we are required to comply with financial covenants, such as cash flow and net worth requirements. Failure to comply with these requirements could have significant adverse consequences on our business and operations including a termination of this facility and acceleration of amounts due under such facility.

We may incur additional indebtedness in the future for organic and inorganic growth purposes. Our present and future indebtedness could have several important consequences, including but not limited to the following:

- a portion of our cash flow may be used towards repayment of our existing debt, which will reduce the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate requirements;
- our ability to obtain additional financing in the future at reasonable terms may be restricted;
- there could be an adverse effect on our business, results of operations and financial condition if we are unable to service our existing indebtedness or otherwise comply with financial and other covenants specified in the financing agreements; and
- we may be more vulnerable to economic downturns, may be limited in our ability to withstand competitive pressures and may have reduced flexibility in responding to changing business, regulatory and economic conditions.

We cannot assure you that we will be able to refinance any of our debt on commercially reasonable terms or at all.

32. ***We may suffer uninsured losses*.**

Our business and assets could suffer damage from fire, misappropriation or other causes, resulting in losses, including loss of rent, which may not be fully compensated by insurance. While we believe that we maintain insurance coverage in amounts consistent with industry norms, our insurance policies do not cover all risks and are subject to exclusions and deductibles. If any or all of our facilities are damaged in whole or in part and our operations are interrupted for a sustained period, there can be no assurance that our insurance policies will be adequate to cover the losses that may be incurred as a result of such interruption or the costs of repairing or replacing the damaged facilities. If we suffer a large uninsured loss or any insured loss suffered by us significantly exceeds our insurance coverage, our business, prospects, financial condition and results of operations may be materially and adversely affected.

33. ***We provide daily transportation to a majority of our employees and we are vulnerable to risks related to employee safety, road safety and other related hazards.***

In the recent past, the BPO industry has encountered problems in connection with transportation of employees to and from work, such as automobile accidents and incidents of violent personal crimes, which have in certain cases led to serious personal injury and death. Although we have taken reasonable precautions and security measures, incidents which are completely out of our control that threaten the safety of our employees may occur. Additionally, transporting employees is subject to road risks, including serious accidents and death. In the event of any such occurrence, we may be subject to liability, police inquiry and litigation. All of these will result in negative publicity and will adversely affect our ability to attract and retain skilled employees. This may also affect our market reputation, making it difficult for us to attract new or retain existing clients.

34. ***Our facilities are at risk of damage by natural disasters*.**

Our facilities may be damaged in natural disasters such as earthquakes, floods, heavy rains, tsunamis, hurricanes and cyclones. Further, natural disasters, such as the tsunami that affected Southeast Asia, including India, on December 26, 2004, may lead to disruption of information systems and telephone service for sustained periods. Damage or destruction that interrupts our provision of outsourcing services could damage our relationships with our clients and may cause us to incur substantial additional expenses to repair or replace damaged equipment or facilities. We may also be liable to our clients for disruption in service resulting from such damage or destruction. Prolonged disruption of our services as a result of natural disasters could also entitle our clients to terminate their contracts with us.

35. ***Contingent liabilities could adversely affect our financial condition*.**

As of September 30, 2007, we had contingent liabilities in the following amounts:

(i) In accordance with the notification issued by the Employee Provident Fund Office, the Company may be required to contribute provident fund on amounts paid towards encashment of leave by employees from its inception to April 30, 2005. However, no provision was recorded in the books of accounts as the Company's liability towards provident fund is presently not determinable.

(ii) Performance security/surety issued to Commissionerate of Health Medical Services and Medical Education, Health and Family Welfare Department, Government of Gujarat for Rs. 0.64 million by AHSL. Bank guarantee issued to IBM Global India Private Limited for Rs. 2.26 million by Zavata India Private Limited. In terms of the bank guarantee, the banks have full recourse to us in case they are required to make any payment under any of these guarantees.

(iii) Appeal pending with Assistant Commissioner of Income Tax against Zavata India Private Limited in relation to the income tax assessment and related demand for the assessment year 2004-05 for an amount of Rs. 14.31 million and sales tax demand notice issued by Commercial Taxes Department of Hyderabad to AHSL for an amount of Rs. 0.64 million.

For further details of our contingent liabilities, see the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 346 and the notes to our financial statements beginning on page 186.

36. ***We do not own our registered office and other premises from which we operate.***

We do not own the immovable property on which our registered office and other premises are located. The lease arrangements in relation to some of our properties have expired, and we are in the process of having the same renewed. In addition, the lease arrangements in relation to some of our properties have expired, and we are in the process of having the same renewed. Although some of these properties have been leased from related parties, if any of the owners of these premises do not renew the agreements under which we occupy the premises or renew such agreements on terms and conditions unfavourable to us, our operations may suffer disruptions. For further details, see "Our Business" on page 63.

37. ***We will have broad discretion in how we use the proceeds of this offering and we may not use the proceeds efficiently. This could affect our profitability and cause the price of our Equity Shares to decline.***

Our management will have considerable discretion in the application of the net proceeds of this offering. We currently intend to use the net proceeds for expansion of our Chennai facility, repayment of the loan obtained for the acquisition of Zavata, Inc. and for general corporate purposes. There can be no assurance that we will be able to conclude definitive agreements for such purposes on terms anticipated by us or at all. See "Objects of the Issue" beginning on page 45 of this Draft Red Herring Prospectus.

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

Our funding requirements and the deployment of the net proceeds of the Issue are based on management estimates and have not been appraised by any bank or financial institution. In view of the highly competitive nature of the industry in which we operate, we may have to revise our management estimates from time to time and consequently, our funding requirements may also change. This may result in the rescheduling of our expenditure programmes and an increase or decrease in our proposed expenditure for a particular matter. Further, the Issue proceeds are to be deployed at the sole discretion of our Board of Directors and are not subject to monitoring by any independent agency.

39. ***The financial statements of certain of our Promoter Group companies have not been prepared.***

The financial statements for certain of our Promoter Group companies have not been prepared. For further details, please refer to the section "Our Promoter – Promoter Group" on page 120.

40. ***In the last twelve months, we have issued Equity Shares at a price which may be lower than the Issue Price.***

In the last twelve months, we have made the following issuances of Equity Shares at a price which may be lower than the Issue Price:

Date of Allotment	Number of Equity Shares	Reasons for Allotment

Date of Allotment	Number of Equity Shares	Reasons for Allotment
April 12, 2007	111,600	Allotment of equity shares to employees pursuant to exercise of employee stock options under ESOP 1
August 14, 2007	686,000	Preferential allotment to Mrs. Sangita Reddy, Mr. John Andrew DeVoe, Mrs. Shobana Kamineni, Mr. NJ Yasaswy, Mr. Ravendran Krishnasamy and Mr. Nasser Munjee
August 20, 2007	4,000,000	Preferential allotment to AHEL
August 20, 2007	404,000	Preferential allotment to Dr. Prathap C. Reddy
August 20, 2007	40,000	Preferential allotment to Mrs. Sucharitha Reddy
August 20, 2007	431,871	Preferential allotment to Mrs. Sangita Reddy
August 20, 2007	13,440	Preferential allotment to Mrs. Suneeta Reddy
August 20, 2007	222,128	Preferential allotment to K. Vishweshwar Reddy
August 20, 2007	3,088,532	Preferential allotment Eliza Holdings
August 20, 2007	67,256	Preferential allotment to White Park Securities Limited
October 8, 2007	30,000	Allotment of equity shares to employees pursuant to exercise of employee stock options under ESOP 1
January 10, 2008	17,750	Allotment of equity shares to employees pursuant to exercise of employee stock options under ESOP 1, ESOP 2 and ESOP 4.

For further details, see Note 1 to the section titled "Capital Structure – Notes to Capital Structure" on page 24.

Risks Associated with India and the Nature of our Business

41. ***If the GoI reduces or withdraws tax exemptions or benefits and other incentives it currently provides to companies within our industry, or if the same are not available for other reasons, our financial condition could be negatively effected.***

We benefit from certain tax incentives provided by the GoI. Our export profits from our facilities in Hyderabad and Delhi are exempt from taxes because they constitute profits from industrial undertakings situated in Software Technology Parks of India. Our delivery centres in India are currently making use of this tax holiday for profits generated from exported services. However, this exemption is available only until March 31, 2009, after which we expect to be required to pay taxes at standard rates on the profits earned from these delivery centres, which will increase our overall tax liability and adversely affect our profitability. Further, currently we do not pay service tax on the income we earn in connection with the export of our services out of India. If in the future the GoI changes the service tax law, requiring us to pay a service tax on our income from exports or to pay an increased service tax on our domestic business, our results of operations would be affected and our profitability would decline.

42. ***Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business.***

Terrorist attacks and other acts of violence or war may negatively affect the Indian markets on which our Equity Shares trade and also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, make travel and other services more difficult and ultimately adversely affect our business.

India has also witnessed civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic and political events in India could have a negative impact on us. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and the price of our Equity Shares.

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

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

44. *We are subject to regulatory, economic and political uncertainties in India.*

In the early 1990s, India experienced significant inflation, low growth in gross domestic product and shortages of foreign currency reserves. The Indian government provided significant tax incentives and relaxed certain regulatory restrictions in order to encourage foreign investment in specified industries of the economy, including the BPO industry. Certain of those programs, which have benefited us, include tax holidays, liberalized import and export duties and preferential rules on foreign investment and repatriation. We cannot assure you that liberalization policies will continue.

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

45. *If more stringent labour laws become applicable to us, our profitability may be adversely affected.*

India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for dispute resolution and employee removal and legislation that imposes financial obligations on employers upon retrenchment. Though we are exempt from a number of these labour laws at present, there can be no assurance that such laws will not become applicable to the BPO and IT industry in India in the future. In addition, our employees may in the future form unions. If these labour laws become applicable to our workers or if our employees unionize, it may become difficult for us to maintain flexible human resource policies, discharge employees or downsize, and our profitability may be adversely affected.

46. *Changes in the rules promulgated by the SEBI, the various Indian stock exchanges and changes in the interpretation or enforcement of existing law and rules relating to the stock markets or investment in securities may adversely affect our business.*

The securities industry in India is subject to extensive regulation. Our ability to comply with all the applicable laws, rules, regulations and bylaws of the SEBI and the India stock exchanges, and any changes in these laws, rules, regulations and bylaws, is largely dependent on our internal compliance procedures, as well as our ability to attract and retain qualified compliance personnel. We could be subject to disciplinary or other actions in the future due to non-compliance, which could have an adverse effect on our business, financial condition and operating results.

47. *Any downgrading of India's debt rating by an independent agency may harm our ability to raise debt financing.*

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our capital expenditure plans, business and financial performance.

Risks Associated with Our Equity Shares and the Issue

48. ***Substantial future sales of our Equity Shares in the public market could cause our Equity Share price to fall.***

Upon completion of this Issue, we will have 31,511,075 Equity Shares outstanding. Upon completion of this Issue, our Promoters and Promoter Group will own 15,057,910 Equity Shares, which will represent approximately 47.79% of our outstanding Equity Shares. The holders of approximately 24,762,020 Equity Shares, representing approximately 78.58% of our outstanding Equity Shares, will be entitled to dispose of their shares following the expiration of a one-year Indian statutory 'lock-up' period. Sales of a large number of our Equity Shares by our shareholders, especially our Promoters, could adversely affect the market price of our Equity Shares. Additionally, any future equity offerings by us, including issuances of stock options, or any perception by investors that such issuances might occur, may lead to the dilution of investor shareholding in our company or affect the market price of the Equity Shares and could affect our ability to raise capital through an offering of our securities.

49. ***There is no existing market for our Equity Shares and we cannot assure that such a market will develop. The stock price may be volatile, and you may be unable to resell your shares at or above the offering price or at all.***

Prior to this Issue, there has been no public market for our Equity Shares, and an active trading market may not develop or be sustained upon the completion of this offering. The initial public offering price of the Equity Shares offered hereby was determined through our negotiations with the underwriters and may not be indicative of the market price of the Equity Shares after this offering. The market price of our Equity Shares after this offering will be subject to significant fluctuations in response to, among other factors:

- variations in our operating results and the performance of our business;
- regulatory developments in our target markets affecting us, our clients or our competitors;
- market conditions specific to the BPO services industry and the overall market for IT services;
- changes in financial estimates by securities research analysts;
- addition or loss of executive officers or key employees;
- loss of one or more significant clients;
- the performance of the Indian and global economy;
- significant developments in India's fiscal regime; and
- volatility in the Indian and global securities markets.

Many of these factors are beyond our control. There has been recent volatility in the Indian stock markets and our share price could fluctuate significantly as a result of such volatility in the future.

50. ***You will not be able to sell immediately on an Indian Stock Exchange any of the Equity Shares you purchase in the Issue.***

Under the SEBI Guidelines, the Company is permitted to allot equity shares within 15 days of the Bid/Issue Closing Date. Consequently, the Equity Shares you purchase in the Issue may not be credited to your demat account with Depository Participants until approximately 15 days after the Bid/Issue Closing Date. You can start trading in the Equity Shares only after they have been credited to your demat account and final listing and trading approvals are received from the Stock Exchanges. Further, there can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence within the specified time periods.

51. ***There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.***

We are subject to a daily circuit breaker imposed by all stock exchanges in India which does not allow transactions beyond certain volatility in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breaker is set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. This circuit breaker effectively limits the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares.

52. *Conditions in the Indian securities market may affect the price or liquidity of the Equity Shares.*

The Indian securities markets are smaller than securities markets in the US and Europe. Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities. These exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Further, disputes have occurred on occasion between listed companies and the Indian stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar problems occur in the future, the market price and liquidity of the Equity Shares could be adversely affected.

Notes to Risk Factors

- Public issue of 6,500,000 Equity Shares of Rs. 10 each for cash at a price of Rs. [●] per Equity Share, including a share premium of Rs. [●] per Equity Share, aggregating Rs. [●]. The Issue comprises a Net Issue to the public of 6,300,000 shares of Rs. [●] each and a reservation of up to 200,000 Equity Shares of Rs. [●] each for Eligible Employees. The Issue would constitute 20.63% of the Company's post Issue paid-up capital and the Net Issue will constitute 19.99 % of the Company's post Issue paid-up capital.

- In terms of Rule 19(2)(b) of the Securities Contract Regulation Rules, 1957 ("SCRR"), this being an Issue for less than 25% of the post–Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue will be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to all QIBs including Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 60% of the Net Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, not less than 10% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Net Issue 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. Further, up to 200,000 Equity Shares shall be available for allocation on a proportionate basis to Eligible Employees, subject to valid Bids being received at or above the Issue Price.

  The Company is considering a Pre-IPO placement with certain investors ("Pre-IPO Placement"). The Pre-IPO placement is at the discretion of the Company. The Company will complete the issuance, if any, of such Equity Shares prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the Issue size offered to the public will be reduced to the extent of such Pre-IPO Placement, subject to a minimum Net Issue size of 10% of the post Issue capital being offered to the public.

- Based on the Company's restated consolidated financial statements, the net asset value per Equity Share of Rs. 10 each based on the Company's net worth of Rs. 2,394.12 million as of September 30, 2007 was Rs.95.91.

- Other than as stated in "Capital Structure - Notes to Capital Structure", the Company has not issued any Equity Shares for consideration other than cash.

- The average cost of acquisition of the Equity Shares of face value of Rs. 10 each by our Promoters is as under:

Promoter	Cost Per Share
AHEL	110.17
Dr. Prathap C. Reddy	144.07
Mrs. Sangita Reddy	167.95

The average cost of acquisition of the Equity Shares by our Promoters has been calculated by taking into account the amount paid by them to acquire the Equity Shares. For more information, see "Capital Structure" on page 23 of this Draft Red Herring Prospectus.

- The book value per Equity Share, on a restated consolidated basis, as of September 30, 2007 was Rs. 95.91 per Equity Share.

- Except as disclosed in the sections titled "Our Promoters", "History and Certain Corporate Matters" or "Our Management" beginning on pages 115, 85 and 101, respectively, none of our Promoters, Directors and key managerial employees have any interest in the 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 or trustee and to the extent of the benefits arising out of such shareholding. Further, our Directors and key managerial employees also have an interest to the extent of the employee stock options held by them in our Company. For more information see "Capital Structure" and "Our Management" on pages 23 and 101 respectively.

- Our Company was originally incorporated as a public limited company on October 8, 1999 and received its certificate of commencement of business on December 13, 1999. Pursuant to a special resolution of the members passed at an EGM held on April 21, 2005 and the consequent approval from the Central Government dated May 26, 2005, the Company was converted to a private limited company with effect from May 26, 2005 pursuant to Section 31 of the Companies Act and consequently the name of the Company was changed to "Apollo Health Street Private Limited". Further, pursuant to a special resolution of the members passed at an EGM held on January 13, 2007 and the consequent approval from the Central Government dated January 25, 2007 pursuant to Section 44 of the Companies Act and consequently the name of the Company was changed to "Apollo Health Street Limited".

- The details of Related Party Transactions in the fiscal year 2007 are provided in the schedule "Related Party Transactions" on page 184.

- For details of transactions in the securities of the Company by our Promoters, Promoter Group and Directors in the last six months, refer to "Capital Structure – Notes to Capital Structure" on page 37 of this Draft Red Herring Prospectus.

- Trading in Equity Shares for all investors shall be in dematerialised form only, after the Equity Shares are made fully paid-up.

- In case of over-subscription in the Issue, allotment to Bidders in all of the categories shall be on a proportionate basis. Under-subscription, if any, in any category, except the QIB Portion, would be met with spill over from other categories at the discretion of the Company in consultation with the BRLMs. For more information, please refer to the section titled "Issue Procedure - Basis of Allotment" on page 457 of this Draft Red Herring Prospectus.

- Investors are advised to refer to "Basis for Issue Price" on page 50 of this Draft Red Herring Prospectus.

- Any clarification or information relating to the Issue shall be made available by the BRLMs and the Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever; and

- Investors may contact the BRLMs and the Syndicate Member for any complaints pertaining to the Issue.

SECTION III – INTRODUCTION

SUMMARY OF OUR BUSINESS, STRENGTHS AND STRATEGY

Overview

We are one of the leading providers of revenue cycle management solutions to the healthcare industry in United States. Our solutions encompass a diverse range of back-office services that span the hospital revenue cycle workflow from patient admission, charge capture and claims processing to receivables management. We primarily target healthcare providers and payers in the United States utilizing a flexible on-shore and off-shore approach which is comprised of six delivery locations in the United States and three delivery locations in India.

We combine our domain knowledge of revenue cycle management with our proprietary technology and process expertise to assist our clients focus on increasing their productivity and quality of core services by deploying organized business processes, re-engineering methodologies and technology-enabled automation, which are aimed at enhancing customer satisfaction. We believe that in addition to increasing the efficiency and scalability of our offerings, our technology-platform based approach facilitates stronger client tie-ins. We offer flexible and customized solutions to our clients, ranging from focused offerings to comprehensive full business office ("FBO") outsourcing offerings, which allows our clients to focus on their core competencies by outsourcing a significant part of their routine revenue cycle functions to us.

We provide our solutions to healthcare providers such as hospitals and physician practices and to payers such as insurers and third party administrators. In addition to providing revenue cycle solutions, we also provide information technology and strategic support services to these clients as well as to healthcare information technology companies. While we believe there is significant overlap and synergy among these competencies, our business is organized around three key business lines:

- *Hospital and Physician Services*. Our provider services to hospital and physician groups include revenue cycle management, collection, medical coding and customer support services.
- *Payer Services*. Our payer services include claims administration, provider data management, medical management, back-office support and call handling services.
- *IT and Strategic Support Services*. Our IT and strategic support services include software development, integration and support, quality assurance and testing, implementation services and solutions, customer relationship management and technical help desk solutions.

Our total income and net profit, as per restated consolidated profit and loss statement, for the fiscal year ended March 31, 2007 was Rs. 1,428.13 million and Rs. 66.82 million, as compared to Rs. 448.19 million and Rs. 23.81 million for the fiscal year ended March 31, 2006, respectively.

Our promoters consist of AHEL, Dr. Prathap C. Reddy and Mrs. Sangita Reddy. The support and goodwill of our Promoter and shareholder, AHEL, has been a contributor to our growth and success. Our other Promoters, Dr. Prathap C. Reddy and Mrs. Sangita Reddy are well-known in the healthcare industry in India and we have benefited from their experience, knowledge, goodwill and references. We believe we have successfully leveraged the relationship with our Promoters to expand our client base. Our significant shareholders also include affiliate companies of Temasek Holdings and One Equity Partners.

We have expanded our business both organically and inorganically. As part of our growth strategy, on August 29, 2007, we, through our subsidiary, AFSI, acquired Zavata, Inc., an Atlanta-based healthcare revenue cycle outsourcing solutions provider. On September 1, 2006, we acquired Heritage Websolutions, a company which provides back-end IT development and support services. Also, on August 1, 2006, we acquired Armanti Financial, a hospital billing and receivables management entity.

Our management team is comprised of experienced healthcare executives based in India as well as in the United States. We believe that our management team led by Dr. Prathap C. Reddy and Mrs. Sangita Reddy in India and Mr. Andrew DeVoe in the United States, brings significant healthcare domain expertise and familiarity with the issues facing our core client constituency and enables us to provide competitive solutions. Our Chairman and 15 senior executives have an aggregate of 214 years of healthcare experience and bring a wide network of key relationships across the US healthcare landscape. Our senior management is supported by a team of executives with diverse experience in healthcare administration, business process optimization and technology. As of

December 31, 2007, we had 2,295 employees, of which 846 employees were based in the United States and 1,441 employees were engaged in the provision of services in India.

According to the United States Center for Medicare and Medicaid Services, spending on healthcare in the United States was estimated to be US$2.1 trillion in 2006, or 16% of United States gross domestic product ("GDP") and is expected to increase to over US$3.9 trillion by 2015. For information about the industry in which we operate, see "Industry" on page 60.

Our Strengths

We believe that our principal competitive strengths are as follows:

Leading RCM provider with in-depth domain expertise

We believe that we are one of the leading revenue cycle management solution providers in the United States. According to Value Notes, an industry report published in February 2007, Apollo Health Street and Zavata, Inc. were among the list of four "likely winners". Value Notes had determined this "list of likely winners", i.e., companies that will emerge much stronger than others in the next two to three years, on account of strong capabilities, onshore and offshore presence, growth strategies and strength of their brand. Our acquisitions of Zavata, Inc. and Armanti Financial have significantly enhanced our presence, scale and client base in the United States.

We believe that the prominent presence and the in-depth domain knowledge of our Promoters is a key reason for our success and leadership position in the revenue cycle management solutions industry. In our IT and strategic support business, we use our extensive knowledge of the provider and payer businesses to develop and deliver customized services and solutions to our clients. A significant number of our employees work exclusively on healthcare related services and solutions and have acquired significant domain knowledge through experience. We believe that this enables our employees to better understand the healthcare businesses and provide greater value-added services to our clients. We believe we were amongst the first few companies in India to provide the following services:

- FBO services;
- platform based revenue cycle management services to large faculty group practices in the United States;
- medical coding services; and
- provider data management.

A majority of our clients are healthcare players and we believe that our healthcare focus provides us a significant competitive advantage over our competitors. It also enables us to leverage our existing capabilities to identify new service offerings for our clients.

Platform based service model

We have developed customized healthcare provider and payer applications to support our end-to-end outsourcing platform, to drive automation and to enhance efficiencies. We believe that our proprietary technology platforms such as Accessline, Retroactive Claims Reprocessing, Accounts Receivable Management Systems and Medcoding have enabled our clients to achieve operational efficiencies. We continue to upgrade our technology platforms to realize greater productivity and results for our clients. Our ability to ramp up is also significantly enhanced in a platform based model as we can leverage staff across clients and also shorten training time periods. The need to learn a new platform and work-flow each time we work with a new client is significantly decreased in a platform based service model, especially in engagements where we are compensated on the basis of outcomes. A platform based model also creates strong "client tie-in" which is reflected in the long term nature of our relationships and also creates significant barriers to entry of new RCM service providers.

Diverse portfolio of end-to-end integrated solutions

Firstly, we believe that we are one of the few providers of services across the healthcare outsourcing value-chain including FBO and individual extend business office services such as patient access, billing functions, Medicaid application services, emergency application services, account receivable services and bad debt collection services to us at lower costs. Secondly, we offer services across healthcare businesses including hospital and physicians, payers and healthcare IT companies. Finally, we have the flexibility to deliver our services from our on-site, on-shore and off-shore presence.

Long-term relationships and quality clients

We believe that as a result of our in-depth domain expertise and end-to-end services portfolio, we have developed long term relationships with most of our clients, with certain client contracts ranging from three to 10 years. We have also been able to successfully retain the clients acquired through our acquisitions. For fiscal year 2007, a substantial majority of our income was attributable to business from clients who were our clients in fiscal year 2006 or before.

As of December 31, 2007, we have a roster of more than 100 clients, including three of the top ten medical schools in the United States, and three of the top ten payers in the United States healthcare market, by revenues. Our existing clients give us significant credibility in the market and at times provide references that have proven valuable for acquiring new clients. We believe that our long-term relationships and the quality of our client base is a key strength that provides us a firm foundation to expand our business and operations.

Ability to manage growth

Our business has developed through a combination of organic and inorganic growth, including the recent acquisition of Zavata, Inc. in the United States. We also acquired Armanti Financial in the United States and Heritage Websolutions in India in 2006. See "History and Corporate Structure" beginning on page 85. We seek to leverage our business experience and industry knowledge to acquire companies in lines of business which complement our business model. As part of organic growth, we have increased our client base as well as revenue income from existing clients by expanding the scope of the services we provide to these clients. The acquisition of Armanti Financial has also provided us access to hospital provider client base in the United States as we were primarily focused on physician provider client base in the past. In addition, subsequent to the acquisition of Zavata, Inc., we have increased our hospital and physician client and marketing base in the United States.

We invest significant management resources towards ensuring that our acquisitions are integrated in an efficient and organized manner that enables us to maximize the synergies that exist between the companies. We believe that our domain knowledge has helped us in growing key clients and personnel. For example, following the acquisition of Armanti Financial, we had appointed a senior management employee as an integration officer to lead the integration efforts. We believe that our ability to manage growth, especially through integration of our acquisitions, is a significant contributor to our success.

Substantial expertise in process migration and project management

Our process migration expertise, which combines industry domain knowledge, process and project management techniques and an interactive approach, enables us to provide services that are tailored to meet our client's specific needs. Many of the business processes that are outsourced by our clients to us are mission and time critical, requiring substantial project management expertise. We believe that we have developed a sophisticated program management methodology to ensure smooth transfer of business processes from our clients' facilities to our offshore delivery centers, enabling our clients to focus on their core businesses during such transfers.

We use Six Sigma methodology to identify and eliminate inefficiencies in client conducted processes and have a team of Six Sigma-trained "black-belts" and "green-belts," who have expertise in applying the methodology. In addition, our Hyderabad facility has ISO 9001 certification for procedures and policies and ISO 27001 certification for internal control and security procedures. We have also received ISO 9001 certification for quality from TUV South Asia Private Limited, ISO 27001 certification (BS 7799) for information security from TUV Rheinland India Private Limited and HIPAA certification for protected health information from TUV Rheinland India Private Limited.

Delivery capabilities and marketing presence in the United States and India

Healthcare is typically a local business. As such, we believe that our local delivery capabilities and marketing presence in the United States provides us with significant growth opportunities by acquiring new clients and increasing business from existing clients. As part of our offshore delivery business model, we leverage our significant presence in India from where all of the offshore services are provided. This enables us to benefit from our cost structure in India and provide high-quality services to our clients in the United States and other developed countries at competitive prices. Our presence in India also provides a time zone advantage that enables us to meet tight turnaround times required by our clients. We believe that our United States and India presence is a key factor in our growth and success.

In addition, subsequent to the acquisition of Zavata, Inc., we believe that we have sales and marketing presence in the United States which enables us to better utilize our delivery model. Our sales team, supported by solutions development teams is divided into three business units, i.e., the payer business unit, the hospital and physician business unit and the IT and strategic support business unit. We believe that division of sales team under separate business units provides better synergies.

Qualified and experienced management team

Our qualified and experienced management team provides us with a key competitive advantage. We have been able to attract and retain senior and middle-management executives from top tier organizations as well as retain key executives from companies that we have acquired. Our Chairman and 15 senior executives have an aggregate of 214 years of healthcare experience and bring a wide network of key relationships across the US healthcare landscape. Our management team has been instrumental in diversifying our services portfolio and increasing our income. In addition to our senior management team, we believe that our middle-management team provides us with the leadership depth needed to manage our growth. We believe that the healthcare domain knowledge and operating experience of our senior and middle-management provides us with a significant competitive advantage as we seek to expand in our existing markets and enter new geographic markets. For details of our management, please see "Our Management" beginning on page 101.

Well recognized and strong brand name in healthcare and support of our Promoters

We believe that the 'Apollo' brand name is well-established in the healthcare industry in and outside of India, including in the United States. In the United States, the 'Apollo' brand is particularly well known among physician groups and physicians of Indian origin. We believe that we effectively leverage the 'Apollo' brand name to expand our client base and that it will continue to facilitate expansion of our market share and growth in new geographic markets. The 'Apollo' brand name is owned by our Promoter and shareholder, AHEL and until the time AHEL continues to hold at least 15% of our share capital, on a fully diluted basis, we have a license to use the brand name in connection with our business and operations.

Our acquisition of the business of Zavata, Inc., has increased our presence in the United States. Zavata, Inc. is well-known as an outsourcing partner to healthcare provider and payer markets as well as one of the leaders in customer relationship management and technical help desk outsourced solutions. Zavata, Inc. is also an exclusive provider of certain revenue cycle services to customers of Siemens' Healthcare IT Division and has been recognized by Gartner as a visionary leader in its magic quadrant of IT help desk outsourcing providers for the year 2005.

Our Promoters have been a key contributor to our growth and success. Our Promoter, AHEL operates 35 hospitals, 40 clinics and more than 420 pharmacy outlets and presently employs a workforce of approximately 16,000 people, including about 4,000 physicians as of December 31, 2007. Dr. Prathap C. Reddy and Mrs. Sangita Reddy, our other Promoters, are well-known in the healthcare industry in India, and we have benefited from their experience, knowledge, goodwill and references. We successfully leverage the relationship with our Promoters to expand our operations. AHEL, through its subsidiaries and affiliates, also operates certain educational institutions that provide us with an accessible pool of talented and well qualified personnel. Given the high attrition rate in the industry and the relatively low availability of talented and skilled personnel, we believe that this pool of resources provides us with a competitive advantage.

Our Strategy

Our objective is to strengthen our position in the provision of revenue cycle management solutions to the healthcare industry and expand our client base and income. Specific elements of our growth strategy include:

Grow our business by attracting new clients

We are focused on aggressively expanding our sales and marketing efforts in order to increase our market share by adding new customers. We believe that our comprehensive end-to-end solutions will be a distinct advantage as we compete for new business. Our value proposition to potential clients is based on (i) our exclusive focus on the healthcare sector which we believe has created significant domain expertise and differentiating insights into our clients' business, (ii) our unique blended shore approach which combines the benefits of a highly efficient off-shore resource utilizing Six Sigma methodology with our experienced and specialized United States based resources, and (iii) our ability to leverage our IT and strategic services expertise to provide our clients with a tailored solution. Over the last five years, in order to capitalize on the market opportunity, we have increased the number of sales and marketing executives who are focused on identifying and executing new client opportunities. We believe that our concentrated efforts have contributed to us increasing our client base from 62 as of March 31, 2007 to 189 as of December 31, 2007, including as a result of the acquisition of Zavata, Inc.

We also intend to continue selectively entering into strategic relationships with industry leaders that provide us access to potential new clients. Two representative examples of this strategy include our relationships with Siemens (see "Our Business – Sales and Marketing" below) and Trinity Fane (Minnesota Hospital Association outsources RCM through Trinity Fane). Under both of these agreements, we pay our partner a percentage of the revenue we generate from contracts that result from leads or introductions facilitated by our strategic partners. Lastly, our existing clients give us significant credibility in the market and have in the past provided references that have proven valuable for acquiring new clients and we intend to continue this growth strategy. We also intend to continue to leverage our relationship with our Promoters to expand our client base.

Increase revenue from our existing client base

We have an existing client base that includes many of the top providers and payers in the United States healthcare industry. We intend to increase our income from these existing clients by expanding the scope of the services we provide to these clients, seeking to identify additional processes that can be transferred offshore, cross-selling new services and providing technology based offerings. We believe that with our domain knowledge we are in a unique position to identify new opportunities that will help expand the scope of our current client relationships by expanding our offerings across the revenue cycle and in some instances converting limited scope arrangement into full business outsourcing opportunities.

Further, we have been able to successfully retain the clients acquired through acquisitions and we intend to grow our revenues from these clients by cross-selling our services and by utilizing our offshore delivery model. We believe that our diverse service offerings to provider and payer businesses gives us a significant advantage over our competitors in the healthcare industry through the application of domain expertise as well as provision of seamless services, and we intend to leverage these capabilities to expand our client base and business.

Maintain a targeted acquisition strategy to expand our market position and fill out our suite of product and service offerings

We operate in a fragmented market. In the past, we have successfully used acquisitions to expand our capabilities and to consolidate our presence in new markets. We acquired Zavata, Inc. on August 29, 2007, Heritage Websolutions on September 1, 2006 and Armanti Financial on August 1, 2006. We intend to continue to seek opportunities to acquire entities that grow our RCM business, complement our services portfolio or provide back-end services. We will leverage our acquisition experience to successfully identify, execute and integrate new opportunities that may arise in future.

Continue to be an integrated player

Our offerings are targeted to reduce the administrative cost burden of the US healthcare by servicing both sides of the reimbursement process, namely to the providers as well as to the payers. Our distinct service model is based on leveraging our domain knowledge to provide patient focused business processes along the end-to-end reimbursement life cycle. In the healthcare industry, administrative information flow starts from patients at a provider, moves on to the payer before returning back to the provider and eventually the patient. Consistent with this information flow, we provide the services of timely claim submission on the provider side and use this expertise to help adjudicate claims faster and accurately on the payer side. Likewise, we also use our knowledge of medical coding to submit accurate and compliant medical codes on the provider side and to analyze fraud and recover over-payments on the payer side. We use telephonic customer support to follow-up with payers on denied and under paid claims from the provider side and use the call center capabilities to support provider incoming calls including for claims status, eligibility and authorization on the payer side. In pursuing this end to end unique service offering as a strategy, we use our proprietary tools and knowledge process to tap learning across clients to continuously improve business process, while maintaining confidentiality and compliance with HIPAA and other state and federal laws.

Continue to invest in operational infrastructure

We intend to continue to invest in operational infrastructure, including human resources, process optimization and proprietary technology to meet our growing client requirements. We retain our employees by offering them attractive growth prospects and competitive compensation packages that include performance-based compensation as well as certain long term incentive-based compensation. We intend to continue our focus on process excellence and service quality by expanding our use of Six Sigma methodology to identify and eliminate inefficiencies, focusing on initiatives to solicit and retain employees at all levels and continuing to develop proprietary tools to identify and deliver continued process enhancements. We are also in the process of expanding one of our facilities in Hyderabad. In addition, we intend to continue our investments in technology in order to expand our healthcare RCM and IT and strategic support services, facilitate the integration of our service platforms and provide our services in more efficient ways.

Enter new geographies, including our domestic market, leveraging the strength of the Apollo Group

Over the past few years, while our focus has been the US healthcare market, we have worked in multiple other geographies, including for clients in India, United Kingdom, Germany, Saudi Arabia, Indonesia and other countries. Our work in these countries has leveraged the presence of the Apollo Group and our knowledge of revenue cycle management. Specifically, we believe that our work in India in our initial years for the Apollo Group helped us develop our domain knowledge and develop a mature offering of services for our clients in the United States. For instance, we were involved in implementing the hospital information system for Apollo Group hospitals and our experience has helped us in doing similar work in the United Kingdom, United States and Indonesia. Our strategy to develop a growing share of our business from outside the United States has also helped us share best practices in healthcare delivery across geographies.

SUMMARY FINANCIAL INFORMATION

The following tables set forth summary financial information derived from our restated consolidated financial statements as of and for the six months ended September 30, 2007 and 2006 and the fiscal years ended March 31, 2007, 2006, 2005 ,2004 and 2003 including the schedules, annexes and notes thereto and the reports thereon, restated in accordance with the SEBI Guidelines. These financial statements have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines and are presented in the section titled "Financial Statements" beginning on page 186. The summary financial information presented below should be read in conjunction with our restated consolidated financial statements, the notes thereto and the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 346.

Extracted from Summary Statement of Consolidated Assets and Liabilities, as restated

(All amounts in Indian Rupees, except as otherwise stated)

	As at September 30,		As at March 31,				
	2007	**2006**	**2007**	**2006**	**2005**	**2004**	**2003**
Fixed assets							
Gross block	6,867,902,202	523,694,760	563,953,972	167,039,804	102,825,794	73,618,588	52,930,103
Less: Accumulated depreciation	169,719,956	77,861,088	124,554,915	69,672,536	40,840,401	24,404,822	18,992,362
Net block	6,698,182,246	445,833,672	439,399,057	97,367,268	61,985,393	49,213,766	33,937,741
Capital work- in-progress including capital advances	16,009,445	20,976,215	4,946,260	3,691,951	262,442	1,394,671	-
	6,714,191,691	466,809,887	444,345,317	101,059,219	62,247,835	50,608,437	33,937,741
Deferred tax asset	105,268,610	6,167,464	18,487,599	-	-	-	16,611,884
Current assets, loans and advances							
Inventories	-	-	-	-	-	2,450,250	-
Sundry debtors	891,237,578	509,371,570	456,255,167	152,870,293	75,555,836	71,329,958	46,163,500
Cash and bank balances	503,068,902	191,931,215	304,656,962	140,961,387	15,639,947	12,128,890	13,862,510
Other current assets	34,800,852	1,005,137	262,188	99,178	25,865	45,497	87,260
Loans and advances	259,889,080	86,256,160	77,082,114	37,879,424	12,612,168	11,990,894	7,057,078
	8,508,456,713	**1,261,541,433**	**1,301,089,347**	**432,869,501**	**166,081,651**	**148,553,926**	**117,719,973**
Liabilities and provisions							
Secured loans	5,168,092,117	469,433,155	444,029,435	10,709,665	55,153,631	42,347,638	3,000,514
Unsecured loans	-	-	-	-	48,500,000	26,000,000	25,000,000
Deferred tax liability	-	-	-	-	2,504,364	-	-
Current liabilities	900,008,787	156,472,238	154,048,322	53,241,363	63,771,665	47,107,405	49,179,470
Provisions	46,237,480	30,884,987	30,557,024	8,867,375	5,215,527	1,787,520	1,047,809
Minority interest	-	2,202,638	-	1,626,049	930,592	3,264,622	4,175,527
	6,114,338,384	**658,993,018**	**628,634,781**	**74,444,452**	**176,075,779**	**120,507,185**	**82,403,320**
Net worth	**2,394,118,329**	**602,548,415**	**672,454,566**	**358,425,049**	**(9,994,128)**	**28,046,741**	**35,316,653**
Represented by:							
Share capital							
Equity share capital	249,633,250	141,266,874	158,984,980	126,294,460	83,098,160	83,098,160	83,098,160
Cumulative convertible preference share capital	-	279,180,154	-	159,674,520	-	-	-
Class 'A' shares	-	145,358,000	-	145,358,000	-	-	-
Share application money pending allotment	60,000	-	906,000	803,134	-	-	-
Reserves and surplus							
Securities premium	2,627,633,906	138,748,268	544,715,426	35,133	35,133	35,133	35,133

Employee stock options	9,087,388	-	3,157,324	-	-	-	-
Profit and loss account	(160,079,954)	(84,998,807)	579,659	(65,382,725)	(88,968,806)	(53,304,891)	(47,783,938)
Foreign currency translation reserve	(124,639,657)	(5,899,013)	(26,444,776)	(1,515,615)	(1,515,615)	(1,771,785)	(12,950)
Miscellaneous expenditure	(207,576,604)	(11,107,061)	(9,444,047)	(6,841,858)	(2,643,000)	(9,876)	(19,752)
(to the extent not written off or adjusted)							
Net worth	**2,394,118,329**	**602,548,415**	**672,454,566**	**358,425,049**	**(9,994,128)**	**28,046,741**	**35,316,653**

Extracted from Summary Statement of Consolidated Profits and Losses, as restated

(All amounts in Indian Rupees, except as otherwise stated)

	Six months period ended September 30,		Years ended March 31,				
	2007	2006	2007	2006	2005	2004	2003
INCOME							
Income from operations	1,034,658,157	465,378,229	1,365,978,483	438,567,694	243,618,207	172,884,619	83,687,614
Other income	4,824,884	27,478,760	62,151,225	9,624,927	2,465,649	3,173,646	2,503,421
Increase/(Decrease) in projects-in-progress	-	-	-	-	(2,450,250)	2,450,250	-
	1,039,483,041	**492,856,989**	**1,428,129,708**	**448,192,621**	**243,633,606**	**178,508,515**	**86,191,035**
EXPENDITURE							
Personnel expenses	673,429,604	269,136,323	735,135,691	209,462,853	114,606,089	68,226,004	38,432,429
Operating and other expenses	383,365,716	203,830,012	502,499,887	173,152,605	128,961,309	88,409,419	49,012,268
Depreciation and amortisation	49,224,658	26,157,914	64,124,147	40,498,698	12,069,744	10,544,243	4,951,563
Financial expenses	61,431,623	8,225,748	31,215,068	4,626,628	8,585,450	5,304,785	1,504,605
Miscellaneous expenses written off	12,778,965	1,238,957	-	3,420,932	9,876	9,876	32,877,367
	1,180,230,566	**508,588,954**	**1,332,974,793**	**431,161,716**	**264,232,468**	**172,494,327**	**126,778,232**
Profit/(Loss) before tax and prior period items	**(140,747,525)**	**(15,731,965)**	**95,154,915**	**17,030,905**	**(20,598,862)**	**6,014,188**	**(40,587,197)**
Provision for tax							
Current tax	4,585,912	10,286,208	49,248,240	959,505	5,535,903	1,852,724	-
Less: MAT credit entitlement	(2,479,699)	-	-	-	-	-	-
Fringe benefit tax	2,804,172	1,206,692	2,941,849	2,530,893	-	-	-
Fringe benefit taxes paid for earlier Years	2,016,345	-	-	-	-	-	-
Taxes paid for earlier years	-	202,514	202,514	69,760	400,256	-	-
Deferred tax	3,131,462	(6,248,270)	(18,971,920)	(2,504,364)	36,147,420	10,412,712	(16,433,349)
Total tax expense	**10,058,192**	**5,447,144**	**33,420,683**	**1,055,794**	**42,083,579**	**12,265,436**	**(16,433,349)**
Profit/ (loss) after tax and before prior period items	**(150,805,717)**	**(21,179,109)**	**61,734,232**	**15,975,111**	**(62,682,441)**	**(6,251,248)**	**(24,153,848)**
Prior period items	(1,707,131)	(435,167)	-	(5,614,319)	1,797,683	-	(160,622)
Profit/(loss) after tax and before minority interest	**(152,512,848)**	**(21,614,276)**	**61,734,232**	**10,360,792**	**(60,884,758)**	**(6,251,248)**	**(24,314,470)**
Net profit/ (loss) attributable to minority interest	-	562,724	1,266,746	474,482	(2,467,661)	556,620	(16,046)
Net profit/ (loss)	**(152,512,848)**	**(22,177,000)**	**60,467,486**	**9,886,310**	**(58,417,097)**	**(6,807,868)**	**(24,298,424)**
Adjustments							
Increase/(decrease) in net profits:							
Depreciation	(1,539,833)	3,122,202	1,249,307	10,665,443	(3,930,239)	(4,211,341)	(4,420,849)
Profit or loss on sale of asset	-	-	-	-	40,114	2,870,992	93,825
Prior period items	1,707,131	1,212,108	(495,023)	5,179,152	(7,412,002)	2,036,970	(78,665)
Provision for doubtful debts/bad debts	(921,230)	(62,500)	858,730	-	(2,046,816)	904,488	1,204,828

Reversal of service tax credits	1,785,460	(562,276)	(1,171,676)	(613,784)	-	-	-
Reversal of excess provision	(11,194,638)	-	7,726,438	(1,177,311)	2,262,205	1,144,631	(729,571)
Total effect of adjustments, net	**(10,163,110)**	**3,709,534**	**8,167,776**	**14,053,500**	**(11,086,738)**	**2,745,740**	**(3,930,432)**
Tax adjustments							
Current tax	2,016,345	202,514	(1,813,831)	(132,754)	330,496	(400,256)	-
Deferred tax	-	-	-	-	33,643,055	(933,262)	(13,400,476)
Total of adjustments after tax effect, net	**(8,146,765)**	**3,912,048**	**6,353,945**	**13,920,746**	**22,886,813**	**1,412,222**	**(17,330,908)**
Net profit/(loss), as restated	**(160,659,613)**	**(18,264,952)**	**66,821,431**	**23,807,056**	**(35,530,284)**	**(5,395,646)**	**(41,629,332)**
Profit and Loss Account, beginning of the period	579,659	(65,382,725)	(65,382,725)	(88,968,806)	(53,304,891)	(47,783,938)	(66,354,088)
Retirement benefits-AS 15 (revised 2005)- Transitional provision- Adjusment to opening reserves	-	(1,337,265)	(1,337,265)	-	-	-	-
Profit/(loss) attributed to minority on account of restatement adjustments	-	(13,865)	478,218	(220,975)	(133,631)	(125,307)	57,346
Adjusted against securities premium account	-	-	-	-	-	-	60,142,136
Balance carried forward, as restated	**(160,079,954)**	**(84,998,807)**	**579,659**	**(65,382,725)**	**(88,968,806)**	**(53,304,891)**	**(47,783,938)**

Extracted from Summary Statement of Consolidated Cash Flows, as restated

(All amounts in Indian Rupees, except as otherwise stated)

	Six month period ended September 30,		Years ended March 31,				
	2007	**2006**	**2007**	**2006**	**2005**	**2004**	**2003**
A. Cash flow from operating activities							
Net profit/(loss) before tax, as restated	**(152,617,766)**	**(12,457,598)**	**103,322,691**	**25,470,086**	**(29,887,917)**	**8,759,928**	**(44,678,251)**
Adjustments for:							
Depreciation and amortization	50,764,491	23,035,712	62,874,840	29,833,255	15,999,983	14,755,584	9,372,412
Loss/(Profit) on sale of fixed assets	(173,629)	(42,000)	1,171,127	5,002	(21,000)	(2,342,471)	181,192
Unrealized foreign exchange loss/(gain) (net)	10,600,784	421,440	(421,988)	12,003	64,536	15,158	(3,742)
Miscellaneous expenditure amortised	12,778,965	1,238,957	-	3,420,932	9,876	9,876	32,877,367
Inventories written down	-	-	-	-	-	-	239,287
Amortisation of loan commitment fee	-	-	1,500,362	-	-	-	-
Employee stock option compensation expense	5,930,064	-	3,157,324	-	-	-	-
Interest income	(3,315,327)	(3,281,425)	(7,214,154)	(7,518,432)	(194,757)	(509,532)	(420,334)
Provision for retirement benefits	-	-	-	5,076,313	954,074	338,804	(592,407)
Interest expense	56,622,398	7,179,019	28,146,387	3,748,687	7,476,420	4,906,219	1,504,605
Advances written off	1,823,435	-	-	-	-	-	-
Profit on sale of investments in a subsidiary	-	-	(13,028,046)	-	-	(1,345,059)	-
Amortisation of goodwill	-	-	-	-	-	1,425,716	-
Inventories written down	-	-	-	-	-	239,287	-
Bad debts/ provision for doubtful debts	30,870,213	25,367,696	50,312,347	15,047,887	7,738,329	4,079,745	1,197,133
Operating profit/ (loss) before working capital changes	**13,283,628**	**41,461,801**	**229,820,890**	**75,095,733**	**2,139,544**	**30,333,255**	**(322,738)**
Movements in working capital :							
Decrease/ (increase) in inventories	-	-	-	-	2,450,250	(2,450,250)	(169,707)
Decrease/(increase) in sundry debtors	(1,988,490)	38,714,388	60,399,065	(92,840,930)	(11,531,944)	(34,149,404)	(18,625,489)
(Decrease)/ increase in provisions	9,826,343	10,804,291	-	-	-	-	-
Decrease/ (increase) in other current assets	199,774	-	-	-	-	-	-
Decrease/ (increase) in loans and advances	(91,757,700)	(15,393,339)	(6,027,605)	(25,191,309)	(649,631)	(5,253,868)	41,632
(Decrease)/ increase in current liabilities	(31,415,211)	39,297,323	66,537,824	(10,671,143)	16,268,253	3,223,857	12,591,271
Cash generated from/(used in) operations	**(101,851,656)**	**114,884,464**	**350,730,174**	**(53,607,649)**	**8,676,472**	**(8,296,410)**	**(6,485,031)**
Fringe benefit taxes paid	(2,394,055)	(551,739)	(2,950,678)	(2,437,759)	-	-	-
Direct taxes paid (net of refunds)	(9,689,543)	(1,640,803)	(46,514,240)	(2,679,619)	(3,131,730)	(1,735,600)	-
Net cash from/(used in) operating activities	**(113,935,254)**	**112,691,922**	**301,265,256**	**(58,725,027)**	**5,544,742**	**(10,032,010)**	**(6,485,031)**
B. Cash flows from investing activities							
Purchase of fixed assets	(128,764,208)	(64,401,671)	(88,976,772)	(68,698,639)	(29,740,622)	(34,491,503)	(14,935,379)
Proceeds from sale of fixed assets	655,625	42,000	49,500	49,000	21,000	4,590,209	390,678

Purchase of investment in subsidiaries, net of cash	(5,981,598,129)	(711,207,928)	(713,027,453)	-	-	-	-
Proceeds from sale of investment in subsidiary, net of cash	-	-	17,330,115	-	-	3,863,931	-
Additional consideration paid to the shareholders of Armanti LLC.	(59,610,000)	-	-	-	-	-	-
Movements in fixed deposits	(109,512,403)	118,515,736	117,546,400	(122,250,617)	-	-	-
Interest received	2,962,442	2,375,466	6,846,311	6,995,120	214,389	276,822	355,690
Net cash used in investing activities	**(6,275,866,673)**	**(654,676,397)**	**(660,231,899)**	**(183,905,136)**	**(29,505,233)**	**(25,760,541)**	**(14,189,011)**
C. Cash flows from financing activities							
Proceeds from issuance of share capital	89,742,270	134,478,048	279,180,154	348,228,820	-	-	100,000
Share premium received	2,082,918,480	144,702,107	-	-	-	-	-
Share application money received	60,000	-	102,866	803,134	-	-	-
Proceeds from long-term borrowings	5,076,994,589	437,975,342	414,049,187	-	5,152,498	47,347,638	38,000,000
Repayment of long-term borrowings	(434,968,980)	(1,389,455)	(11,091,874)	(76,097,391)	(9,966,449)	(7,000,000)	(12,345,189)
Short term borrowings, net	-	-	-	(16,919,888)	39,847,117	-	-
Loan commitment fee paid	(210,911,522)	-	-	-	-	-	-
Deferred revenue expenditure	-	-	-	(6,668,637)	-	-	-
Interest paid	(26,938,492)	87,398	(17,102,554)	(4,094,790)	(7,817,788)	(4,632,260)	(1,609,177)
Net cash from financing activities	**6,576,896,345**	**715,853,440**	**665,137,779**	**245,251,248**	**27,215,378**	**35,715,378**	**24,145,634**
D. Effect of foreign exchange changes on cash and cash equivalents	**(98,194,881)**	**(4,383,401)**	**(24,929,161)**	**(261)**	**256,170**	**(1,656,447)**	**(24,673)**
Net increase in cash and cash equivalents (A + B + C + D)	**88,899,537**	**169,485,564**	**281,241,975**	**2,620,824**	**3,511,057**	**(1,733,620)**	**3,446,919**
Cash and cash equivalents at the beginning of the period	**299,502,746**	**18,260,771**	**18,260,771**	**15,639,947**	**12,128,890**	**13,862,510**	**10,415,591**
Cash and cash equivalents at the end of the period	**388,402,283**	**187,746,335**	**299,502,746**	**18,260,771**	**15,639,947**	**12,128,890**	**13,862,510**
Components of cash and cash equivalents							
Cash and cheques on hand	231,174	658,747	229,084	122,194	68,713	2,161,175	369,850
With banks - on current account	273,433,398	141,688,156	298,090,167	18,138,577	15,121,234	9,775,215	6,830,505
- on deposit account	118,412,383	45,399,432	1,183,495	-	-	-	6,662,155
- on margin account	-	-	-	-	450,000	192,500	-
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(3,674,672)	-	-	-	-	-	-
Total cash and cash equivalents	**388,402,283**	**187,746,335**	**299,502,746**	**18,260,771**	**15,639,947**	**12,128,890**	**13,862,510**
Deposits with banks with original maturity of more than three months	114,666,619	4,184,880	5,154,216	122,700,616	-	-	-
Cash and cash equivalents as per Balance Sheet	**503,068,902**	**191,931,215**	**304,656,962**	**140,961,387**	**15,639,947**	**12,128,890**	**13,862,510**

THE ISSUE

Equity Shares offered by:	
the Company*	6,500,000 Equity Shares of face value Rs. 10 each
A) Employee Reservation Portion	Up to 200,000 Equity Shares of face value of Rs. 10 each
Therefore,	
Net Issue	6,300,000 Equity Shares of face value of Rs. 10 each
Of which	
A) Qualified Institutional Buyers (QIB) portion	At least 3,780,000 Equity Shares of face value of Rs. 10 each ***(Allocation on a proportionate basis)***
Of which	
Available for allocation to Mutual Funds only	Up to 189,000 Equity Shares of face value of Rs. 10 each ***(Allocation on a proportionate basis)***
Balance for all QIBs including Mutual Funds	Up to 3,591,000 Equity Shares of face value of Rs. 10 each ***(Allocation on a proportionate basis)***
B) Non-Institutional Portion	Up to 630,000 Equity Shares of face value of Rs. 10 each
	(Allocation on a proportionate basis)
C) Retail Portion	Up to 1,890,000 Equity Shares of face value of Rs. 10 each
	(Allocation on a proportionate basis)
Equity Shares outstanding prior to the Issue	25,011,075 Equity Shares of face value of Rs. 10 each
Equity Shares outstanding after the Issue	31,511,075 Equity Shares of face value of Rs. 10 each
Use of Issue Proceeds	See "Objects of the Issue" on page 45.

* The Company is considering a Pre-IPO placement with certain investors ("Pre-IPO Placement"). The Pre-IPO placement is at the discretion of the Company. The Company will complete the issuance, if any, of such Equity Shares prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the Issue size offered to the public will be reduced to the extent of such Pre-IPO Placement, subject to a minimum Net Issue size of 10% of the post Issue capital being offered to the public.

GENERAL INFORMATION

Our Company was originally incorporated on October 8, 1999 as “Apollo Health Street Limited” in Tamil Nadu with its registered office at No. 19, Bishop Gardens, Raja Annamalaipuram, Chennai – 600 028, Tamil Nadu, India and received its certificate of commencement of business on December 13, 1999. Pursuant to a special resolution of the members passed at an EGM held on April 21, 2005 and the consequent approval from the Central Government dated May 26, 2005, the Company was converted to a private limited company with effect from May 26, 2005 pursuant to Section 31 of the Companies Act and consequently the name of the Company was changed to “Apollo Health Street Private Limited”. Further, pursuant to a special resolution of the members passed at an EGM held on January 13, 2007 and the consequent approval from the Central Government dated January 25, 2007, the Company was converted to a public limited company with effect from January 25, 2007 pursuant to Section 44 of the Companies Act and consequently the name of the Company was changed to “Apollo Health Street Limited”.

Registered Office

Apollo Health Street Limited
No. 19, Bishop Gardens
Raja Annamalaipuram
Chennai – 600 028
Tamil Nadu
India
Tel: (91 44) 2493 7720
Fax: (91 44) 2829 2104
Registration Number: U85110TN1999PLC043316
Website: www.apollohealthstreet.com

Address of Registrar of Companies

The Registrar of Companies, Tamil Nadu at Chennai
Block No. 6, B Wing
2nd Floor, Shastri Bhavan
No. 26, Haddows Road
Chennai – 600 034
Tamil Nadu
India
Tel: (91 44) 2827 2676
Fax: (91 44) 2823 4298
E-mail: bn.harish@mca.gov.in

Corporate Office

Apollo Health Street Limited
Life Sciences Building
Apollo Hospitals Complex
Jubilee Hills
Hyderabad – 500 033
Andhra Pradesh
India
Tel: (9140) 4000 3892
Fax: (9140) 2355 4353

Board of Directors of the Issuer

Name, Designation, Occupation	Age	DIN Number	Address
Dr. Prathap C. Reddy Non-Executive Chairman Doctor	75	00003654	No. 19, Bishop Gardens, Raja Annamalaipuram Chennai 600028, India

Name, Designation, Occupation	Age	DIN Number	Address
Mrs. Sangita Reddy Managing Director Industrialist	45	00006285	'Sri Sadan', 8-2-674/B/2/12, Road No. 13, Banjara Hills, Hyderabad – 500034, India
Mrs. Shobana Kamineni Director Nominee Director on behalf of AHEL Industrialist	47	00003836	10-3-316A, Masab Tank, Hyderabad – 500 028, India
Mr. Ravendran Krishnasamy Nominee Director on behalf of Maxwell Service	53	01562919	14, Bright Hill Crescent, Singapore – 579672
Mr. Tarek Shoeb Nominee Director on behalf of Eliza Holdings Banker	39	01516700	320, Park Avenue, 18th Floor, New York, NY 10022, USA
Mr. NJ Yasaswy Independent Director Chartered Accountant	58	01508841	90A, Road No#9, Jubilee Hills, Hyderabad – 500 033, India
Mr. Nasser Munjee Independent Director Banker	55	00010180	Benedict Villa, House No. 471, Saudevado, Chorao Island, Tiswadi, Goa – 403 102, India
Mr. R. Ramaraj Independent Director Industrialist	58	00090279	1-D, Aum Apartments, 26, Kothari Road, Nungambakkam, Chennai – 600 034, India
Mr. SH Khan Independent Director Banker	69	00006170	181, Anatariksha Apartments 95/96, Kakasaheb Gadgil Marg Prabhadevi, Mumbai – 400 025, India
Mr. Reynold J. Jennings Independent Director Healthcare Professional	61	02010056	972, Acworth Due West Road, Kennesaw, Georgia, USA – 30152

For further details of our directors, see the section titled "Our Management" on page 101.

Company Secretary and Compliance Officer

Mr. Y. Uday Chandra
Life Sciences Building
Apollo Hospitals Complex
Jubilee Hills
Hyderabad – 500 033
Andhra Pradesh
Tel: (9140) 4000 3892
Fax: (9140) 2355 4353
E-mail: investors@apollohealthstreet.com
Website: www.apollohealthstreet.com

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

Domestic Legal Advisors to the Issue	
Amarchand & Mangaldas & Suresh A. Shroff & Co. 201, Midford House Midford Garden (Off MG Road) Bangalore - 560 001 India Tel: (91 80) 2558 4870 Fax: (91 80) 2558 4266	**Amarchand & Mangaldas & Suresh A. Shroff & Co.** 1-10-20/2B, 4th floor Pooja Edifice Chickoti Gardens Begumpet Hyderabad - 500 016 India Tel: (91 40) 6633 6622 Fax: (91 40) 6649 2727

International Legal Advisors to the Underwriters
Jones Day 29th Floor, Edinburgh Tower The Landmark 15 Queen's Road Central Hong Kong Tel: (852) 2526 6895 Fax: (852) 2868 5871

Book Running Lead Managers	
ICICI Securities Limited ICICI Centre HT Parekh Marg Churchgate Mumbai - 400 020 India Tel: (91 22) 2288 2460 Fax: (91 22) 2282 6580 Email: ahsl_ipo@isecltd.com Website: www.icicisecurities.com Contact Person: Mr. Sumanth Rao	**Edelweiss Capital Limited** 14th floor, Express Towers, Nariman Point, Mumbai – 400 021 India Tel: (91 22) 4086 3535 Fax: (91 22) 2288 2119 E-mail: ahsl.ipo@edelcap.com Website: www.edelcap.com Contact Person: Mr. Jibi Jacob

Syndicate Member
Edelweiss Securities Limited 14th floor, Express Towers Nariman Point Mumbai – 400 021 India SEBI Reg. No. : INB231193310 (for NSE) INB011193332 (for BSE) Tel: (91 22) 2286 4400 Fax: (91 22) 4097 9292 E-mail: ahsl.ipo@edelcap.com Website: www.edelcap.com Contact Person: Mr. Pinki Dodhia

Registrar to the Issue

Karvy Computershare Private Limited
Karvy House, 46 Avenue 4
Street No. 1, Banjara Hills
Hyderabad 500 034, India
Tel: (91 40) 2342 0832
Fax: (91 40) 2342 0833
Email: ahsl.ipo@karvy.com
Website: www.karvy.com
Contact Person: Mr. S. Ganapathy Subramanian

Auditors to the Company

S.R. Batliboi & Associates
Chartered Accountants
205, 2nd Floor, Ashoka Bhoopal Chambers
Sardar Patel Road
Secunderabad – 500 003
India
Tel: (91 40) 2789 8850/ 6626 0201
Fax: (91 40) 2789 8851
E-mail: ali.nyaz@in.ey.com

Bankers to the Issue and Escrow Collection Banks

[•]

Refund Banker

[•]

Bankers to the Company	
Andhra Bank Apollo Hospital Branch Jubilee Hills Hyderabad 500 033 Andhra Pradesh India Tel: (91 40) 2342 1192 Fax: - Email: bmhydm1075@andhrabank.co.in Website: www.andhrabank.in	**Citibank N.A** Queens Plaza, SP Road Begumpet Hyderabad - 500 003 Andhra Pradesh India Tel: (91 40) 4000 5722 Fax: (91 40) 4003 3240 Email: anil.jawar@citi.com Website: www.citibank.in
Development Credit Bank Limited 9-1-125/3-1, 5th Floor Siddhartha Plaza 44, SD Road Secunderabad 500 003 Andhra Pradesh India Tel: (91 40) 2780 6426/ 2780 6433 Fax: (91 40) 2780 6428 Email: guljeetk@dcbl.com Website: www.dcbl.com	**ICICI Bank Limited** ICICI Bank Towers Begumpet Hyderabad – 500 016 Andhra Pradesh India Tel: (91 40) 6610 2410 Fax: (91 40) 6633 5820 Email: abhik.sarkar@icicibank.com Website: www.icicibank.com
State Bank of India Film Nagar Branch Jubilee Hills Hyderabad – 500 033 Andhra Pradesh India Tel: (91 40) 2354 4642 Fax: - Email: sa.06130s@sbi.co.in Website: www.statebankofindia.com	

IPO Grading Agency

[•]

Monitoring Agency

There is no requirement to appoint a monitoring agency for the Issue in terms of Clause 8.17 of the SEBI Guidelines.

Inter se List of Responsibilities among the Book Running Lead Managers

S. No.	Activities	Responsibility	Co-ordinator
1.	Capital structuring with the relative components and formalities such as type of instruments, etc.	ICICI Securities, Edelweiss	ICICI Securities
2.	Due diligence of the Company's operations / management / business plans/legal etc. Drafting and design of offer document and of statutory advertisement including memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with Stock Exchange, RoC and SEBI, including finalization of Prospectus and filing the same with the	ICICI Securities, Edelweiss	ICICI Securities

S. No.	Activities	Responsibility	Co-ordinator
	RoC.		
3.	Drafting and approval of all publicity material other than statutory advertisement as mentioned in (2) above including corporate advertisement, brochure, corporate films etc	ICICI Securities, Edelweiss	Edelweiss
4.	Appointment of registrar and bankers to the issue	ICICI Securities, Edelweiss	Edelweiss
5.	Appointment of advertising agency and printers to the issue	ICICI Securities, Edelweiss	ICICI Securities
6.	Marketing activities including: • Finalize media and public relations strategy • Preparing Road show presentation and FAQs	ICICI Securities, Edelweiss	Edelweiss
7.	International Institutional marketing of the Issue, which will cover, inter alia, finalize the list and division of investors for one to one meetings; and finalize road show schedule and investor meeting schedules;	ICICI Securities, Edelweiss	ICICI Securities
8.	Domestic Institutional marketing of the Issue, which will cover, inter alia, finalize the list and division of investors for one to one meetings; and finalize road show schedule and investor meeting schedules;	ICICI Securities, Edelweiss	Edelweiss
9.	Non institutional and Retail marketing of the Issue, which will cover inter alia, • Formulating marketing strategies, preparation of publicity budget • Finalizing centers for holding conferences for brokers, etc. • Finalize collection centers Follow-up on distribution of publicity and Issue material including form, prospectus and deciding on the quantum of the Issue material	ICICI Securities, Edelweiss	ICICI Securities
10.	Managing the book, co-ordination with Stock Exchanges for book building software, bidding terminals and mock trading	ICICI Securities, Edelweiss	Edelweiss
11.	Finalization of Issue Price in consultation with the Company	ICICI Securities, Edelweiss	ICICI Securities
12.	Post bidding activities including management of Escrow Accounts, co-ordination with registrar and banks, refund to bidders, etc. The post Issue activities of the Issue will involve essential follow up steps, which must include finalization of listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as Registrars to the Issue, Bankers to the Issue and the Refund Banker. BRLMs shall be responsible for ensuring that these agencies fulfil their functions and enable him to discharge this responsibility through suitable agreements with the Issuer.	ICICI Securities, Edelweiss	Edelweiss

The selection of various agencies including the Registrars to the Issue, Bankers to the Issue, Bank Collection Centres, Domestic and International Legal Advisors, Underwriters to the Issue, Advertising Agencies and Public Relations Agencies will be or have been finalised by the Company in consultation with the BRLMs.

Credit Rating

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

IPO Grading

This Issue has been graded by [●] as experts to our Company, indicating [●] pursuant to the Clauses 5.6B.1 and 6.17.3A of the SEBI Guidelines, the rationale furnished by the credit rating agency for the grading will be updated at the time of filing the Red Herring Prospectus with the ROC.

Trustees

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

Book Building Process

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

1. the Company;
2. the BRLMs;
3. the Syndicate Member who is an intermediary registered with SEBI or registered as brokers with the stock exchange (s) and eligible to act as underwriters. The BRLMs appoint the Syndicate Member;
4. Escrow Collection Bank(s); and
5. Registrar to the Issue.

In terms of Rule 19(2)(b) of the Securities Contract Regulation Rules, 1957 ("SCRR"), this being an Issue for less than 25% of the post–Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue will be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to all QIBs including Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 60% of the Net Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, not less than 10% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Net Issue 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. Further, up to 200,000 Equity Shares shall be available for allocation on a proportionate basis to Eligible Employees, subject to valid Bids being received at or above the Issue Price. We will comply with the SEBI Guidelines for this Issue. In this regard, we have appointed the BRLMs to procure subscriptions to the Issue.

QIBs are not allowed to withdraw their Bids after the Bid/Issue Closing Date. Please refer to the section titled "Terms of the Issue" on page 435.

While the process of Book Building under the SEBI Guidelines is not new, investors are advised to make their own judgment about investment through this process prior to making a Bid or Application in the Issue.

Illustration of Book Building and Price Discovery Process *(Investors should note that this example is solely for illustrative purposes and is not specific to the Issue)*

Bidders can bid at any price within the price band. For instance, assume a price band of Rs. 20 to Rs. 24 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 issuer company at various prices and is collated from bids received from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	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 number of shares is the price at which the book cuts off, i.e., Rs. 22 in the above example. The Issuer, in consultation with the BRLMs, will finalise the issue price at or below such cut-off price, i.e., at or below Rs. 22. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

Steps to be taken by the Bidders for bidding:

- Check whether the Bidder is eligible for bidding;
- Bidder necessarily needs to have a demat account; and
- Regardless of the Bid Amount, the Bidder has to ensure that his/ her PAN number has been duly mentioned (see "Issue Procedure - Permanent Account Number or PAN" on page 453); and
- Bidders are required to submit their Bids through the Syndicate.
- Ensure that the Bid cum Application Form is duly completed as per instructions given in the Prospectus and in the Bid cum Application Form.

Withdrawal of the Issue

The Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue at anytime including after the Bid/Issue Closing Date, without assigning any reason thereof. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which the Company shall apply for only after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC. Under the SEBI Guidelines, QIBs are not allowed to withdraw their Bids after the Bid/Issue Closing Date.

Bid/Issue Programme

Bidding/Issue Period

BID/ISSUE OPENS ON	**[•], 2008**
BID/ISSUE CLOSES ON	**[•], 2008**

Bids and any revision in Bids shall be accepted **only between 10.00 a.m and 3.00 p.m**. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid cum Application Form **except that on the Bid/Issue Closing Date, Bids shall be accepted only between 10.00 a.m and 1.00 p.m (Indian Standard Time)** and uploaded till (i) 5.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders where the Bid Amount is in excess of Rs. 100,000 and (ii) till such time as permitted by the NSE and the BSE, in case of Bids by Retail Individual Bidders, where the Bid Amount is up to Rs. 100,000. Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 1.00 p.m (Indian Standard Time) on the Bid/Issue Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids will only be accepted on working days, i.e., Monday to Friday (excluding any public holiday).

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

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

In case of revision in the Price Band, the Issue Period will be extended for three additional days after revision of the Price Band, subject to the Bidding Period/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the websites of the BRLMs.

Underwriting Agreement

After the determination of the Issue Price and prior to filing of the 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. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Member does not fulfill its underwriting obligations. The obligations of the Underwriters are several and are subject to certain conditions for closing, as set forth in the underwriting agreement.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC)

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. in million)
ICICI Securities Limited ICICI Centre HT Parekh Marg Churchgate Mumbai - 400 020 India Tel: (91 22) 2288 2460 Fax: (91 22) 2282 6580 E-mail: ahsl_ipo@isecltd.com Website: www.icicisecurities.com Contact Person: Mr. Sumanth Rao	[●]	[●]
Edelweiss Capital Limited 14th floor, Express Towers Nariman Point Mumbai – 400 021 India Tel: (91 22) 4086 3535 Fax: (91 22) 2288 2119 E-mail: ahsl.ipo@edelcap.com Website: www.edelcap.com **Contact Person**: Mr. Jibi Jacob	[●]	[●]
Edelweiss Securities Limited 14th floor, Express Towers Nariman Point Mumbai – 400 021 India Tel: (91 22) 2286 4400 Fax: (91 22) 4097 9292 E-mail: ahsl.ipo@edelcap.com Website: www.edelcap.com **Contact Person**: Mr. Pinki Dodhia	[•]	[•]

The above mentioned is indicative underwriting and this would be finalised after the pricing and actual allocation.

The Underwriting Agreement is dated [•].

In the opinion of our Board of Directors (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the stock exchange (s). Our Board of Directors, at its meeting held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of the Company.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLMs 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/subscribe to the extent of the defaulted amount.

CAPITAL STRUCTURE

Our equity share capital (before and after the Issue), as of the date of filing this Draft Red Herring Prospectus is set out below:

(In Rs. except Share Data)

		Aggregate Value at nominal value	Aggregate Value at Issue Price
A)	**AUTHORISED SHARE CAPITAL**		
	75,000,000 Equity Shares	750,000,000	-
B)	**ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL**		
	25,011,075 Equity Shares	250,110,750	-
C)	**PRESENT ISSUE IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS**		
	6,500,000 Equity Shares*	65,000,000	[•]
D)	**EMPLOYEE RESERVATION PORTION**		
	200,000 Equity Shares	2,000,000	[•]
E)	**NET ISSUE TO THE PUBLIC**		
	6,300,000 Equity Shares	63,000,000	[•]
F)	**EQUITY CAPITAL AFTER THE ISSUE**		
	31,511,075 Equity Shares	315,110,750	
G)	**SHARE PREMIUM ACCOUNT**		
	Before the Issue	2,627,633,906	
	After the Issue	[•]	[•]

* The Company is considering a Pre-IPO placement with certain investors ("Pre-IPO Placement"). The Pre-IPO placement is at the discretion of the Company. The Company will complete the issuance, if any, of such Equity Shares prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the Issue size offered to the public will be reduced to the extent of such Pre-IPO Placement, subject to a minimum Net Issue size of 10% of the post Issue capital being offered to the public.

Our Board of Directors authorised a fresh issue of up to 8,500,000 Equity Shares pursuant to a resolution passed at its meeting held on November 23, 2007. Our shareholders subsequently authorised the fresh issue of up to 8,500,000 Equity Shares by a resolution passed unanimously at the EGM of our Company held on December 21, 2007. Thereafter, the Board of Directors approved the Issue of 6,500,000 Equity Shares on February 9, 2008.

Changes in the Authorised Share Capital of the Company since Incorporation

1. The initial authorised share capital of Rs.100,000,000 comprising 10,000,000 Equity Shares of Rs. 10 each was increased to Rs. 290,123,890 comprising 13,044,937 Equity Shares of Rs. 10 each and 2,661,242 CCPS of Rs. 60 each pursuant to a resolution of the shareholders passed at EGM held on April 15, 2005.
2. The authorised share capital of Rs. 290,123,890 was increased to Rs. 435,481,890 comprising 13,044,937 Equity Shares of Rs. 10 each, 2,661,242 CCPS of Rs. 60 each and 14,535,800 Class A Shares of Rs. 10 each pursuant to a resolution of the shareholders passed at EGM held on July 11, 2005.
3. The authorized share capital of Rs. 435,481,890 was increased to Rs. 714,662,360 comprising 13,044,937 Equity Shares of Rs. 10 each, 2,661,242 CCPS of Rs. 60 each,14,535,800 Class A Shares of Rs. 10 each and 1,766,965 Series B Preference Shares of Rs. 158 each pursuant to a resolution of the shareholders passed at EGM held on July 24, 2006.
4. The authorized share capital of Rs. 714,662,360 was increased to Rs. 750,000,000 comprising 16,578,701 Equity Shares of Rs. 10 each, 2,661,242 CCPS of Rs. 60 each, 14,535,800 Class A Shares of Rs. 10 each and 1,766,965 Series B Preference Shares of Rs. 158 each pursuant to a resolution of the shareholders passed at EGM held on September 15, 2006.
5. The authorized share capital of the Company was reclassified to Rs. 750,000,000 comprising 75,000,000 Equity Shares of Rs. 10 each pursuant to a resolution of the shareholders passed at EGM held on January 13, 2007.

Notes to Capital Structure

1. Share Capital History of our Company

(a) History of the Equity Share Capital of the Company

The following is the history of the equity share capital of our Company through the date of this Draft Red Herring Prospectus:

Date of Allotment	Number of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Consideration	Reasons for Allotment	Cumulative No. of Equity Shares	Cumulative Paid-up share capital (Rs.)	Cumulative Share Premium (Rs.)
August 14, 2000	70	10	10	Cash	Subscribers to Memorandum	70	700	-
August 14, 2000	3,510,208	10	10	Cash	Further allotment to the Promoters and certain Promoter Group individuals and entities [(1)]	3,510,278	35,102,780	-
August 14, 2000	121,773	10	110	Cash	Preferential allotment to White Park Security Limited	3,632,051	36,320,510	12,177,270
November 20, 2000	200,000	10	250	Cash	Allotment to Unit Trust of India[(2)]	3,832,051	38,320,510	60,177,270
November 20, 2000	3,100,000	10	10	Cash	Further Allotment to AHEL	6,932,051	69,320,510	60,177,270
January 10, 2001	100,266	10	10	Cash	Preferential allotment to Capricon Logistics Limited	7,032,317	70,323,170	60,177,270
January 10, 2001	10,000	10	10	Cash	Further Allotment to Mrs. Sangita Reddy	7,042,317	70,423,170	60,177,270
December 8, 2001	157,499	10	10	Share swap	Allotment to the shareholders of e Medlife.com Limited[(3)]	7,199,816	71,998,160	60,177,270
December 8, 2001	10,000	10	10	Cash	Allotment to Dr. Vikram JS Chhatwal	7,209,816	72,098,160	60,177,270
August 26, 2002	1,000,000	10	10	Cash	Allotment to AHEL	8,209,816	82,098,160	60,177,270
August 26, 2002	100,000	10	10	Cash	Allotment to Mrs. Sangita Reddy	8,309,816	83,098,160	60,177,270
March 24, 2003	-	-	-	-	Adjustment against losses[(4)]	8,309,816	83,098,160	35,133
April 19, 2005	2,025,000	10	10	Cash	Allotment to Maxwell	10,334,816	103,348,160	35,133
April 19,	2,025,000	10	10	Cash	Allotment to	12,359,816	123,598,160	35,133

Date of Allotment	Number of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Consideration	Reasons for Allotment	Cumulative No. of Equity Shares	Cumulative Paid-up share capital (Rs.)	Cumulative Share Premium (Rs.)
2005					Eliza Holdings			
April 19, 2005	134,815	10	10	Cash	Allotment to Mr. K Vishweshwar Reddy	12,494,631	124,946,310	35,133
April 19, 2005	134,815	10	10	Cash	Allotment to PCR Investments	12,629,446	126,294,460	35,133
September 15, 2006	701,643	10	10	Conversion of CCPS into equity	Allotment to Maxwell	13,331,089	133,310,890	67,845,963
September 15, 2006	701,643	10	10	Conversion of CCPS into equity	Allotment to Eliza Holdings	14,032,732	140,327,320	135,656,793
September 15, 2006	46,978	10	10	Conversion of CCPS into equity	Allotment to Mr. K Vishweshwar Reddy	14,079,710	140,797,100	140,197,013
September 15, 2006	46,977	10	10	Conversion of CCPS into equity	Allotment to PCR Investments	14,126,687	141,266,870	144,737,243
October 20, 2006*	2,272	10	10	Conversion of Class A Shares into equity	Allotment to Maxwell	14,128,959	141,289,590	212,858,473
October 20, 2006*	2,272	10	10	Conversion of Class A Shares into equity	Allotment to Eliza Holdings	14,131,231	141,312,310	280,979,703
October 20, 2006*	152	10	10	Conversion of Class A Shares into equity	Allotment to Mr. K. Vishweshwar Reddy	14,131,383	141,313,830	285,513,233
October 20, 2006*	152	10	10	Conversion of Class A Shares into equity	Allotment to PCR Investments	14,131,535	141,315,350	290,046,763
October 20, 2006**	1,081,360	10	10	Conversion of Series B Preference Shares into equity	Allotment to AHEL	15,212,895	152,128,950	450,088,043
October 20, 2006**	32,229	10	10	Conversion of Series B Preference Shares into equity	Allotment to Mr. K. Vishweshwar Reddy	15,245,124	152,451,240	454,857,935
October 20, 2006**	32,227	10	10	Conversion of Series B Preference Shares into equity	Allotment to PCR Investments	15,277,351	152,773,510	459,627,531
October 20, 2006**	57,652	10	10	Conversion of Series B Preference Shares into equity	Allotment to Dr. Prathap C. Reddy	15,335,003	153,350,030	468,160,027
October 20, 2006**	53,498	10	10	Conversion of Series B Preference Shares into equity	Allotment to Mrs. Sangita Reddy	15,388,501	153,885,010	476,077,731
October	8,865	10	10	Conversion of	Allotment to	15,397,366	153,973,660	477,389,751

Date of Allotment	Number of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Consideration	Reasons for Allotment	Cumulative No. of Equity Shares	Cumulative Paid-up share capital (Rs.)	Cumulative Share Premium (Rs.)
20, 2006**				Series B Preference Shares into equity	Mrs. Sucharitha Reddy			
October 20, 2006**	483,358	10	10	Conversion of Series B Preference Shares into equity	Allotment to Eliza Holdings	15,880,724	158,807,240	548,926,735
October 20, 2006**	17,774	10	10	Conversion of Series B Preference Shares into equity	Allotment to Capricon Logistics Limited	15,898,498	158,984,980	551,557,287
March 31, 2007	-	-	-	-	Adjustment against share issue expenses(5)	-	158,984,980	544,715,426
April 12, 2007	111,600	10	10	Cash	Allotment of equity shares to employees pursuant to exercise of employee stock options under ESOP 1	16,010,098	160,100,980	544,715,426
August 14, 2007	686,000	10	154	Cash	Preferential allotment to Mrs. Sangita Reddy, Mr. John Andrew DeVoe, Mrs. Shobana Kamineni, Mr. NJ Yasaswy, Mr. Ravendran Krishnasamy and Mr. Nasser Munjee	16,696,098	166,960,980	643,499,426
August 20, 2007	4,000,000	10	250	Cash	Preferential allotment to AHEL(6)	20,696,098	206,960,980	1,603,499,426
August 20, 2007	404,000	10	250	Cash	Preferential allotment to Dr. Prathap C. Reddy(6)	21,100,098	211,000,980	1,700,459,426
August 20, 2007	40,000	10	250	Cash	Preferential allotment to Mrs. Sucharitha Reddy(6)	21,140,098	211,400,980	1,710,059,426
August 20, 2007	431,871	10	250	Cash	Preferential allotment to Mrs. Sangita Reddy(6)	21,571,969	215,719,690	1,813,708,466
August 20, 2007	13,440	10	250	Cash	Preferential allotment to Mrs. Suneeta Reddy(6)	21,585,409	215,854,090	1,816,934,066

Date of Allotment	Number of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Consideration	Reasons for Allotment	Cumulative No. of Equity Shares	Cumulative Paid-up share capital (Rs.)	Cumulative Share Premium (Rs.)
August 20, 2007	222,128	10	250	Cash	Preferential allotment to K. Vishweshwar Reddy	21,807,537	218,075,370	1,870,244,786
August 20, 2007	3,088,532	10	250	Cash	Preferential allotment Eliza Holdings	24,896,069	248,960,690	2,611,492,466
August 20, 2007	67,256	10	250	Cash	Preferential allotment to White Park Securities Limited	24,963,325	249,633,250	2,627,633,906
October 8, 2007	30,000	10	10	Cash	Allotment of equity shares to employees pursuant to exercise of employee stock options under ESOP 1	24,993,325	249,933,250	2,627,633,906
January 10, 2008	17,750	10	10	Cash	Allotment of equity shares to employees pursuant to exercise of employee stock options under ESOP 1, ESOP 2 and ESOP 4.	25,011,075	250,110,750	2,627,633,906

1. Allotment of Equity Shares to PCR Investments, Dr. Prathap C. Reddy, Mrs. Sangita Reddy, Mrs. Sucharitha Reddy, AHEL and Mr. G. Surender Reddy.
2. Allotment of Equity Shares to Unit Trust of India pursuant to subscription agreement dated October 10, 2000 executed between our Company and Unit Trust of India.
3. Allotment of Equity Shares to certain shareholders of E-Medlife.com Limited pursuant to execution of share purchase and shareholders agreement dated November 7, 2001.
4. Sum of Rs. 60,142,137 standing to the credit of the securities (share) premium account adjusted against the existing debit balance in the profit and loss account of the Company as on January 31, 2003, as approved by the High Court of Madras vide order dated June 19, 2003.
5. In the financial statements for the fiscal year ended March 31, 2007, an amount of Rs. 6,841,861 representing share issue expenses were written off against the securities premium account.

* These Equity Shares were allotted pursuant to the variation letter dated June 29, 2006 to the subscription and shareholders agreement dated April 14, 2005 between Maxwell, Eliza Holdings, the Company, AHEL, K. Vishweshwar Reddy and PCR Investments. For further details, please refer to the section titled "History and Corporate Structure - Shareholders and Joint Venture Agreements - Restated Shareholders agreement dated January 8, 2007 between Maxwell, Eliza Holdings, the Company and AHEL" on page 90.

** These Equity Shares were allotted pursuant to the amendment agreement dated April 17, 2006 to the subscription and shareholders agreement dated April 14, 2005 between Maxwell, Eliza Holdings, the Company, AHEL, K. Vishweshwar Reddy and PCR Investments. For further details, please refer to the section titled "History and Corporate Structure - Shareholders and Joint Venture Agreements - Restated Shareholders agreement dated January 8, 2007 between Maxwell, Eliza Holdings, the Company and AHEL" on page 90.

(b) History of the Preference/ Other Share Capital of the Company

The following is the history of the preference share capital of our Company through the date of this Draft Red Herring Prospectus:

Date of Allotment	Number and Type/Class of Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of payment of Consideration	Nature/ Reasons for Allotment	Cumulative Paid – up Capital (Rs.)
July 11, 2005	2,661,242 CCPS	60.00	60.00	Cash	Agreement with Maxwell, Eliza Holdings, PCR Investments and K. Vishweshwar Reddy	159,674,520
July 11, 2005	14,535,80 0 Class A Shares	10.00	10.00	Cash	Agreement with Maxwell, Eliza Holdings, PCR Investments and K. Vishweshwar Reddy	305,032,520
July 31, 2006	1,766,963 Series B Preference Shares	158.00	158.00	Cash	Amendment to the shareholders' agreement dated April 14, 2005 between Maxwell, Eliza Holdings, the Company, AHEL, Dr. Prathap C. Reddy, Mrs. Sucharitha Reddy, Mrs. Sangita Reddy, Mr. K. Vishweshwar Reddy and PCR Investments	584,212,674

All the Class A Shares, Series B Preference Shares and CCPS have been converted into equity on October 20, 2006 and for further details, please see Note 1 to "Capital Structure – Notes to Capital Structure" on page 24.

2. Promoter Contribution and Lock-in

All Equity Shares which are being locked in are eligible for computation of Promoter's contribution and lock in under clause 4.6 of the SEBI Guidelines.

(a) Details of Promoters Contribution locked in for three years:

Name of the Promoter	Date of Allotment	Date when Shares made fully paid up	Consideration	No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	Percentage of post equity Capital	Lock In period (Years)
AHEL	October 20, 2006*	October 20, 2006	Cash	1,081,360	10	10	3.20	3
Dr. Prathap C. Reddy	October 20, 2006*	October 20, 2006	Cash	57,652	10	10	0.17	3
Mrs. Sangita Reddy	October 20, 2006*	October 20, 2006	Cash	31,911[(1)]	10	10	0.09	3
AHEL	August 26, 2002	August 26, 2002	Cash	1,000,000	10	10	2.96	3
Mrs. Sangita Reddy	August 26, 2002	August 26, 2002	Cash	100,000	10	10	0.30	3
AHEL	November 20, 2000	November 20, 2000	Cash	3,100,000	10	10	9.19	3
AHEL	August 14, 2000	August 14, 2000	Cash	1,378,312[(2)]	10	10	4.08	3

(1) These Equity Shares represent a portion of 53,498 Equity Shares that were allotted to Mrs. Sangita Reddy on October 20, 2006. The remaining 21,587 Equity Shares have been transferred to White Park Securities Limited on March 13, 2008.

(2) These Equity Shares represent a portion of 2,000,000 Equity Shares that were allotted to AHEL on November 20, 2000. The remaining portion of 621,868 Equity Shares would be locked in for a period of one year.

* These Equity Shares were allotted pursuant to the amendment agreement April 17, 2006 to the subscription and shareholders agreement dated April 14, 2005 between Maxwell, Eliza Holdings, the Company, AHEL, K. Vishweshwar Reddy and PCR Investments. For further details, please refer to the section titled "History and Corporate Structure - Shareholders and Joint Venture Agreements - Restated Shareholders agreement dated January 8, 2007 between Maxwell, Eliza Holdings, the Company and AHEL" on page 90.

The contribution, as indicated hereinabove, by AHEL, being the Promoter of the Company determined in accordance with SEBI Guidelines, has been brought in to the extent of not less than the specified minimum lot as stipulated in accordance with the SEBI Guidelines. The lock in has been calculated in accordance with para 15.2 of the SEBI ESOP Guidelines, with reference to the enlarged capital, i.e, 33,745,275 Equity Shares which would arise on exercise of all options.

We confirm that the minimum Promoters' contribution of 20% which is subject to lock-in for three years does not consist of:

a. Equity Shares acquired for consideration other than cash and revaluation of assets or capitalization of intangible assets or bonus shares out of revaluation reserves or reserves without accrual of cash resources.

b. Securities acquired during the preceding one year, at a price lower than the price at which Equity Shares are being offered to public.

c. Private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary.

d. Equity Shares for which specific written consent has not been obtained from the respective shareholders for inclusion of their subscription in the minimum Promoters' contribution subject to lock-in.

e. Equity Shares issued to Promoters on conversion of partnership firms into limited company.

f. Equity Shares with a contribution less than Rs. 25,000/- per application from each individual and contribution less than Rs.100,000/- from firms and companies.

g. Equity Shares are not pledged to any party.

(b) *Details of share capital locked in for one year:*

In addition to the lock-in of the Promoter's contribution specified above, the entire pre-Issue Equity Share capital of the Company shall be locked in for a period of one year from the date of Allotment of Equity Shares in this Issue, subject to the provisions of the SEBI Guidelines. Further, as our ESOPs are not in compliance with the SEBI ESOP Guidelines, all the Equity Shares arising on account of the exercise of the options granted under the ESOPs, would also be subject to a lock in of one year.

In accordance with Clause 4.15.1 of the SEBI Guidelines, the locked in Equity Shares held by the Promoters, as specified above, can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided that the pledge of the equity shares is one of the terms of the sanction of the loan.

In accordance with Clause 4.16.1(b) of the SEBI Guidelines, the Equity Shares held by the Promoters may be transferred to and among the Promoter Group or to new promoters or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

In accordance with Clause 4.16.1 (a) of the SEBI Guidelines, the Equity Shares held by persons other than the Promoter prior to the Issue may be transferred to any other person holding the Equity Shares which are locked-in as per Clause 4.14 of the SEBI Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

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

Indicated below is the capital built-up of the Promoters' shareholding in the Company, that will also be locked in for a period of one year:

(i) Dr. Prathap C. Reddy

S No.	Date of Allotment/ Transfer	No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	Date when made Fully Paid Up	Nature of payment of Consideration	Nature/ Reasons for Allotment	Cumulative Shares	Percentage of post Issue paid up capital
1.	August 14, 2000	10	10	10	August 14, 2000	Cash	Subscription to the Memorandum of Association	10	0.00
2.	August 14, 2000	325,208	10	10	August 14, 2000	Cash	Further allotment	325,218	1.03
3.	October 20, 2006*	57,652**	10	10	October 20, 2006	Cash	Conversion of Series B Preference Shares into equity	382,870	1.22
4.	August 20, 2007	404,000	10	250	August 20, 2007	Cash	Preferential allotment	786,870	2.50

* These Equity Shares were allotted pursuant to the amendment agreement April 17, 2006 to the subscription and shareholders agreement dated April 14, 2005 between Maxwell, Eliza Holdings, the Company, AHEL, K. Vishweshwar Reddy and PCR Investments. For further details, please refer to the section titled "History and Corporate Structure - Shareholders and Joint Venture Agreements - Restated Shareholders agreement dated January 8, 2007 between Maxwell, Eliza Holdings, the Company and AHEL" on page 90.

** These Equity Shares would be locked in for a period of three years.

(ii) Mrs. Sangita Reddy

S No.	Date of Allotment/ Transfer	No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	Date when made Fully Paid Up	Nature of payment of Consideration	Nature/ Reasons for Allotment	Cumulative Shares	Percentage of post Issue paid up capital
1.	August 14, 2000	10	10	10	August 14, 2000	Cash	Subscription to Memorandum of Association	10	0.00
2.	August 14, 2000	80,000	10	10	August 14, 2000	Cash	Further allotment	80,010	0.25
3.	August 26, 2002	100,000**	10	10	August 26, 2002	Cash	Further allotment	180,010	0.57
4.	October 20, 2006*	53,498**	10	10	October 20, 2006	Cash	Conversion of Series B Preference Shares into Equity	233,508	0.74
5.	August 14, 2007	400,000	10	154	August 14, 2007	Cash	Preferential allotment	633,508	2.01
6.	August 20, 2007	431,871	10	250	August 20, 2007	Cash	Preferential allotment	1,065,379	3.38
7.	March 13, 2008	(21,587)	10	151.91	October 20, 2006	Cash	Transfer to White Park Securities Limited	1,043,792	3.31
8.	March 13,	(13,440)	10	236.39	August	Cash	Transfer to	1,030,352	3.27

S No.	Date of Allotment/ Transfer	No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	Date when made Fully Paid Up	Nature of payment of Consideration	Nature/ Reasons for Allotment	Cumulative Shares	Percentage of post Issue paid up capital
	2008				14, 2007		White Park Securities Limited		

* These Equity Shares were allotted pursuant to the amendment agreement April 17, 2006 to the subscription and shareholders agreement dated April 14, 2005 between Maxwell, Eliza Holdings, the Company, AHEL, K. Vishweshwar Reddy and PCR Investments. For further details, please refer to the section titled "History and Corporate Structure - Shareholders and Joint Venture Agreements - Restated Shareholders agreement dated January 8, 2007 between Maxwell, Eliza Holdings, the Company and AHEL" on page 90.

** Of these Equity Shares 21,587 Equity Shares have been transferred to White Park Securities Limited on March 13, 2008 and the remaining 31,911 Equity Shares are locked in for three years.

(iii) AHEL

S No.	Date of Allotment/ Transfer	No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	Date when made Fully Paid Up	Nature of payment of Consideration	Nature/ Reasons for Allotment	Cumulative Shares	Percentage of post Issue paid up capital
1.	August 14, 2000	2,000,000(1)	10	10	August 14, 2000	Cash	Preferential allotment	2,000,000	6.35
2.	November 20, 2000	3,100,000(2)	10	10	November 20, 2000	Cash	Preferential allotment	5,100,000	16.18
3.	August 26, 2002	1,000,000(2)	10	10	August 26, 2002	Cash	Preferential allotment	6,100,000	19.36
4.	October 20, 2006*	1,081,360(2)	10	10	October 20, 2006	Cash	Conversion of Series B Preferenc e Shares into equity	7,181,360	22.79
5.	August 20, 2007	4,000,000	10	250	August 20, 2007	Cash	Preferential allotment**	11,181,360	35.48

(1) Of this 1,378,312 Equity Shares would be locked in for a period of three years and the remaining portion of 621,868 Equity Shares would be locked in for a period of one year.

(2) These Equity Shares would be locked in for a period of three years.

* These Equity Shares were allotted pursuant to the amendment agreement April 17, 2006 to the subscription and shareholders agreement dated April 14, 2005 between Maxwell, Eliza Holdings, the Company, AHEL, K. Vishweshwar Reddy and PCR Investments. For further details, please refer to the section titled "History and Corporate Structure - Shareholders and Joint Venture Agreements - Restated Shareholders agreement dated January 8, 2007 between Maxwell, Eliza Holdings, the Company and AHEL" on page 90.

(iv) Promoter Group

Mrs. Sucharita Reddy

S No.	Date of Allotment/ Transfer	No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	Date when made Fully Paid Up	Nature of payment of Consideration	Nature/ Reasons for Allotment	Cumulative Shares	Percentage of post Issue paid up capital	Lock-in Period (Years)
1.	August 14, 2000	10	10	10	August 14, 2000	Cash	Subscription to Memorandum of Association	10	0.00	1
2.	August 14, 2000	50,000	10	10	August 14,	Cash	Further allotment	50,010	0.16	1

S No.	Date of Allotment/ Transfer	No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	Date when made Fully Paid Up	Nature of payment of Consideration	Nature/ Reasons for Allotment	Cumulative Shares	Percentage of post Issue paid up capital	Lock-in Period (Years)
					2000					
3.	October 20, 2006*	8,865	10	10	October 20, 2006	Cash	Conversion of Series B Preference Shares into equity	58,875	0.19	1
4.	August 20, 2007	40,000	10	250	August 20, 2007	Cash	Preferential allotment	98,875	0.31	1

* These Equity Shares were allotted pursuant to the amendment agreement April 17, 2006 to the subscription and shareholders agreement dated April 14, 2005 between Maxwell, Eliza Holdings, the Company, AHEL, K. Vishweshwar Reddy and PCR Investments. For further details, please refer to the section titled "History and Corporate Structure - Shareholders and Joint Venture Agreements - Restated Shareholders agreement dated January 8, 2007 between Maxwell, Eliza Holdings, the Company and AHEL" on page 90.

Mrs. Preetha Reddy

S No.	Date of Allotment/ Transfer	No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	Date when made Fully Paid Up	Nature of payment of Consideration	Nature/ Reasons for Allotment	Cumulative Shares	Percentage of post Issue paid up capital	Lock-in Period (Years)
1.	August 14, 2000	10	10	10	August 14, 2000	Cash	Subscription to Memorandum of Association	10	0.00	1

Mrs. Shobana Kamineni

S No.	Date of Allotment/ Transfer	No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	Date when made Fully Paid Up	Nature of payment of Consideration	Nature/ Reasons for Allotment	Cumulative Shares	Percentage of post Issue paid up capital	Lock-in Period (Years)
1.	August 14, 2000	10	10	10	August 14, 2000	Cash	Subscription to Memorandum of Association	10	0.00	1
2.	August 14, 2007	50,000	10	154	August 14, 2007	Cash	Preferential allotment	50,010	0.16	1

Mrs. Suneeta Reddy

S No.	Date of Allotment/ Transfer	No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	Date when made Fully Paid Up	Nature of payment of Consideration	Nature/ Reasons for Allotment	Cumulative Shares	Percentage of post Issue paid up capital	Lock-in Period (Years)
1.	August 14, 2000	10	10	10	August 14, 2000	Cash	Subscription to Memorandum of Association	10	0.00	1

S No.	Date of Allotment/ Transfer	No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	Date when made Fully Paid Up	Nature of payment of Consideration	Nature/ Reasons for Allotment	Cumulative Shares	Percentage of post Issue paid up capital	Lock-in Period (Years)
2.	August 20, 2007	13,440	10	250	August 20, 2007	Cash	Preferential allotment	13,450	0.04	1

Mr. K Vishweshwar Reddy

S No.	Date of Allotment/ Transfer	No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	Date when made Fully Paid Up	Nature of payment of Consideration	Nature/ Reasons for Allotment	Cumulative Shares	Percentage of post Issue paid up capital	Lock-in Period (Years)
1.	August 14, 2000	10	10	10	August 14, 2000	Cash	Subscription to Memorandum of Association	10	0.00	1
2.	April 19, 2005	134,815	10	10	April 19, 2005	Cash	Pursuant to the shareholders agreement dated April 14, 2005 between Maxwell, Eliza Holdings, the Company, AHEL, K. Vishweshwar Reddy and PCR Investments	134,825	0.43	1
3.	September 15, 2006	46,978	10	10	September 15, 2006	Cash	Conversion of CCPS into Equity	181,803	0.58	1
4.	October 20, 2006*	152	10	10	October 20, 2006	Cash	Conversion of Class A Shares into Equity	181,955	0.58	1
5.	October 20, 2006**	32,229	10	10	October 20, 2006	Cash	Conversion of Series B Preference Shares into Equity	214,184	0.68	1
6.	August 20, 2007	222,128	10	250	August 20, 2007	Cash	Preferential allotment	436,312	1.38	1
7.	December 27, 2007	(20,000)	10	250	August 20, 2007	Cash	Transfer of Shares to Mr. P. Dwarakanath Reddy	416,312	1.32	1

* These Equity Shares were allotted pursuant to the variation letter dated June 29, 2006 to the subscription and shareholders agreement dated April 14, 2005 between Maxwell, Eliza Holdings, the Company, AHEL, K. Vishweshwar Reddy and PCR Investments. For further details, please refer to the section titled "History and Corporate Structure - Shareholders and Joint Venture Agreements - Restated Shareholders agreement dated January 8, 2007 between Maxwell, Eliza Holdings, the Company and AHEL" on page 90.

** These Equity Shares were allotted pursuant to the amendment agreement dated April 17, 2006 to the subscription and shareholders agreement dated April 14, 2005 between Maxwell, Eliza Holdings, the Company, AHEL, K. Vishweshwar Reddy and PCR Investments. For further details, please refer to the section titled "History and Corporate Structure - Shareholders and Joint Venture Agreements - Restated Shareholders agreement dated January 8, 2007 between Maxwell, Eliza Holdings, the Company and AHEL" on page 90.

Mr. G. Surender Reddy

S No.	Date of Allotment/ Transfer	No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	Date when made Fully Paid Up	Nature of payment of Consideration	Nature/ Reasons for Allotment	Cumulative Shares	Percentage of post Issue paid up capital	Lock-in Period (Years)
1.	August 14, 2000	5,000	10	10	August 14, 2000	Cash	Further allotment	5,000	0.02	1

UHHL

S No.	Date of Allotment/ Transfer	No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	Date when made Fully Paid Up	Nature of payment of Consideration	Nature/ Reasons for Allotment	Cumulative Shares	Percentage of post Issue paid up capital	Lock-in Period (Years)
1.	October 10, 2003*	200,000	10	10	October 10, 2003	Cash	Transfer of shares from the Unit Trust of India	200,000	0.63	1

* These shares were allotted to Unit Trust of India pursuant to subscription agreement dated October 10, 2000 executed between our Company and Unit Trust of India.

PCR Investments

S No.	Date of Allotment/ Transfer	No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	Date when made Fully Paid Up	Nature of payment of Consideration	Nature/ Reasons for Allotment	Cumulative Shares	Percentage of post Issue paid up capital	Lock-in Period (Years)
1.	April 19, 2005	134,815	10	10	April 19, 2005	Cash	Pursuant to the shareholders agreement dated April 14, 2005 between Maxwell, Eliza Holdings, the Company, AHEL, K. Vishweshwar Reddy and PCR Investments	134,815	0.43	1
2.	September 15, 2006	46,977	10	10	September 15, 2006	Cash	Conversion of CCPS into Equity	181,792	0.58	1
3.	October 20, 2006*	152	10	10	October 20, 2006	Cash	Conversion of Class A Shares into Equity	181,944	0.58	1
4.	October	32,227	10	10	October	Cash	Conversion of	214,171	0.68	1

S No.	Date of Allotment/ Transfer	No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	Date when made Fully Paid Up	Nature of payment of Consideration	Nature/ Reasons for Allotment	Cumulative Shares	Percentage of post Issue paid up capital	Lock-in Period (Years)
	20, 2006**				20, 2006		Series B Preference Shares into Equity			
5.	June 25, 2007	(1050,000)	10	10	June 25, 2007	Cash	Transfer of Shares from Kalpatharu Infrastructure Development Company Limited	1,264,171	4.01	1
6.	December 27, 2007	(2,000)	10	250	October 20, 2006	Cash	Transfer to Mr. B. Bhaskar Reddy	1,262,171	4.01	1
7.	December 27, 2007	(1,000)	10	250	October 20, 2006	Cash	Transfer to Dr. K. Hari Prasad	1,261,171	4.00	1
8.	December 27, 2007	(500)	10	250	October 20, 2006	Cash	Transfer to Ms. Zena Brass	1,260,671	4.00	1
9.	December 27, 2007	(1,000)	10	250	October 20, 2006	Cash	Transfer to V. Satyanarayana Reddy	1,259,671	4.00	1
10.	December 27, 2007	(4,000)	10	250	October 20, 2006	Cash	Transfer to Mr. Nasser Munjee	1,255,671	3.98	1

* These Equity Shares were allotted pursuant to the variation letter dated June 29, 2006 to the subscription and shareholders agreement dated April 14, 2005 between Maxwell, Eliza Holdings, the Company, AHEL, K. Vishweshwar Reddy and PCR Investments. For further details, please refer to the section titled "History and Corporate Structure - Shareholders and Joint Venture Agreements - Restated Shareholders agreement dated January 8, 2007 between Maxwell, Eliza Holdings, the Company and AHEL" on page 90.

** These Equity Shares were allotted pursuant to the amendment agreement dated April 17, 2006 to the subscription and shareholders agreement dated April 14, 2005 between Maxwell, Eliza Holdings, the Company, AHEL, K. Vishweshwar Reddy and PCR Investments. For further details, please refer to the section titled "History and Corporate Structure - Shareholders and Joint Venture Agreements - Restated Shareholders agreement dated January 8, 2007 between Maxwell, Eliza Holdings, the Company and AHEL" on page 90.

3. The list of our largest shareholders of our Company and the number of Equity Shares held by them is as follows:

(a) Our ten largest shareholders and the number of Equity Shares of Rs. 10 each held by them as of the date of filing this Draft Red Herring Prospectus:

S.No.	Name of the Shareholder	No. of Equity Shares	Percentage Shareholding
1.	AHEL	11,181,360	44.71
2.	Eliza Holdings	6,300,805	25.19
3.	Maxwell	2,728,915	10.91
4.	PCR Investments	1,255,671	5.02
5.	Mrs. Sangita Reddy	1,030,352	4.12
6.	Dr. Prathap C. Reddy	786,870	3.15
7.	Mr. K. Vishweshwar Reddy	416,312	1.66
8.	UHHL	200,000	0.80
9.	White Park Securities Limited	224,056	0.90
10.	Capricon Logistics Limited	118,040	0.47
	Total	**24,242,381**	**96.93**

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

S.No.	Name of the Shareholder	No. of Equity Shares	Percentage Shareholding
1.	AHEL	11,181,360	44.71
2.	Eliza Holdings	6,300,805	25.19
3.	Maxwell	2,728,915	10.91
4	PCR Investments	1,255,671	5.02
5.	Mrs. Sangita Reddy	1,065,379	4.26
6.	Dr. Prathap C. Reddy	786,870	3.15
7.	Mr. K. Vishweshwar Reddy	416,312	1.66
8.	UHHL	200,000	0.80
9.	White Park Securities Limited	189,029	0.76
10.	Capricon Logistics Limited	118,040	0.47
	Total	**24,152,840**	**96.63**

(c) Our largest shareholders and the number of equity shares held by them two years prior to the date of filing this Draft Red Herring Prospectus are as follows:

S.No.	Name of the Shareholder	No. of Equity Shares	Percentage Shareholding
1.	AHEL	6,100,000	48.30
2.	Maxwell	2,025,000	16.03
3.	Eliza Holdings	2,025,000	16.03
4.	Kalpatharu Infrastructure Development Company Private Limited	1,050,000	8.31
5.	Dr. Prathap C. Reddy	325,218	2.58
6.	UHHL	200,000	1.58
7.	Mrs. Sangita Reddy	180,010	1.43
8.	Mr. K. Vishweshwar Reddy	134,825	1.07
9.	PCR Investments	134,815	1.07
10.	White Park Securities Limited	121,773	0.96
	Total	**12,296,641**	**97.36**

4. As on the date of this Draft Red Herring Prospectus, the shareholding pattern of our Company before and as adjusted for the Issue is as follows:

	Equity Shares owned prior to the Issue		Equity Shares owned after the Issue[1]	
SHAREHOLDER CATEGORY	Number	%	Number	%
I. Promoters and Promoter Group				
Promoters				
AHEL	11,181,360	44.71	11,181,360	35.48
Dr. Prathap C. Reddy	786,870	3.15	786,870	2.50
Mrs. Sangita Reddy	1,030,352	4.12	1,030,352	3.27
Sub Total	**12,998,582**	**51.98**	**12,998,582**	**41.25**
Promoter Group				
Bodies Corporate_[2]				
UHHL	200,000	0.80	200,000	0.64
PCR Investments	1,255,671	5.02	1,255,671	3.98
Sub Total	**1,455,671**	**5.82**	**1,455,671**	**4.62**
Relatives				
Mrs. Sucharitha Reddy	98,875	0.40	98,875	0.31
Mrs. Preetha Reddy	10	0.00	10	0.00
Mrs. Shobana Kamineni	50,010	0.20	50,010	0.16
Mrs. Suneeta Reddy	13,450	0.05	13,450	0.04
Mr. K. Vishweshwar Reddy	416,312	1.66	416,312	1.32
Mr. P. Dwarakanath Reddy	20,000	0.08	20,000	0.06
Mr. G. Surender Reddy	5,000	0.03	5,000	0.02
Sub Total	**603,657**	**2.42**	**603,657**	**1.92**
Total Promoters And Promoter Group (A)	**15,057,910**	**60.22**	**15,057,910**	**47.79**

SHAREHOLDER CATEGORY	Equity Shares owned prior to the Issue		Equity Shares owned after the Issue[1]	
	Number	%	Number	%
II. Non-Promoter Holding (Institutional Investors)			-	
Mutual Funds (including Unit Trust of India)	Nil	Nil	-	-
Banks, Financial Institutions, Insurance Companies (Central/ State Government Institutions/ Non Government Institutions)	Nil	Nil	-	-
Sub Total (B)	**0.00**	**0.00**	**-**	**0.00**
III. Others				
White Park Securities Limited	224,056	0.90	224,056	0.71
Capricorn Logistics Limited	118,040	0.47	118,040	0.37
Maxwell	2,728,915	10.91	2,728,915	8.66
Eliza Holdings	6,300,805	25.19	6,300,805	20.00
Other Directors	240,000	0.94	240,000	0.76
Others (including employees of the Company)	341,349	1.38	341,349	1.08
Sub Total (C)	**9,953,165**	**39.79**	**9,953,165**	**31.59**
Total pre Issue share capital (D=A+B+C)	**25,011,075**	**100.00**	**25,011,075**	**79.37**
Public Issue (E)	**0.00**	**0.00**	**6,500,000**	**20.63**
Total post-Issue share capital (F=D+E)	**25,011,075**	**100.00**	**31,511,075**	**100.00**

(1) The break down of the Equity Shares to be allotted pursuant to the Issue is not included.

(2) For details of the shareholding pattern, board of directors and financials of the entities forming part of our Promoter Group, please see "Our Promoters - Body Corporates" on pages 121.

5. None of our Directors or Key Managerial Personnel hold Equity Shares of the Company, other than as follows:

S.No.	Name of the Shareholder	No. of Equity Shares	Pre-Issue Percentage Shareholding
1.	Dr. Prathap C. Reddy	786,870	3.15
2.	Mrs. Sangita Reddy	1,030,352	4.12
3.	Mrs. Shobana Kamineni	50,010	0.20
4.	Mr. NJ Yasaswy	50,000	0.20
5.	Mr. Ravendran Krishnasamy	50,000	0.20
6.	Mr. Nasser Munjee	5,000	0.02
7.	Mr. R. Ramaraj	50,000	0.20
8.	Mr. John Andrew DeVoe	85,000	0.34
9.	Mr. Divya Sehgal	66,405	0.27
10.	Mr. Arnab Sen	63,205	0.25
11.	Mr. Shanker Narayan	300	0.00
	Total	**2,237,142**	**8.95**

Also, certain of our Key Managerial Personnel have been issued options convertible into our Equity Shares under our ESOPs, further details of which are provided under Note 21 to the section titled "Capital Structure – Notes to Capital Structure" on page 38.

6. Our Company, our Directors and the BRLMs have not entered into any buy-back and/or standby arrangements for the purchase of Equity Shares of our Company from any person, other than as disclosed in this Draft Red Herring Prospectus.

7. Other than set out in Note 1 to the section titled "Capital Structure- Notes to Capital Structure" beginning on page 24, our Promoters have not been issued Equity Shares for consideration other than cash.

8. Except as disclosed hereinabove, our Promoters, Directors and our Promoter Group have not purchased or sold any Equity Shares within the six months preceding the date of filing of this Draft Red Herring Prospectus with SEBI.

9. Not less than 60% of the Net Issue shall be allocated to QIBs on a proportionate basis. 5% of the QIB Portion shall be available for allocation to Mutual Funds only and the remaining QIB Portion shall be available for allocation to the QIB Bidders including Mutual Funds subject to valid Bids being received at or above the Issue Price. Further, up to 10% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 30% of the Net Issue will be available for allocation to Retail Individual Bidders, subject to valid Bids being received from them at or above the Issue Price. 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 discretion of the Company and the BRLMs. The Issue includes the Employee Reservation Portion of up to 200,000 Equity Shares which are available for allocation to Eligible Employees.

10. Apart from our ESOPs, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into our Equity Shares. Further, all the Equity Shares have been fully paid up and there are no partly paid Equity Shares.

11. A Bidder cannot make a Bid for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of Bidder.

12. We have not raised any bridge loan against the proceeds of the Issue.

13. Only Eligible Employees would be eligible to apply in this Issue under the Employee Reservation Portion, on a competitive basis. The Bid/ Application by Eligible Employees can also be made in the "Net Issue" and such Bids shall not be treated as multiple Bids.

14. Under-subscription, if any, in the Employee Reservation Portion shall be added back to the Net Issue. Under-subscription in the Net Issue, if any, would be allowed to be met with spill over from any category or a combination of categories, at the discretion of the Company in consultation with the BRLMs. However, if at least 60% of the Issue cannot be allotted to QIBs, then the entire application money shall be refunded forthwith.

15. Except as disclosed herein, there would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus to SEBI until the Equity Shares issued/ to be issued pursuant to the Issue have been listed.

16. An oversubscription to the extent of 10% of the Issue can be retained for the purpose of rounding off while finalizing the basis of allocation.

17. The Equity Shares that would be allotted pursuant to the Issue would be fully paid up at the time of Allotment, failing which no Allotment of the same shall be made.

18. We presently do not intend or propose to alter our capital structure for six months from the date of opening of the Issue, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise. However, during such period or at a later date, we may issue Equity Shares or issue Equity Shares or securities linked to Equity Shares to finance an acquisition, merger or joint venture by us or as consideration for such acquisition, merger or joint venture, or for regulatory compliance or such other scheme of arrangement if an opportunity of such nature is determined by our Board to be in the interest of the Company and is in accordance with the terms of the Underwriting Agreement.

19. We have not issued any Equity Shares out of revaluation reserves however, we have issued shares for consideration other than cash details of which are disclosed in point 1 (a) on *History of the Equity Share Capital of the Company.*

20. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

21. Details of our ESOPs

    (a) ESOP 1

We had established the ESOP 1 in 2005 and our shareholders approved our ESOP 1 on April 11, 2005. In accordance therewith, we are eligible to allot options up to 5% of our share capital as on March 31, 2005. On April 14, 2005, 414,000 options were granted to identified employees which entitled them to acquire Equity Shares at Rs. 10 per Equity Share at future dates.

Our ESOP 1 is administered by our Compensation and Remuneration Committee, which shall determine the terms and conditions of the stock options granted from time to time. Under our ESOP 1, 'employees' means any person who is an employee of the Company or our Subsidiaries and he shall not cease to be an employee in case of any leave of absence approved by the Company or in case of any transfer between locations of the Company including to any Subsidiaries located outside India. Our ESOP 1 provides that the options will be allocated to eligible employees once in a year on the criteria specified in the plan.

Particulars and Options Granted under ESOP 1		
1.	Options granted	414,000
2.	Exercise Price	Rs. 10
3.	Options vested	269,800
4.	Options exercised	154,400
5.	The total number of Equity Shares arising as a result of full exercise of options already granted	414,000
6.	Options lapsed	106,600*
7.	Variation of terms of options	Nil
8.	Money realized by exercise of options	Rs. 1,544,000
9.	Total number of options in force	153,000
10.	Person-wise details of options granted to:	
i)	Senior managerial personnel	(see below)
ii)	Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	Mr. N. Radha Krishna - 22,000
iii)	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 the Company at the time of grant	N.A
11.	Difference, if any, between employee compensation costs (calculated using the intrinsic value of the stock options) and the employee compensation costs (calculated on the fair value of the options) for the six months period ended September 30, 2007	Nil
12.	Impact of this difference on our Profits for the six months period ended September 30, 2007	Nil
13.	Weighted average exercise price of options whose exercise price either equals or exceeds or is less than the market price of the stock	N.A
14.	Weighted average exercise price and weighted average fair values of options whose exercise price either equals or exceeds or is less than the market price of the stock	N.A
15.	Impact on the profits and EPS, if the Company had followed the accounting policies specified in Clause 13 of the SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guideline, 1999	N.A

Senior managerial personnel (item 10 i):

S. No.	Name	No. of options
1.	Mrs. Sangita Reddy	78,000
2.	Dr. Vikram JS Chhatwal	20,000
3.	Mr. Divya Sehgal	38,000
4.	Mr. Arnab Sen	35,000
5.	Mr. Namit Agarwal	29,000
6.	Mr. Hariharan Velayudhan	29,000
7.	Mr. Sanjeev Bajpai	29,000
8.	Mr. PS Reddy	24,000
	Total	**282,000**

Particulars and Options Granted under ESOP 1		
16.	Vesting Schedule (from the date of grant)	Senior Managerial Personnel • 30% of entitlements within six months from the date of grant. • 30% of entitlements within 12 months from date of grant. • 40% of entitlements within 24 months from the date of grant. Others: • 30% of entitlements within 12 months from the date of grant • 30% of entitlements within 24 months from the date of grant • 40% of entitlements within 36 months from the date of grant

* These options were surrendered by Mrs. Sangita Reddy pursuant to her letter dated March 1, 2007 to the Board of Directors.

(b) ESOP 2

The Company in its Board meeting dated August 31, 2006 decided to issue further options and in the Board meeting dated October 20, 2006 the Company approved ESOP 2, wherein unto 10% of the issued share capital of the Company would be eligible to be issued to its employees including Directors of the Company and employees of its Subsidiaries in India or abroad on the terms and conditions as may be decided by the Compensation and Remuneration Committee from time to time. ESOP 2 came into force on October 20, 2006 on which date 1,100,850 options were granted to identified employees which entitled them to acquire Equity Shares at Rs. 98 per Equity Share at future dates.

Particulars and Options Granted under ESOP 2		
1.	Options granted	1,100,850
2.	Exercise Price	Rs. 98
3.	Options vested	440,800
4.	Options exercised	4,450
5.	The total number of Equity Shares arising as a result of full exercise of options already granted	1,100,850
6.	Options lapsed	35,100
7.	Variation of terms of options	Nil
8.	Money realized by exercise of options	Rs. 436,100
9.	Total number of options in force	1,061,300
10.	Person-wise details of options granted to:	
	i) Senior managerial personnel	See table below
	ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	Mr. N. Radha Krishna – 80,200 options
	iii) Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Mr. Divya Sehgal
11.	Difference, if any, between employee compensation costs (calculated using the intrinsic value of the stock	The employee compensation cost would have been higher by Rs. 7,780,190.

S. No.	Name	No. of options
1.	Mr. Divya Sehgal	170,000
2.	Mr. Shanker Narayan	102,000
3.	Mr. Arnab Sen	102,000
4.	Mr. Namit Agarwal	102,000
5.	Mr. HariharanVelayaudhan	102,000
6.	Mr. Sanjeev Bajpai	102,000
7.	Mr. PS Reddy	50,000
8.	Mr. William J. Colgan	20,000
9.	Mr. Michael Nudo	20,000
10.	Mr. Ariel Morales	20,000
	Total	**790,000**

Particulars and Options Granted under ESOP 2		
	options) and the employee compensation costs (calculated on the fair value of the options) for the six months period ended September 30, 2007	
12.	Impact of this difference on our Profits for the six months period ended September 30, 2007	Loss for the period would have been higher by Rs. 7,780,190.
13.	Weighted average exercise price of options whose exercise price either equals or exceeds or is less than the market price of the stock	N.A
14.	Weighted average exercise price and weighted average fair values of options whose exercise price either equals or exceeds or is less than the market price of the stock	N.A
15.	Impact on the profits and EPS, if the Company had followed the accounting policies specified in Clause 13 of the SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guideline, 1999	N.A
16.	Vesting Schedule (from the date of grant)	Employees who completed three or more years of service in the Company: • 50% of the entitlements within one year • 20% of the entitlements within two years • 30% of the entitlements within three years Employees who completed less than three years of service in the Company: • 25% of the entitlements within one year • 25% of the entitlements within two years • 50% of the entitlements within three years

(c) ESOP 3

Pursuant to the resolution passed at the EGM dated October 20, 2006, the Compensation and Remuneration Committee in its meeting dated March 16, 2007 approved ESOP 3. ESOP 3 came into force on March 16, 2007 on which date 97,350 options were granted to identified employees, including Directors of the Company and employees of its Subsidiaries in India or abroad, which entitled them to acquire Equity Shares at Rs.154 per Equity Share at future dates.

Particulars and Options Granted under ESOP 3			
1.	Options granted		97,350
2.	Exercise Price		Rs. 154
3.	Options vested		Nil
4.	Options exercised		Nil
5.	The total number of Equity Shares arising as a result of full exercise of options already granted		97,350
6.	Options lapsed		Nil
7.	Variation of terms of options		Nil
8.	Money realized by exercise of options		Nil
9.	Total number of options in force		97,350
10.	Person-wise details of options granted to:		
	i)	Senior managerial personnel	(see table below)
	ii)	Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	Nil
	iii)	Identified employees who were granted option, during any one year, equal to or	Mr. Divya Sehgal

S. No.	Name	No. of options
1.	Mr. Divya Sehgal	25,000
2.	Mr. Shanker Narayan	5,000
3.	Mr. Arnab Sen	10,000
4.	Mr. Namit Agarwal	5,000
5.	Mr. Hariharan Velayudhan	5,000
6.	Mr. B. Somnath	15,000
	Total	**65,000**

Particulars and Options Granted under ESOP 3		
	exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	
11.	Difference, if any, between employee compensation costs (calculated using the intrinsic value of the stock options) and the employee compensation costs (calculated on the fair value of the options) for the six months period ended September 30, 2007	The employee compensation cost would have been higher by Rs. 863,437.
12.	Impact of this difference on our Profits for the six months period ended September 30, 2007	Loss for the period would have been higher by Rs. 863,437.
13.	Weighted average exercise price of options whose exercise price either equals or exceeds or is less than the market price of the stock	N.A
14.	Weighted average exercise price and weighted average fair values of options whose exercise price either equals or exceeds or is less than the market price of the stock	N.A
15.	Impact on the profits and EPS, if the Company had followed the accounting policies specified in Clause 13 of the SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guideline, 1999	N.A
16.	Vesting Schedule (from the date of grant)	• 10% of entitlements within 12 months from the date of grant • 20% of entitlements within 24 months from the date of grant • 70% of entitlements within 36 months from the date of grant

(d) ESOP 4

The Board of Directors in its meeting dated June 26, 2007 approved ESOP 4. ESOP 4 came into force on July 20, 2007 on which date 325,000 options were granted to identified employees of the Company and employees of its Subsidiaries in India or abroad, which entitled them to acquire Equity Shares at Rs. 250 per Equity Share at future dates.

Particulars and Options Granted under ESOP 4		
1.	Options granted	325,000
2.	Exercise Price	Rs. 250
3.	Options vested	325,000
4.	Options exercised	500
5.	The total number of Equity Shares arising as a result of full exercise of options already granted	325,000
6.	Options lapsed	Nil
7.	Variation of terms of options	Nil
8.	Money realized by exercise of options	Rs.12,500
9.	Total number of options in force	324,500
10.	Person-wise details of options granted to:	-
i)	Senior managerial personnel	

S. No.	Name	No. of options
1.	Mr. Divya Sehgal	100,000
2.	Mr. Arnab Sen	100,000
3	Mr. Shanker Narayan	26,116
4	Mr. Namit Agarwal	26,116
5	Mr. Hariharan Velayudhan	26,116
6	Mr. Sanjeev Bajpai	26,116
	Total	**304,464**

ii)	Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	Nil
iii)	Identified employees who were granted option, during any one year,	Nil

Particulars and Options Granted under ESOP 4		
	equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	
11.	Difference, if any, between employee compensation costs (calculated using the intrinsic value of the stock options) and the employee compensation costs (calculated on the fair value of the options) for the six months period ended September 30, 2007	The employee compensation cost would have been higher by Rs. 6,019,000
12.	Impact of this difference on our Profits for the six months period ended September 30, 2007	Loss for the period would have been higher by Rs. 6,019,000
13.	Weighted average exercise price of options whose exercise price either equals or exceeds or is less than the market price of the stock	N.A
14.	Weighted average exercise price and weighted average fair values of options whose exercise price either equals or exceeds or is less than the market price of the stock	N.A
15.	Impact on the profits and EPS, if the Company had followed the accounting policies specified in Clause 13 of the SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guideline, 1999	N.A
16.	Vesting Schedule (from the date of grant)	100% of entitlement within one month from the date of grant.

(e) ESOP 5

The Board of Directors in its meeting date August 14, 2007 approved ESOP 5. The ESOP 5 came into force on August 14, 2007 on which date 297,000 options were granted to identified employees, including Directors of the Company and employees of its Subsidiaries in India or abroad, which entitled them to acquire Equity Shares at Rs.154 per Equity Share at future dates.

Particulars and Options Granted under ESOP 5			
1.	Options granted		297,000
2.	Exercise Price		Rs. 154
3.	Options vested		Nil
4.	Options exercised		Nil
5.	The total number of Equity Shares arising as a result of full exercise of options already granted		297,000
6.	Options lapsed		Nil
7.	Variation of terms of options		Nil
8.	Money realized by exercise of options		Nil
9.	Total number of options in force		297,000
10.	Person-wise details of options granted to:		-
i)	Senior managerial personnel		
ii)	Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year		Nil
iii)	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 the Company at the time of grant	Mr. John Andrew DeVoe	
11.	Difference, if any, between employee compensation costs (calculated using the intrinsic value of the stock options) and the employee compensation costs (calculated on the fair value of the options) for the six months period ended	The employee compensation cost would have been higher by Rs. 678,777	

Senior managerial personnel:

S. No.	Name	No. of options
1.	Mr. John Andrew DeVoe	297,000
	Total	**297,000**

Particulars and Options Granted under ESOP 5		
	September 30, 2007	
12.	Impact of this difference on our Profits for the six months period ended September 30, 2007	Loss for the period would have been higher by Rs. 678,777
13.	Weighted average exercise price of options whose exercise price either equals or exceeds or is less than the market price of the stock	N.A.
14.	Weighted average exercise price and weighted average fair values of options whose exercise price either equals or exceeds or is less than the market price of the stock	N.A.
15.	Impact on the profits and EPS, if the Company had followed the accounting policies specified in Clause 13 of the SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999	N.A.
16.	Vesting Schedule (from the date of grant)	a. 127,000 (inclusive 42,000 bonus options) within 12 months from the date of grant; b. 85,000 within 24 months from date of grant; and c. 85,000 within 36 months from date of grant.

(f) Details of Directors/ Key Managerial Personnel to whom Options have been issued under the ESOPs

S.No	Name of Director/ Key Managerial Personnel	No. of Equity Shares to be allotted under				
		ESOP 1	ESOP 2	ESOP 3	ESOP 4	ESOP 5
1.	Mrs. Sangita Reddy	78,000*	Nil	Nil	Nil	Nil
2.	Mr. John Andrew DeVoe	Nil	Nil	Nil	Nil	297,000
3.	Mr. Divya Sehgal	38,000	170,000	25,000	100,000	Nil
4.	Mr. Shanker Narayan	Nil	102,000	5,000	26,116	Nil
5.	Mr. Arnab Sen	35,000	102,000	10,000	100,000	Nil
6.	Mr. William J. Colgan	Nil	20,000	Nil	Nil	Nil

* These options were surrendered by Mrs. Sangita Reddy pursuant to her letter dated March 1, 2007 to the Board of Directors.

Except for the options issued under ESOP 1and ESOP 4, none of the options granted under our ESOPs would vest within three months after the date of listing of our Equity Shares. Further, there would be no further grant of options under ESOP 1, ESOP 2, ESOP 3, ESOP 4 and ESOP 5.

None of our ESOPs are in compliance with the SEBI ESOP Guidelines and accordingly, all the Equity Shares arising on account of the exercise of the options granted under the ESOPs, would be subject to a lock in of one year.

22. The Company is considering a Pre-IPO placement with certain investors ("Pre-IPO Placement"). The Pre-IPO placement is at the discretion of the Company. The Company will complete the issuance, if any, of such Equity Shares prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the Issue size offered to the public will be reduced to the extent of such Pre-IPO Placement, subject to a minimum Net Issue size of 10% of the post Issue capital being offered to the public.

23. As of the date of this Draft Red Herring Prospectus, the total number of holders of Equity Shares is 62.

24. The Company or the Promoters or Promoter Group shall not make any payments direct or indirect, discounts, commission allowances or otherwise under this Issue.

OBJECTS OF THE ISSUE

The objects of the Issue are to:

1. Pre-pay the debt that was obtained for the acquisition of Zavata, Inc.;
2. To meet the establishment expenses of the up-coming Chennai facility;
3. General Corporate Purposes; and
4. To achieve the benefits of listing on the Stock Exchanges.

The net proceeds of the Issue after deducting all Issue related expenses are approximately Rs. [●] million.

The main objects clause as set out in our Memorandum of Association enable us to undertake our existing activities and the activities for which funds are being raised by us in the Issue.

The details of the proceeds of the Issue are summarized in the tables below:

Particulars	*(Rs. In Millions)*
Gross Proceeds of the Issue	[●]
Issue Related Expenses	[●]
Net Proceeds of the Issue	**[●]**

Fund Requirement

The intended use of net proceeds of the Issue as estimated by the management is as follows:

			(Rs. In Millions)
	For the Fiscal Year Ended March 31,		
Object	**2009**	**2010**	**Total**
1) Repayment of debt obtained for the acquisition Zavata, Inc.	960	-	**960**
2) Interior cost and other costs in Chennai Facility	113	97	**210**
3) Construction cost at Chennai	196	216	**412**
4) General Corporate Purposes	[•]	[•]	[•]
Total	[•]	[•]	[•]

The requirement of funds as estimated by our Management shall be utilised by fiscal 2010. The above fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution.

Further, the fund requirement in the table above is based on our current business plan. In view of the dynamic and competitive environment of the industry in which we operate, we may have to revise our business plan from time to time and consequently our capital requirements and deployment of funds may also change. This may include rescheduling of our capital expenditure programs, increase or decrease in the capital expenditure for a particular purpose vis-à-vis current plans at the discretion of our management and requirements that may arise on account of acquisitions, mergers and other strategic initiatives.

In case of any increase in the actual utilization of funds earmarked for the above activities, such additional fund for a particular activity will be met from a combination of internal accruals, additional equity or debt infusion. If the actual utilization towards any of the aforesaid objectives is lower than what is stated above, such balance will be used for future growth opportunities and general corporate purposes.

Deployment of Funds

As of March 14, 2008, the Company has incurred Rs. 30.24 million towards construction of the Chennai facility.

Detailed Use of Net Issue Proceeds

1. *Pre-payment of debt obtained for Zavata, Inc.*

In August 2007, we acquired the entire shareholding in Zavata, Inc through a merger between the Zavata Acquisition Corporation, which was formed as a wholly owned merger subsidiary of AFSI and Zavata, Inc. For further details on the merger, please refer to the section titled "History and Corporate Structure - Shareholders and Joint Venture Agreements" on page 88. The said acquisition was funded by Bank of India and Barclays Capital pursuant to a facilities agreement dated August 29, 2007 ("Facilities Agreement").

The Facilities Agreement was entered into between AHSI (as the "Borrower"), the Company, AFSI, Armanti Financial and Zavata Acquisition Corporation (as the "Guarantors"), Bank of India and Barclays Capital (as the "Arrangers"), Bank of India, New York Branch and Barclays Bank PLC (as the "Original Lenders"), Barclays Bank PLC, Hong Kong Branch (as the "Facility Agent") and Barclays Bank PLC, Hong Kong Branch (as the "Security Agent") and we set out hereunder certain key terms and conditions thereto:

1. The loan was to be advanced in the following tranches:

			(USD in Million)
Name of the Original Lender	**Tranche A Commitment***	**Tranche B Commitment***	**Tranche C Commitment***
Bank of India, New York Branch	62.50	10.00	5.00
Barclays Bank PLC	62.50	-	5.00
Total Commitment	**145.00**		

* Whilst Tranche A and Tranche B commitments are term loan facilities, the Tranche C commitment is a revolving credit facility.

2. The Facilities Agreement stipulated the following purposes for which each tranche was to be applied:

   a. Tranche A - towards the consideration for acquisition and the expenses incurred thereto by the Borrower and for refinancing of certain existing indebtedness of Zavata group of companies and its subsidiaries;

   b. Tranche B – for part-financing of earn-out payments, as set out in the acquisition documents; and

   c. Tranche C - towards the part-financing of earn-out payments and for general working capital purposes of the Group.

3. Repayment of Tranche A, Tranche B and Tranche C commitments is in specified instalments and the complete repayment has to be made on the date falling 60 months after the date on which the each respective commitment has been first utilized. The rate of interest on each loan made under any commitment is subject to a formula set out in the Facilities Agreement which includes the rate of applicable margin for such loan and LIBOR thereto. Further, failure to pay an amount on its specified due date would result in the liability to pay on demand, interest at 2% higher than the applicable interest rate.

4. In addition to the security provided in relation to the commitments, till such time that any amount under the aforesaid commitments remains payable, each of the Guarantors, including the Company, has also guaranteed:

   a. the performance of the obligations in the Facility Agreement by the Borrower and every other Guarantor (collectively the "Obligors");

   b. to pay any amounts on demand that are due and/or payable and are not paid accordingly by the relevant Obligor; and

   c. the indemnification on demand of any cost, loss or liability that may arise on account of any guaranteed obligation becoming unenforceable, invalid or illegal.

   However, the obligations of the Company as a Guarantor are subject to the provisions of the FEMA dealing with guarantees and indemnification.

5. Each Obligor is required to ensure that the aggregate capital expenditure incurred by the Borrower, the Guarantors and their subsidiaries (collectively the "Group") does not exceed the following limits:

Period	Amount (in USD)
The period from and including the date of the Facilities Agreement to and including March 31, 2008	3,800,000
The period from and including April 1, 2008 to and including March 31, 2009	4,600,000
The period from and including April 1, 2009 to and including March 31, 2010	6,400,000
The period from and including April 1, 20010 to and including March 31, 2011	7,200,000
The period from and including April 1, 2011 to and including March 31, 2012	7,200,000
The period from and including April 1, 2012 to an including the latest of the Tranche A final maturity date, the Tranche B final maturity date and Tranche C final maturity date	6,600,000

6. The Facilities Agreement provides for certain instances where the debt would have to be mandatorily pre-paid and in this regard it is stipulated that 50% of the net proceeds from any issuance of equity by any member of the Group would have to be compulsorily used for prepayment of the debt.

7. Each Obligor has made provided representations, warranties and undertakings including in relation to the status of the Borrower, its subsidiaries, ability to execute and perform the Facilities Agreement, solvency, litigation and maintenance of specified financial ratios. These relevant representations, warranties and undertakings provide that unless permitted under the Facilities Agreement, the Obligors and their subsidiaries should not:

   a. issue any equity, enter into any agreement restricting the ability of any member of the Group (except the Company) to pay dividend and undertake any action to reduce the beneficial equity interests of the Obligor in its subsidiaries;
   b. create any security over their assets or provide any loan, credit, guarantee or indemnity or for the benefit of any person, assume any liability;
   c. dispose any of their assets and receivables;
   d. enter into any amalgamation, merger, demerger or corporate reconstruction;
   e. enter into, invest or acquire a joint venture;
   f. undertake any material change to the business of the Group; and
   g. allow the subsistence of any financial indebtedness.

The Facilities Agreement also provides for certain events of default which, amongst other events, stipulates that on or after the initial public issue of the Company, the following events would be events of default:

1. the reduction of the shareholding (direct or indirect) of AHEL and its subsidiaries, Dr. Prathap C. Reddy and his relatives and Mrs. Sangita Reddy and her relatives (collectively the “Apollo Promoter Group”), in the Company to below 26%;

2. any person or persons acting in concert hold equal or more equity interest in the Company than the Apollo Promoter Group; or

3. the Apollo Promoter Group cease to be entitled to appoint one-fourth of the Board.

4. In addition to the Facilities Agreement, the Company and other members of the Group have entered into a pledge agreement dated August 29, 2007 to secure the obligations and to grant security stipulated under the Facilities Agreement. The pledged securities include:

   a. 100% of the shares of AHSI held by the Company;

   b. 100% of the shares of AFSI held by AHSI; and

   c. 100% of the shares of Zavata Acquisition Corporation held by AFSI.

Further, AHSI and its subsidiaries have also entered into a Security Agreement dated August 29, 2007 whereby that have granted a security on certain interests including all personal property and fixtures, goods, documents, instruments, deposit accounts, letter of credit rights, money, commercial tort claims, securities and all other investment properties, any other contract rights including rights to payment of money and all general intangibles, to Barclays Bank PLC as an Original Lender.

The Facilities Agreement was also subject to a syndication letter dated August 29, 2007 that was issued to AHSI and which, amongst other aspects, recorded that all aspects of syndication of the said financing would be handled by the Arrangers and the Group would be obliged to provide relevant assistance to the Arrangers. Also, the Facility Agent issued an agency fee letter and an arrangement fee letter to AHSI, both dated August 29, 2007, in connection with the said financing.

We intend to repay up to Rs. 960 million of the said outstanding debt of AHSI from the net proceeds of the Issue. The Company may choose to further prepay or repay debt in the event of any surplus funds available to it. In the event of any shortfall in using the net proceeds of the Issue, the Company will reduce the amount of prepayment/repayment of high cost debt and/or fund the same through internal accruals.

2. *To meet the establishment expenses of the up-coming Chennai facility*

In order to further grow our delivery capabilities (as aforesaid), we also intend to establish a brand new facility at Chennai. The Chennai facility is proposed to be constructed at Plot No. D – 21, SIPCOT Infromation Technology Park, Siruseri and the land on which it is being constructed has been provided to us on lease for a period of 99 years by State Industries Promotion Corporation of Tamil Nadu Limited ("SIPCOT") pursuant to an allotment order dated July 22, 2005. Subsequently, the SIPCOT Infromation Technology Park, Siruseri has been converted to a Special Economic Zone. Consequently, the Company entered into a lease deed with SIPCOT on September 15, 2005. The total built up area of the said facility is expected to be 570,836 square feet of which we intend to construct up to 285,415 square feet by fiscal year 2010. Up on completion, the facility would be capable of housing around 2,500 employees. From this facility, we intend to operate our RCM and Strategic Support services.

This facility is being constructed by Sindya Infrastructure Development Company Private Limited under an engineering-procurement-construction contract dated February 1, 2008 (effective as of June 1, 2007) as per which the operation of phase I of the Chennai facility is to commence from June 2008. The total expenditure that we would incur towards the establishment of this facility is Rs. 447 million and we would provide for an expenditure of Rs. 412 million from the proceeds of the Issue.

The break-up of the major expenditure components as per an estimate dated February 15, 2008 provided by Simha Associates, interior contractors/ consultants is given below:

(Rs. in Millions)

S. No.	Details of Expenditure	Estimated expenditure in Fiscal 2009	Estimated expenditure in Fiscal 2010	Total
1	Cost of interior decoration	21. 36	16.94	**38.30**
2.	Cost of furnishing	46.73	41.29	**88.02**
3.	Cost of equipment	30.10	24.95	**55.05**
4.	Cost of air conditioning	14.94	13.79	**28.73**
	Total	**113.13**	**96.97**	**210.10**

3. *General Corporate Purposes*

We, in accordance with the policies set up by our Board, will have the flexibility in applying the remaining net proceeds of the Issue for general corporate purposes including brand building exercises and marketing.

4. *Benefits of Listing*

We believe that equity capital markets are ideal sources for meeting long term funding requirements of a growing company like ours. In addition, the listing of our Equity Shares will also enhance our visibility and brand name among our existing and potential customers. We also believe that as a listed entity we would be able to attract high quality and talented personnel. Further, the listing of our Equity Shares will also provide liquidity to our existing shareholders and will also provide a public market for our Equity Shares in India.

Issue Related Expenses

The Issue related expenses include, among others, underwriting and selling commissions, printing and distribution expenses, legal fees, advertisement expenses and registrar and depository fees. The estimated Issue expenses are as follows:

Expenses	**Expense break down***		
	Amount (Rs. in Millions)	**% of total Issue expenses**	**% of total Issue size**
Lead management fee an underwriting commissions	[●]	[●]	[●]
Advertising and marketing expenses	[●]	[●]	[●]
Printing and stationery	[●]	[●]	[●]
Others (Registrar's fee, legal fee, IPO Grading Fees, listing fee etc.)	[●]	[●]	[●]
Total estimated Issue expenses	[●]	[●]	[●]

* Will be filled in after finalization of the Issue Price.

Working Capital Requirement

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

Interim Use of Proceeds

Pending utilization of the proceeds of the Issue for the purposes described above, we intend to temporarily invest the funds in high quality interest/dividend bearing liquid instruments including money market mutual funds, deposit with banks for necessary duration and other investment grade interest bearing securities as may be approved by the Board. Such transactions would be at the prevailing commercial rates at the time of investment.

Monitoring of Utilization of Funds

Our Board will monitor the utilization of the Issue proceeds through the Audit Committee. We will disclose the details of the utilization of the Issue proceeds, including interim use, under a separate head in our financial statements for fiscal 2008, fiscal 2009 and fiscal 2010, specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements of our listing agreements with the Stock Exchanges and in particular Clause 49 of the said listing agreements. In addition, we shall furnish to the Stock Exchange on a quarterly basis, a statement indicating material deviations, if any, in the use of the net proceeds of the Issue.

No part of the proceeds from the Issue will be paid by us as consideration to our Promoters, our Directors, entities forming part of the Promoter Group or key managerial employees, except in the normal course of our business.

BASIS FOR ISSUE PRICE

The Price Band for the Issue shall be decided prior to the filing of the Red Herring Prospectus with the RoC. The Issue Price will be determined by the Company in consultation with the BRLMs on the basis of the assessment of market demand for the offered Equity Shares by the book building process. The face value of the Equity Shares of the Company is Rs. 10 each and the Issue Price is [●] times of the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band.

Qualitative Factors

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

- Leading RCM provider with in-depth domain expertise
- Platform based service model
- Diverse portfolio of end-to-end integrated solutions
- Long-term relationships and quality clients
- Ability to manage growth
- Substantial expertise in process migration and project management
- Delivery capabilities and marketing presence in the United States and India
- Qualified and experienced management team
- Well recognised and strong brand name in healthcare and support of our Promoters

For a detailed discussion of these factors, see section entitled "Our Business" beginning on page 63.

Quantitative Factors

The information presented in this section is derived from our restated consolidated 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. Diluted Earnings per Share

Period Ended	EPS	Weight
12 months ended March 31, 2007	4.55	3
12 month ended March 31, 2006	1.66	2
12 month ended March 31, 2005	(4.28)	1
Weighted Average EPS	**2.12**	

The diluted earnings per share for the six months ended September 30, 2007 is (8.89).

2. Price to Earnings Ratio (P/E) in Relation to Issue Price of Rs. [●] - Rs. [●]

(i) Based on 12 months ended March 31, 2007, EPS of 4.55, the P/E ratio is **[•]** at the lower end of the price band and **[•]** at the higher end of the price band;

(ii) Since our Company had a negative EPS for the six months ended September 30, 2007, the negative P/E ratio is not a meaningful quantitative measure.

(iii) Based on weighted average EPS of Rs. 2.12 above, the P/E ratios is **[•]** at the lower end of the price band and **[•]** at the higher end of the price band;

(iv) Industry P/E[#]

a) Highest: 82.7
b) Lowest: 1.2
c) Average (composite): [●]

[#] *Source: Capital Market, March 10-23, 2008, Vol. XXIII/01, Computers-Software-Medium/Small*

The Issuer is in the Business Process Outsourcing ("BPO") Industry and there is no direct comparable listed company in this industry. Though Allsec Technologies, HOV Services and Firstsource Solutions offer BPO services, they differ from the Issuer in either product offering or sector focus within BPO or mode of delivery. For the sake of comparison, the industry close to BPO, Software (mid tier) industry is considered.

3. Return on Net Worth

Period	Net Worth [(1)] (Rs. In Millions)	Net Profit (Rs. In Millions)	RoNW (%)	Weight
12 months ended March 31, 2007	672.45	66.82	9.94	3
12 month ended March 31, 2006	358.43	23.81	6.64	2
12 month ended March 31, 2005	(9.99)	(35.53)	*	1
Weighted Average RoNW			**7.18**	

* Not applicable as the net worth is negative at the balance sheet date.

(1) Net worth is defined as share capital plus reserves and surplus – miscellaneous expenses.

(2) RoNW has been calculated as per the formula: (Net profit after tax as restated / Net worth, as restated, at the end of the year or period).

4. Minimum Return on total Net Worth after the Issue required to maintain pre-Issue EPS of Rs. **[•]** is **[•]**%.

5. Net Asset Value (NAV) per Equity Share

- As of March 31, 2007: Rs. 42.30
- As of September 30, 2007: Rs. 95.91
- After the Issue: Rs. [●]

NAV has been calculated as per the following formula:

(Net worth less all preference capital, as restated, at the end of the period / Number of equity shares outstanding at the end of the period)

6. Comparison with Industry Peers: Based on the nature of activities of the Company, the comparison of its accounting ratios with its closest comparable competitors in India is given below:

	Apollo Health Street	**Firstsource Solutions**	**HOV Services**	**Allsec Technologies**
For the year ended	**March 31, 2007**	**March 31, 2007**	**March 31, 2007**	**March 31, 2007**
Basic EPS (Rs.)	4.7	1.60	2.20	17.70
Return on Net Worth (%)	9.94%	14.5%	6.1%	23.7%
Book value per Share (Rs.)		21.50	64.00	109.40
Share Price^ (Rs.)		48.00	105.00	90.00
P/E*		30.5x	97.6x	83.6x

Source: Capital Market, March 10-23, 2008, Vol. XXIII/01
* P/E calculated using Trailing 12 months (TTM) EPS.
^ As on March 3, 2008

The BRLMs believe that the Issue Price of Rs. [●] is justified in view of the above qualitative and quantitative parameters. See the sections "Risk Factors", "Our Business" and the financials of the Company including important profitability and return ratios, as set out in the Auditors Report, beginning pages X, 63 and 186 respectively to have a more informed view.

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS

The Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares. The information below sets out the possible tax benefits available to the Company and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile. Some of the benefits will be available only to the sole/first named holder in case the shares are held by Joint Shareholders.

1. Benefits Available To The Company Under The Income Tax, 1961

1.1 Tax Benefit under Section 10 A of the Income-tax Act, 1961

According to the provisions of Section 10A of the Income-tax Act, the Company, while computing its total income, is eligible to claim a deduction in respect of profits derived by its undertaking/s from the Information Technology Enabled services for a period of ten consecutive assessment years, beginning with the assessment year relevant to the previous year in which the undertaking/s begin to render such services. The eligible amount would be the proportion that the profits of the business of the undertaking/s bear to the export turnover in respect of I T Enabled services of the undertaking/s vis-à-vis the total turnover of the undertaking/s. The benefit is available subject to fulfillment of conditions prescribed by the Section and no benefit under this Section shall be allowed with respect to any such undertaking for the financial year beginning on the 1st day of April, 2009 and subsequent years.

However, from financial year beginning on 1st day of April 2007, the companies enjoying tax holiday under section 10A are liable to pay Minimum Alternate Tax (MAT) as prescribed by Section115JB at the rate of 10 per cent (plus applicable surcharge and education cess).

1.2 Dividend income

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

1.3 Capital gains

1.3.1 Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. Shares in a company, listed securities or units will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "long term capital gains". Capital gains arising on sale of these assets held for12 months or less are considered as "short term capital gains".

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

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

1.3.4 As per the provisions of Section 111A of the Income-tax Act, short-term capital gains on sale of equity shares or units of an equity oriented fund where the transaction of sale is chargeable to Securities Transaction Tax ("STT") shall be subject to tax at a rate of 10 per cent (plus applicable surcharge and education cess).

1.3.5 Exemption of capital gain from income tax

1.3.5.1 According to Section 10(38) of the Income-tax Act, long-term capital gains on sale of equity shares or units of an equity-oriented fund where the transaction of sale is chargeable to Securities Transaction Tax (STT) shall be exempt from tax.

1.3.5.2 As per Section 54EC of the Act and subject to conditions specified therein, taxable long-term capital gains are not chargeable to tax to the extent they are invested in certain "long term specified assets" within six months from the date of transfer. If the Company transfers or converts the "long term specified assets" into money (as stipulated therein) within a period of three years from the date of their acquisition, the amount of gain exempted earlier would become chargeable in such year. The "long term specified assets" specified for this Section are bonds, redeemable after three years and issued on or after April 1, 2006, issued by the National Highway Authority of India (NHAI), and the Rural Electrification Corporation Ltd. (REC).

1.3.6 In terms of Section 115JAA, the company is eligible to claim credit for any tax paid as under Section 115JB of the Income Tax Act for any Assessment Year commencing on or after April 1, 2006 against income tax liabilities incurred in subsequent years. MAT credit eligible for carry forward to subsequent years is the difference between MAT paid and the tax computed as per the normal provisions of the Income-tax Act. Such MAT shall not be available for set-off beyond seven years immediately succeeding the year in which the MAT credit initially arose.

2. Benefits Available To The Company Under Indirect Tax Laws

The Company is registered under the Software Technology Parks ('STP') Scheme. The key benefits that could be available under indirect tax laws to a STP unit, subject to satisfaction of the specified conditions, are as under:

2.1 Customs duty

Specified goods, which are in the nature of capital goods, office equipment, components, etc. procured by a STP unit, are exempt from customs duty. Notification issued by customs authority lists out the goods eligible for customs duty exemption.

2.2 Excise duty

The Company can avail of an exemption from payment of Central excise duty on certain goods as per its entitlement for creating a central facility for use by software development units. Notification issued by excise authority lists out the goods eligible for central excise exemption

2.3 Sales tax

Concessions under certain state sales tax legislations (depending upon the relevant state where the unit is set-up) are available. Further, the Company can claim a reimbursement of the Central Sales Tax paid on its local purchases. Further, export sales made by the Company would not be subject to sales tax. Further, in order to avail the above benefits, the unit will be required to meet prescribed export obligations.

2.4 Service tax

The Company is eligible for availing Service Tax input claim on input service used in providing output service which has been exported without payment of service tax subject to conditions specified in the Act.

3. Benefits Available To Shareholders

In India, tax is charged on the basis of the residential status of a person (under terms of the provisions of the IT Act) on his/her total income in the previous year, at the rates as specified in the Finance Act as applicable in the relevant assessment year. An assessment year is a period of 12 months commencing on the first day of April every year ("Assessment Year"). Generally, the previous year means the financial year immediately preceding the Assessment Year. In general, in the case of a person who is "resident" in India in a previous year, his/her global income is subject to tax in India. In the case of a person who is "non-resident" in India, only the income that is received or deemed to be received or that accrues or is deemed to accrue or arise to such person in India, is subject to tax in India. In the case of a person who is "not ordinarily resident" in India, the income chargeable to tax is the same as in the case of persons who are resident and ordinarily resident except that the income which accrues or arises outside India is not included in his total income unless it is derived from a business controlled or a profession set up in India.

In the instant case, the income from the shares of the Company would be considered to accrue or arise in India, and would be taxable in the hands of all persons irrespective of residential status. However, applicable DTAAs may give some relief from tax in India to the non-resident.

A "Non-Resident" means a person who is not a resident in India. For the purposes of the Act, an individual is considered to be a resident of India during any financial year if he or she is in India in that year for:

- a period or periods amounting to 182 days or more; or
- 60 days or more if within the four preceding years, he/she has been in India for a period or periods amounting to 365 days or more; or
- 182 days or more, in the case of a citizen of India or a PIO living abroad who visits India; or
- 182 days or more, in the case of a citizen of India who leaves India for the purposes of employment outside India in any previous year.

3.1 Benefits available to Resident shareholders

3.1.1 Dividend income

Dividend income, if any, received by the Company from its investment in shares of another Domestic Company will be tax-exempt under Section 10(34) read with Section 115O of the Act.

3.1.2 Capitals Gains

As outlined in item 1.3.1, 1.3.2, 1.3.3 and 1.3.4 of paragraph 1 above.

3.1.3 Exemptions of Capitals Gains from Income tax

3.1.3.1 As outlined in item 1.3.5.1 of paragraph 1 above.

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

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

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

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

3.1.3.3 Further, as per the provisions of Section 54F of the Act and subject to conditions specified therein, any taxable long term capital gains (other than on residential house but including those on shares) arising to an individual or Hindu Undivided Family are exempt from capital gains tax if the net sales consideration is utilized, within a period of one year before, or two years after the date of transfer, in purchase of a new residential house, or for construction of residential house within three year from the date of transfer, provided that the individual should not own more than one residential house, other than the new asset, on the date of the transfer of original asset. 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.

Similarly, if the shareholder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, the income of which is chargeable under the head “income from house property”, then the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.

3.1.4 Rebate under Section 88E

In terms of section 88E of the IT Act, the STT paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head “Profit and gains of business or profession” arising from taxable securities transactions. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax on such income. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of STT.

***3.2* Benefits available to Non-Resident shareholders**

3.2.1 Dividend income

As outlined in paragraph 3.1.1 above.

3.2.2. Capital gains

3.2.2.1 Under section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to STT.

3.2.2.2 Under the first proviso to section 48 of the IT Act, in case of a non resident shareholder, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations) Cost indexation benefits will not be available in such a case. The capital gains/ loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilized in the purchase of the shares.

3.2.2.3 Under section 112 of the IT Act and other relevant provisions of the IT Act, long term capital gains, (other than those exempt under section 10(38) of the IT Act) arising on transfer of shares in the Company, would be subject to tax at a rate of twenty percent (plus applicable surcharge and education cess) .

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

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

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

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

3.2.2.5 Further, as per the provisions of Section 54F of the Act and subject to conditions specified therein, any taxable long term capital gains (other than on residential house but including those on shares) arising to an individual or Hindu Undivided Family are exempt from capital gains tax if the net sales consideration is utilized, within a period of one year before, or two years after the date of transfer, in purchase of a new residential house, or for construction of residential house within three year from the date of transfer, provided that the individual should not own more than one residential house, other than the new asset, on the date of the transfer of original asset. 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.

Similarly, if the shareholder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, the income of which is chargeable under the head "income from house property", then the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.

3.2.2.6 Under section 111A of the IT Act and other relevant provisions of the IT Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of ten percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to STT. Short term capital gains arising from transfer of shares in a Company, other than those covered by section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.

3.2.2.7 Under Section 115I of the Act, a Non-resident Indian (NRI) as defined therein has the option to be governed by the normal provisions of the Act as "Benefits available to the resident shareholders" or the provisions of Chapter XII-A of the Act through appropriate declaration in the return of income. The said Chapter *inter alia* entitles NRI to the benefits stated hereunder in respect of income from shares of an Indian company acquired, purchased or subscribed in convertible foreign exchange:

- As per the provisions of Section 115D read with Section 115E of the Act and subject to the conditions specified therein, taxable long term capital gains arising on transfer of an Indian company's shares, will be subject to tax at the rate of ten percent (plus applicable surcharge and education cess). Also, where shares in the company are subscribed for in convertible foreign exchange by Non Resident Indian, long term capital gains arising to the non-resident Indian shall taxed at concessional rate of ten percent (plus applicable surcharge and education cess). The benefit of indexation of cost and the protection against risk of foreign exchange fluctuation shall not be available.

- As per the provisions of Section 115F of the Act and subject to the conditions specified therein, gains arising on transfer of a long-term capital asset being shares in an Indian Company would not be chargeable to tax. To avail this benefit the entire net consideration received on such transfer needs to be invested within the prescribed period of six months in any specified asset or savings certificates referred to in Section 10(4B) of the Act. If part of such net consideration is invested within the prescribed period of six months in any specified asset or savings certificates referred to in Section 10(4B) of the Act then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer. The specified asset or savings certificates in which the investment has been made are restricted from being transferred within a period of three years from the date of investment. In the event of such a transfer the amount of capital gains tax exempted earlier would become chargeable to tax as long-term capital gains in the year in which such specified asset or savings certificates are transferred.

3.2.2.8 As per the provisions of Section 115G of the Act, Non-Resident Indians are not obliged to file a return of income under Section 139(1) of the Act, if

- their only source of income is income from investments or long term capital gains earned on transfer of such investments or both; and
- the tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

3.2.2.9 As per Section 115H of the Act, when a NRI becomes a resident in India, the provisions of Chapter XII-A can continue to apply in relation to investment made when he was a NRI. Towards this, the NRI needs to furnish a declaration in writing to the Assessing Officer along with his return of income.

3.2.4 Tax Treaty Benefits

3.2.4.1 As per 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. Thus, a non-resident can opt to be governed by the beneficial provisions of an applicable tax treaty.

4. Special Benefits Available To Foreign Institutional Investors ('FIIs')

4.1 Dividends exempt under Section 10(34)

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

4.2 Capital gains

4.2.1 Under section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to STT.

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

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

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

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

4.2.3 Under section 115AD of the IT Act, FIIs are taxed on the capital gains income at the following rates, where such transaction of sale is entered on a recognized stock exchange in India and is liable to STT). The above rates are to be increased by applicable surcharge and education cess:

Nature of income	Rate of tax (%)
Long term capital gains	10
Short term capital gains	30
Short term capital gains (section 111A)	10

It is to be noted that the benefits of indexation and foreign currency fluctuations are not available to FIIs.

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

4.3 Tax Treaty Benefits

As per section 90(2) of the IT Act, provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the FII would prevail over the provisions of the IT Act to the extent they are more beneficial to the FII.

4.4 Exemption of capital gain from income tax

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

4.5 Rebate under Section 88E

In terms of section 88E of the IT Act, the STT paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax on such income. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of STT.

5. Benefits Available to Mutual Funds

As per the provisions of Section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorized by the Reserve Bank of India, would be exempt from income tax, subject to the prescribed conditions.

6. Benefits Available to Venture Capital Companies / Funds

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 be exempt from income tax, subject to the conditions specified. As per Section 115U of the Income Tax Act, any income derived by a person from his investment in venture capital companies/ funds would be taxable in the hands of the person making an investment in the same manner as if it were the income received by such person had the investments been made directly in the venture capital undertaking.

7. Capital Loss

In general terms, loss arising from a transfer of a capital asset in India can only be set off against capital gain. Since long-term capital gains on the sale of listed equity shares in respect of which STT has been paid is not liable to capital gains tax for non-corporate entities, it is doubtful whether any long-term capital loss arising on account of such sale would be allowed to be set off. A short term capital loss can be set off against capital gain whether short term or long-term. To the extent that the loss is not absorbed in the year of transfer, it may be carried forward for a period of eight Assessment Years immediately succeeding the Assessment Year for which the loss was first determined by the tax authority and may be set off against the capital gains assessable for such subsequent Assessment Years. In order to set off a capital loss as above, the non-resident investor would be required to file appropriate and timely returns in India and undergo the usual assessment procedure.

8. Tax Treaty Benefits

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

9. Benefits to Shareholders Available Under The Wealth-Tax Act, 1957

Asset as defined under Section 2(ea) of the Wealth Tax Act, 1957 does not include shares in companies and hence, shares are not liable to wealth tax.

S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per Ali Nyaz
Partner
Membership No: 200427

Place: Hyderabad
Date: February 9, 2008

SECTION IV – ABOUT US

INDUSTRY

Overview of the United States Healthcare Industry

According to the United States Center for Medicare and Medicaid Services ("CMS"), spending on healthcare in the United States was estimated to be US$2.1 trillion in 2006, or 16% of United States gross domestic product ("GDP") and is expected to increase to over US$3.9 trillion by 2015. According to the National Center for Health Statistics, the United States spends a larger share of its GDP on healthcare than any other major industrialized country. In 2006, spending on hospital care was estimated to be US$650 billion, representing the single largest component, or 31% of the US$2.1 trillion in total health expenditures. As the increase in spending puts a strain on the overall United States healthcare system, participants in this system are increasingly turning to companies such as ours to improve their overall efficiency and in particular improve their revenue cycle processes. According to Value Notes, the United States outsourcing market for revenue cycle management solutions was estimated at US$8 to 10 billion in 2006.

According to the American Hospital Association ("AHA"), the United States healthcare market is comprised of approximately 5,700 acute care hospitals, of which approximately 2,700 are part of health systems. According to the 2002 Economic Census, the healthcare industry consists of approximately 565,000 healthcare facilities and providers, including outpatient medical centers and surgery centers, medical and diagnostic laboratories, imaging and diagnostic centers, home healthcare service providers, long term care providers, and physician practices. In addition to the demanding clinical aspects of healthcare delivery, these providers are faced with the increasingly complicated task of billing and collecting revenue related to the services they provide.

The United States Healthcare Reimbursement Landscape

Hospitals typically submit multiple invoices to a large number of different payers, including government agencies, managed care companies and private individuals, in order to collect payment for the care they provide. The delivery of an individual patient's care depends on the provision of a large number and wide range of different products and services, which are tracked through numerous clinical and financial information systems across various hospital departments, resulting in invoices that are usually highly detailed and complex. According to a 2005 study conducted by the Lewin Group for the Medicare Payment Advisory Commission, a hospital invoice charge master file can consist of over 45,000 individual charge items. Each charge code is then associated with a revenue code which links to revenue categories used in a hospital's accounting and billing systems. Charge and revenue codes are not directly linked to a specific ambulatory payment classification ("APC") or diagnosis related group ("DRG") code, and the particular charges incurred within an APC or DRG may vary by patient.

In addition to requiring intricate operational processes to compile appropriate charges, hospitals must also submit these invoices in a manner that adheres to numerous payer claim formats and properly reflects individually contracted payer rate agreements. For example, some hospitals rely on accurate billing of and payment from 50 or more payers, exclusive of private individuals, in order to be compensated for the patient care they provide. Upon receipt of the invoice from a hospital, a payer proceeds to verify the accuracy and completeness of, or adjudicate, the invoice to determine the appropriateness and amount of the payment to the hospital. If a payer denies payment for any or all of the amount of the invoice, the hospital is then responsible for determining the reason for the denial, amending the invoice and resubmitting the claim to the payer. According to America's Health Insurance Plans, 14% of hospital invoices were partially or totally rejected by managed care companies in 2006.

Health insurers have introduced a wide range of benefit structures, many of which are customized to unique goals of particular employer groups. This has resulted in an increase in rules regarding who is eligible for healthcare services, what healthcare services are eligible for reimbursement and who is responsible for payment of healthcare services delivered.

Finally, health insurers continuously update their reimbursement rules based on ongoing monitoring of consumption patterns, in response to new medical products and procedures, and to address changing employer demands. As these changes are made frequently throughout the year and are typically specific to each individual health plan, hospitals and physician practices need to be continually aware of this dynamic element of the reimbursement cycle as it could impact overall reimbursement and specific workflow.

Pressures Weighing on the Healthcare Industry in the United States

We believe that the United States healthcare system will continue to experience pressures on several fronts, and as the participants in this market face these challenges, the importance of billing and collecting revenue in a timely, accurate and efficient manner will increase as these processes directly impact profitability and cashflows. Further, we believe participants will increasingly look to third parties for help in this effort as they focus their attention on other regulatory and clinical priorities. Specifically, we believe we will benefit as healthcare providers and payers face the following challenges:

Increased Regulatory Burden

The United States healthcare industry is highly regulated. The United States Health Insurance Portability and Accountability Act of 1996 ("HIPAA") required changes in the way private health information is handled, mandated new data formats for the health insurance industry and created new security standards. As part of HIPAA, adoption of National Provider Identifiers affects physician office billing and collection workflow requirements.

The United States government recently increased the number of billable codes for medical procedures in an effort to increase the accuracy of Medicare reimbursement, mandating the creation of 745 new severity based DRGs, to replace the 538 existing DRGs. As a result, hospitals will be required to change their systems and processes to implement these new codes in order to submit compliant Medicare invoices required for payment.

The burden of complying with increased regulation creates additional administrative work, requires implementation of new or improved processes and increases the costs of providing services. The outsourcing of RCM and other services is designed to help healthcare providers and payers save time and money, and provide solutions that are designed to increase process efficiencies and reduce costs.

Potential Strains on Government Reimbursement

Hospitals and other providers derive a significant portion of their revenue from government sources. According to CMS, in 2004, hospitals received on average approximately 46% of revenue from either Medicare, which provides medical benefits for persons aged 65 or older, or Medicaid, a joint federal-state program that provides medical benefits for those unable to afford it. According to the United States Census Bureau, there were approximately 37.2 million Americans aged 65 or older in the United States in 2006, comprising approximately 12% of the total United States population. By the year 2030, the number of this Medicare eligible population is expected to increase to 78.6 million, or 20% of the total population. It is expected that the significant growth in this segment of the population, and the corresponding growth in the overall consumption of healthcare services, will result in budgetary pressure and potential reimbursement shortfalls for healthcare providers, many of which are already experiencing reimbursement pressures. According to the AHA, 65% of hospitals received Medicare payments less than cost while 77% of hospitals received Medicaid payments less than cost in 2005. This resulted in underpayments of US$15.5 billion and US$9.8 billion for Medicare and Medicaid, respectively.

We believe these potential reimbursement strains will put downward pressure on the margins and operating performance of healthcare providers, increasing the opportunity for companies such as ours to bring efficiencies to the revenue cycle process.

Increased Individual Responsibility for Healthcare Expenditures

In order to address rising healthcare costs, employers have reduced the healthcare benefits offered to employees. According to the Kaiser Family Foundation and Health Research and Educational Trust, annual health insurance premium rate increases have declined in every year from 2003 to 2007, reflecting a declining ability of insurers to pass along increasing healthcare costs to employers. The introduction of high co-payment and deductible health plans by managed care companies, as well as the overall decline in healthcare coverage by employers, has forced private individuals to assume greater financial responsibility for their healthcare expenditures. According to CMS, consumer out-of-pocket payments for health expenditures increased to US$257 billion in 2006 from US$200 billion in 2000. In cases where individuals cannot, or do not pay for care, providers forego reimbursement and classify the associated care expenses as uncompensated care. According to AHA, in 2006, uncompensated care cost community hospitals US$31.2 billion which was equal to 5.7% of the total hospital expenses and directly impacted these hospitals' profitability and cashflows.

Furthermore, hospitals and health systems have traditionally developed billing and collection processes to interact with government agency and managed care payers on a high volume, scheduled basis. The advent of consumer directed healthcare and high co-payment and deductible health insurance plans, requires hospitals and health systems to invoice patients on an individual basis. Many hospitals and health systems lack the operational or technological infrastructure required to successfully manage a high volume of invoices to individual payers.

OUR BUSINESS

Overview

We are one of the leading providers of revenue cycle management solutions to the healthcare industry in United States. Our solutions encompass a diverse range of back-office services that span the hospital revenue cycle workflow from patient admission, charge capture and claims processing to receivables management. We primarily target healthcare providers and payers in the United States utilizing a flexible on-shore and off-shore approach which is comprised of six delivery locations in the United States and three delivery locations in India.

We combine our domain knowledge of revenue cycle management with our proprietary technology and process expertise to assist our clients focus on increasing their productivity and quality of core services by deploying organized business processes, re-engineering methodologies and technology-enabled automation, which are aimed at enhancing customer satisfaction. We believe that in addition to increasing the efficiency and scalability of our offerings, our technology-platform based approach facilitates stronger client tie-ins. We offer flexible and customized solutions to our clients, ranging from focused offerings to comprehensive full business office ("FBO") outsourcing offerings, which allows our clients to focus on their core competencies by outsourcing a significant part of their routine revenue cycle functions to us.

We provide our solutions to healthcare providers such as hospitals and physician practices and to payers such as insurers and third party administrators. In addition to providing revenue cycle solutions, we also provide information technology and strategic support services to these clients as well as to healthcare information technology companies. While we believe there is significant overlap and synergy among these competencies, our business is organized around three key business lines:

- *Hospital and Physician Services*. Our provider services to hospital and physician groups include revenue cycle management, collection, medical coding and customer support services.
- *Payer Services*. Our payer services include claims administration, provider data management, medical management, back-office support and call handling services.
- *IT and Strategic Support Services*. Our IT and strategic support services include software development, integration and support, quality assurance and testing, implementation services and solutions, customer relationship management and technical help desk solutions.

Our total income and net profit, as per restated consolidated profit and loss statement, for the fiscal year ended March 31, 2007 was Rs. 1,428.13 million and Rs. 66.82 million, as compared to Rs. 448.19 million and Rs. 23.81 million for the fiscal year ended March 31, 2006, respectively.

Our promoters consist of AHEL, Dr. Prathap C. Reddy and Mrs. Sangita Reddy. The support and goodwill of our Promoter and shareholder, AHEL, has been a contributor to our growth and success. Our other Promoters, Dr. Prathap C. Reddy and Mrs. Sangita Reddy are well-known in the healthcare industry in India and we have benefited from their experience, knowledge, goodwill and references. We believe we have successfully leveraged the relationship with our Promoters to expand our client base. Our significant shareholders also include affiliate companies of Temasek Holdings and One Equity Partners.

We have expanded our business both organically and inorganically. As part of our growth strategy, on August 29, 2007, we, through our subsidiary, AFSI, acquired Zavata, Inc., an Atlanta-based healthcare revenue cycle outsourcing solutions provider. On September 1, 2006, we acquired Heritage Websolutions, a company which provides back-end IT development and support services. Also, on August 1, 2006, we acquired Armanti Financial, a hospital billing and receivables management entity.

Our management team is comprised of experienced healthcare executives based in India as well as in the United States. We believe that our management team led by Dr. Prathap C. Reddy and Mrs. Sangita Reddy in India and Mr. Andrew DeVoe in the United States, brings significant healthcare domain expertise and familiarity with the issues facing our core client constituency and enables us to provide competitive solutions. Our Chairman and 15 senior executives have an aggregate of 214 years of healthcare experience and bring a wide network of key relationships across the US healthcare landscape. Our senior management is supported by a team of executives with diverse experience in healthcare administration, business process optimization and technology. As of December 31, 2007, we had 2,295 employees, of which 846 employees were based in the United States and 1,441 employees were engaged in the provision of services in India.

According to the United States Center for Medicare and Medicaid Services, spending on healthcare in the United States was estimated to be US$2.1 trillion in 2006, or 16% of United States gross domestic product ("GDP") and is expected to increase to over US$3.9 trillion by 2015. For information about the industry in which we operate, see "Industry" on page 60.

Our Strengths

We believe that our principal competitive strengths are as follows:

Leading RCM provider with in-depth domain expertise

We believe that we are one of the leading revenue cycle management solution providers in the United States. According to Value Notes, an industry report published in February 2007, Apollo Health Street and Zavata, Inc. were among the list of four "likely winners". Value Notes had determined this "list of likely winners", i.e., companies that will emerge much stronger than others in the next two to three years, on account of strong capabilities, onshore and offshore presence, growth strategies and strength of their brand. Our acquisitions of Zavata, Inc. and Armanti Financial have significantly enhanced our presence, scale and client base in the United States.

We believe that the prominent presence and the in-depth domain knowledge of our Promoters is a key reason for our success and leadership position in the revenue cycle management solutions industry. In our IT and strategic support business, we use our extensive knowledge of the provider and payer businesses to develop and deliver customized services and solutions to our clients. A significant number of our employees work exclusively on healthcare related services and solutions and have acquired significant domain knowledge through experience. We believe that this enables our employees to better understand the healthcare businesses and provide greater value-added services to our clients. We believe we were amongst the first few companies in India to provide the following services:

- FBO services;
- platform based revenue cycle management services to large faculty group practices in the United States;
- medical coding services; and
- provider data management.

A majority of our clients are healthcare players and we believe that our healthcare focus provides us a significant competitive advantage over our competitors. It also enables us to leverage our existing capabilities to identify new service offerings for our clients.

Platform based service model

We have developed customized healthcare provider and payer applications to support our end-to-end outsourcing platform, to drive automation and to enhance efficiencies. We believe that our proprietary technology platforms such as Accessline, Retroactive Claims Reprocessing, Accounts Receivable Management Systems and Medcoding have enabled our clients to achieve operational efficiencies. We continue to upgrade our technology platforms to realize greater productivity and results for our clients. Our ability to ramp up is also significantly enhanced in a platform based model as we can leverage staff across clients and also shorten training time periods. The need to learn a new platform and work-flow each time we work with a new client is significantly decreased in a platform based service model, especially in engagements where we are compensated on the basis of outcomes. A platform based model also creates strong "client tie-in" which is reflected in the long term nature of our relationships and also creates significant barriers to entry of new RCM service providers.

Diverse portfolio of end-to-end integrated solutions

Firstly, we believe that we are one of the few providers of services across the healthcare outsourcing value-chain including FBO and individual extend business office services such as patient access, billing functions, Medicaid application services, emergency application services, account receivable services and bad debt collection services to us at lower costs. Secondly, we offer services across healthcare businesses including hospital and physicians, payers and healthcare IT companies. Finally, we have the flexibility to deliver our services from our on-site, on-shore and off-shore presence.

Long-term relationships and quality clients

We believe that as a result of our in-depth domain expertise and end-to-end services portfolio, we have developed long term relationships with most of our clients, with certain client contracts ranging from three to 10 years. We have also been able to successfully retain the clients acquired through our acquisitions. For fiscal year 2007, a substantial majority of our income was attributable to business from clients who were our clients in fiscal year 2006 or before.

As of December 31, 2007, we have a roster of more than 100 clients, including three of the top ten medical schools in the United States, and three of the top ten payers in the United States healthcare market, by revenues. Our existing clients give us significant credibility in the market and at times provide references that have proven valuable for acquiring new clients. We believe that our long-term relationships and the quality of our client base is a key strength that provides us a firm foundation to expand our business and operations.

Ability to manage growth

Our business has developed through a combination of organic and inorganic growth, including the recent acquisition of Zavata, Inc. in the United States. We also acquired Armanti Financial in the United States and Heritage Websolutions in India in 2006. See "History and Corporate Structure" beginning on page 85. We seek to leverage our business experience and industry knowledge to acquire companies in lines of business which complement our business model. As part of organic growth, we have increased our client base as well as revenue income from existing clients by expanding the scope of the services we provide to these clients. The acquisition of Armanti Financial has also provided us access to hospital provider client base in the United States as we were primarily focused on physician provider client base in the past. In addition, subsequent to the acquisition of Zavata, Inc., we have increased our hospital and physician client and marketing base in the United States.

We invest significant management resources towards ensuring that our acquisitions are integrated in an efficient and organized manner that enables us to maximize the synergies that exist between the companies. We believe that our domain knowledge has helped us in growing key clients and personnel. For example, following the acquisition of Armanti Financial, we had appointed a senior management employee as an integration officer to lead the integration efforts. We believe that our ability to manage growth, especially through integration of our acquisitions, is a significant contributor to our success.

Substantial expertise in process migration and project management

Our process migration expertise, which combines industry domain knowledge, process and project management techniques and an interactive approach, enables us to provide services that are tailored to meet our client's specific needs. Many of the business processes that are outsourced by our clients to us are mission and time critical, requiring substantial project management expertise. We believe that we have developed a sophisticated program management methodology to ensure smooth transfer of business processes from our clients' facilities to our offshore delivery centers, enabling our clients to focus on their core businesses during such transfers.

We use Six Sigma methodology to identify and eliminate inefficiencies in client conducted processes and have a team of Six Sigma-trained "black-belts" and "green-belts," who have expertise in applying the methodology. In addition, our Hyderabad facility has ISO 9001 certification for procedures and policies and ISO 27001 certification for internal control and security procedures. We have also received ISO 9001 certification for quality from TUV South Asia Private Limited, ISO 27001 certification (BS 7799) for information security from TUV Rheinland India Private Limited and HIPAA certification for protected health information from TUV Rheinland India Private Limited.

Delivery capabilities and marketing presence in the United States and India

Healthcare is typically a local business. As such, we believe that our local delivery capabilities and marketing presence in the United States provides us with significant growth opportunities by acquiring new clients and increasing business from existing clients. As part of our offshore delivery business model, we leverage our significant presence in India from where all of the offshore services are provided. This enables us to benefit from our cost structure in India and provide high-quality services to our clients in the United States and other developed countries at competitive prices. Our presence in India also provides a time zone advantage that enables us to meet tight turnaround times required by our clients. We believe that our United States and India presence is a key factor in our growth and success.

In addition, subsequent to the acquisition of Zavata, Inc., we believe that we have sales and marketing presence in the United States which enables us to better utilize our delivery model. Our sales team, supported by solutions development teams is divided into three business units, i.e., the payer business unit, the hospital and physician business unit and the IT and strategic support business unit. We believe that division of sales team under separate business units provides better synergies.

Qualified and experienced management team

Our qualified and experienced management team provides us with a key competitive advantage. We have been able to attract and retain senior and middle-management executives from top tier organizations as well as retain key executives from companies that we have acquired. Our Chairman and 15 senior executives have an aggregate of 214 years of healthcare experience and bring a wide network of key relationships across the US healthcare landscape. Our management team has been instrumental in diversifying our services portfolio and increasing our income. In addition to our senior management team, we believe that our middle-management team provides us with the leadership depth needed to manage our growth. We believe that the healthcare domain knowledge and operating experience of our senior and middle-management provides us with a significant competitive advantage as we seek to expand in our existing markets and enter new geographic markets. For details of our management, please see "Our Management" beginning on page 101.

Well recognized and strong brand name in healthcare and support of our Promoters

We believe that the 'Apollo' brand name is well-established in the healthcare industry in and outside of India, including in the United States. In the United States, the 'Apollo' brand is particularly well known among physician groups and physicians of Indian origin. We believe that we effectively leverage the 'Apollo' brand name to expand our client base and that it will continue to facilitate expansion of our market share and growth in new geographic markets. The 'Apollo' brand name is owned by our Promoter and shareholder, AHEL and until the time AHEL continues to hold at least 15% of our share capital, on a fully diluted basis, we have a license to use the brand name in connection with our business and operations.

Our acquisition of the business of Zavata, Inc., has increased our presence in the United States. Zavata, Inc. is well-known as an outsourcing partner to healthcare provider and payer markets as well as one of the leaders in customer relationship management and technical help desk outsourced solutions. Zavata, Inc. is also an exclusive provider of certain revenue cycle services to customers of Siemens' Healthcare IT Division.

Our Promoters have been a key contributor to our growth and success. Our Promoter, AHEL operates 35 hospitals, 40 clinics and more than 420 pharmacy outlets and presently employs a workforce of approximately 16,000 people, including about 4,000 physicians as of December 31, 2007. Dr. Prathap C. Reddy and Mrs. Sangita Reddy, our other Promoters, are well-known in the healthcare industry in India, and we have benefited from their experience, knowledge, goodwill and references. We successfully leverage the relationship with our Promoters to expand our operations. AHEL, through its subsidiaries and affiliates, also operates certain educational institutions that provide us with an accessible pool of talented and well qualified personnel. Given the high attrition rate in the industry and the relatively low availability of talented and skilled personnel, we believe that this pool of resources provides us with a competitive advantage.

Our Strategy

Our objective is to strengthen our position in the provision of revenue cycle management solutions to the healthcare industry and expand our client base and income. Specific elements of our growth strategy include:

Grow our business by attracting new clients

We are focused on aggressively expanding our sales and marketing efforts in order to increase our market share by adding new customers. We believe that our comprehensive end-to-end solutions will be a distinct advantage as we compete for new business. Our value proposition to potential clients is based on (i) our exclusive focus on the healthcare sector which we believe has created significant domain expertise and differentiating insights into our clients' business, (ii) our unique blended shore approach which combines the benefits of a highly efficient off-shore resource utilizing Six Sigma methodology with our experienced and specialized United States based resources, and (iii) our ability to leverage our IT and strategic services expertise to provide our clients with a tailored solution. Over the last five years, in order to capitalize on the market opportunity, we have increased the number of sales and marketing executives who are focused on identifying and executing new client opportunities. We believe that our concentrated efforts have contributed to us increasing our client base from 62 as of March 31, 2007 to 189 as of December 31, 2007, including as a result of the acquisition of Zavata, Inc.

We also intend to continue selectively entering into strategic relationships with industry leaders that provide us access to potential new clients. Two representative examples of this strategy include our relationships with Siemens (see "Our Business – Sales and Marketing" below) and Trinity Fane (Minnesota Hospital Association outsources RCM through Trinity Fane). Under both of these agreements, we pay our partner a percentage of the revenue we generate from contracts that result from leads or introductions facilitated by our strategic partners. Lastly, our existing clients give us significant credibility in the market and have in the past provided references that have proven valuable for acquiring new clients and we intend to continue this growth strategy. We also intend to continue to leverage our relationship with our Promoters to expand our client base.

Increase revenue from our existing client base

We have an existing client base that includes many of the top providers and payers in the United States healthcare industry. We intend to increase our income from these existing clients by expanding the scope of the services we provide to these clients, seeking to identify additional processes that can be transferred offshore, cross-selling new services and providing technology based offerings. We believe that with our domain knowledge we are in a unique position to identify new opportunities that will help expand the scope of our current client relationships by expanding our offerings across the revenue cycle and in some instances converting limited scope arrangement into full business outsourcing opportunities.

Further, we have been able to successfully retain the clients acquired through acquisitions and we intend to grow our revenues from these clients by cross-selling our services and by utilizing our offshore delivery model. We believe that our diverse service offerings to provider and payer businesses gives us a significant advantage over our competitors in the healthcare industry through the application of domain expertise as well as provision of seamless services, and we intend to leverage these capabilities to expand our client base and business.

Maintain a targeted acquisition strategy to expand our market position and fill out our suite of product and service offerings

We operate in a fragmented market. In the past, we have successfully used acquisitions to expand our capabilities and to consolidate our presence in new markets. We acquired Zavata, Inc. on August 29, 2007, Heritage Websolutions on September 1, 2006 and Armanti Financial on August 1, 2006. We intend to continue to seek opportunities to acquire entities that grow our RCM business, complement our services portfolio or provide back-end services. We will leverage our acquisition experience to successfully identify, execute and integrate new opportunities that may arise in future.

Continue to be an integrated player

Our offerings are targeted to reduce the administrative cost burden of the US healthcare by servicing both sides of the reimbursement process, namely to the providers as well as to the payers. Our distinct service model is based on leveraging our domain knowledge to provide patient focused business processes along the end-to-end reimbursement life cycle. In the healthcare industry, administrative information flow starts from patients at a provider, moves on to the payer before returning back to the provider and eventually the patient. Consistent with this information flow, we provide the services of timely claim submission on the provider side and use this expertise to help adjudicate claims faster and accurately on the payer side. Likewise, we also use our knowledge of medical coding to submit accurate and compliant medical codes on the provider side and to analyze fraud and recover over-payments on the payer side. We use telephonic customer support to follow-up with payers on denied and under paid claims from the provider side and use the call center capabilities to support provider incoming calls including for claims status, eligibility and authorization on the payer side. In pursuing this end to end unique service offering as a strategy, we use our proprietary tools and knowledge process to tap learning across clients to continuously improve business process, while maintaining confidentiality and compliance with HIPAA and other state and federal laws.

Continue to invest in operational infrastructure

We intend to continue to invest in operational infrastructure, including human resources, process optimization and proprietary technology to meet our growing client requirements. We retain our employees by offering them attractive growth prospects and competitive compensation packages that include performance-based compensation as well as certain long term incentive-based compensation. We intend to continue our focus on process excellence and service quality by expanding our use of Six Sigma methodology to identify and eliminate inefficiencies, focusing on initiatives to solicit and retain employees at all levels and continuing to develop proprietary tools to identify and deliver continued process enhancements. We are also in the process of expanding one of our facilities in Hyderabad. In addition, we intend to continue our investments in technology in order to expand our healthcare RCM and IT and strategic support services, facilitate the integration of our service platforms and provide our services in more efficient ways.

Enter new geographies, including our domestic market, leveraging the strength of the Apollo Group

Over the past few years, while our focus has been the US healthcare market, we have worked in multiple other geographies, including for clients in India, United Kingdom, Germany, Saudi Arabia, Indonesia and other countries. Our work in these countries has leveraged the presence of the Apollo Group and our knowledge of revenue cycle management. Specifically, we believe that our work in India in our initial years for the Apollo Group helped us develop our domain knowledge and develop a mature offering of services for our clients in the United States. For instance, we were involved in implementing the hospital information system for Apollo Group hospitals and our experience has helped us in doing similar work in the United Kingdom, United States and Indonesia. Our strategy to develop a growing share of our business from outside the United States has also helped us share best practices in healthcare delivery across geographies.

Our History

Our Company was incorporated on October 8, 1999. Some of the key milestones in our history are given below.

- 2000 – we received ISO 9001:2000 certificate for customized business process outsourcing operations, software development and IT services for health sector.
- November 2001 - we acquire Emedlife
- May 2002 – we commence delivery of BPO and medical coding services.
- July 2002 – we entered into our first coding contract
- September 2002 – we commence the ITIH Project with the Indian Ministry of Communication and IT on building information technology for health and defining standards across the country.
- January 2003 – we enter into our first end-to-end revenue cycle management contract with a billing of over 500,000 claims per annum.
- October 2003 – we started work for our first payer contract with one of the top five commercial healthcare insurance companies in the U.S.
- January 2004 – we undertake our first global implementation project for hospital software.
- May 2005 – Maxwell and Eliza Holdings, affiliate companies of Temasek Holdings and One Equity Partners invest in us.
- November 2005 – we are awarded ISO 9001 certificate.
- February 2006 – we are awarded ISO 27001 certificate.
- August 2006 – we acquire Armanti Financial.
- September 2006 – we acquire Heritage Websolutions.
- August 2007 – we acquire Zavata, Inc.

Service Offerings

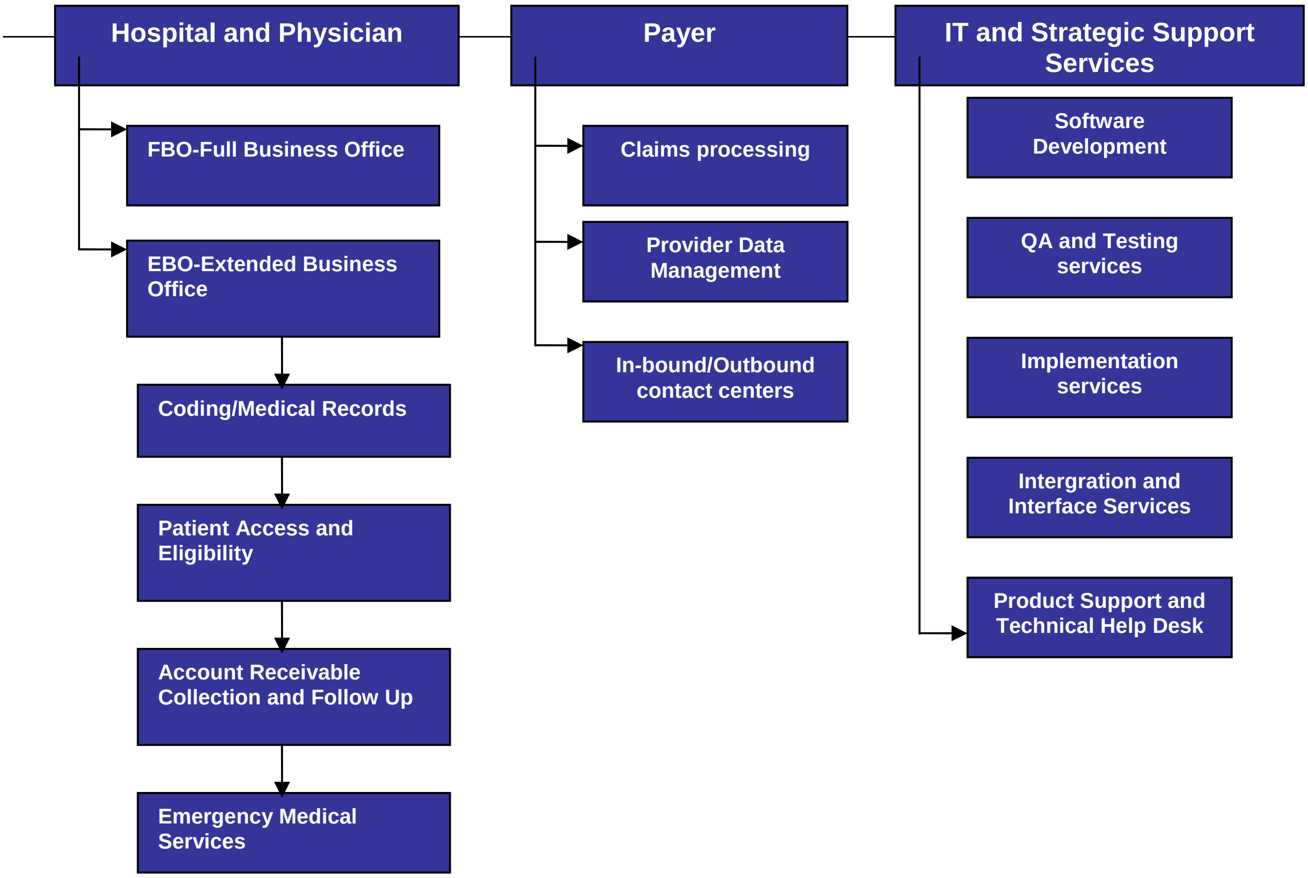
We are one of the leading providers of revenue cycle management solutions to the healthcare industry in United States. Our solutions encompass a diverse range of back-office services that span the hospital revenue cycle workflow from patient admission, charge capture and claims processing to receivables management. We primarily target healthcare providers and payers in the United States utilizing a flexible on-shore and off-shore approach which is comprised of six delivery locations in the United States and three in India.

Our business is organized around three key business lines:

- *Hospital and Physician Services*. Our provider services to hospital and physician groups include revenue cycle management, collection, medical coding and customer support services.

- *Payer Services.* Our payer services include claims administration, provider data management, medical management, back-office support and call handling services.
- *IT and Strategic Support Services.* Our IT and strategic support services include software development, integration and support, quality assurance and testing, implementation services and solutions, customer relationship management and technical help desk solutions.

The following chart gives an overview of our service offerings:



Hospital and Physician Services

We offer end-to-end healthcare focused revenue cycle services to hospitals and physician groups. Our HIPAA compliant services, information management processes and qualified professionals with industry-approved accreditations deliver comprehensive solutions to our clients. We believe that a combination of our global delivery model, healthcare domain expertise, United States market knowledge and customer focus provides our clients with superior service, customized solutions and, in general, a reduction in their total cost of delivery.

Our provider clients include three of the top ten medical schools in the United States, by revenues, such as University of Pennsylvania. We use multiple models for pricing our services to providers, including pricing based on an hourly basis, per transaction basis and contingency basis. Pricing on contingency basis is based on percentage of the collections from the customers of our hospital and physician group clients..

We have classified our hospital and physician services primarily into FBO services and Extended Business Office ("EBO") services. FBO services typically involve handling the revenue cycle on an end-to-end basis. EBO services involve assisting the client in specific functions such as medical coding, patient access and eligibility and accounts receivable management and collection. Our EBO services offer us the opportunity to develop relationships with a client, demonstrate value addition and increase scope of work to FBO services.

- *Full Business Office*

Our FBO services involve the complete outsourcing of the central billing office to us by our provider customers, including full patient access functions and follow up collections. This includes management and delivery of "front office" processes including patient scheduling, insurance verification and eligibility requirements, registration and pre-registration and in-house financial counseling, as well as "back-office" processes including billing and coding, third-party payer and self-pay collections, bad debt collections, payment posting and all credit balance adjustments. The FBO solution is delivered using a blend of on-site and off-site (on-shore and off-shore) delivery. In addition, we provide emergency medical services and Medicaid applications services. We began FBO service through the acquisition of Zavata, Inc. in August 2007.

We also offer FBO services to hospitals and physician groups. We have developed interfaces with multiple hospital systems to ensure electronic data flow. We ensure a high percentage of electronic charges and have set up electronic claims transmission capabilities with various payers across geographies and transmit majority of the claims electronically. Payments are posted electronically or manually. We analyze the under-payments and denials and appeal when required. Our accounts receivable team follows up on these under-payments, denials and delayed claims. Patient statements are generated on the defined billing cycles and include the information defined by the clients including the status of charges, payments and claim filing information.

The chart below represents the various processes involved in FBO service:

Full Business Office (FBO)

Patient Access Management	Business Office Management	Medicaid Application Services	Emergency Medical Services	A/R Management Services
1. Scheduling 2. Insurance Verification and Eligibility Checks 3. Registration and Pre-Registration 4. In-house Financial Counseling	5. Patient Billing 6. Coding 7. Medical Records Management 8. Customer Relationship Services	9. Application & Authorization Management 10. Identifying Self-Pay Accounts 11. Categorical eligibility and federal guidelines 12. State policies and procedures	13. Scanning of patient call records 14. Medical Coding 15. Billing patients & third parties 16. Remittance processing & reporting	17. Third party billing and followup 18. Self-pay collections 19. Payment & adjustment processing 20. Retroactive claims reprocessing

- *Patient Access and Eligibility*

As part of our patient access and eligibility, we provide patient scheduling, pre-registration, registration, insurance verification and financial counseling services. We also work with patients who are not registered to procure their eligibility for registration under state Medicaid, Medicare and Charity care programs from our offices in California, New Jersey and Illinois. The Medicaid application services are jurisdiction specific for different states in the United States as they are regulated by local state reimbursement guidelines and disability legislations.

- *Coding/Medical Records*

Our medical coding services include onsite coding, remote coding and coding consulting for hospitals and physician groups. We perform ongoing medical coding or coding audits across multiple specialties including radiology, surgery, diagnostic cardiology, surgical pathology, psychiatry and others. We use Medcoding, an in-house proprietary software which establishes the workflow, interfaces with client systems, shares best practices between coders, does online reporting and quality assurance.

The majority of employees in our coding team are certified by either the American Academy of Professional Coding ("AAPC") or American Health Information Management Association ("AHIMA"). With the help of the Six Sigma methodology, we believe we have achieved a coding accuracy exceeding 98% and a 24-hour turnaround time.

- *Account Receivable Collection and Follow Up*

Our accounts receivable management services include the complete management of accounts receivable collections, including third-party payer billing and follow-up, self-pay collections and bad-debt collections. As part of our account receivable management services, we work with hospitals and physician groups in managing their accounts receivables by scheduling and liquidating patient and insurance account balances. We also manage any accounts receivable backlog created during the conversion to a new patient accounting system. We also offer revenue audit services, involving an audit on a selected set of accounts. We follow a contingency pricing model for the provision of our accounts receivable collection services.

We focus on collecting unpaid balances, principally deductibles and self-pay claims from patients. We deploy advanced technology including an integrated predictive dialer and automated letter generation to deliver rapid account liquidation. Our staff adheres to high ethical standards and receives training and regular updates on HIPAA and the United States Fair Debt Collection Practices Act, 1996, as amended.

We also focus on unpaid or under-paid insurance claims and pursue these from commercial insurers, managed care, worker's compensation, no-fault and liability carriers. These services generally involve full audit, processing and rebilling of outstanding third party claims.

Through our proprietary technology platform, Retroactive Claims Reprocessing, we provide retroactive claim processing services which involve the review of provider source data to locate potential insurance coverage on unpaid or expiring claims. These are incremental recovery services conducted at the beginning of the accounts receivable process that reduce aged receivables and bad debt. Our technology capabilities enable us to process large volumes of low-balance accounts cost effectively while the team of skilled data analysts stays focused on changes in customer data to optimize revenue.

- *Emergency Medical Services*

Our emergency medical services include ambulatory and emergency room billing and collection services, including billing, coding, claims submission and follow-up work, including self-pay and third-party collections, to municipalities and public hospital-based providers.

- *Examples*

University of Pennsylvania, a hospital of one of the top five medical schools in the United States

The university established the first school of medicine in the United States, which also serves as a center of teaching and is one of the leading providers of medical services in the United States. Our client, the hospital, desired to reduce backlogs of coding charts and get high quality coding services.

In October 2005, we undertook a pilot project for the client, demonstrating our coding capabilities in complex processes. Subsequent to the pilot project, a team consisting of three AAPC certified coders worked onsite for the purposes of transitioning the process. These three coders underwent 45 days of training followed by 45 days of onsite production. During these three months, these onsite coders also remotely trained our offshore team based in India. In June 2006, we began providing coding services for 18 out of the existing 20 in-patient departments and for the emergency department. We also deployed our in-house application, "Med-coding," which significantly reduced the time required to code in-patient charts. As a result of our performance, the client achieved higher and more consistent coding quality, as well as better compliance, at reduced costs. The higher quality of coding resulted in higher billing for the emergency department. Since then, the client has engaged us for pilot projects in revenue cycle management, such as payment posting and billing.

Brooklyn Hospital, a New York based hospital that is a member of a prominent healthcare system in New York

This client is a well-equipped and reputed hospital of New York and is a member of the New York Presbyterian healthcare system.

Our relationship with the client began in June 2004. We provided end-to-end revenue cycle management services for two departments of the client. Based on our performance and the collections generated in 2004, the hospital engaged us to provide similar services for three other major departments. This caused a three-fold increase in the portfolio serviced by us for the client. Over the next 18 months, we have improved the client's revenue cycle management process in a number of ways. For example, we believed that a substantial amount of revenue was being lost as a result of coding issues. We commenced coding charges before submitting them to payers, which has resulted in improved collections. Our performance has resulted in other departments in the hospital approaching us to provide end-to-end revenue cycle management services.

Payer Services

As part of our payer services, we offer claims administration, provider data management, medical management, back-office support and call handling services. Our clients in our payer business include three of the top ten payers in the United States healthcare market, by revenues.

Our key payer services include:

- *Claims Processing*

Our claims processing service includes claims entry, claims adjudication and management and claim payments for payers.

Claims entry, duplicate check and error correction. We undertake scanning and data entry of paper claims and also check the claims for completeness. We check all mandatory fields such as name, date of birth, address, social security numbers and also correct the errors and omissions. Duplicate claims are detected and eliminated. Our coding team, which is certified by AAPC, also identifies and corrects any coding errors.

Claims processing, adjudication and management. We handle claims that are pending after the auto-adjudication process by resolving issues related to patient eligibility, provider eligibility, coding errors, inclusions or exclusions such as pre-existing conditions and others. We also offer end-to-end claims processing services for medical, dental, disability, pharmacy and flexible spending account claims. Its portfolio of services includes data entry and EDI conversion, complete claims adjudication and payment, as well as claims audit and review. Claims processing is available as part of a full scope payer capability or on a stand-alone basis third-party administrators, insurers and managed care organizations.

Claim payments. We calculate the amount payable, make payments and also undertake posting of remittances and rejection notification.

- *Provider Data Management*

As part of our provider data management service, we help payers manage complex contracting processes by analyzing and updating their existing contracts and entering new contracts into their system. We also handle operational aspects of member plan selection, including, maintaining plan details, making information available to customers of payers and providing email and voice support services to handle consumer queries and claims, audits and reviews.

Our provider credentialing services include electronic filing and indexing of provider credential documents, flagging of sensitive data, online and telephonic verification and scrutiny of credentials.

Through our provider data updation and validation services, we offer a wide range of processes that are integral to PPO service delivery, including updating and maintaining clean provider databases and managing both eligibility and fee schedules based upon a PPO's complex provider contracts. The provider matching and claims re-pricing services provide PPOs with high quality and scalable solutions for the most complex service needs, including the flexibility that is necessary to handle high volume fluctuations.

- *In-bound/Out-bound Contact Centres*

We handle both incoming and outgoing calls for customers and providers, including those related to the verification of benefits, claims payment status, member eligibility, telephonic resolution of payment issues and general customer service needs.

Our 24×7 call centre currently covers all United States time zones from 8 a.m. Eastern Standard Time to 8 p.m. Pacific Standard Time. We believe our call centers are equipped with latest technology infrastructure, such as skill-based routing, voice recognition and advanced capabilities. We offer both on-site and offshore-based call center services.

IT and Strategic Support Solutions

We provide IT and strategic support services to healthcare organizations that enables them to focus on increasing productivity and reducing operational costs. We believe that there is significant inter-dependence between our payer and provider business units and our IT and strategic support business units. Our business units work together and have a number of common clients.

Our domain expertise and service offerings coupled with an effective market reach have enabled us to serve various entities in the healthcare value-chain, from product vendors to providers and payers. Our key clients in this business include providers, payers and IT companies in the United States and the United Kingdom. We generally provide IT and strategic support services on an hourly or transaction rate-pricing model.

We mainly offer the following IT and strategic support services:

- *Software Development*

As part of our IT services and solutions, we offer software development, maintenance and support services to healthcare organizations. We are uniquely positioned with an in-depth understanding of both provider and payer businesses, which enables us to develop IT applications that are customized to each client's specific requirements and deliver value to them. We have built an integrated proprietary hospital information management system, 'Lifeline,' that includes a comprehensive suite of modules and provides several tools, including computerized services booking, automated nursing documentation, integrated pharmacy, automated medication administration and billing system. The Lifeline solution is deployed only in Asia.

- *Quality Assurance and Testing Services*

We offer a complete IT solution to our clients for their quality assurance and quality testing needs that complies with stringent quality testing norms. We have a well trained and certified quality team specialized in advanced technologies.

- *Implementation Services*

We follow a structured and well-defined software implementation process that includes pre-implementation, implementation and post-implementation stages. Each stage has a series of well-defined steps that are followed to ensure that the software solution is acceptable to the client and that the software can be used by our client in a live environment in a timely manner. Our implementation team consists of healthcare professionals and IT professionals who have experience working on information systems in the healthcare environment. We believe that our domain knowledge and understanding of the healthcare industry and business ensures that our implementation team implements the application in a manner that enables our clients to realise maximum benefit from the software application. We partner with healthcare information systems and enterprise healthcare application vendors and jointly work with their development teams.

- *Integration and Interface Services*

We also partner with healthcare vendors to develop high-end enterprise applications for providers, payers, intermediaries, pharmaceutical companies and other healthcare and life sciences entities. We have a team of qualified and experienced IT professionals and healthcare consultants that work on our development operations.

- *Product Support and Technical Help Desk*

We offer customer relationship management and technical help desk solutions and processes that use root-cause analyses and best practices to increase first-level resolution rates and the overall productivity and level of customer satisfaction for organizations. As part of this service, we provide help desk and service desk, account administration, mobile device, application, call centre and hardware support, including performance reporting, resource modelling and skill assessment services and establishing service desks for incident management services.

- *Example*

Misys, a leading global software product and solutions provider focused on the healthcare market

The client develops and provides support for reliable, easy-to-use software and services that enable physicians, hospitals and caregivers to manage the complexities of healthcare. It provides a variety of products that serve healthcare organizations of varying sizes, including electronic health records for ambulatory, acute and post-acute settings, departmental systems, practice management systems and electronic data interchange connectivity.

We undertook a multi-step selection process to commence our relationship with this client in October 2005 with remote implementation of interfaces. We successfully transitioned the process to our offshore location in India where a qualified team was trained in interfacing with two vendor systems. We cleared a significant backlog in a short period of time. We subsequently worked on interfaces with other laboratory vendors. Our team continues to provide the client with support.

Since then, the client has engaged us to undertake two additional complex processes. The first involves remote training requiring domain knowledge and outbound voice skills. The other involves onsite and offshore implementation of the client's healthcare products. Both of these processes have enabled us double our staffing for the client. We are continuously investing in our relationship with the client and in our service delivery. We are also working with the client to improve processes through the development of quality metrics, knowledge bases and reward mechanisms.

Sales and Marketing

Through our subsidiaries, Zavata, Inc. and Armanti Financial, we have a large sales and marketing presence in the United States. We have dedicated sales teams for each of our business units, i.e., hospital and physician, payer, IT and strategic support services business unit. Each business unit has an embedded solutions development team that is made up of experienced professionals with backgrounds in both operations and consultative selling. The solutions development team is responsible for ensuring quality proposals are delivered consistently delivered to new, potential customers, and that the sales process is effectively managed from pricing and contract review to contract execution stage.

Also, Zavata, Inc. enjoys a strong partnership with Siemens and acts as its exclusive provider of revenue cycle services. Zavata, Inc.'s sales team is able to leverage the Siemens sales force, consisting of more than 150 sales professional nationwide, who receive a referral fee for each successful Zavata, Inc. sale that results from their involvement.

Our sales cycle is typically six to eight months long and generally includes initiating client contact, preparing and submitting detailed requests of information or proposals, facilitating client visits to our offshore operational facilities, performing diagnostic studies and gap analysis. In addition, our client relationships generally evolve from pilot projects under which we provide a single process to our clients, enabling them to test our delivery capabilities, into providing integrated end-to-end processes and solutions across multiple business lines. This evolution process is also a lengthy process and we invest significant time and resources into developing such client relationships.

Our Clients

As of December 31, 2007, we have a roster of more than 100 clients, including three of the top ten medical schools in the United States, and three of the top ten payers in the United States healthcare market, by revenues. Our five largest clients in the aggregate accounted for 39.84% of our total income from operations, for the six months ended September 30, 2007 and 51.44% of our total income, for the fiscal year 2007. In addition, subsequent to our acquisition of Zavata, Inc., we acquired approximately 100 additional clients in the United

States. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Risk Factors” beginning on pages 346 and X, respectively.

Our client relationships generally evolve from pilot projects under which we provide a single process to our clients into providing integrated end-to-end processes and solutions across multiple business lines. We enter into contracts with our clients that are generally for an initial term of one to five years with an option to renew for additional periods. We believe that as a result of our in-depth domain expertise and end-to-end services portfolio, we have developed long-term relationships with most of our clients. For fiscal year 2007, a substantial majority of our income was attributable to business from clients who were our clients in fiscal year 2006 or before. Many of our contracts limit our liability to our clients to a specified amount, subject in many cases to certain exceptions such an indemnification for certain third-party claims and breaches of confidentiality obligations. However, since each contract is individually negotiated with the client to address their specific needs and requirements, we enter into contracts with varying terms and conditions.

Competition

We face competition in the revenue cycle market from various service providers, including United States based and non-United States based companies. See “Risk Factors – We face competition from onshore and offshore revenue cycle management solutions providers. Our clients may also choose to run their business processes themselves or through captive units” beginning on page XIV. We primarily compete against the following:

- U.S. headquartered companies that provide a wide variety of revenue cycle and other services, such as McKesson Corporation, Perot Systems Corporation, Athenahealth, Inc., International Business Machines Corporation, Accenture, Cognizant Technologies, FCG Software Services and Keane Inc;
- Focused BPO service companies with offshore delivery centers especially in India, such as First Source Solutions Limited ;
- IT and strategic support services companies with BPO divisions, such as Infosys Technologies Limited and Wipro Technologies Limited.

In addition to our direct competitors, we also face competition from certain companies that choose to perform some or all of their revenue cycles internally. Their employees provide these services as part of their regular business operations. Some companies, including a client of ours, moved or may move all or a portion of their in-house revenue cycles to an owned and operated facility in an offshore location such as India. We believe that our key advantage over in-house business processes is that we provide companies with the opportunity to focus on their core healthcare business while we focus on the service delivery and operational aspects, which is our core business. We also believe that our domain expertise enables us to develop and introduce innovative processes and IT solutions that may not be available to an in-house business processing division of a company.

Acquisitions

Historically, we have used acquisitions to expand our capabilities and to consolidate our presence in new markets. One of our significant acquisitions in 2007 was the acquisition of Zavata, Inc. on August 29, 2007. In 2006, we acquired Armanti Financial on August 1, 2006 and Heritage Websolutions on September 1, 2006.

The acquisition of Zavata, Inc. gave our Company a significant presence in the United States. Zavata, Inc. is a leading provider of end-to-end, technology enabled business process outsourcing services to the healthcare industry in the United States. Zavata, Inc. Zavata, Inc. provides a blend of on-shore and off-shore delivery through five delivery centers, including one in India.

The acquisition of Armanti Financial in 2006 provided us with service delivery capabilities and increased marketing presence in the United States. The Armanti Financial acquisition facilitated a substantial increase in our hospital and physician service clients, as well as a significant increase in income generated from hospital and physician services business. We also acquired Heritage Websolutions in 2006, a company which provides back-end IT development and support services to a major United States healthcare IT company. The acquisition of Heritage Websolutions provided us with a significant increase in income generated from IT services business.

We invest significant management resources towards ensuring that our acquisitions are integrated in an efficient and organized manner that enables us to maximize the synergies that exist between the companies. For example, following the acquisition of Armanti Financial, we had appointed a senior management employee as an integration officer to lead the integration efforts. As part of our integration strategy, we attempt to complete the integration of the businesses within 12 to 24 months in case of large acquisitions and within six months for smaller acquisitions. We have also built processes to:

- retain clients of acquired businesses as well as increase the volume of business generated from such clients;
- retain key personnel of acquired businesses; and
- migrate complex business processes to our cost-effective offshore delivery centres.

We believe that our increased United States presence coupled with our India operations enables us to better utilize our service delivery model by augmenting our portfolio of services and provides us with significant growth opportunities to acquire new clients and increase business from existing clients. We intend to continue to seek opportunities to acquire entities providing back end services to providers or payers, consulting and implementation services or knowledge process outsourcing services in the healthcare industry. Please see "Our Business – Our Strategy – Maintain a targeted acquisition strategy to to expand our market position and fill out our suite of product and service offerings" on page 67.

Quality Assurance

We believe that providing consistent high quality services is critical to our clients' decisions to outsource and to building long-term relationships with our clients. It is also our belief and commitment that quality is the responsibility of each individual at every level of the organization. To ensure service excellence and continuity across our organization, we have developed an integrated quality assurance program consisting of the following major components:

- *Six Sigma*

  Six Sigma is a method for improving the overall quality by removing variation, defects and their causes in business process activities. We have adopted the Six Sigma, as a way to improve the operations of our clients' processes and provide a consistent level of service quality to our clients. We have also partnered with a leading provider of Six Sigma certifications to train and certify some of our employees in "black-belts" and "green-belts".

- *Process Audits*

  We have strong processes to audit, monitor, measure and review our operations to ensure adherence to client quality standards. Process management and improvement and quality assurance are key components of our operations model. We continuously track feedbacks from clients and end customers. We benchmark engagement performance against international standards to ensure world-class delivery and client satisfaction.

Risk Management and Compliance

As part of risk management functions, we employ a full-time, in-house compliance officer to oversee risk management and compliance matters. We have also developed an extensive compliance program in line with the guidelines for third party billing companies issued by the office of the Inspector General of Compliance Program in the United States. Specifically our program is designed to:

- test the effectiveness of our internal controls;
- to adhere to applicable laws and requirements;
- respond to employees' operational compliance concerns;
- investigate and correct possible misconduct;
- provide a centralized source to track the developments in regulations and other program directives related to fraud and abuse and related issues; and
- maintain open and frequent communication with our customers and employees to coordinate and establish compliance responsibilities.

Our compliance program currently maintains a U.S. based toll-free hotline to receive complaints. We are implementing a new multi-national toll-free hotline that will also enable web-base reporting of compliance concerns. We have adopted procedures to protect the anonymity of people calling the hotline and to protect whistleblowers.

The compliance program is designed to focus on those areas of potential risk that are most relevant as a result of our involvement with our clients' participation in the United States healthcare programs and consumer collection activities. Accordingly, the risk areas that are primarily addressed through the compliance program are:

- submission of accurate claims and adherence to the U.S. Federal False Claims Act and related state regulations;
- compliance with HIPAA and similar state laws concerning information privacy and security; and
- compliance with FDCPA and similar state regulations.

Our compliance program develops bi-annual risk assessments that evaluate the compliance risk areas related to our scale of services. This risk assessment produces a work plan to appropriately target and sequence resources to mitigate related risks.

Intellectual Property

The 'Apollo' brand name is owned by our Promoter and shareholder, AHEL and until such time that AHEL continues to hold at least 15% of our share capital, on a fully diluted basis, we have a license to use the brand in connection with our business and operations. See "Risk Factors – Risks Associated with Our Business – We could lose rights to use the brand name 'Apollo,' which may adversely affect our ability to market our services" beginning on page XVII.

Further, we have applied for the registration of our logo, as a trademark on December 16, 2005 under the Trademarks Act, 1999 in respect of healthcare related IT and IT enabled services. The application is pending. For further details of the trademarks registered in our name and pending trademark applications, please see "Government Licenses and Approvals – F. Pending Approvals" on page 424.

We have not yet applied for software registrations of our proprietary software such as Accessline, Retroactive Claims Reprocessing, Accounts Receivable Management Systems and Medcoding. See "Risk Factors" on page X.

Employees

As of December 31, 2007, we have 2,295 employees. As of March 31, 2007, we had 1,013 employees as compared to 860 and 473 as of March 31, 2006 and 2005, respectively, representing an increase of 114.2% from March 31, 2005 to March 31, 2007. The acquisition of Zavata, Inc. in August 2007 resulted in a significant increase in employees based in the United States. Out of the total employees, approximately 88.7% employees provide RCM services and approximately 11.3% employees provide IT and strategic support services. A significant portion of our employees work exclusively on healthcare related services and solutions and have acquired significant domain knowledge through experience. Our employees are not unionized and we have never experienced any work stoppages. We believe that our employee relations are satisfactory. We believe that our employees are critical to the success of our business and as such we focus heavily on recruiting, training and retaining our employees, as well as offer competitive compensation.

The break-down of our permanent employees as per their qualifications as of December 31, 2007 is set forth below:

Educational Qualification	No. of Employees
Diploma	133
Engineering Graduates	225
Professionals	616
Non-technical employees	1,230
Others	91
Total	**2,295**

Training and Development

We devote significant resources to the training and development of our employees. Our training typically covers modules in leadership and client processes. We provide HIPAA and FDCPA compliance training to all of our employees. We have over 21 dedicated full-time and part-time trainers responsible for training our employees in various areas of the healthcare cycle. We customize our training programs in accordance with the nature of the client's business (provider or payer), the country in which the client operates and the services that the client requires. We provide training on many technical healthcare certifications such as Certified Patient Accounts Technician, Certified Clinic Accounts Technician, Certified Clinic Accounts Manager and Certified Patient Accounts Manager certifications. A number of our employees have been certified in these certifications. These certified professionals help us in striving and surpassing the parameters of service excellence. In addition, training for new employees also includes development and behavioural training, process training and voice and accent training.

Retention Policies

As part of our retention policies, we offer our employees competitive compensation packages that may include significant performance-based compensation and long term incentive-based compensation components. We also aim to create a positive and intellectually stimulating work environment with innovative reward and recognition programs.

For the nine months ended December 31, 2007 and the fiscal year 2007, our overall attrition rate for all employees was approximately 18.4% and 30.5%, respectively. Our attrition rate is based on employees working with us for more than six months. We believe that the attrition rate is much higher in the first six to twelve months of joining and progressively reduces thereafter. We believe that our attrition rate is consistent with the attrition rate of our competitors operating in the Indian offshore BPO industry. See "Risk Factors – Risks Associated with Our Business – We may fail to attract and retain enough sufficiently trained employees to support our operations, as competition for highly skilled personnel is intense and we experience significant employee attrition" beginning on page XI.

Insurance

We have purchased an umbrella office insurance policy which includes coverage for fire and other perils in addition to coverage for terrorism, fidelity, losses of portable computers, mobile phones and baggage, personal accidents and public liability. We are also covered by insurance for money in transit from our corporate office at the Life Sciences Building, Apollo Hospitals Complex, Jubilee Hills, Hyderabad, India, to certain specified locations. Our automobiles are also insured. In addition to the above policies, we have also obtained special contingency insurance covering errors and omissions liability. This coverage however does not extend to liability on account of medical professional services and for any financial injury arising out of our operations.

Our Directors and officers are covered by a corporate guard for any claim made against them in their capacity as our Director, officer or employee, subject to certain exclusions. We have also obtained general personal liability insurance for our corporate office personnel, which covers, amongst other things, bodily injury, property damage, personal injury liability, medical payments, and investigation or costs occurred for defense of claims. Our employees are covered by group mediclaim insurance. We have also obtained a workmen's compensation policy for our employees employed at our corporate office at Life Sciences Building, Apollo Hospitals Complex, Jubilee Hills, Hyderabad, India.

Our Properties and Delivery Centres

Our registered office is located at No. 19, Bishop Gardens, Raja Annamalaipuram, Chennai - 600 028, Tamil Nadu, India. The premises are owned by our Promoter, Dr. Prathap C. Reddy, who has allowed us to use these premises without payment of rent.

Our corporate office is located at Life Sciences Building, Apollo Hospitals Complex, Jubilee Hills, Hyderabad - 500 033, Andhra Pradesh, India. This building is owned by AHEL and we have leased these premises until July 31, 2014. We pay Rs. 1.65 million per month as rent for our corporate office.

We have entered into a lease deed dated September 15, 2005 with State Industries Promotion Corporation of Tamil Nadu ("SIPCOT"), for a period of 99 years, in relation to the land measuring 4 acres located in Survey No. 240 forming part of village Siruseri, Tamil Nadu. The land was allotted to us by SIPCOT for the purpose of setting up an industrial unit for software development and ITES.

In addition, we have nine offices in the United States, i.e., in Atlanta and Americus, GA; Conshohocken, PA; Los Angeles, CA; Springfield, IL; Sunrise, FL; New York, NY; Princeton, NJ and Farmingdale, NY. Zavata, Inc. also has one offshore delivery center in Hyderabad, India.

The following table details our Company's leased facilities:

Lessor	Location	Primary Purpose	Monthly Lease Payment	Square Feet	Expiration Date
AHEL	Hyderabad	Corporate Office	Rs. 1,656,804	67,025	July 31, 2014
AHEL	Hyderabad	Staff Canteen	Rs. 47,191	3,500	July 31, 2014
Kalajyothi Process Private Limited	Hyderabad	Administrative Office	Rs. 1,654,371	93,833	December 30, 2011
Delhi Metro Rail Corporation Limited	Delhi	Administrative Office	Rs. 557,316	14,997	August 22, 2008
2 Broad Street Associates	Bloomfield, NJ	NJ Headquarters	U.S.$ 2,944	1,991	July 31, 2011
2 Broad Street Associates	Bloomfield, NJ	NJ Headquarters	U.S.$ 34,103	30,000	March 31, 2011
McClurg Court	Chicago, IL	Operations Office	U.S.$ 1,393	1,000	March 9, 2008*
Century Towers	Chicago, IL	Operations Office	U.S.$ 976	900	May 31, 2008
71 Washington	Bloomfield, NJ	Clifton (Gap) Office	U.S.$ 4,016	3,000	December 12, 2009
Joseph Sandburg	Marlton, NJ	Operations Office	U.S.$ 1,400	1,000	Renewal on a monthly basis
Americus Sumter Pyroll Department	Americus	Enterprise Solutions	U.S.$ 11,553	28,000	March 31, 2014
GA Perimeter Centre LLC	Atlanta	Corporate Headquarters	U.S.$ 19,778	13,185	November 30, 2015
W. Jackson LLC	Chicago	Non Operational	U.S.$ 30,206	20,701	May 31, 2010
Answerthink Inc.	Conshocken	AR Collections, FBO work	U.S.$ 31,903	23,202	July 31, 2011
Research Park	Princeton	Accounting	U.S.$ 2,309	1,679	January 31, 2009
Bi-Country Associates	Farmingdale	Software/IS Support	U.S.$ 3,204	1,629	December 31, 2011
General Electric Credit Equities Inc. and JRC Airport Executive Centre Limited Partnership	Los Angles	LA Country FBO Office	U.S.$ 12,085	7,770	March 31, 2008
Park Avenue South Associates (Landlord), Health Management Systems Inc (Sub-Land lord)	Manhattan	Account Management / IT and IS Support	U.S.$ 7,500	2,500	January 31, 2013
Sixth Street Developer's LP	Springfields	MAS Eligibility Processing	U.S.$ 4,600	3,631	February 28, 2010
Nummer Lee Adderton, Marilyn Adderton and Robert Adderton	Sunrise	Bad debt and EMS Collections	U.S.$ 3,536	4,000	December 31, 2007*

Lessor	Location	Primary Purpose	Monthly Lease Payment	Square Feet	Expiration Date
Michelle Smith and Christopher Dally	Sunrise	Bad debt and EMS Collections	U.S.$ 1,167	3,000	October 31, 2008
Concourse IV Associates	Atlanta	Old Headquarters	U.S.$ 24,347	13,762	September 30, 2009
Concourse IV Associates	Atlanta	Old Headquarters	U.S.$ 52,927	26,019	May 31, 2009

** In the process of being renewed.*

Our Company entered into an engagement letter dated July 1, 2005 with PricewaterhouseCoopers LLP for provision of certain secretarial services including permission to use the registered office of PricewaterhouseCoopers LLP situated at Cornwall Court, 19 Cornwell Street, Birmingham, B3 2DT for a certain fee for which regular invoices would be raised by PricewaterhouseCoopers LLP on the basis of the time spent on our Company's affairs.

Regulations

Because of the nature of the healthcare industry and the geographic diversity of our service offerings, our operations are subject to a variety of laws, rules and regulations of several jurisdictions, including India, United States, United Kingdom, and several United States and foreign federal and state agencies which regulate aspects of our business. In addition, our clients may contractually require us to comply with certain rules and regulations even if they do not actually apply to us or our operations. Our failure to comply with any applicable laws, rules and regulations could result in restrictions on our ability to provide services, termination of our relationship with our clients and may also result in imposition of fines or penalties, which could have an adverse affect on our financial condition, results of operations and our business. See "Risk Factors – Risk Associated with Our Business – Failure to adhere to regulations that govern our clients' businesses could result in breaches of contracts with our clients and expose us to liability" beginning on page XVI. We have implemented comprehensive training programs for our employees to ensure compliance with these laws and regulations.

HIPAA's privacy rules impose extensive requirements on healthcare providers, healthcare clearinghouses, and health plans and their 'Business Associates.' In many instances, we function as a 'Business Associate' of our provider clients. Among other things, the privacy rule requires us to adopt written privacy procedures, adopt sufficient and reasonable safeguards, and provide employee training with respect to compliance. Although we have undertaken several measures to ensure compliance with the privacy regulation and believe that we are in compliance, the privacy regulations are broad in scope, and will require constant vigilance for ongoing compliance.

Regulation of our business by the Indian government affects our operations in several ways. We benefit from certain tax incentives introduced by the Indian government, including a ten-year tax holiday from Indian corporate income taxes for most of our Indian facilities, including our main facility in Hyderabad, which will expire on March 31, 2009. As a result of these incentives, our operations have been subject to lower Indian tax liabilities. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 351. We are also subject to certain foreign currency transfer restrictions. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 347.

Legal Proceedings

There are lawsuits, claims and proceedings asserted by or against us in the course of our normal business activities. See "Outstanding Litigation and Material Developments" beginning on page 365.

REGULATIONS AND POLICIES

In carrying on our business as described in the section titled "Our Business" on page 63, the Company and its Subsidiaries in India, are regulated by the following legislations in India. Further, for the purposes of executing the work undertaken by the Company and our Subsidiaries, we are required to obtain certain licenses and approvals under the prevailing laws and regulations applicable in the relevant state. For details of such approvals, please see the section titled "Government Licenses and Approvals" on page 420.

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

Software Technology Parks Scheme ("STP Scheme")

A large portion of the BPO sector in India is regulated under the terms of the Software Technology Parks Scheme, which permits the establishment of units engaged in information technology enabled products and services (ITES). Several State governments have also enacted specific legislations in this regard, including by way of various incentives to investors to set up ITES units within the respective state.

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) which may be 100% export oriented units undertaking software development for export using data communication links or in the form of physical media and includes export of professional services. All notified IT enabled products and services would qualify their provider for establishing a unit in and benefiting from the STP scheme.

Whilst activities falling within the IT sector have not been defined, certain activities under ITES have been notified through a circular dated September 26, 2000 issued by the Central Board of Direct Taxes. The ITES activities which fall under the scope of the said circular includes, (i) Back-Office Operations, (ii) Call Centres, (iii) Content Development or animation, (iv) Data Processing, (v) Engineering and Design, (vi) Geographic Information System Services, (vii) Human Resources Services, (viii) Insurance Claim Processing, (ix) Legal Databases, (x) Medical Transcription, (xi) Payroll, (xii) Remote Maintenance, (xiii) Revenue Accounting, (xiv) Support Centres and (xv) Web-site Services.

Setting up a STP Unit

An application is required to be made by the company desirous of setting up a unit as an STP to the director of the STP, which approval is ordinarily granted within 15 days of such application being made subject to (a) items to be manufactured or exported are not restricted or prohibited; (b) the location is in conformity with the prescribed parameters; (c) the export obligation laid down in the STP Scheme is fulfilled; and (d) the unit is amenable to bonding by the Customs and all manufacturing operations are carried out in the same premises. The registration as an STP is location specific.

The company pursuant to the requirements of the STP approval would be required to execute an agreement with the GoI agreeing to comply with conditions prescribed in the STP approval, inter alia the export obligations and customs bonding of the premises. In order to be able to obtain the STP license, the company would require the following licenses. Please see the section on "Government Licenses and Approvals" on page 420:

(a) manufacturing consent from the relevant customs department;

(b) an Importer Exporter Code from the Directorate General of Foreign Trade (in order to be able to export its services/products);

(c) registration under the Andhra Pradesh Shops and Establishments Act, 1988; and

(d) registration as an 'Other Service Provider' with the Department of Telecommunications to provide call centre services.

Benefits under the STP Scheme

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

1. Approvals are given under single window clearance scheme.
2. A company can set up STP unit anywhere in India.
3. Income Tax holiday as per Section 10A of the I.T. Act.
4. Customs duty exemption in full on imports.
5. Central excise duty exemption in full on indigenous procurement.
6. Central sales tax reimbursement on indigenous purchase.
7. All relevant equipment / goods including second hand equipment can be imported (except prohibited items).
8. Equipment can also be imported on loan basis / lease.
9. 100% foreign equity is permitted and approved by jurisdictional director of STPI.
10. All the imports of hardware and software in the STP units are completely duty free.
11. Import of second-hand capital goods is also permitted.
12. Unit shall be a positive net foreign exchange earner. Net Foreign Exchange Earnings shall be calculated cumulatively in blocks of five years, starting from the commencement of production
13. Use of computer system for commercial training purposes is permissible subject to the condition that no computer terminals are installed outside the STP premises.
14. The sales in the Domestic Tariff Area (DTA) shall be permissible up to 50% of the export in value terms.
15. STP units are exempted from payment of corporate income tax up to 2010. (For assessment year 2003-2004, 10 % of profit will be taxed).
16. The capital goods purchased from the Domestic Tariff Area (DTA) are entitled for benefits like exemption of excise duty and reimbursement of Central Sales Tax (CST).
17. Capital invested by Foreign Entrepreneurs, Know-How Fees, Royalty, Dividend etc., can be freely repatriated after payment of Income Taxes due on them, if any.
18. Repartition of foreign currency for payments can be freely done.

Foreign Investment

Foreign investment in India is regulated by the Foreign Exchange Management Act, 1999, the regulations framed by the Reserve Bank of India and policy guidelines issued by the Ministry of Industry (through various Press Notes issued from time to time). Foreign investment in IT companies, is under the automatic route (i.e., prior approval of the FIPB is not required).

Foreign investment by way of subscription to equity shares in the ITES sector currently does not require the prior approval of the RBI (vide Press Note 8 of 2000) or the FIPB, except for a post subscription filing with the RBI in Form FC-GPR within 30 days from the issue of shares by the company. The GoI has indicated that in all cases where foreign direct investment is allowed on an automatic basis without FIPB approval, the RBI would continue to be the primary agency for the purposes of monitoring and regulating foreign investment.

Transfers of equity shares previously required the prior approval of the FIPB. However, vide a RBI circular dated October 4, 2004 issued by the RBI, the transfer of shares between an Indian resident and a non resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under FDI Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (ii) the non resident shareholding is within the sectoral limits under the FDI policy, and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

Data Protection

India has currently not enacted any legislation in relation to data protection. A committee has been set up to examine the need for a data protection legislation in India. The recommendations of the committee have not yet been made public.

Trade Marks Act, 1999

Under the Trade Marks Act, 1999 any company/person using any mark which may be graphically represented and is capable of distinguishing the goods or services of one from another may register the same as a trade mark with the Registrar of Trade Marks as per the provisions of the Trade Marks Act, 1999. Any attempt by any person or company to use the same or a deceptively similar mark amounts to an infringement of the Trade Mark and is a criminal offence. However, an unregistered mark cannot be infringed. Nevertheless, an action for "passing off" may be brought so as to prevent the person from continuing use of the mark and pass off his goods/services as that of the owner of the unregistered mark. Both the registered and the unregistered marks may be assigned.

Fiscal Regulations

Customs Act, 1962

Section 58 of the Customs Act, 1962 provides for licensing of private warehouses. The section provides that at any warehousing station, the Assistant Commissioner of Customs or Deputy Commissioner of Customs may license private warehouses wherein dutiable goods imported by or on behalf of the licensee, or any other imported goods in respect of which facilities for deposit in a public warehouse are not available, may be deposited. The Assistant Commissioner of Customs or Deputy Commissioner of Customs may cancel a license granted (a) by giving one month's notice in writing to the licensee; or (b) if the licensee has contravened any provision of this Act or the rules or regulations or committed breach of any of the conditions of the license, provided that before any license is cancelled under clause (b), the licensee shall be given a reasonable opportunity of being heard. Pending an enquiry whether a license granted under sub-section (1) should be cancelled under clause (b), the Assistant Commissioner of Customs or Deputy Commissioner of Customs may suspend the license.

Central Excise

Rule 9 of Central Excise Rules, 2002 requires every person, who produces, manufactures, carries on trade, holds private store-room or warehouse or otherwise uses excisable goods, to get registered.

Subject to specified conditions, the following categories of persons are not required to obtain Central Excise registration.

(i) Manufacturers of goods which are chargeable to nil rate of duty or are fully exempt;
(ii) SSI manufacturers having annual turnover of below Rs.9 million. Once their turnover touches Rs.9 million, they should give the prescribed declaration to the Jurisdictional Superintendent of Central Excise;
(iii) Job-workers of ready-made garments if the principal manufacturer undertakes to discharge the duty liability;
(iv) Approved/licensed units in Export Processing Zones, Special Economic Zones and 100% Export Oriented Units.

The Central Board of Excise and Customs, by Notification No. 36/2001-CE (NT) dated June 26, 2001, has exempted specified categories of persons/premises from obtaining registration. This includes, a 100% EOU, or a unit in Free Trade Zone or Special Economic Zone licensed or appointed, as the case may be, under the provisions of the Customs Act, 1962.

Further, Notification No. 22/2003 dated March 31, 2003 issued by the Ministry of Finance and Company Affairs exempts all goods specified in Annexure –I to this notification, when brought in connection with, manufacture or development of software, data entry and conversion, data processing, data analysis, control data management or call center services for export, into STP unit or a unit in STP complex under the 100% export oriented scheme from the whole of:

(i) the duty of excise leviable thereon under section 3 of the Central Excise Act, 1944 (1 of 1944);

(ii) the additional duty of excise, if any, leviable thereon under section 3 of the Additional Duties of Excise (Goods of Special Importance) Act, 1957; and

(iii) the additional duty of excise, if any, leviable thereon under section 3 of the Additional Duties of Excise (Textiles and Textile Articles) Act, 1978, subject to satisfaction of the conditions as specified in the Act.

Labour Legislations

Shops and Establishments Acts

The Company is governed by the Andhra Pradesh Shops and Establishments Act, 1988. This Act regulate the conditions of work and employment in shops and commercial establishments and generally prescribes obligations in respect of inter alia registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work.

Employees' Provident Funds Act, 1952 and Employees' State Insurance Act, 1948

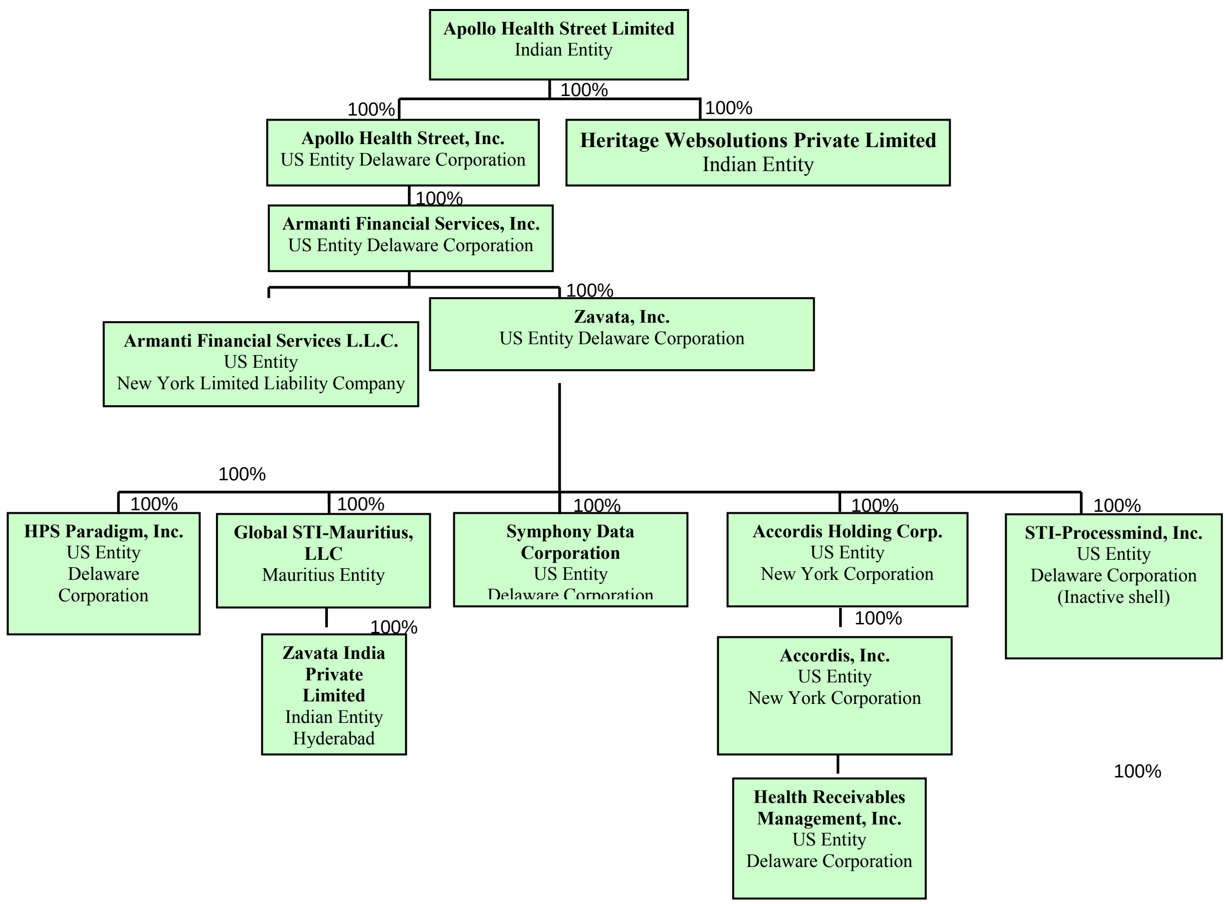
The Company is governed by the provisions of the Employees' Provident Funds Act, 1952 and the rules made thereunder and is accordingly required to make periodic contributions to the Employees' Provident Fund Scheme and the Employees' Pension Scheme as applicable. The Company is also required to make contributions under the Employees' State Insurance Act, 1948. For details of the Company's registration under the Employees' Provident Scheme and the Employees' State Insurance Act, please refer to the chapter "Government Licenses and Approvals" on page 420.

HISTORY AND CORPORATE STRUCTURE

The Company was originally incorporated on October 8, 1999 as "Apollo Health Street Limited" in Tamil Nadu with its registered office at No. 19, Bishop Gardens, Raja Annamalaipuram, Chennai – 600 028, Tamil Nadu, India and received its certificate of commencement of business on December 13, 1999. Pursuant to a special resolution of the members passed at an EGM held on April 21, 2005 and the consequent approval from the Central Government dated May 26, 2005, the Company was converted to a private limited company with effect from May 26, 2005 pursuant to Section 31 of the Companies Act and consequently the name of the Company was changed to "Apollo Health Street Private Limited". Further, pursuant to a special resolution of the members passed at an EGM held on January 13, 2007 and the consequent approval from the Central Government dated January 25, 2007, the Company was converted to a public limited company with effect from January 25, 2007 pursuant to Section 44 of the Companies Act and consequently the name of the Company was changed to "Apollo Health Street Limited".

We are one of the leading providers of revenue cycle management solutions to the healthcare industry in United States. Our solutions encompass a diverse range of back-office services that span the hospital revenue cycle workflow from patient admission, charge capture and claims processing to receivables management. We primarily target healthcare providers and payers in the United States utilizing a flexible on-shore and off-shore approach which is comprised of six delivery locations in the United States and three delivery locations in India.

Please find below a diagrammatic representation of AHSL and its Subsidiaries as on the date of filing this Draft Red Herring Prospectus:



A significant contributor to AHSL's growth has been acquisitions and strategic relationships which have resulted in the expansion of its capabilities and the consolidation of its presence in new markets. For instance, the acquisition of Armanti Financial in August 2006 resulted in an increase in the service delivery capabilities of AHSL and also increased its marketing presence in the United States.

As a strategy of its growth, AHSL has also routed investments from investors from time to time and in this regard entered into a subscription agreement and a subscription and shareholders agreement dated April 14, 2005 with Maxwell and Eliza Holdings. This shareholders agreement has been amended from time to time to incorporate additional investments from Maxwell, Eliza Holdings and the other investors and for further details please see the section titled "History and Corporate Structure- Shareholders and Joint Venture Agreements- Restated Shareholders agreement dated January 8, 2007 between Maxwell, Eliza Holdings, the Company and AHEL" on page 90.

AHSL also entered into a strategic technology relationship with NIIT Limited whereby it was agreed that a virtual medical university would be set up by AHSL and NIIT Limited would be responsible to develop and engineer the content thereof. Accordingly, Medvarsity was incorporated with AHSL subscribing to 85% of the share capital of Medvarsity and NIIT Limited holding the rest.

However, pursuant to an agreement dated January 1, 2007, the shareholding of the Company and NIIT Limited was purchased by Citadel Research and Solutions Limited. For further details please refer to the sections titled "History and Corporate Structure – Details of Our Subsidiaries", "History and Corporate Structure - Shareholders and Joint Venture Agreements" and "Our Promoter – Promoter Group - Medvarsity Online Limited" on pages 93, 88 and 143, respectively.

Emedlife, a healthcare services company focused on providing third party administrative services was also acquired by us in November 2001. However, pursuant to a deed of accession dated October 10, 2003, between Saffron Solutions Private Limited, AHSL, Mr. Divya Sehgal, Angel Softech Private Limited, Mr. Amit Burman and Emedlife, AHSL divested its stake in Emedlife to Saffron Solutions Private Limited.

AHSL also acquired the entire shareholding in Zavata, Inc. through a merger between the Zavata Acquisition Corporation, which was formed as a wholly owned merger subsidiary of AFSI and Zavata, Inc., which was the surviving corporation. For further details on the merger, please refer to the sections titled "History and Corporate Structure - Shareholders and Joint Venture Agreements" on page 88. Pursuant to the said acquisition, the following companies also stood acquired as they were the subsidiaries of Zavata, Inc. (i) HPS Paradigm, Inc., (ii) Global STI Mauritius, LLC, (iii) Zavata India Private Limited, (iv) Symphony Data Corporation, (v) Accordis Holding Corporation, (vi) Accordis, Inc., (vii) Health Receivables Management, Inc., and (viii) STI Processmind, Inc.

For further details of our acquisition, please refer to "Our Business – Acquisitions" on page 75.

Whilst as at the date of this Draft Red Herring Prospectus, AHSL has not entered into any letter of intent or any other commitment for any such acquisition/investments/joint ventures or definitive commitment for any strategic initiatives or acquisitions, it intends to continue to grow and further enhance its position in the healthcare BPO industry by exploring both organic and inorganic growth opportunities including acquisitions and strategic initiatives. Accordingly, in addition to continued investments in developing its technological expertise, industry expertise and delivery infrastructure, AHSL also intends to continue to explore opportunities for strategic acquisitions of businesses and/or assets (including immovable properties), investments or joint ventures through which its capabilities, client base, services and geographical coverage would stand increased.

Main Objects of the Company

a. To plan, establish, develop, provide, promote, use, operate, conduct, procure, maintain, the Healthcare Services and products, medical products on World Wide Web, do business and to act as a Consultant for all types of techno Healthcare and other related services, HIS Implementation, Tapping the Business Process Outsourcing opportunities for Healthcare clients and offering services such as Medical Billing, Medical Coding, Claims Processing and other services; E – Commerce, E – Business in the fields of Healthcare, to provide service for Hospitals, Nursing Homes, Diagnostic and Medical Centres, Clinics, Pharmacies, Medical Education Training and Research Centres in India and Abroad for data acquisition, data processing, database creation and management, website creation in the field of Healthcare Management and also to provide all other value added services and to act as internet Service Provider, Access Provider and other Service Providers to provide information relating to Healthcare Services / Products / Healthcare Management and to plan, establish, develop, provide, promote, use, operate, conduct, procure, maintain, do business and to act as Consultant for, establishment and development of infrastructure required for the provision of the above services.

b. To establish, maintain, develop, construct, procure or to act as service provider of every kind in the field of Tele Medicine, Tele Education, Tele Trading, E-Commerce, E-Business in Health Care Services/ Products, facilitate health education for the public, medical professionals and technologist to access healthcare resources and treatment options and carry out activities such as Website creating interactivity on net and integrated distribution system to reach the population residing all over the World to deliver the health related services/ products.

c. To develop, implement and maintain the software, computer systems and related hardware, peripherals, communication equipments and other accessories for the use of Telecommunications and Networking Technology to create Website for providing Healthcare Services.

Changes in Memorandum of Association

Since our incorporation, the following changes have been made to our Memorandum of Association:

S. No.	Date of Shareholder Approval	Particulars of Change
1.	December 30, 2002	Amendment to the main objects for addition of the words "HIS Implementation, Tapping the Business Process Outsourcing opportunities for Healthcare clients and offering services such as Medical Billing, Medical Coding, Claims Processing and other services"
2.	April 15, 2005	Increase in the authorized capital from Rs. 100,000,000 comprising 10,000,000 Equity Shares of Rs. 10 to Rs. 290,123,890 comprising 13,044,937 Equity Shares of Rs. 10 each and 2,661,242 CCPS of Rs. 60 each
3.	April 21, 2005	Conversion of the Company from a public limited company to a private limited company
4.	July 11, 2005	Increase in the authorized share capital from Rs. 290,123,890 to Rs. 435,481,890 comprising 13,044,937 Equity Shares of Rs. 10 each, 2,661,242 CCPS of Rs. 60 each and 14,535,800 Class A Shares of Rs. 10 each
5.	July 24, 2006	Increase in the authorized share capital from Rs. 435,481,890 to Rs. 714,662,360 comprising 13,044,937 Equity Shares of Rs. 10 each, 2,661,242 CCPS of Rs. 60 each,14,535,800 Class A Shares of Rs. 10 each and 1,766,965 Series B Preference Shares of Rs. 158 each
6.	September 15, 2006	Increase in the authorized share capital of the Company from Rs. 714,662,360 to Rs. 750,000,000 comprising 16,578,701 Equity Shares of Rs. 10 each, 2,661,242 CCPS of Rs. 60 each, 14,535,800 Class A Shares of Rs. 10 each and 1,766,965 Series B Preference Shares of Rs. 158
7.	January 13, 2007	Reclassification of the authorized share capital of the Company to Rs. 750,000,000 comprising 75,000,000 Equity Shares of Rs. 10 each
8.	January 13, 2007	Conversion of the Company from a private limited company to a public limited company

History and Major Events

Year	Key Events, Milestones and Achievements
1999	Incorporation of the Company
2000	Received ISO 9001:2000 certification from TUV Management Service GmbH for customized business process outsourcing operations, software development and IT services for health sector
2003	Developed Electronic Data Interchange connectivity with Blue Cross and Blue Shield, New York
2005	• Mrs. Sangita Reddy awarded the "Top Woman Entrepreneur in the Information and Communication Technology Sector" by the Government of Andhra Pradesh • Investments by Maxwell and Eliza Holdings • Received the ISO/IEC 27001:2005 standard certification in the Healthcare- BPO Operations, IT Services and Solutions sector
2006	• Acquisition of Armanti Financial • Acquisition of Heritage Websolutions • Received the certificate of compliance with HIPAA from TUV Rheinland (India) Private Limited
2007	• Conversion of the Company from a private limited entity to a public limited entity • Acquisition of Zavata, Inc. • Mrs. Sangita Reddy named as "India's healthcare heiress" in the December 2007 edition of Business Today magazine

Shareholders and Joint Venture Agreements

Agreement and Plan of Merger dated August 29, 2007 between AHSI, AFSI, Zavata Acquisition Corporation, Mr. Satish Sanan and Zavata, Inc.

Zavata Acquisition Corporation ("Merger Sub") was incorporated as a wholly owned subsidiary of AFSI and as a SPV to acquire Zavata, Inc. This agreement contemplates the merger of the Merger Sub with Zavata, Inc. in accordance with the laws of Delaware. Pursuant to the merger, this agreement provides that the Merger Sub would cease to exist and Zavata, Inc. would be the surviving corporation. The corporate existence of Zavata, Inc. would remain unaffected and it would be governed by the laws of Delaware. The merger would be effective from August 29, 2007, which was the date of filing of the certificate of merger ("Effective Date").

The agreement provides that from the Effective Date, all the rights, privileges, powers and franchises of Zavata, Inc. and the Merger Sub including all debts, liabilities, obligations, restrictions, title to all real and personal property would vest with Zavata, Inc. Any proceedings pending against Zavata, Inc. or the Merger Sub would continue against Zavata, Inc.

By virtue of the merger, it is provided that the shares and the vested stock options of Zavata, Inc. issued and outstanding immediately prior to the Effective Date other than the dissenting shares would stand cancelled and be converted automatically into the right to receive consideration from AFSI provided that such share certificates have been surrendered and upon payment of any additional adjustment amount. Further, the agreement states that all the outstanding warrants of Zavata, Inc. would be cancelled as on the Effective Date. It is further provided that each share of the Merger Sub would be converted into and become one validly issued share of Zavata, Inc.

The agreement provides that the merger consideration would be USD 152,178,000 less any indebtedness owed by Zavata, Inc. or its subsidiaries plus any stockholder earn-out consideration to the extent earned. AFSI has, subject to the relevant terms of this agreement, also agreed provide an aggregate incentive of up to USD 5,000,000 to all stockholders and the holders of vested stock options of Zavata, Inc. The said amount would be payable in three components and would be linked to the revenues generated from provider segment contracts, revenues generated from other non-provider contracts and revenues generated for the twelve month period beginning on April 1, 2007 and ending on March 31, 2008. As on the date of filing the certificate of merger, AFSI is required to enter into an escrow agreement with Mr. Satish Sanan pursuant to which AFSI is required to deliver a portion of the merger consideration equivalent to USD 17,000,000 to the escrow account. Upon estimating Zavata, Inc.'s working capital and indebtedness, any excess or shortfall in the final working capital amount as against the estimated working capital amount would be disbursed from the escrow account to AFSI or to the stockholders of Zavata, Inc. as the case may be. Further, AFSI has agreed to pay an incentive amount of up to USD 12,822,000 to certain identified employees of Zavata, Inc.

The agreement provides that the certificate of incorporation, the by-laws, the directors and officers of the Merger Sub would continue for the Zavata, Inc., the surviving corporation. For a period of six years from the Effective Date, Zavata, Inc. is required to provide indemnification rights to each of its present and former directors and officers.

Share Purchase Agreement dated September 1, 2006 between the Company, Heritage Websolutions, DP Yadav, Apara Kumari Yadav, Brijendu Kumar and Praveen Sinha (all these individuals hereinafter referred to as the "Sellers")

The Sellers collectively hold 100% of the issued, subscribed and paid up share capital of Heritage Websolutions and the Company intends to acquire the entire 100% shareholding (18,707 equity shares) from the Sellers at a certain consideration. The acquisition was to be completed within 30 days from the date of the agreement ("Closing Date").

The agreement provides that for two years from the Closing Date ("Restricted Period"), without the prior written consent of the Company, the Sellers shall not seek employment or engage in any business of Emageon of medical image informatics covering Emageon's Radsuite products. Further, the Sellers shall not during the Restricted Period, solicit any employee of the Company or any subsidiary of the Company.

Securities Purchase Agreement dated July 31, 2006 between AFSI, Armanti Financial, William J. Colgan, Ariel J. Morales and Michael C. Nudo

Each of William J. Colgan, Ariel J. Morales and Michael C. Nudo (all these individuals hereinafter collectively referred to as the "Sellers") own 2,000 units of Armanti Financial, which constitutes its entire issued and outstanding equity capital. AFSI has agreed to purchase the entire shareholding from the Sellers, pursuant to the terms of this agreement, at a certain purchase price. In addition to the purchase price, the Sellers would be entitled to additional payments of Earning Before Interest Tax Depreciation and Amortization and Accounts Receivable earn outs for every year until 2008, calculated as per the terms of the agreement. Further, the agreement stipulates that the Sellers are required to provide a letter of credit for certain amount to AFSI upon which it may draw any indemnification claims pursuant to the terms of the agreement.

It is provided that the Sellers are required to use commercially reasonable efforts to dispose of any equity interests or other rights in Sierra West Holding, LLC, a New Jersey limited liability company and AFSI NY Holding, LLC, a Delaware limited liability company, following the date of this agreement.

The agreement and all claims arising out of the agreement are governed by the domestic substantive laws of the State of New York.

The said securities purchase agreement was further amended on September 14, 2007 and these amendments included deletion of the aforementioned provisions of the securities purchase agreement relating to earn-out clauses. The said earn-out clauses were replaced with a deferred payment mechanism whereby an amount of USD 11,175,000 was agreed to be paid in tranches, the last of such payment proposed to be made on by July 31, 2009.

Subscription and Shareholders Agreement dated April 14, 2005 between Maxwell, Eliza Holdings, the Company and AHEL

As of the third day from the date of the agreement or such other later date as the parties may mutually agree to in writing ("First Closing Date"), Maxwell and Eliza Holdings agreed to subscribe to 2,025,000 Equity Shares each, aggregating to a share of 15.523% each in the shareholding of the Company.

The agreement stipulates that the voting rights underlying the Equity Shares issued to Maxwell and Eliza Holdings would be equal to the total percentage of Equity Shares held by them.

As on the seventh day following the receipt of the last of the conversion approvals and in no event later than 90 days from the date of this agreement or such later date as the parties may mutually agree to in writing ("Second Closing Date"), Maxwell and Eliza Holdings agreed to subscribe to the following shares:

- 1,247,121 fully paid up CCPS; and
- 6,814,395 fully paid up Class A Shares.

After such issuance of the CCPS and Class A Shares, the shareholding of Maxwell and Eliza Holdings represented approximately 46.86% and 46.88% of the aggregate fully diluted paid up preference share capital and the aggregate fully paid up Class A share capital, respectively, of the Company.

Whilst the CCPS carry voting rights equivalent to the voting rights attached to the Equity Shares of the Company, Class A Shares do not have any voting rights. However, upon the conversion of such Class A Shares into Equity Shares, such Equity Shares would rank pari passu in all respects with the other existing Equity Shares of the Company.

Amendment agreement dated January 8, 2007 between Maxwell, Eliza Holdings, the Company and AHEL

The amendment agreement provides that the subscription and shareholders agreement dated April 14, 2005 (as amended from time to time) between the parties thereto (the "Original Shareholders Agreement") stands terminated from the effective date, which date would be the business day immediately prior to the date of the Draft Red Herring Prospectus (the "Effective Date") and the same has been amended and restated as per the restated shareholders agreement.

This amendment agreement records that the Maxwell and Eliza Holdings (collectively the "Investors") agreed for the conversion of the Class A Shares as set forth in the Original Shareholders Agreement as well as to the amendment and restatement of the Original Shareholders Agreement on the undertaking that the Company would successfully undertake and complete an initial public offering of its Equity Shares no later than one year from December 31, 2006. This period was further extended through a letter agreement dated December 22, 2007, wherein it was recorded that the date for completion of the initial public offering by the Company stood was extended to a period no later than one year from December 31, 2008.

However, in the event that such offering is not successfully completed for any reason within such period or such later date as may be agreed to in writing by the Investors at their sole discretion, AHEL and the Company are required to ensure that the Investors are placed in the same position and posses the same rights as there were prior to the conversion of the Class A Shares, and amendment to and restatement of the Original Shareholders Agreement (and the Articles of Association) had taken place. If the Investors are not placed in a suitable position within 120 days after failing the successful completion of the IPO within the specified time, then the Investors shall have the right to subscribe to such number of additional Equity Shares as may be mutually agreed between the parties, at the higher of par value and the lowest valuation permissible under the law, so as to ensure that the Investors are adequately compensated economically, notwithstanding the fact that the Investors may become the majority shareholders of the Company pursuant to such subscription. Further, it is provided that in such an event the Original Shareholders Agreement would automatically revive and the restated shareholders agreement would automatically stand terminated, as if the same had never been executed. Further, the Company and AHEL were required to ensure that the Articles of Association are restored to their form as on January 8, 2007, and reconvert the Company into a private limited company.

Restated Shareholders agreement dated January 8, 2007 between Maxwell, Eliza Holdings, the Company and AHEL

Maxwell and Eliza Holdings (together referred to as "Investors"), the Company and AHEL entered into a subscription and shareholders agreement dated April 14, 2005 pursuant to which the Investors agreed to subscribe to 2,025,000 Equity Shares, CCPS and Class A Shares. Please see "History and Corporate Structure - Shareholders and Joint Venture Agreements - Subscription and Shareholders Agreement dated April 14, 2005 between Maxwell, Eliza Holdings, the Company and AHEL" on page 89. Further, the Company was entitled to use the 'Apollo' brand name without being obligated to pay any amount for such use until such time as AHEL continues to hold at least 15% of the share capital of the Company, on a fully diluted basis. It was provided that if the shareholding of AHEL fell below 15%, the Company was required to enter into a license agreement with AHEL for the use of the brand name 'Apollo'. Please see "Our Business - Intellectual Property" on page 77.

Through a letter dated April 14, 2005 between the Investors, the Company, AHEL, Mr. K. Vishweshwar Reddy and PCR Investments, the terms of the subscription and shareholders agreement dated April 14, 2005 were also made applicable to Mr. K. Vishweshwar Reddy and PCR Investments with respect to their investment in the Company in consideration for the issue and allotment of an additional 269,630 Equity Shares, 167,000 CCPS and 907,010 Class A Shares. This subscription and shareholders agreement dated April 14, 2005 was further amended on April 17, 2006 wherein the Company issued 1,766,963 Series B Preference Shares to Eliza Holdings, AHEL, Dr. Prathap C. Reddy, Mrs. Sucharitha Reddy, Mrs. Sangita Reddy, Mr. K. Vishweshwar Reddy, PCR Investments and certain other investors. Further, by way of a variation letter dated June 29, 2006 between the Investors, Mr. K. Vishweshwar Reddy and PCR Investments, it was provided that the Investors and Mr. K. Vishweshwar Reddy and PCR Investments would have the right to convert the Class A Shares into Equity Shares such that for each lot of 3,000 Class A Shares held by the respective shareholder, such shareholder would be entitled to one Equity Share. Subsequently, all the Class A Shares and the Series B Preference Shares were converted into Equity Shares on October 20, 2006. Please see Note 1 to the section titled "Capital Structure- Notes to Capital Structure" on page 24.

Pursuant to the Company's decision to undertake an initial public offering of its Equity Shares, the Investors, Company and AHEL entered into an amendment agreement dated January 8, 2007 (detailed above) and this restated shareholders agreement. This agreement is effective from the effective date, which date would be the business day immediately prior to the date of the Draft Red Herring Prospectus.

Management of the Company: The restated shareholders agreement provides that the property, business and affairs of the Company are to be managed exclusively and under direction of the Board. Each Investor would be entitled to one nominee director on the Board. AHEL would be entitled to nominate three directors on the Board of the Company. It is provided that both the investor directors and one director nominated by AHEL would not be liable to retire by rotation. The balance independent directors may be appointed by the Board in accordance with the provisions of the listing agreement that the Company would enter into with the stock exchanges. The

Investors would have the right to appoint nominee directors as long as they collectively hold 8% of the equity capital of the Company, on a fully diluted basis or as long as each Investor holds 5% of the equity capital of the Company, on a fully diluted basis. AHEL would have the right to appoint its nominee directors as long as it holds at least 15% of the equity capital of the Company, on a fully diluted basis. In case AHEL holds less than 15% but more than 8% of the equity capital of the Company, it would have the right to appoint two directors.

As long as the Investors continue to hold the aforementioned percentages of equity capital in the Company, they would have the right to require the appointment of their respective director and one independent director on any existing committees or that which may be formed by the Board of the Company. It is provided that in no event shall a committee of the Board be comprised such that the investor directors constitute less than 25% of the members of such committee. The Investors further have the right to seek appointment of their nominee Directors to the board of directors of any and all of the subsidiaries of the Company, whether existing or that may be formed in the future. In the event of such an appointment, the board of directors of such subsidiary shall be governed by the terms of this agreement.

Special Matters: It is provided that with respect to certain special matters identified by the parties, which include changes to the authorized or paid up capital of the Company, any transaction entailing the disposal of 5% or more of the Company's assets, any merger, reorganization, early repayment of indebtedness in excess of a sum of US $ 5,000,000, capital expenditure or investment decisions in excess of the amount of US $ 5,000,000, making any investments or the liquidation of any investments in other entities of an aggregate value greater that US $ 5,000,000, creation of any new class of securities, the Company is required to inform the Investors in writing at least 21 days prior to considering such matter at the Board meeting or the shareholders meeting of the Company. Such special matters must be approved by the affirmative vote of an authorised representative of each of the Investors and at least one authorised representative of AHEL.

Additional Capital: If the Company decides to make any preferential issue of Equity Shares or other securities then the Investors would, out of the shares or securities to be so issued, have the right to subscribe to such number of additional shares or securities, so as to enable them to maintain their respective shareholdings in the Company. If the Investors fail to subscribe to such additional shares, the Board may, subject to approval in writing of the Investors and AHEL, offer such unsubscribed portion of the additional Equity Shares or securities to any person as it may deem fit on the same terms and conditions that were offered to the Investors and AHEL. It is provided that each Investor shall be entitled to nominate any of its respective affiliates to subscribe to, acquire and /or hold any Equity Shares or securities which such Investor is entitled to subscribe, acquire or hold, if such affiliate agrees in writing to be bound by the terms of this agreement and execute a deed of adherence.

Transfer of shares by Investors: The Investors are entitled to freely transfer any of the Equity Shares held by them to any of their affiliates. The Investors may transfer their rights under the agreement to a third party who acquires 5% of the share capital from such Investor subject to execution of a deed of adherence. It is provided that if any Investor proposes to transfer Equity Shares in excess of 2% of the share capital of the Company held by it to a third party that is not an affiliate of such Investor, then the Investor is required to first offer such Equity Shares to AHEL upon the same terms and conditions. AHEL will have the right to accept such offer within five days from the date of the offer by paying the consideration for the said offered Equity Shares within the offer period.

Transfer of shares by AHEL: AHEL is entitled to freely transfer all or any of the Equity Shares held by it to any of its affiliates provided such an affiliate is also an affiliate of the Company. Such affiliate is required to agree in writing to the terms and conditions under this agreement and execute a deed of adherence thereto. It is provided that if AHEL proposes to transfer Equity Shares in excess of 2% of the share capital of the Company held by it to a third party that is not an affiliate of AHEL then AHEL shall first offer, on the same terms and conditions, such Equity Shares to each Investor in the ratio the number of Equity Shares held by them in the Company. In the event an Investor is unable or unwilling to purchase its share (whether in full or in part) of the Equity Shares offered by AHEL, the other Investor may choose to purchase such Equity Shares, in addition to its portion of the Equity Shares offered by AHEL. The Investors may purchase the Equity Shares either directly or through an affiliate. The Investors would have the right to accept such offer within 30 days of receipt of AHEL's offer in writing at the specified price. If neither Investor accepts the offer within the stipulated time, then AHEL would have the right to transfer such Equity Shares to the proposed transferee within 30 days thereafter provided that such transferee executes a deed of adherence.

Investor's Tag Along Rights: In the event that the Investors receive AHEL's notice to sell its Equity Shares, the Investors may instead of exercising their right to purchase such Equity Shares, send a tag along notice to AHEL requiring it to ensure that the proposed transferee also purchases up to such number of Equity Shares then held by the Investors ("Tag Along Shares") in the same ratio at the same price and on the same terms as mentioned in the AHEL's notice. This clause is only applicable in case of transfer of more than 2% of the share capital of the Company held by AHEL during any period of 12 months. In the event that the Investors deliver a tag along notice to AHEL, AHEL is required to ensure that along with the Equity Shares mentioned in its notice, the proposed transferee also acquires the Tag Along Shares for the same consideration and upon the same terms and conditions. In the event that the proposed transferee is unwilling or unable to acquire all of the Equity Shares then AHEL may elect either to cancel such proposed transfer or, with the consent of the Investors, allocate the maximum number of Equity Shares of the Company which such proposed transferee is willing to purchase among AHEL shares and the Tag Along Shares pro-rata and to complete such transfer in accordance with the revised terms. It is provided that AHEL would not be entitled to transfer any of the shares to any proposed transferee, unless the proposed transferee simultaneously purchases and pays for all the Tag Along Shares or a proportionate number of the Tag Along Shares, as the case may be.

Transfer of Equity Shares by the Company: It is provided that the terms of this agreement shall also apply to each of the Company's subsidiaries (whether existing on the date hereof or incorporated in future), mutatis mutandis and no obligation of any subsidiary of the Company shall be entered into and no decision shall be made and no action shall be taken by or with respect to the subsidiary at any meeting of such subsidiary's shareholders unless such decision, action or resolution is first approved by the board of directors of such subsidiary.

Registration rights: The Company agreed not to issue any American Depository Receipts, Global Depository Receipts or such other similar instruments (the **"**Further Securities**"**), whether against existing Equity Shares or otherwise, to any other person, including existing shareholders of the Company, without offering them to the Investors. At any time after the earlier of four years from the first closing date, which is the third day from the date of the agreement or such other later date as the parties may mutually agree to in writing or six months after the effective date of the Company's initial registration statement, it is provided that the Investors holding more than 50% of the investment shares would have the right (the "Registration Right") to require the Company to use its best efforts to cause registration of the Company's shares or securities in any jurisdiction with any competent authority, as may be required under applicable law in such jurisdiction, provided that the Equity Shares proposed to be transferred by the Investor constitute at least 50% of their investment shares or any lesser number of Equity Shares if the anticipated aggregate offering price would exceed US $ 10,000,000. The Registration Right may be adapted or revised, in such manner as the Investors may require in their sole discretion, solely to meet the requirements of applicable law in such jurisdiction, such that the Registration Right of the Investors is not diminished in any manner. This right of the Investors is available for only two registrations.

Further, it is provided that in the event the Company decides to register the Company's shares or securities in any jurisdiction with any competent authority, the Investors would be entitled to 'piggy-back' registration rights on registration of the Company, provided however, that the Company and its underwriters may, in view of market conditions, pro-rata reduce the number of Equity Shares proposed to be registered by the Investors (subject to a minimum inclusion of 25% of the shares proposed to be registered in case such registration is post the initial public offering).

Liquidation Preference: AHEL agreed to hold all amounts received by it and its affiliates in trust for and on behalf of the Investors and forthwith transfer the same to the Investors until such time that the Investors receive an amount equal to 1.75 times the investment purchase price plus any dividends declared by the Board but remaining unpaid on such shares held by the Investors, less any amounts which may have been received by the Investors as liquidation proceeds from the Company in relation to the Shares held by them.

Put option: If the Investors discover that the Company has committed a fraud or has not complied with any governmental regulation or applicable law which may adversely affect in a material manner the business of the Company or has willfully and fraudulently withheld any material information from the Investors which has prejudicially affected the Investors investment in a material manner or committed any willful breach of any of its representations and warranties, AHEL is required to, at the option of the Investors, within a period of 15 days purchase all the Equity Shares then held by the Investors (**"**Put Option**"**). The Investors are required to notify AHEL of their decision to exercise the Put Option.

Threshold limits: It is provided that if any Investor ceases to hold at least 5% of the equity share capital of the Company (on a fully diluted basis), this agreement shall stand automatically terminated with respect to such

Investors, provided that if the Investors collectively hold at least 8% of the equity share capital of the Company (on a fully diluted basis), this agreement shall continue to subsist with respect to both the Investors. Further, if AHEL ceases to hold at least 8% of the share capital of the Company (on a fully diluted basis) and ceases to have management control of the Company, then this agreement would stand automatically terminated with respect to AHEL.

Share Purchase agreement dated January 1, 2007 between Citadel Research and Solutions Limited ("Acquirer"), Medvarsity, NIIT Limited and the Company

The Company and NIIT Limited collectively held 99.99% of the issued, subscribed and paid up share capital of Medvarsity. The Acquirer agreed to purchase the entire shareholding of Medvarsity held by the Company and NIIT Limited for a cash consideration. The Company agreed to transfer 3,399,930 equity shares held by it in Medvarsity constituting 84.99% of the share capital of Medvarsity for a cash consideration of Rs. 36,549,248 and NIIT Limited agreed to transfer 600,000 equity shares held by it in Medvarsity constituting 15% of the share capital of Medvarsity for a cash consideration of Rs. 6,450,000. The Acquirer is required to pay the consideration on the closing date, which is not later than 30 business days from the date of the agreement.

The Company, NIIT Limited and Medvarsity agreed to terminate the subscription cum shareholders agreement dated February 8, 2001 and cease to have any rights and obligations under the agreement from the effective date i.e., January 1, 2007.

Acquisition agreement dated January 1, 2001 between the Company and Spectra Hospital Services Limited ("Spectra")

Spectra is in the business of marketing of medscope software packages under the brand name "Mednet" and also co-ordinates the clinical trial activities both on domestic and international levels. The Company intends to acquire the entire business operations of such 'Mednet' unit of Spectra. The agreement provides that all the intellectual property along with the intellectual property license for the doctor's desktop software 'medscope' and the brand name 'mednet' shall solely belong to the Company from the date of this agreement.

Details of our Subsidiaries

Apollo Health Street, Inc.

The company was incorporated under the laws of Delaware, United States on December 9, 2002 with its registered office at 15, East North Street, Dover, Kent, Delaware 19901, USA. AHSI has been duly authorized by the relevant Departments of State/ Public Regulation Commissions to transact the business of healthcare services in the states of Florida, Arizona, New Mexico, New York and Utah, United States of America.

The company currently holds 100% of the share capital of AFSI. The business of the company comprises provider services like medical coding, medical transcription, implementation services for software, billing and collection services, data entry, accounts receivable services and other support services.

Shareholding Pattern

AHSL holds the entire 100% of the share capital of the company.

Board of Directors

S. No.	Name	Designation
1.	Mr. RN Singh	President
2.	Mr. Deepak Reddy	Director
3.	Mrs. Vijayalakshmi Reddy	Director
4.	Mrs. P. Sindoori Reddy	Director
5.	Mr. Rahul Reddy	Director
6.	Mrs. Shobana Kamineni	Director
7.	Mr. Shanker Narayan	Director

Financial Results Extracted from the Last Three Fiscal Years Financial Statements

(Rs. In Million)

	Fiscal Year ended	Fiscal Year ended	Fiscal Year ended March

	March 31, 2007*	March 31, 2006	31, 2005
Sales and other Income	-	170.13	122.84
Profit/loss after tax	-	3.23	5.26
Reserves and Surplus	-	9.59	6.36
Equity capital	-	19.32	19.32
Earnings per share*	-	7,827	12,726
Book Value per share*	-	70,006.91	62,180.30

* Face value of USD 1,000 per share

The accounts for the fiscal year 2007 have not been prepared as the company was incorporated under the laws of Delaware, United States and is not required under such law to maintain audited accounts.

Heritage Websolutions Private Limited

The company was incorporated on March 10, 2000 with its registered office at DITP-5B, 5th Floor, Delhi IT Park, Shastri Park, New Delhi 110 053, India. The main objects for which the company was incorporated include to carry on the business of manufacturers, exporters, importers, servicing, consulting, developing, designing, trading, selling, distributing and licensing computer software and hardware of any description, particularly used in or in connection with electronic data processing equipment and computers and providing data processing and consultancy services.

The Company, Heritage Websolutions and certain shareholders of Heritage Websolutions entered into a share purchase agreement dated September 1, 2006 whereby the Company acquired 100% of the equity shares of Heritage Websolutions. For further details please refer to the section titled "History and Corporate Structure - Shareholders and Joint Venture Agreements - Share Purchase Agreement dated September 1, 2006 between the Company, Heritage Websolutions and the Sellers" on page 88.

Shareholding Pattern

S. No.	Name of the Shareholder	No. of Shares	Percentage of Shareholding
1.	The Company	18,704	99.99
2.	Mrs. Sangita Reddy*	3	0.01
	Total	**18,707**	**100.00**

* Holding shares under Section 187C of Companies Act, 1956 on behalf of the Company.

Board of Directors

S. No.	Name	Designation
1.	Mr. Shanker Narayan	Director
2.	Mr. Sanjeev Bajpai	Director

Financial Results extracted from the last three year financial statements

(Rs. In Million except share data)

	Fiscal Year ended March 31, 2007	Fiscal Year ended March 31, 2006	Fiscal Year ended March 31, 2005
Sales and other Income	84.64	37.76	11.87
Profit/loss after tax	21.15	9.68	1.37
Reserves and Surplus	22.85	1.70	1.62
Equity capital	0.19	0.19	0.16
Earnings per share	1,131	517.28	86.41
Book Value per share	1,231	98.55	109.59

Armanti Financial Services, Inc.

The company was incorporated under the laws of Delaware, United States on July 17, 2006 and has its registered office at 2711, Centerville road, Suite 400, Wilmington, County of New Castle, State of Delaware, 19808. The company is an SPV that was incorporated to acquire Armanti Financial and a securities purchase agreement for such acquisition was entered into on dated July 31, 2006 between AFSI, Armanti Financial and three shareholders of Armanti Financial. For further details please refer to the section titled "History and Corporate Structure - Shareholders and Joint Venture Agreements - Securities Purchase Agreement dated July

31, 2006 between AFSI, Armanti Financial, William J. Colgan, Ariel J. Morales and Michael C. Nudo" on page 88.

Further, Zavata Acquisition Corporation was incorporated as a wholly owned subsidiary to the company for the purpose of acquisition of Zavata, Inc. AFSI, AHSI, Zavata Acquisition Corporation, Zavata, Inc. and Mr. Satish Sanan entered into the Zavata Merger Agreement pursuant to which Zavata Acquisition Corporation was merged with Zavata. Inc., which was the sole surviving corporation pursuant to the said merger. For further details on the merger agreement, please refer to the section titled "History and Corporate Structure-Shareholders and Joint Venture Agreements" on page 89.

Shareholding Pattern

The Company indirectly holds the entire 100% of the share capital of AFSI through AHSI.

Board of Directors

S. No.	Name	Designation
1.	Mrs. Sangita Reddy	Director
2.	Mr. Ravendran Krishnasamy	Director
3.	Mr. Tarek Shoeb	Director
4.	Mr. Shanker Narayan	Director
5.	Mr. Divya Sehgal	Director
6.	Mr. Arnab Sen	Director

Financial Results extracted from the last three year financial statements

AFSI was incorporated under the laws of Delaware, United States and is not required under such law to maintain audited accounts.

Armanti Financial Services, LLC

The company was incorporated on December 7, 1998 under the laws of Delaware, United States. The registered office of the company is situated at 2 Broad Street, Bloomfield, New Jersey 07003 and it is engaged in the business of business office outsourcing for hospitals/ health systems including assuming complete charge of front end activities like registrations and pre-authorizations, hospital billing and receivables management.

AFSI, Armanti Financial and certain promoter shareholders of Armanti Financial entered into a securities purchase agreement dated July 31, 2006 whereby AFSI agreed to purchase the entire shareholding of Armanti Financial from its promoter shareholders. For further details please refer to the section titled "History and Corporate Structure - Shareholders and Joint Venture Agreements - Securities Purchase Agreement dated July 31, 2006 between AFSI, Armanti Financial, William J. Colgan, Ariel J. Morales and Michael C. Nudo" on page 88.

Shareholding Pattern

The Company indirectly holds the entire 100% of the share capital of Armanti Financial through AFSI.

Board of Directors

S. No.	Name	Designation
1.	Mrs. Sangita Reddy	Managing Director
2.	Mr. Ravendran Krishnasamy	Director
3.	Mr. Tarek Shoeb	Director

Audited Financial Results for the Last Three Fiscal Years

The company was incorporated under the laws of Delaware, United States and is not required under such law to maintain audited accounts.

Zavata, Inc.

Zavata, Inc. was incorporated under the laws of Delaware, United States as "STI Reincorporation, Inc." on March 7, 2003. The name was subsequently changed to "STI Knowledge, Inc" on December 22, 2003 and thereafter to "Integreo, Inc." on May 23, 2005. Subsequently on December 30, 2005, the name was further changed to "Zavata, Inc."

AFSI, AHSI, Zavata Acquisition Corporation, Zavata, Inc. and Mr. Satish Sanan entered into the Zavata Merger Agreement pursuant to which Zavata Acquisition Corporation was merged with Zavata. Inc., which was the sole surviving corporation pursuant to the said merger. For further details on the merger agreement, please refer to the section titled "History and Corporate Structure- Shareholders and Joint Venture Agreements" on page 88.

The principal office of Zavata, Inc. is situated at 400 Perimeter Center Terrace, Suite 249, Atlanta, Georgia 30346. Zavata, Inc. has been duly authorized by the relevant Departments of State/ Public Regulation Commissions to transact the business of healthcare services in the states of Delaware, New York, Pennsylvania, West Virginia, Texas, California, Georgia and Ohio.

Zavata, Inc. is a provider of blended shore, end-to-end, technology-enabled business process outsourcing services to the healthcare industry in the United States and focuses on serving healthcare providers and payers, including government and private healthcare organizations.

Shareholding Pattern

The Company indirectly holds the 100% equity interest in Zavata, Inc. through AFSI.

Board of Directors

S. No.	Name	Designation
1.	Mr. John Andrew DeVoe	Director
2.	Mr. Arnab Sen	Director
3.	Mr. Divya Sehgal	Director
4.	Mr. Shanker Narayan	Director

Financial Results extracted from the last three year financial statements

The company was incorporated under the laws of Delaware, United States and is not required under such law to maintain audited accounts.

HPS Paradim, Inc.

The company was originally incorporated on December 24, 1996 under the laws of the state of Georgia, United States. On March 17, 2004, the company merged with STI Health, Inc., a Delaware corporation. The certificate of merger dated March 17, 2004 recorded that HPS Paradigm, Inc., a Delaware corporation was the surviving corporation of such merger.

The principal office of HPS Paradigm after the merger is situated at Four Concourse Parkway, Suite 400, Atlanta, Georgia 30328 and it is engaged in the business of health care administration services for self funded employers and healthcare administration BPO services to providers and payers.

Shareholding Pattern

AHSL indirectly holds the 100% equity interest in HPS Paradim, Inc. through Zavata, Inc.

Board of Directors

S. No.	Name	Designation
1.	Mr. John Andrew DeVoe	Director
2.	Mr. Arnab Sen	Director

Financial Results extracted from the last three year financial statements

The company exists under the laws of Delaware, United States and is not required under such law to maintain audited accounts.

Global STI Mauritius Limited

The company was incorporated under the laws of Mauritius on February 23, 2005 with its registered office at C/O International Financial Services Limited, 3rd Floor, Les Cascades, Edith Cavell Street, Port Louis, Mauritius.

The company is registered with the Financial Services Commission, Mauritius as a 'Category I Global Business License' company and is entitled to conduct the relevant business or activity thereto permissible under the laws of Mauritius.

Shareholding Pattern

The Company indirectly holds the 100% equity interest in Global STI Mauritius Limited through Zavata, Inc.

Board of Directors

S. No.	Name	Designation
1.	Mr. Shanker Narayan	Director
2.	Mr. Dev Joory	Director
3.	Mr. Fareed Soorefan	Director

Financial Results extracted from the last three year financial statements

The company was incorporated under the laws of Mauritius and is not required under such law to maintain audited accounts.

Zavata India Private Limited

The company was incorporated on March 15, 2002 as "Symphony Data Private Limited". Its name was changed to "Integreo India Private Limited" on June 13, 2005 and further changed to "Zavata India Private Limited" on March 6, 2006. The registered office of the company was initially situated at 301, Indira Devi Apartments, Plot 126, East Marredpally, Secunderabad, 500 026. On March 27, 2003, the registered office of the company was shifted to Plot 76-A, 2nd Floor, opposite SR Club, Srinagar Colony, Hyderabad 500 073 and subsequently the company further shifted its registered office on July 9, 2003 to 502, Archana Arcade, behind Hotel Ramakrishna, Secunderabad, Andhra Pradesh. On February 10, 2006, the company shifted its registered office to Survey. No. 185 (P), Kondapur Village, Serilingampally Municipality, Ranga Reddy District, Andhra Pradesh 500 133, India.

The company provides off shore delivery services to Zavata, Inc. The main objects of the company include acting as service providers of information technology enabled services, to provide complete software and hardware solutions and technical services for commercial exploitation and to render consultancy and such other services in the fields including information technology, computer sciences and data processing.

Shareholding Pattern

S. No.	Name of the Shareholder	Number of shares	Percentage of Shareholding
1.	Global STI Mauritius Limited	10,099	99.99
2.	Ms. Chemain Sanan*	1	0.01
	Total	**10,100**	**100.00**

* Holding shares under Section 187C of Companies Act, 1956 on behalf of Global STI Mauritius Limited.

Board of Directors

S. No.	Name	Designation
1.	Mr. John Andrew DeVoe	Director
2.	Mr. Shanker Narayan	Director
3.	Mr. Divya Sehgal	Director

Financial Results extracted from the last three year financial statements

(Rs. In Million)

	Fiscal Year ended March 31, 2007	Fiscal Year ended March 31, 2006	Fiscal Year ended March 31, 2005
Sales and other Income	256.26	123.37	81.34
Profit/loss after tax	30.30	10.87	35.75
Reserves and Surplus	108.62	78.32	67.45
Equity capital	0.10	0.10	0.10
Earnings per share	3,000.2	1,076.38	3,568.67
Book Value per share	10,764.92	7,764.71	6,689.95

Symphony Data Corporation

The company was originally incorporated in the state of Delaware, United States as “STI Symphony, Inc.” on February 8, 2005 and subsequently changed its name to “Symphony Data Corporation” on February 1, 2007. The principal office of the company is situated at 615 South DuPont Highway, in the city of Dover, County of Kent, Delaware, United States.

It is engaged in the business of providing BPO services in the healthcare sector, including end to end claims adjudication and provider database cleansing services, to payor entities in the United States (mainly PPOs and third party administrators).

Shareholding Pattern

The Company indirectly holds the 100% equity interest in Symphony Data Corporation through Zavata, Inc.

Board of Directors

S. No.	Name	Designation
1.	Mr. John Andrew DeVoe	Director
2.	Mr. Arnab Sen	Director

Financial Results extracted from the last three year financial statements

The company was incorporated under the laws of Delaware, United States and is not required under such law to maintain audited accounts.

Accordis Holding Corporation

The company was incorporated on August 11, 2005 under the laws of the state of New York, United States. The registered office of the company is situated at 25, Ducan Lane, Skillman, New Jersey 08558, United States. The company was incorporated as an SPV by Zavata, Inc. to acquire Accordis, Inc.

Shareholding Pattern

The Company indirectly holds the 100% equity interest in Accordis Holding Corporation through Zavata, Inc.

Board of Directors

S. No.	Name	Designation
1.	Mr. John Andrew DeVoe	Director
2.	Mr. Arnab Sen	Director

Financial Results extracted from the last three year financial statements

The company was incorporated under the laws of New York, United States and is not required under such law to maintain audited accounts.

Accordis, Inc.

The company was incorporated on December 19, 2002 under the laws of the state of New York, United States. The principal office of Accordis, Inc. is situated at 401 Park Avenue South, New York 10016, United States.

The company has been duly authorized by the relevant Departments of State/ Public Regulation Commissions to transact the business of healthcare services in the states of South Carolina and Georgia as a foreign corporation.

Shareholding Pattern

The Company indirectly holds the 100% equity interest in Accordis, Inc. through Accordis Holding Corporation.

Board of Directors

S. No.	Name	Designation
1.	Mr. John Andrew DeVoe	Director
2.	Mr. Arnab Sen	Director

Financial Results extracted from the last three year financial statements

The company was incorporated under the laws of New York, United States and is not required under such law to maintain audited accounts.

Health Receivables Management, Inc.

The company was originally incorporated on September 18, 1986 as "Quality Standards in Medicine, Inc", under the laws of Delaware, United States. The company was subsequently merged with QSM Acquisition Corp on November 25, 1996 and the certificate of merger dated November 25, 1996 recorded that Quality Standards in Medicine, Inc, a Delaware corporation was the surviving corporation of such merger. Thereafter, the company changed its name to "Health Receivables Management, Inc" on July 16, 1999. The principal office of business was situated at 1209, Orange Street, Wilmington, County of New Castle, Delaware and was changed to 2711, Centerville Road, Suite 400, City of Wilmington, 19808, County of New Castle, Delaware, United States.

The company has been duly authorized by the relevant Departments of State to transact the business of healthcare services in the state of Ohio.

Shareholding Pattern

The company indirectly holds the 100% equity interest in Health Receivables Management, Inc. through Accordis, Inc.

Board of Directors

S. No.	Name	Designation
1.	Mr. John Andrew DeVoe	Director
2.	Mr. Arnab Sen	Director

Financial Results extracted from the last three year financial statements

The company was incorporated under the laws of Delaware, United States and is not required under such law to maintain audited accounts.

STI Processmind, Inc.

The company was incorporated on June 14, 2004 under the laws of Delaware, United States. The registered office of the company is situated at 2711, Centerville Road, Suite 400, City of Wilmington, 19808, County of New Castle, Delaware, United States.

The company does not have any operations.

Shareholding Pattern

The Company indirectly holds the 100% equity interest in STI Processmind, Inc. through Zavata, Inc.

Board of Directors

S. No.	Name	Designation
1.	Mr. John Andrew DeVoe	Director
2.	Mr. Arnab Sen	Director

Financial Results extracted from the last three year financial statements

The company was incorporated under the laws of Delaware, United States and is not required under such law to maintain audited accounts.

OUR MANAGEMENT

Board of Directors

Under our Articles of Association, we are required to have not less than three directors and not more than 12 directors. We currently have 10 directors on our Board.

The following table sets forth details regarding our Board of Directors as on the date of this Draft Red Herring Prospectus:

S. No.	Name, Designation, Father's/Husband's Name, Address and Occupation	Term	DIN Number	Nationality	Age (Years)	Other Directorships
1.	**Dr. Prathap C. Reddy** **Non-Executive Chairman** S/o (Late) Shri A. Raghava Reddy No. 19, Bishop Gardens Raja Annamalaipuram Chennai 600028 India ***Doctor***	Appointed as Chairman for life pursuant to the Articles of Association. Not liable to retire by rotation.	00003654	Indian	75	Indian Companies: 1. AHEL 2. PCR Investments 3. AHIL 4. Apollo Health and Lifestyle Limited 5. AGHL 6. IHRCL 7. Samudra Healthcare 8. IMCL 9. Apollo Sindoori Hotels 10. Apollo DKV Insurance Company Limited 11. Indian Hospitals Corporation Limited 12. Apollo Reach Hospitals Enterprises Limited 13. Western Hospitals Corporation Private Limited 14. Apollo Health Hiway Private Limited 15. Apollo Gleneagles PET-CT Private Limited 16. PPN Power Generating Company Private Limited Foreign Companies: 1. British American Hospitals Enterprise Limited 2. Universal Quality Services, LLC Partnerships: Nil Trusts: 1. Apollo Hospitals Educational & Research Foundation 2. Apollo Telemedicine Networking Foundation (A non-profit company under Section 25 of the Companies Act) 3. Apollo Hospitals

S. No.	Name, Designation, Father's/Husband's Name, Address and Occupation	Term	DIN Number	Nationality	Age (Years)	Other Directorships
						Educational Trust 4. Apollo Hospitals Charitable Trust 5. Apollo Healthcare Foundation 6. Aragonda Apollo Medical and Educational Research Foundation
2.	**Mrs. Sangita Reddy** **Managing Director** W/o Mr. K Vishweshwar Reddy 'Sri Sadan' 8-2-674/B/2/12 Road No. 13 Banjara Hills Hyderabad – 500034 India ***Industrialist***	Re-appointed with effect from April 1, 2006 for a period of five years	00006285	Indian	45	Indian Companies: 1. AHEL 2. PCR Investments 3. Apollo Health and Lifestyle Limited 4. Apollo Mumbai 5. FHPL 6. Apollo Gleneagles PET-CT Private Limited 7. Samudra Healthcare 8. Apollo Clinical Excellence Solutions Limited 9. Apollo Reach Hospitals Enterprises Limited 10. IHRCL 11. Apollo Health Hiway Private Limited Foreign Companies: 1. AFSI 2. Armanti Financial Partnerships: 1. Spectra Clinical Laboratory Trusts: 1. Apollo Telemedicine Networking Foundation (A non-profit company under Section 25 of the Companies Act) 2. Apollo Hospital Educational and Research Foundation 3. Apollo Healthcare Foundation
3.	**Mrs. Shobana Kamineni** **Director (Nominee on behalf of AHEL)** W/o Mr. Anil Kamineni 10-3-316A Masab Tank Hyderabad – 500 028 India ***Industrialist***	Appointed at the EGM dated April 21, 2005 and liable to retire by rotation	00003836	Indian	47	Indian Companies: 1. Apollo DKV Insurance Company Limited 2. PCR Investments 3. Apollo Sindoori Hotels 4. Apollo Mumbai 5. Apollo Health Resources Limited 6. Lifetime Wellness Rx International Limited 7. Apollo Energy

S. No.	Name, Designation, Father's/Husband's Name, Address and Occupation	Term	DIN Number	Nationality	Age (Years)	Other Directorships
						Company Limited 8. KEI-RSOS Maritime Limited 9. Indian Hospitals Corporation Limited 10. Keimed Limited 11. Apollo Lavasa Health Corporation Limited 12. KEI Energy Private Limited 13. Kamineni Builders Private Limited 14. Prime Time Recreations Private Limited 15. Kiddy Concepts Private Limited 16. TRAC India Private Limited 17. KEI Vita Private Limited 18. KEI Rajamahendri Resorts Private Limited 19. KEI-RSOS Petroleum and Energy Private Limited 20. KEI-RSOS Shipping Private Limited 21. Peninsular Tankers Private Limited 22. Apollo Health Hiway Private Limited Foreign Companies: 1. Apollo Hospitals U.K. Limited 2. British American Hospitals Enterprise Limited Partnerships: 1. Spectra Clinical Laboratory 2. Kamineni Builders Trusts: Nil
4.	**Mr. Ravendran Krishnasamy** **Nominee Director on behalf of Maxwell** S/o Mr. N. Krishnasamy 14, Bright Hill Crescent Singapore – 579672 ***Service***	Not liable to retire by rotation	01562919	Singaporean	53	Indian Companies: Nil Foreign Companies: 1. Prime Africa Investment Pte Limited 2. Secureco Holdings Limited 3. Canberra Investments Pte Limited 4. Ramanan 117 Pte Limited 5. Chandram Pte Limited 6. Ramanan Pte Limited

S. No.	Name, Designation, Father's/Husband's Name, Address and Occupation	Term	DIN Number	Nationality	Age (Years)	Other Directorships
						7. Rimm Pte Limited 8. Cecil Investments Pte Limited 9. Dahlia Investments PteLimited 10. V-Sciences Fund Investments Pte Limited 11. Osraam Consulting Pte Limited 12. CTP Holdings Pte Limited Partnerships: Nil Trusts: Nil
5.	**Mr. Tarek Shoeb** **Nominee Director on behalf of Eliza Holdings** s/o Mr. Nabil Shoeb 320, Park Avenue 18th Floor New York NY 10022 USA ***Banker***	Not liable to retire by rotation	01516700	American	39	Indian Companies: 1. Western Hospitals Corporation Private Limited Partnerships: Nil Trusts: Nil
6.	**Mr. NJ Yasaswy** **Independent Director** S/o. Late Mr. N. Venkateswara Rao 90A, Road No#9 Jubilee Hills Hyderabad – 500 033 India ***Chartered Accountant***	Liable to retire by rotation	01508841	Indian	58	Indian Companies: Nil Foreign Companies: Nil Partnerships: Nil Trusts: Nil
7.	**Mr. Nasser Munjee** **Independent Director** S/o Late Mr. Mukhtar Cassamally Munjee Benedict Villa, House No. 471 Saudevado Chorao Island Tiswadi Goa – 403 102 India	Appointed on January 15, 2007 and is not liable to retire by rotation	00010180	Indian	55	Indian Companies: 1. Development Credit Bank Limited 2. ABB Limited 3. Ciba Specialty Chemicals India Limited 4. Cummins India Limited 5. Ambuja Cements Limited 6. HDFC Limited 7. Mahindra and Mahindra Financial Services Limited

S. No.	Name, Designation, Father's/Husband's Name, Address and Occupation	Term	DIN Number	Nationality	Age (Years)	Other Directorships
	Banker					8. Indian Railway Finance Corporation Limited 9. Unichem Laboratories Limited 10. Voltas Limited 11. Bharti AXA Life Insurance Company Limited 12. ITD Cementation India Limited 13. Shipping Corporation of India Limited 14. Tata Chemicals Limited Foreign Companies: Nil Partnerships: Nil Trusts: 1. Muniwar – Abad Charitable Trust
8.	**Mr. R. Ramaraj** **Independent Director** S/o Mr. Rajasekhar Kanakasabhapathy 1-D, Aum Apartments 26, Kothari Road Nungambakkam Chennai – 600 034 India ***Industrialist***	Appointed on February 7, 2007 and is liable to retire by rotation	00090279	Indian	58	Indian Companies: 1. Madura Micro Finance Limited 2. Universal Print Systems Limited 3. Executive and Business Coaching Foundation India Limited 4. SSI Limited 5. TVS Electronics Limited 6. TVSE Servicetec Limited 7. Guruji.com Software Private Limited 8. Congruent Technologies Private Limited 9. PVP Ventures Private Limited 10. Apnaloan.com Private Limited 11. Minglebox Private Limited 12. DSN Private Limited 13. Tutor Vista India Private Limited Foreign Companies: Nil Partnerships:

S. No.	Name, Designation, Father's/Husband's Name, Address and Occupation	Term	DIN Number	Nationality	Age (Years)	Other Directorships
						Nil Trusts: 1. Micro Credit Foundation of India 2. Foundation for Promotion of Sports and Games
9.	**Mr. SH Khan** **Independent Director** S/o Late Sharfuddin Khan 181, Anatariksha Apartments 95/96, Kakasaheb Gadgil Marg Prabhadevi Mumbai – 400 025 India ***Banker***	Appointed as Additional Director in the meeting held on December 7, 2007	00006170	Indian	69	Indian Companies: 1. ITC Limited 2. Bajaj Auto Limited 3. Infrastructure Development Finance Company Limited 4. Great Eastern Energy Corporation Limited 5. Bajaj Allianz Life Insurance Company Limited 6. Bajaj Holdings and Investment Limited 7. Bajaj Finserve Limited Foreign Companies: Nil Partnerships: Nil Trusts: 1. Indian Institute of Management, Indore 2. Bhopal Memorial Hospital Trust 3. Rural Healthcare and Educational Trust
10.	**Mr. Reynold J. Jennings** **Independent Director** S/o Mr. John Bentley Jennings 972, Acworth Due West Road Kennesaw Georgia USA – 30152 ***Healthcare Professional***	Appointed as Additional Director in the meeting held on January 10, 2008	02010056	American	61	Indian Companies: Nil Foreign Companies: Nil Partnerships: Nil Trusts: Nil

Brief Biographies of our Directors

Dr. Prathap C. Reddy is the Non-Executive Chairman of our Company and has been guiding the Company as its Promoter since its incorporation. He is a professionally qualified cardiologist with international experience and holds the FCCP and FICA degrees apart from an MBBS degree from the Stanley Medical College in

Chennai. He completed his fellowship from the Massachusetts General Hospital, Boston whereafter he worked at the Missouri State Chest Hospital. Dr. Reddy has presented papers at medical conventions at the United States and has been actively involved in reforms and development of the private healthcare sector in India.

Dr. Reddy received the Padma Bhushan award from the GoI in February 1991 for his contribution to the Indian healthcare industry and was presented with the Sir Neel Ratan Sarkar Award for medical excellence in June 1998. He was also nominated by Business India as one of the Top Fifty personalities who have made a difference to the country in the fifty years since its Independence. The Royal College of Surgeons of Edinburgh has conferred the Award of Fellowship Ad Hominem and he was also awarded with the Asia-Pacific Bio-Business Leadership Award 2005 by the University of Southern California's Marshall School of Business.

Mrs. Sangita Reddy is the Managing Director of the Company and has been a Promoter of the Company since its incorporation. As the Managing Director of the Company, she is in-charge of the day-to-day affairs, management and business of the Company. She graduated from the Women's Christian College, Chennai with a B.Sc (Hons) Bachelor's degree in Science and undertook post-graduate and executive courses in hospital administration from the Rutgers University, New Jersey and from the Harvard University, Massachusetts, United States of America and the National Singapore University, Singapore. She has also completed a course in Financial Management from the Institute of Financial Management and Research. Mrs. Reddy received the "Young Manager of the Year 1998" Award from the Hyderabad Management Association and was awarded the "Top Woman Entrepreneur in the Information and Communication Technology Sector" by the Government of Andhra Pradesh in 2005-06.

Mrs. Shobana Kamineni is a nominee Director on behalf of AHEL. She holds a Bachelor's degree in Economics and around 23 years of experience in the healthcare industry, largely in the sphere of project management, which includes the establishment of large projects by the Apollo Group. She is the Chairperson of the CII National Committee on Entrepreneurship and the CII (Southern Region) Social Development Sub-Committee and is currently actively involved in the development of pharmaceutical retailing, supply chain management, clinical trials and the Apollo Group's foray into health insurance. Mrs. Kamineni has also served on the recent National Games Marketing Committee. She is also involved in social development for women and the revival of handicrafts and serves on the Young Lives – Save the Children, United Kingdom that is a part of Centre for Economics and Social Studies.

Mr. Ravendran Krishnasamy is a nominee Director on behalf of Maxwell. He graduated with a Bachelor's degree in Accountancy from the University of Singapore and is a Fellow of the Public Accountants of Singapore. He is currently an advisory director in Temasek Holdings Singapore. Previously, he was the Investment Director in Temasek Holdings Singapore and was responsible for Temasek's direct investments in India. His previous employments include Arthur Young & Co in Singapore (in their audit practice), the Singapore Mass Rapid Transit Authority as a Finance Manager and the Regional Financial Controller of the Minneapolis-based Cargill Inc's operations in Asia Pacific region.

Mr. Tarek Shoeb is a nominee Director on behalf of Eliza Holdings. He has obtained a Bachelor's degree in Arts from the American University in Cairo and an MBA from the Harvard Business School. He is a partner in One Equity Partners and prior to joining them in 2002, his previous employments included Doughty Hanson & Co., a global leveraged-buyout fund, Goldman Sachs & Co and Asea Brown Boveri.

Mr. NJ Yasaswy, an independent Director on our Board, obtained a Bachelor's degree in Commerce from the Andhra University. He is a chartered accountant and has also obtained the ICWA qualification. He was the recipient of Basu Foundation Award for the Best Student of the Year from the Institute of Cost and Works Accountants of India in 1972 and the Institute of Chartered Accountants of India in 1973. Prior to starting his own consultancy firm titled Yasaswy Management Associates (P) Limited in 1981, Mr. Yasaswy was associated with the Administrative Staff College of India as a faculty member, the Board of Studies of Nagarjuna University and was a visiting faculty member at Indian Institute of Management, Ahmedabad. He was nominated as a member of the SEBI Committee on Accounting Standards. He also acted as the Chairman of the Andhra Pradesh State Trading Corporation and the Vice-Chairman of the Public Enterprises Management Board. He is a founder-member and Governor of the Institute of Chartered Financial Analysts of India (ICFAI) and the ICFAI University. He has authored books on finance and investments.

Mr. Nasser Munjee, an independent Director on our Board, holds a Bachelor's degree in Economics from the University of Chicago, USA and a Master's degree in Economics from the London School of Economics, Great Britain. He is also the chairman of Development Credit Bank Limited. His previous employments include

Infrastructure Development Finance Company Limited as the Managing Director and chief executive officer and the housing Development Finance Corporation as an executive director. Mr. Munjee is a technical advisor on the World Bank – Public Private Partnership Advisory Fund, member of the Board of Emerging Markets of South Asia Fund and an advisor to Primary (Quantum) Real Estate Fund. He is a member of the Goa Planning Board and is also on the managing committees of the Bombay Chamber of Commerce and Industry and the Confederation of Indian Industry, Western Region.

Mr. R. Ramaraj, an independent Director on our Board, obtained a Bachelor's Degree in Technology in Chemical Engineering from the University of Madras and obtained a Master's degree in Business Administration from the Indian Institute of Management, Calcutta. He began his career in sales and marketing and established a retail outlet for computers called Computer Point in 1984. His previous engagements include Microland Limited as the founder director, Sterling Cellular as a director and Sify Limited as the Chief Executive Officer. He is currently associated as a venture partner/mentor with Sequoia Capital on a part time basis and is also a member of the global board of trustees of The Indus Entrepreneurs. He was recognized as the 'Evangelist of the Year' at the India Internet World Convention in September 2000 and was also voted the IT Person of the Year 2000 by a 2001 CNET.com poll in India.

Mr. SH Khan, an independent Director on our Board, holds a Master's Degree in Commerce. He also is an alumnus of International Management Development Institute, Lausanne. Mr. Khan started his professional career with the RBI, which he served for over 5 years in the Department of Banking Operations and Development. Thereafter, he moved to the Industrial Development Bank of India (IDBI) where he worked for over three decades in various capacities, including as its chairman and managing director for about five years. While in IDBI, he served on the boards of companies/ institutions including Unit Trust of India, Life Insurance Corporation of India, General Insurance Corporation of India, IFCI, EXIM Bank of India, Indian Airlines and Air India. He was also involved in the promotion and served as chairman of NSE, NSDL, Credit Analysis and Research and IDBI Bank. Currently, Mr. Khan serves as an independent director on the boards of companies including ITC Limited, Bajaj Auto Limited and Infrastructure Development Company Limited. He is also a member of the Governing Board of Indian Institute of Management, Indore and Bhopal Memorial Hospital Trust.

Mr. Reynold J. Jennings, an independent Director on our Board, holds a Master of Science degree in Business Administration from the University of South Carolina at Columbia, USA and a Bachelor of Science degree in Pharmacy from the University of Georgia in Athens, USA. Mr. Jennings began his healthcare career in 1972 at Hamilton Medical Centre in Dalton, Georgia, USA as a pharmacist. From 1983 to 1991, he served as the Chief Executive Officer of acute care hospitals including Doctors Memorial Hospital in Atlanta, USA and Palms of Pasadena Hospital, Florida, USA. He also founded Talentum Alliance LLC, USA - a hospital executive mentoring and training company. His previous employments include Tenet Healthcare Corporation as Vice Chairman, National Medical Enterprises, Senior Vice President and Ramsay Health Care, Inc. as a Senior Executive. Mr. Jennings is a Lifetime Fellow of the American College of Healthcare Executive and an ex-board member of the American Federation of Hospitals.

Borrowing Powers of the Board

Our Articles, subject to the provisions of the Act authorise our Board, to raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company. Our Members, have pursuant to a resolution passed at the EGM dated August 13, 2007 authorised our Board to borrow monies together with monies already borrowed by us, in excess of the aggregate of the paid up capital of the Company and its free reserves, not exceeding Rs. 20,000 million at any time.

Corporate Governance

The provisions of the Listing Agreement to be entered into with the Stock Exchanges with respect to corporate governance will be applicable to us immediately upon the listing of our Equity Shares with the Stock Exchanges. We have complied with the corporate governance code in accordance with Clause 49 (as applicable), especially in relation to broad basing of our board, constitution of Committees and the appointment of independent Directors. The Company undertakes to take all necessary steps to comply with all the requirements of Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges.

Currently our board has 10 Directors, of which the Chairman of the Board is a non-executive Director, and in compliance with the requirements of Clause 49 of the Listing Agreement, we have one executive Director, three non-executive Directors and five independent directors on our Board.

Audit Committee

The Audit Committee was initially constituted by our Directors at their Board meeting held on February 7, 2007. However, on January 10, 2008, the Audit Committee was reconstituted to comprise of Mr. SH Khan (chairman), Mr. Nasser Munjee, Mr. NJ Yasaswy and Mr. Tarek Shoeb. The terms of reference of the committee include overseeing the Company's financial reporting process and the disclosure of its financial information and regular review of its accounts and accounting policies. Further, the committee is required to review the annual financial statements before submission to the Board for its approval. The scope of the Audit Committee was enhanced on January 10, 2008 to include the monitoring of Issue proceeds and making appropriate recommendations to the Board.

Investor Grievance Committee

The Investor Grievance Committee was constituted by our Directors at their Board meeting held on February 7, 2007. The Investor Grievance Committee consists of Mrs. Shobana Kamineni (chairperson), Mrs. Sangita Reddy and Mr.Ravendran Krishnasamy. The committee is responsible for investor relations and redressal of shareholder grievances in general and for the functions related to share transfer.

Compensation and Remuneration Committee

The Compensation and Remuneration Committee was constituted by our Directors at their Board meeting held on February 7, 2007. The committee consists of Mr. NJ Yasaswy (chairman), Mr. Nasser Munjee and Mr. R. Ramaraj. The role of the committee includes framing policies and systems to ensure that there is no violation by the Company or its employee of applicable law, in India or overseas, determining the Company's policy on remuneration packages for executive Directors, including pension rights and any compensation payments and performing the of the compensation committee, as stipulated under the SEBI (Employee Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999.

IPO Committee

The IPO Committee was originally constituted by our Directors pursuant to their meeting held on February 7, 2007 to carry out various actions in relation to the Issue. The committee was reconstituted on January 10, 2008 and comprises of Mr. SH Khan (chairman), Mrs. Sangita Reddy, Mr. Tarek Shoeb, Mr. Ravendran Krishnasamy and Mr. Nasser Munjee. The permanent invitees to the committee comprise Mrs. Suneeta Reddy (Executive Director, AHEL), Mr. John Andrew DeVoe (President and CEO – Company and its Subsidiaries), Mr. K. Padmanabhan (President, AHEL), Mr. Divya Sehgal, Chief Operating Officer and Mr. Shanker Narayan, Chief Financial Officer.

Shareholding of our Directors in the Company

S.No.	Name of the Shareholder	No. of Equity Shares	Pre-Issue Percentage Shareholding	Post-Issue Percentage Shareholding
1.	Dr. Prathap C. Reddy	786,870	3.15	2.50
2.	Mrs. Sangita Reddy	1,030,352	4.12	3.27
3.	Mrs. Shobana Kamineni	50,010	0.20	0.16
4.	Mr. NJ Yasaswy	50,000	0.20	0.16
5.	Mr. Ravendran Krishnasamy	50,000	0.20	0.16
6.	Mr. R. Ramaraj	50,000	0.20	0.16
7.	Mr. Nasser Munjee	5,000	0.02	0.02
	Total	**2,022,232**	**8.09**	**6.42**

Interests of Directors

All of our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association, and to the extent of remuneration paid to them for services rendered as an officer or employee of our Company.

Our Directors may also be regarded as interested in the Equity Shares, if any, held by them or that may be subscribed by or allotted to the companies, firms, trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Issue. All of our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. Mrs. Sangita Reddy is entitled to receive remuneration from us.

Except as stated in the section titled "Related Party Transactions" on page 184, and to the extent of shareholding in our Company, our Directors do not have any other interest in our business. Further, please refer to the section titled "Our Promoter – Interests of Promoters and Common Pursuits" on page 119.

Our Directors and Promoters have no interest in any property acquired by our Company within two years of the date of this Draft Red Herring Prospectus.

Our Articles provide that our Directors and officers shall be indemnified against any liability and it shall be the duty of Directors to pay out of the funds of the Company, all costs and losses and expenses (including traveling expenses) which any such Director or officer may incur or become liable to by reason of any contract entered into or act or deed done by them or in any way in the discharge of their duties as such Director or officer of the Company.

Further, Directors who are whole-time employees of the Company are also entitled to the grant of options underlying our Equity Shares in accordance with our ESOPs. For further details, please refer to Note 21 to the section titled "Capital Structure – Notes to Capital Structure" on page 38.

Guarantees given by our Promoters

Our Promoters have not given any personal guarantees in relation to any of the debt obligations of our Company.

Remuneration of our Executive Directors

Mrs. Sangita Reddy, Managing Director

Mrs. Sangita Reddy was appointed as Managing Director of our Company for a period of 5 years with effect from April 1, 2006. The terms of employment and remuneration include the following:

Particulars	Remuneration
Basic Salary	Rs. 600,000 per month
Perquisites	Company's contribution to provision fund, superannuation fund or annuity fund, gratuity, leave with full pay (encashment of leave at the end of the tenure is permitted), 1% commission on the net profits of the Company.
Accommodation	Nil

Through letter (no.12/490/2007-CL.VII) dated August 6, 2007 by Director, Ministry of Corporate Affairs, GoI, approval was granted under section 310, 198(4) and 309(3) of the Companies Act for payment of increased remuneration to Mrs. Sangita Reddy, Managing Director for the period from January 25, 2007 to March 31, 2011.

Payment or benefit to directors/ officers of our Company

Except as stated in this section titled "Our Management" beginning on page 101, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our officers except the normal remuneration for services rendered as Directors, officers or employees.

Apart from the remuneration of certain of our Directors as stipulated in the section titled "Our Management – Remuneration of Our Executive Directors" on page 110 above, our Directors are entitled to be paid a sitting fee up to the limits prescribed by the Companies Act and the rules made thereunder and actual travel, boarding and lodging expenses for attending the Board or committee meetings. They may also be paid commissions and any other amounts as may be decided by the Board in accordance with the provisions of the Articles, the Companies Act and any other applicable Indian laws and regulations.

Except as indicated above, each Director is eligible for sitting fees of Rs. 20,000 for each Board meeting that he/she attends and for each meeting of a committee of the Board.

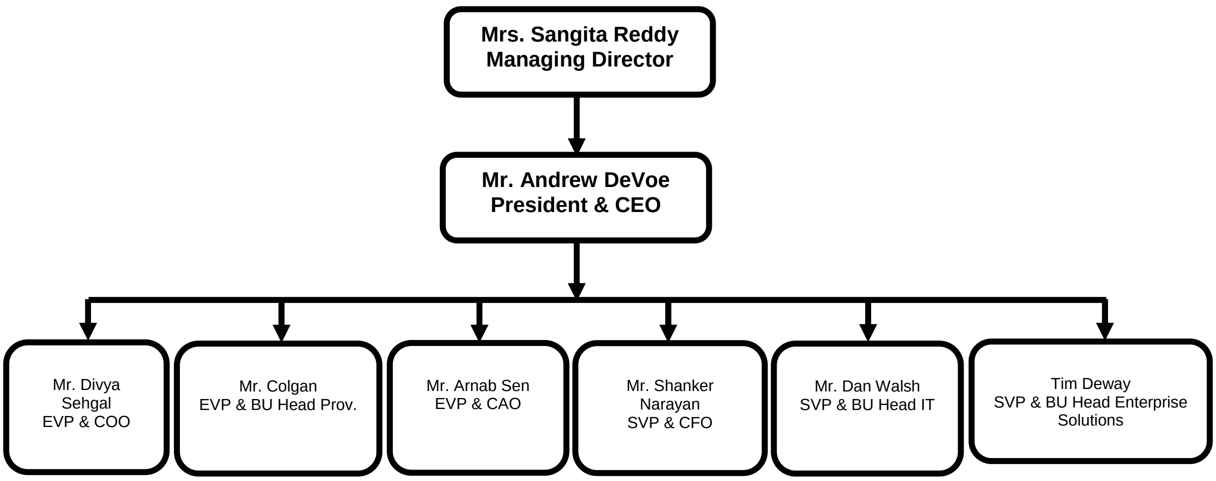
Further, no benefits are payable upon the termination of the services of a Director.

Changes in Our Board of Directors during the Last Three Years

Name	Date of Appointment	Date of Cessation	Reason
Mrs. Suneeta Reddy	February 25, 2000	April 19, 2005	Resignation
Mr. Ramesh Vangal	May 26, 2000	October 10, 2003	Resignation
Mrs. Sangita Reddy	August 14, 2000	June 8, 2005*	End of term
	June 8, 2005	March 31, 2006	End of term
	April 17, 2006	-	-
Mr. Ratan Kumar Jalan	March 2, 2001	April 19, 2005	Resignation
Mr. Amit Burman	December 8, 2001	June 30, 2006	Resignation
Mr. James V. Abraham	March 29, 2002	April 19, 2005	Resignation
Mrs. Preetha Reddy	June 20, 2003	April 19, 2005	Resignation
Mrs. Shobana Kamineni	April 19, 2005	-	-
Mr. Ravendran Krishnasamy	April 19, 2005	-	-
Mr. Tarek Shoeb	April 19, 2005	-	-
Mr. Nasser Munjee	January 15, 2007	-	-
Mr. R. Ramaraj	February 7, 2007	-	-
Mr. John Andrew DeVoe	May 4, 2007	November 23, 2007	Resignation
Mr. SH Khan	December 7, 2007	-	-
Mr. Reynold J. Jennings	January 10, 2008	-	-

* Mrs. Sangita Reddy was appointed on August 14, 2000 for a term of five years. However, at the meeting of the Board held on June 8, 2005, her term was extended till March 31, 2006.

Managerial Organizational Structure



[REMAINDER OF THE PAGE INTENTIONALLY LEFT BLANK]

Key Managerial Personnel

Key Managerial Personnel of the Company

The details regarding our key managerial personnel are as follows:

Mr. Divya Sehgal, aged 35 years, is the Chief Operating Officer of the Company and joined us on November 15, 2001. He oversees the operations across the US and India and also heads our Payer and Physician Strategic Business Unit. He holds an MBA from the Indian Institute of Management, Bangalore and an engineering degree from Indian Institute of Technology, Delhi. His previous employments include management consulting for three years at McKinsey and investment banking at ANZ Investment Bank. He was involved in restructuring businesses, advising on acquisitions, formulating entry strategies and designing portfolio strategies. In the course of his employment with McKinsey, he has done substantial work in the healthcare industry. Mr. Sehgal co-founded Emedlife, a healthcare services company focused on providing third party administrative services, which was acquired by us in November 2001. For the fiscal year ended March 31, 2007, the total remuneration (including perquisites but excluding value of stock options) that he received was Rs. 8,668,865.

Mr. Shanker Narayan, aged 42 years, is the Chief Financial Officer of the Company and joined us on November 23, 2005. His responsibilities include sourcing funding, business due diligence, investment decisions coupled with financial and commercial management, billing and collection and administration management. He is a chartered accountant and was ranked 26th at the All India level Chartered Accountant Final Exam conducted by the Institute of Chartered Accountants of India. Prior to joining the Company, Shanker was employed in the telecom, fast-moving-consumer-goods and venture capital businesses. His work experience of 14 years has been in various companies including Bharti Cellular, Hutchison Telecom, Spice Communication, McDowell & Co Limited and Larsen & Turbo. For the fiscal year ended March 31, 2007, the total remuneration (including perquisites but excluding value of stock options) that he received was Rs. 5,448,884.

All our key managerial personnel are permanent employees of our Company and none of our Directors and our key managerial personnel are related to each other.

Key Managerial Personnel of AHSI

Mr. John Andrew DeVoe, aged 41 years, is our Chief Executive Officer and President and he joined us on July 1, 2007. Mr. DeVoe's focus is on enhancing brand equity and accelerating our growth to match the vision of becoming one of the largest and fully integrated healthcare BPO Company in the world. He holds a bachelor's degree in Finance from Belmont College, Nashville, Tennessee, United States. He has over two decades of experience in the healthcare sector. Prior to this appointment, Mr. DeVoe was the Senior Vice President and Chief Financial Officer for the University of Pennsylvania Health System and his previous employments include Tenet Healthcare Corporation, Health Management Association, Inc. Naples, Florida and Hospital Corporation of America, Nashville, Tennessee.

Mr. Arnab Sen, aged 35 years is our Chief Administrative Officer and joined us on October 1, 2004. He is responsible for our mergers and acquisitions initiatives and also oversees our corporate initiatives. He holds an MBA from the Indian Institute of Management, Calcutta and an engineering degree from Indian Institute of Technology, Delhi. His previous employments include three years with McKinsey, India where he was involved in formulating turnaround strategy, identification of greenfield ventures and acquisition-led-diversification opportunities for Indian corporations. Subsequent to his work at McKinsey, Mr. Sen co-founded Emedlife, a healthcare services company focused on providing third party administrative services. Pursuant to our acquisition of Emedlife in November 2001, Arnab has been with us. In 2004, Business Today profiled Mr. Sen as one of the 'Top 25 Hottest Young Executives in India'.

Mr. Dan Walsh, aged 55, is the Senior Vice President for Information Technology Solutions and joined us on October 29, 2007. He is responsible for the strategic direction, business development and execution of our Information Technology service offerings. His educational qualifications include a Master of Business Administration (MBA) with emphasis in Management Information Systems from LaSalle College and a Bachelor of Science in Accounting from Widener University. He has more than 30 years experience in the healthcare sector and his previous employments include ACS Healthcare Solutions, Superior Consultant Company, Tenet Healthcare Corp, Allegheny Health, Education and Research Foundation, Mercy Health Corporation and Shared Medical Systems.

Key Managerial Personnel of Armanti Financial

Mr. William J. Colgan, aged 45 years, heads our Armanti business initiative. He has been with us since our acquisition of Armanti Financial in August 2006. He graduated in Bio-medical engineering and in Computer Sciences from Rutgers University, New Jersey. In 1992, he started his own software development company (called Medlink) that specialized in development and deployment of Electronic Medical Records. Armanti Financial even today continues to use the Medlink software for providing Accounts Receivable services to its clients. In 1996, he joined National Data Corp (NDC) as an Executive Vice President. NDC provided Accounts Receivable management services specializing in Physician and Hospital billing, collections and Practice Management. In 1998, he left NDC to set up Armanti Financial.

Key Managerial Personnel of Zavata, Inc.

Mr. Tim Deway, aged about 39 years, heads our Strategic Support Solutions Strategic Business Unit. He has been with us since our acquisition of Zavata, Inc. in August 2007 and had previously been with Zavata, Inc. for eight years . He graduated with a Bachelor of Science in Pre-law from the University of New Haven in West Haven, Connecticut in 1991. He has an experience of around 15 years and prior to joining us, he was Operations Manager at CHS, Inc. in Georgia, and was Operations Director for Connecticut-based Central Communications.

Shareholding of the Key Managerial Personnel

Other than as disclosed below, none of the key managerial personnel hold Equity Shares in the Company.

S. No	Name of Key Managerial Person	Number of shares	Pre-Issue Percentage Shareholding	Post-Issue Percentage Shareholding
1	Mr. John Andrew DeVoe	85,000	0.34	0.27
2.	Mr. Divya Sehgal	66,405	0.27	0.21
3.	Mr. Arnab Sen	63,205	0.25	0.20
	Total	**214,610**	**0.86**	0.68

Bonus or profit sharing plan of the Key Managerial Personnel

There is no bonus or profit sharing plan for our Key Managerial Personnel.

Interest of Key Managerial Personnel

The key managerial personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business and to the extent of Equity Shares held by them in the Company. Certain of our Key Managerial Personnel have been issued options convertible into our Equity Shares under our ESOPs and for further details please see Note 21 to the section titled "Capital Structure – Notes to Capital Structure" on page 38.

None of our key managerial personnel have been paid any consideration of any nature from the Company, other than their remuneration.

Changes in the Key Managerial Personnel

The changes in the key managerial personnel in the last three years are as follows:

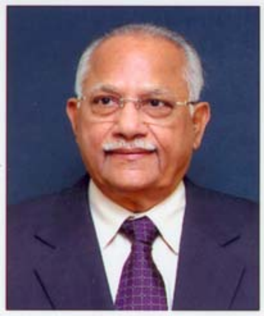
Name of the Key Managerial Person	Date of Joining	Date of Leaving	Reason for change
Dr. Vikram JS Chhatwal	April 1, 2000	August 29, 2005	Resignation

Employee Stock Option Scheme

We have instituted certain stock option plans for our employees including the Directors of the Company and employees of our Subsidiaries in India or abroad and for further details, please refer to Note 21 to the section titled "Capital Structure – Notes to Capital Structure" on page 38.

OUR PROMOTERS

Individuals

	**Dr. Prathap C. Reddy** Passport number: F2145806 He does not possess a voter's ID or a driving license. For more details, refer to section titled "Our Management – Brief Biographies of our Directors" on page 106.
	**Mrs. Sangita Reddy** Passport number: Z1462711 She does not possess a voter's ID or a driving license. For more details, refer to section titled "Our Management – Brief Biographies of our Directors" on page 107.

Dr. Prathap C. Reddy is the father of Mrs. Sangita Reddy. For further details, please refer to the section titled "Our Promoters- Promoter Group – Individuals" on page 120.

We confirm that the Permanent Account Numbers, Bank Account Numbers and Passport Numbers of our Promoters have been submitted to the BSE and NSE at the time of filing this Draft Red Herring Prospectus with them.

For further details of the shareholding of these individuals in the Company, please refer to notes 2, 3 and 4 to the sections titled "Capital Structure – Notes to Capital Structure" on pages 34, 35 and 36, respectively.

The aforesaid individual Promoters also hold shares in some of the other group companies as detailed in the sections titled "Our Promoters – Promoter Group" beginning on page 120.

Bodies Corporate

Apollo Hospitals Enterprise Limited

Corporate Information

Apollo Hospitals Enterprise Limited was founded by Dr. Prathap C. Reddy under the Companies Act on December 5, 1979 and received the certificate for commencement of business on December 27, 1979. The company is headquartered in Chennai with its registered office at 19 Bishop Gardens, Raja Annamalaipuram, Chennai 600 028, Tamil Nadu, India.

AHEL is one of the largest integrated healthcare companies in the private sector in India and operates one of the largest hospital networks in Asia with 35 hospitals, 40 clinics and more than 400 pharmacy outlets and presently employs a workforce of approximately 16,000 people, including about 4,000 physicians. AHEL's key line of business is the provision of healthcare services (from out-patient services to tertiary care services) through the operation of secondary care as well as specialty hospitals and its other significant business operations include the operation of retail pharmacies and the provision of clinical and diagnostic services through Apollo Health and Lifestyle Limited, its wholly owned subsidiary.

In the engagement of such business, AHEL also obtains certain support services including medical business process outsourcing, telemedicine services, education and training programmes and research services, through its subsidiaries/ associates. AHEL has five wholly owned subsidiaries namely, Apollo Health and Lifestyle Limited, Unique Home Healthcare Limited, AB Medical Centres Limited, Samudra Healthcare and Apollo

Hospitals (UK) Limited. Further, AHEL also holds 51% of the paid up and issued capital of IHRCL. AHEL holds 50% of the paid up and issued capital of the following joint venture companies: Apollo Hospitals International Limited, Apollo Gleneagles Hospital Limited, and Apollo Gleneagles PET-CT Private Limited. Further the following companies are the associate companies of AHEL, namely, IMCL (of whose paid up and issued capital, AHEL holds 18.25%), FHPL (of whose paid up and issued capital, AHEL holds 49.00%) and the Company (of whose paid up and issued capital, AHEL holds 46.43%).

AHEL made an initial public offer of 1,700,000 equity shares at a price of Rs. 10 aggregating Rs. 170,00,000 each in the year 1982 and its shares were listed on the BSE and the Madras Stock Exchange in 1983 and on NSE in 1996. The said issue closed in December 1982 and the dispatch of the share certificates was completed in June 1983. The proceeds of the said issue were applied for the objects of the issue as was disclosed in the prospectus for the said issue, i.e. for setting up hospitals, and there were no deviations from the objects for which the issue proceeds were utilized. The said project was made operational on February 1, 1984.

AHEL further issued 9,000,000 Global Depository Receipts ("GDRs") (including a green shoe option of 650,000 GDRS) at US$ 7.80 per GDR in July 2005 with each GDR representing one underlying equity share of AHEL. The said issue for the GDRs closed on July 7, 2005 and the dispatch of the security certificates was completed on July 25, 2005. The GDRs are listed on the Luxembourg Stock Exchange and traded on the Portal Market of NASDAQ and the International Order Book of the London Stock Exchange.

The proceeds of the GDR issue were applied for the objects of the GDR issue as was disclosed in the offering circular for the said issue, i.e. essentially towards expansion activities with any remaining proceeds for working capital and general corporate purposes, and there were no deviations from the objects for which the issue proceeds were utilized.

The following are the details of the utilization of proceeds with respect to the said GDR issue:

(Rs. In Million)

Details of Utilization of Proceeds of Global Depository Receipts (GDR) and Preferential Issues up to March 31, 2007		
Amount received through GDR and Preferential Issues		**3,441.35**
Details of Utilization		
1.	Issue Expenses	107.10
2.	Equity Investment in Associate Companies, Subsidiaries and Joint Ventures	748.00
3.	Repayment of high cost debt	620.40
4.	Purchase of Fixed Assets	721.00
5.	Working Capital	229.35
6.	Pharmacy Expansion	96.00
	Total Amount Utilized	**2,521.85**
	Balance amount parked in Mutual Fund Schemes	**919.50**

On October 6, 2007, the EGM of the shareholders of AHEL resolved a preferential issue of 7,047,119 equity shares at a price of Rs. 605.07 per equity shares (including a premium of Rs. 595.07 per equity share) to Apax Mauritius (FVCI) Limited and/or Apax Mauritius FDI One Limited. The said equity shares were allotted to Apax Mauritius FDI One Limited. Further, the said EGM also resolved further preferential issue of 1,549,157 warrants convertible into equity shares at a price of Rs. 497.69 per warrant (including a premium of Rs. 487.69 per warrant) to Dr. Prathap C. Reddy.

Shareholding Pattern as of December 31, 2007

The shareholding pattern of equity shares of the company is as follows:

Category of Shareholder	**No. of Shareholders**	**Total no. of Shares**	**Total no. of Shares held in Dematerialized Form**	**Total Shareholding as a % of Total no. of Shares**	
				As a % of (A+B)	**As a % of (A+B+C)**
(A) Shareholding of Promoter and Promoter Group					
(1) Indian					
Individuals / Hindu Undivided Family	32	8,498,398	6,792,125	15.79	14.48

Category of Shareholder	No. of Shareholders	Total no. of Shares	Total no. of Shares held in Dematerialized Form	Total Shareholding as a % of Total no. of Shares	
				As a % of (A+B)	As a % of (A+B+C)
Bodies Corporate	4	7,620,433	7,604,833	14.16	12.99
Sub Total	**36**	**16,118,831**	**14,396,958**	**29.95**	**27.47**
(2) Foreign					
Total shareholding of Promoter and Promoter Group (A)	**36**	**16,118,831**	**1,4396,958**	**29.95**	**27.47**
(B) Public Shareholding					
(1) Institutions					
Mutual Funds / UTI	7	398,284	397,284	0.74	0.68
Financial Institutions / Banks	13	98,257	96,309	0.18	0.17
Central Government / State Government(s)	1	161,854	161,854	0.3	0.28
Insurance Companies	3	222,630	222,630	0.41	0.38
Foreign Institutional Investors	56	1,678,5478	16,785,478	31.19	28.6
Sub Total	**80**	**17,666,503**	**17,663,555**	**32.82**	**30.1**
(2) Non-Institutions					
Bodies Corporate	648	600,896	578,944	1.12	1.02
Individuals					
Individual shareholders holding nominal share capital up to Rs. 1 Lakh	26,816	4,336,869	2,405,867	8.06	7.39
Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	11	210,727	140,402	0.39	0.36
Any Others (Specify)	-	-	-	-	-
Trusts	19	590,49	194	0.11	0.1
Directors and their Relatives and Friends	10	61,103	61,053	0.11	0.1
Market Maker	12	1,495	1,495	-	-
Non Resident Indians	914	1,167,338	283,702	2.17	1.99
Overseas Corporate Bodies	3	144,771	129,339	0.27	0.25
Clearing Members	83	17,784	17,784	0.03	0.03
Hindu Undivided Families	256	95,407	95,407	0.18	0.16
Foreign Corporate Bodies	8	13,343,619	13,343,619	24.79	22.74
Sub Total	**28,780**	**20,039,058**	**17,057,806**	**37.23**	**34.15**
Total Public shareholding (B)	**28,860**	**37,705,561**	**34,721,361**	**70.05**	**64.25**
Total (A)+(B)	**28,896**	**53,824,392**	**49,118,319**	**100**	**91.72**

Category of Shareholder	No. of Shareholders	Total no. of Shares	Total no. of Shares held in Dematerialized Form	Total Shareholding as a % of Total no. of Shares	
				As a % of (A+B)	As a % of (A+B+C)
(C) Shares held by Custodians and against which Depository Receipts have been issued	**1**	**4,861,310**	**4,861,310**	**-**	**8.28**
Total (A)+(B)+(C)	**28,897**	**58,685,702**	**53,979,629**	**-**	**100**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Dr. Prathap C. Reddy	Executive Chairman
2.	Mrs. Preetha Reddy	Managing Director
3.	Mrs. Suneeta Reddy	Executive Director- Finance
4.	Mrs. Sangita Reddy	Executive Director- Operations
5.	Mr. P. Obul Reddy	Non - Executive Director
6.	Mr. N. Vaghul	Independent Director
7.	Mr. TK Balaji	Independent Director
8.	Mr. Rajkumar Menon	Independent Director
9.	Mr. Rafeeque Ahamed	Independent Director
10.	Mr. Habibullah Badsha	Independent Director
11.	Mr. Deepak Vaidya	Independent Director
12.	Mr. Steven J. Thompson	Independent Director
13.	Mr. Khairil Anuar Abdullah	Independent Director
14.	Mr. G. Venkataraman	Independent Director
15.	Mr. Neeraj Bharadwaj	Nominee Director – Apax Mauritius FDI One Limited
16.	Mr. Sandeep Naik	Alternate Director to Mr. Steven J. Thompson
17.	Dr. Mohan Chellappa	Alternate Director to Mr. Steven J. Thompson

Audited Financial Results for the Last Three Years

(Rs. In Million except share data)

Particulars	For the Fiscal Year ended March 31,		
	2007	2006	2005
Sales and other Income	8,995.46	7,190.54	5,956.11
Profit/Loss after Tax	1,000.70	602.16	491.83
Reserves and Surplus	7,016.90	6,038.83	2,862.21
Equity Capital	516.39	505.99	415.99
Earning Per Share (Rs)	19.63	12.26	12.12
Book value per share (Rs.)	145.75	129	78

The promoter of AHEL is Dr. Prathap C. Reddy. For further information about him, please refer to the sections titled "Our Management – Brief Biographies of our Directors" and "Our Promoters – Individuals - Dr. Prathap C. Reddy" on pages 106 and 120 respectively.

There was no change in the management of AHEL since incorporation and Dr. Prathap C. Reddy continues to be the chairman and substantial shareholder of the Company.

Information about the Share Price of AHEL

The shares of the company are listed on the NSE and BSE. The shares were also listed on the Madras Stock Exchange but AHEL voluntarily delisted the shares in terms of the SEBI (Delisting of Securities) Guidelines, 2003 with effect from November 29, 2006.

The monthly high and low of the market price of the shares on the NSE and BSE for the last six months are as follows:

Monthly high and low of prices of shares on NSE:

Month	Traded Value (in Rs.)	
	High	**Low**
February 2008	496.45	466.25
January 2008	589.40	420.30
December 2007	525.75	488.00
November 2007	487.35	450.15
October 2007	496.65	462.10
September 2007	494.30	468.90

Details of closing price of AHEL on NSE as of March 14, 2008 is: Rs. 486.15

Monthly high and low of prices of shares on BSE:

Month	Traded Value (in Rs.)	
	High	**Low**
February 2008	495.65	466.00
January 2008	596.30	424.15
December 2007	525.25	487.90
November 2007	488.40	451.10
October 2007	501.15	460.55
September 2007	493.55	468.10

Details of closing price of AHEL on BSE as of March 14, 2008 is: Rs. 485.40

Details of Public/Rights Issue in the Last Three Years

Except as disclosed above in the section titled "Our Promoters – Bodies Corporate - Apollo Hospitals Enterprise Limited - Corporate Information" on page 115, no public or rights issues were made in the last three years by AHEL.

Declaration of Dividend

For the FY ended March 31, 2007, March 31, 2006 and March 31, 2005, AHEL declared a dividend of 50% i.e., Rs. 5.00 per equity share, 45% i.e. Rs. 4.50 per equity share and 40% i.e. Rs. 4.00 per equity share respectively.

Mechanism of Redressal of Investor Grievances

AHEL has constituted the Investor's Grievance Committee comprising of Mr. Rajkumar Menon, Independent Director (Chairman), Mrs. Preetha Reddy, Managing Director and Mrs. Suneeta Reddy, Executive Director-Finance. The Investors' Grievance Committee looks into the redressal of the shareholders' and investors' complaints such as transfer of shares, non-receipt of share certificates, non-receipt of declared dividends and ensures expeditious share transfers.

The shareholder complaints are generally attended to within five days of the date of receipt of such complaints. For the quarter ended December 31, 2007, there were no pending investor complaints.

The details of PAN, bank account number, registration number of AHEL and the address of the RoC (in whose jurisdiction AHEL is registered) will be submitted to the BSE and the NSE at the time of filing the Draft Red Herring Prospectus with them.

AHEL has not become a sick company under the meaning of SICA and it is not under winding up. Further, AHEL has not been detained as willful defaulter by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past or are pending against them.

Interests of Promoters and Common Pursuits

The aforementioned Promoters of the Company are interested to the extent that they have promoted our Company and their shareholding in the Company. Further, the individual Promoters who are also the Directors of the Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration, reimbursement of expenses payable to them as per the terms of our Articles and relevant provisions of Companies Act. All our Promoter Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or their relatives in the Company and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Further, some of our Promoter Directors are also directors on the boards of certain Subsidiaries and Promoter Group companies and they may be deemed to be interested to the extent of the payments made by the Company, if any, to these Subsidiaries/Promoter Group companies. For a list of such Promoters who are the directors of our Subsidiaries or Promoter Group companies, please refer to the sections titled "Our Promoters - Promoter Group" and "History and Corporate Structure – Details of Our Subsidiaries" beginning on pages 120 and 93 respectively. For the payments that are made by our Company to certain Subsidiaries or Promoter Group companies, please refer to the section titled "Related Party Transactions" on page 184.

Further, whilst our registered office is located at premises are owned by our Promoter, Dr. Prathap C. Reddy, Dr. Reddy has, pursuant to a letter dated December 22, 2007, indicated that he has no objection to the usage of the said premises as our registered office and that no charges in this connection have been claimed by him in the past and no charges in this connection would be claimed by him in the future.

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

Further, except as disclosed in the sections titled "Our Promoters - Promoter Group" and "Related Party Transactions" beginning on pages 120 and 184 respectively, our Promoters do not have any interest in any venture that is involved in any activities similar to those conducted by us. We shall adopt the necessary procedures and practices as permitted by law to address any conflict situations, as and when they may arise.

Promoter Group

Individuals

Relatives of the Promoters that form part of the Promoter Group under Clause 6.8.3.2 (m) of the SEBI Guidelines

Promoter	Name of the Relative	Relationship
Dr. Prathap C. Reddy	Mrs. Sucharita Reddy	Spouse
	Mrs. Vanajkshamma	Sister
	Mrs. Leelavathamma	Sister
	Mrs. Madhavi Ammal	Sister
	Mrs. Preetha Reddy	Daughter
	Mrs. Suneeta Reddy	Daughter
	Mrs. Shobana Kamineni	Daughter
	Mrs. Sangita Reddy	Daughter
	Mr. Upender Reddy	Brother-in-law
	Mr. Surender Reddy	Brother-in-law
	Mr. Narender Reddy	Brother-in-law
	Mrs. Veena Reddy	Sister-in-law
	Mrs. Vijayalakshmi Reddy	Sister-in-law
	Mrs. Hemalatha Reddy	Sister-in-law
Mrs. Sangita Reddy	Mr. K. Vishweshwar Reddy	Spouse
	Dr. Prathap C. Reddy	Father
	Mrs. Sucharita Reddy	Mother
	Mrs. Preetha Reddy	Sister
	Mrs. Suneeta Reddy	Sister
	Mrs. Shobana Kamineni	Sister
	Mr. Anandjit Reddy	Son

Promoter	Name of the Relative	Relationship
	Mr. Vishwajit Reddy	Son
	Mr. Viraj Madhav Reddy	Son
	Mrs. K. Jayalatha Reddy	Mother-in-law
	Dr. K. Meera Reddy	Sister-in-law
	Dr. T. Gauthami Reddy	Sister-in-law
	Mrs. Shailaja Reddy	Sister-in-law

Bodies Corporate

The companies/ partnerships promoted by our Promoters under Clause 6.8.3.2 (m) of the SEBI Guidelines are:

1. AB Medical Centres Limited
2. Apollo Gleneagles Hospital Limited
3. Apollo Gleneagles PET-CT Private Limited
4. Apollo Health and Lifestyle Limited
5. Apollo Health Resources Limited
6. Apollo Hospital (UK) Limited
7. Apollo Hospitals International Limited
8. Apollo Mumbai Hospital Limited
9. Apollo Sindhoori Capital Investments Limited
10. Apollo Sindoori Hotels Limited
11. Family Health Plan Limited
12. Imperial Cancer Hospital and Research Centre Limited
13. Indian Hospitals Corporation Limited
14. Indraprastha Medical Corporation Limited
15. PCR Investments Limited
16. Samudra Healthcare Enterprise Limited
17. Unique Home Healthcare Limited
18. Western Hospitals Corporation Private Limited
19. Adventure Trails India Private Limited
20. Medvarsity Online Limited
21. Citadel Agro Private Limited
22. Citadel Bio Technologies Private Limited
23. KAR Auto Private Limited
24. KAR Motors Private Limited
25. M3 Hotels and Resorts Private Limited
26. Sristek Consulting Private Limited
27. Stephan Medizintechnik (India) Limited
28. Healthcare (India) Limited
29. Sindya Infrastructure Development Company Private Limited
30. Kalpatharu Infrastructure Development Company Private Limited
31. PDR Investments Private Limited
32. Preetha Investments Private Limited
33. Vasumati Spinning Mills Limited
34. Prescient Consulting India Private Limited
35. Altosys Software Technologies Limited
36. PPN Holdings Private Limited
37. Apollo Infrastructure Projects Finance Company Private Limited
38. Aurama Solution Private Limited
39. PPN Power Generating Company Private Limited
40. KEI Energy Private Limited
41. Trac India Private Limited
42. Kiddy Concepts Private Limited
43. Prime Time Recreations Private Limited
44. KEI-RSOS Maritime Limited
45. KEI Vita Private Limited
46. Kamineni Builders Private Limited
47. Apollo Energy Company Limited
48. KEI Rajamahendri Resorts Private Limited

49. Keimed Limited
50. Sindya Aqua Minerale Private Limited
51. M3 Motors India Private Limited
52. Spectra Hospital Services Limited
53. Apollo Sindhoori Commodities Trading Limited
54. Apollo DKV Insurance Company Limited
55. Citadel Research and Solutions Limited
56. Apollo Health Hiway Private Limited
57. PPN Power Generation Unit II Private Limited
58. Sindya Securities and Investments Private Limited
59. Access Health Private Limited
60. Deccan Digital Networks Private Limited
61. FSM Labs Services Private Limited
62. Pinakini Hospitals Limited
63. Lifetime Wellness Rx International Limited
64. Apollo Clinical Excellence Solutions Limited
65. Apollo Reach Hospitals Enterprises Limited
66. KEI-RSOS Petroleum and Energy Private Limited
67. KEI-RSOS Shipping Private Limited
68. Peninsular Tankers Private Limited
69. British American Hospitals Enterprise Limited
70. Apollo Telemedicine Networking Foundation (A non-profit company under Section 25 of the Companies Act)
71. Faber Sindoori Management Services Private Limited
72. Sindya Ports Company Private Limited
73. PPN Holdings (Alfa) Private Limited
74. Sindya Software Technologies Private Limited
75. Sindoori Infrastructure Private Limited
76. KEI Health Highway Private Limited
77. Apollo Health Resources, Inc.
78. Apollo Hospitals Educational & Research Foundation
79. M/S Apex Agencies
80. M/S P. Obul Reddy & Sons
81. M/S Apex Agencies (Hyderabad)
82. M/S Associated Electrical Agencies
83. M/S Apex Builders
84. M/S Apex Constructions
85. M/S Kumarnath & Company
86. M/S Kalpatharu Enterprises
87. M/S Vaishnavi Constructions
88. M/S Spectra Clinical Laboratory

Apart from what has been disclosed in this section, there are no other companies/partnerships/entities that form part of our Promoter Group or that have been promoted by our Promoters.

None of the companies listed hereunder, except Apollo Sindhoori Capital Investments Limited, Apollo Sindoori Hotels Limited and Indraprastha Medical Corporation Limited, are listed on any stock exchange in India. Further, none of the Promoter Group entities listed hereunder have been termed as sick companies under the SICA and there are no winding up proceedings against any of such companies. Further, in relation to the losses incurred by certain entities forming part of our Promoter Group for the last three years , please refer to the section titled “Risk Factors - Certain of our Promoter Group companies have incurred losses in the recent fiscal periods” on page XV.

Apollo DKV Insurance Company Limited

The company was incorporated on November 22, 2006 and received a certificate of commencement of business on December 29, 2006. The registered office is located at Apollo Hospitals Complex, Jubilee Hills, Hyderabad – 500033.

The main objects of the company are to carry on all kinds of general insurance business including health insurance business. The company received the certificate of registration from Insurance Regulatory and Development Authority on August 3, 2007 which authorized it to carry on the business of general insurance.

The company was incorporated pursuant to a joint venture agreement dated October 11, 2006 between AHEL, Apollo Energy Company Limited, PCR Investments, DKV AG and DKV International Health Holding AG, whereby the parties agreed to establish a health insurance company including to undertake the business of direct health insurance in India.

Shareholding Pattern as of March 14, 2008

S. No.	Name of the Shareholder	Number of shares	Percentage of Shareholding
1.	Mrs. Shobana Kamineni	100	0.00
2.	Mrs. Sangita Reddy	100	0.00
3.	Apollo Energy Company Limited	52,919,500	52.63
4.	PCR Investments	24,750	0.02
5.	Mrs. Preetha Reddy	100	0.00
6.	Mrs. Suneeta Reddy	100	0.00
7.	Mrs. Sucharita Reddy	100	0.00
8.	AHEL	21,600,000	21.48
9.	DKV International Health Holding AG	26,010,000	25.87
	Total	**100,554,750**	**100.00**

Board of Directors as March 14, 2008

S. No	Directors	Designation
1.	Dr. Prathap C. Reddy	Chairman
2.	Mrs. Shobana Kamineni	Wholetime Director
3.	Dr. Jochen Messemer	Director
4.	Mrs. Suneeta Reddy	Director
5.	Dr. Johannes Pick	Director

Audited Financial Results for the Last Three Fiscal Years

The company was incorporated on November 22, 2006 and therefore, financial information for the fiscal year ended March 31, 2007 has been provided.

(Rs. In Million except share data)

	Fiscal Year ended March 31, 2007
Sales and other Income	0.03
Profit/ Loss after tax	(2.47)
Reserves and Surplus	0.00
Equity capital (par value Rs. 10)	0.50
Earnings per share	-
Book Value per share	-

AB Medical Centres Limited

ABMCL was incorporated as “AB Medical Centres Private Limited” on May 24, 1974 in Chennai, Tamil Nadu, India and has its registered office at No. 154, Poonamallee High Road, Kilpauk, Chennai - 600 010. The company stood converted to a public limited company pursuant to Section 44 of the Companies Act and the name of the company was changed to “AB Medical Centres Limited” with effect from September 29, 2002.

ABMCL, which is a company involved in the provision of secondary care hospital services, became a wholly owned subsidiary of AHEL pursuant to the purchase of its entire issued and paid up capital by AHEL from the erstwhile shareholders of ABMCL on July 15, 2001. ABMCL leased its infrastructural assets to AHEL, through lease deed dated April 1, 2006, to be used towards the operation of the Apollo First Med Hospital in Chennai that is owned by AHEL.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	AHEL	16,793	99.96
2.	Mr. K Padmanabhan*	1	0.01
3.	Mr. PB Subramanian*	1	0.01
4.	Mr. SK Venkataraman*	1	0.01
5.	Mr. V. Satyanarayana Reddy*	1	0.01
6.	Mr. G. Narotham Reddy*	1	0.01
7.	Mr. C. Sreedhar*	1	0.01
8.	Mr. L. Lakshmi Narayana Reddy*	1	0.01
	Total	**16,800**	**100.00**

* Holding shares under Section 187C of Companies Act, 1956 on behalf of AHEL.

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mrs. Preetha Reddy	Director
2.	Mr. SK Venkataraman	Director
3.	Mr. G. Narotham Reddy	Director

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million except share data)

Particulars	For the Fiscal Year ended March 31,		
	2007	**2006**	**2005**
Sales and other Income	7.20	7.35	7.24
Profit/Loss after Tax	3.07	4.46	2.41
Reserves and Surplus	0.18	0.18	0.18
Equity Capital	16.80	16.80	16.80
Earning Per Share (Rs.)	237.92	265.73	143.25
Book value per share (Rs.)	764.85	606.56	340.82

Apollo Gleneagles Hospital Limited

AGHL was originally incorporated as “Janapriya Hospitals Corporation Limited” on September 19, 1988. Its name was changed to “Duncan Goenka Hospitals Limited” on March 10, 1995 and further to “Duncan Gleneagles Hospitals Limited” on September 12, 1996 pursuant to a joint venture agreement dated December 22, 1995 between GDPL, the erstwhile promoters of AGHL and Duncan Industries Limited, an erstwhile shareholder of AGHL, which along with its associates held 50.26% of the equity capital of AGHL. The name of the company was thereafter changed to “Apollo Gleneagles Hospital Limited” on July 29, 2002 pursuant to an agreement dated July 30, 2002 between AHEL and GDPL. AGHL received its certificate of commencement of business on January 23, 2003. The company has its registered office at 58, Canal Circular Road, Kolkata – 700 054, West Bengal, India.

AGHL owns and manages the Apollo Gleneagles Hospital in Kolkata which is a multi-specialty hospital offering emergency care, ambulance and diagnostic services to the West Bengal region. On April 24, 2002, AHEL purchased 50.26% of the equity capital of AGHL from the aforementioned Duncan Industries Limited and its associates. Pursuant to such acquisition, AHEL and GDPL entered into the aforementioned agreement dated July 30, 2002 whereby, amongst other terms, it was recorded that 51.00% of the shareholding of AGHL would be held by GDPL and the remaining 49.00% would be held by AHEL. The agreement also recorded that GDPL would provide a loan of Singapore Dollars 10,000,000 to AGSL and upon repayment of the same by AGHL, GDPL would transfer 1.00% of its shareholding in AGSL to AHEL thereby increasing AHEL’s shareholding in AGHL to 50.00%. Pursuant to an amendment to the said agreement dated December 30, 2002, the amount of the aforesaid loan by GDPL was reduced to Singapore Dollars 8,000,000 and it was further stipulated that upon the termination or cessation of all financial assistance by GDPL or its associate to AGSL, GDPL would, at the option of AHEL, transfer 1% of its shareholding in AGSL to AHEL thereby changing the proportion of shareholding of GDPL and AHEL in AGHL to a 50-50 ratio and all liabilities would be shared by GDPL and AHEL equally.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	AHEL	25,675,197	49.99
2.	Mr. Narotham Reddy	100	0.00
3.	Mr. VS Reddy	100	0.00
4.	Mr. SK Venkataraman	100	0.00
5.	Mr. PB Subramaniyan	100	0.00
6.	Mr. K. Padmanbhan	100	0.00
7.	GDPL	25,675,697	50.00
	Total	**51,351,394**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Dr. Prathap C. Reddy	Chairman
2.	Mrs. Suneeta Reddy	Director
3.	Mrs. Preetha Reddy	Director
4.	Mr. Ashish J. Shastry	Director
5.	Dr. Lim Cheok Peng	Director
6.	Mr. Deepak Vaidya	Director
7.	Ms. Oi Yee Choo	Director
8.	Mr. Raju Narayan	Director (Alternate)
9.	Mr. SK Venkataraman	Director (Alternate)

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million except share data)

Particulars	For the Fiscal Year ended March 31,		
	2007	2006	2005
Sales and other Income	1,019.60	830.39	685.23
Profit/Loss after Tax	(14.41)	(88.11)	(160.49)
Reserves and Surplus	65.94	65.94	65.94
Equity Capital	513.51	513.51	474.49
Earning Per Share (Rs)	(0.28)	(1.84)	(3.72)
Book value per share (Rs.)	0.16	(2.54)	(2.28)

Spectra Hospital Services Limited

The company was incorporated on December 13, 1999 and received its certificate of commencement of business on January 19, 2000. The company has its registered office at 55, G Block, III Floor, Ali Towers, Greams Road, Chennai 600 006.

The main objects for which the company was incorporated include to design, manufacture, import, export, buy, sell, install, maintain and improve all kinds of pharmaceuticals, chemicals, medicines and drugs and all kinds of equipments and instrumentations for hospitals, dispensaries, clinics, laboratories and health clubs.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Mr. K. Padmanabhan *	10	0.00
2.	Dr. B. Premkumar*	10	0.00
3.	Mr. PB Subramaniyan	120,010	22.99
4.	Mr. Venkataraman Nivarthy *	10	0.00
5.	Mr. A. Chandrasekar*	10	0.00
6.	Mr. C. Sreedhar*	10	0.00
7.	Mr. S. Balu*	10	0.00
8.	Mr. Raza Siddique	50,500	9.67
9.	PCR Investments	100,000	19.15
10.	M/s. Enuga Enterprises	71,500	13.70
11.	Mr. S. Muni Reddy	35,000	6.70
12.	Mr. VN Narasimha Reddy	35,000	6.70
13.	Mr. V. Subramanian	110,000	21.07
	Total	**522,070**	**100.00**

* Holding shares under Section 187C of Companies Act, 1956 on behalf of AHEL.

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mr. PB Subramaniyan	Chairman
2.	Dr. S. Srinivasulu Reddy	Director
3.	Dr. B. Premkumar	Director

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million except share data)

Particulars	For the Fiscal Year ended March 31,		
	2007	2006	2005
Sales and other Income	12.74	9.62	10.05
Profit/Loss after Tax	1.68	1.40	3.40
Reserves and Surplus	0.44	-	-
Equity Capital	5.22	5.22	5.22
Earning Per Share (Rs)	3.23	2.68	6.51
Book value per share (Rs.)	10.84	7.54	4.76

Apollo Gleneagles PET-CT Private Limited

AGPPL was incorporated on March 24, 2004 as "Apollo Gleneagles PET-CT Limited" and received its certificate of commencement of business on April 20, 2004. The company was converted to a private limited company on October 11, 2006, and the name of the company was changed to "Apollo Gleneagles PET-CT Private Limited". The company has its registered office at No. 19, Bishop Gardens, Raja Annamalaipuram, Chennai – 600 028, Tamil Nadu, India.

Pursuant to a joint venture agreement between Parkway-Healthcare (Mauritius) Limited, AHEL and AGPPL dated March 26, 2005, whereby amongst other terms, it was recorded that Parkway-Healthcare (Mauritius) Limited and AHEL agreed to participate in the share capital, operation and management of AGPPL so as to develop it as a joint venture company to undertake the business of establishing and operating a positron emission technology/ computerized technology radio imaging center. Accordingly, the said agreement stipulated that AGPPL issue and allot to each of Parkway-Healthcare (Mauritius) Limited and AHEL an aggregate of 6,000,000 equity shares representing 50% of its equity share capital.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	AHEL	8,500,000	50.00
2.	Parkway Healthcare (Mauritius) Limited	8,500,000	50.00
	Total	**17,000,000**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Dr. Prathap C. Reddy	Chairman
2.	Mrs. Preetha Reddy	Director
3.	Mrs. Sangita Reddy	Director
4.	Dr. Lim Cheok Peng	Director
5.	Mr. Raju Narayan	Director
6.	Ms. Choo Oi Yee	Director
7.	Mr. SK Venkataraman	Alternate Director to Mrs. Preetha Reddy

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million except share data)

Particulars	For the Fiscal Year ended March 31,		
	2007	2006	2005
Sales and other Income	39.08	11.01	-

			(Rs. In Million except share data)
Particulars	**For the Fiscal Year ended March 31,**		
	2007	**2006**	**2005**
Profit/Loss after Tax	(12.86)	(11.83)	-
Reserves and Surplus	-	-	-
Equity Capital	150.00	120.00	0.50
Earning Per Share (Rs)	(0.86)	(0.99)	-
Book value per share (Rs.)	5.87	8.33	-

Apollo Hospitals International Limited

AHIL was incorporated on September 12, 1997 in Chennai, Tamil Nadu, India as "Akshaya Apollo Hospitals Limited" and received its certificate of commencement of business on October 15, 1997. The name of the company was changed to "Apollo Hospitals International Limited" on March 25, 2004. Its registered office is located at 19, Bishop Gardens, Raja Annamalaipuram, Chennai-600 028. AHIL owns and operates a super specialty hospital in Gandhinagar District, Gujarat, India apart from engaging in promotional activities including health education programs, medical education programs and out-patient camps.

AHEL, UHHL, CPL Enterprises Private Limited and AHIL entered into a shareholders' agreement on April 13, 2006. As of the date of the agreement, AHEL and its associates held 55.39% and UHHL held 16.52%, of the equity share capital of AHIL. The remaining 28.09% of the equity share capital of AHIL was held by certain financial institutions and was stipulated to be purchased by UHHL. Consequent to such acquisition, AHEL and UHHL would sell 20,172,985 equity shares of AHIL to CPL Enterprises Private Limited and AHIL would issue one equity share to AHEL such that after the completion of the aforesaid transactions, AHEL and UHHL and CPL Enterprises Private Limited would hold 50% of the equity capital of AHIL. The said shareholders' agreement dated April 13, 2006 was amended by a supplementary shareholders' agreement dated June 29, 2006 whereby, amongst other terms, it was recorded that Cadila Pharmaceuticals Limited would stand substituted in place of CPL Enterprises Private Limited. The shareholders' agreement dated April 13, 2006 was further amended by a second supplementary shareholders' agreement dated June 31, 2006 whereby, amongst other terms, it was recorded that the date for AHEL and UHHL and CPL Enterprises Private Limited holding 50% of the equity capital of AHIL be extended till certain equity shares of AHIL aggregating 8.26% of its equity capital held by a financial institution are acquired by AHEL and UHHL.

<u>Shareholding Pattern as of March 14, 2008</u>

S.No	**Shareholder**	**Number of shares**	**Percentage**
1.	AHEL	211,717	00.52
2.	Unique Home Healthcare Limited	19,961,265	49.48
3.	Cadila Pharmaceuticals Limited	20,172,981	50.00
4.	Mr. Indravadan Ambalal Modi	1	0.00
5.	Mr. Shilaben Indravadan Modi	1	0.00
6.	Indian Research Manifestation Labs Private Limited	1	0.00
7.	IRM Trust	1	0.00
8.	Mr. CDD Reddy	1	0.00
9.	Mr. PB Subramanian	1	0.00
10.	Mr. S. Obul Reddy	1	0.00
	Total	**40,345,970**	**100.00**

<u>Board of Directors as of March 14, 2008</u>

S. No.	**Name**	**Designation**
1.	Dr. Prathap C. Reddy	Chairman
2.	Mr. Indravadan Ambalal Modi	Vice Chairman
3.	Mrs. Preetha Reddy	Director
4.	Mr. Rajiv I. Modi	Director
5.	Mr. Chinubhai R. Shah	Director
6.	Mrs. Suneeta Reddy	Alternate Director
7.	Mr. PB Subramaniyan	Alternate Director

<u>Audited Financial Results for the Last Three Fiscal Years</u>

(Rs. In Million except share data)

Particulars	For the Fiscal Year ended March 31,		
	2007	2006	2005
Sales and other Income	319.68	212.91	74.60
Profit/Loss after Tax	(119.09)	(103.10)	(55.32)
Reserves and Surplus	900.00	900.00	900.00
Equity Capital (Par value Rs.10)	403.46	403.46	403.46
Earning Per Share (Rs)	(2.95)	(2.56)	(1.37)
Book value per share (Rs.)	9.28	9.67	10.86

Apollo Health and Lifestyle Limited

The company was incorporated on November 10, 2000 in Chennai, Tamil Nadu, India and received its certificate of commencement of business on November 30, 2000. Its registered office is located at 19, Bishop Gardens, Raja Annamalaipuram, Chennai – 600 028.

The company is a wholly owned subsidiary of AHEL and was incorporated to operate in the health care segment under the franchisee business model using the brand name "Apollo" and is involved in establishing a network of franchise clinics across India and abroad under the said brand name that provide consulting, diagnostic and pharmaceutical services.

The company entered into a share subscription agreement with Bennett Coleman and Company Limited on December 8, 2007 whereby the company agreed to issue and allot, subject to the conditions of the said agreement, 9,68,100 equity shares to Bennett Coleman and Company Limited on a preferential basis.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	AHEL	6,451,630	86.95
2.	Dr. Prathap C. Reddy*	10	0.00
3.	Mrs. Sucharitha Reddy*	10	0.00
4.	Mrs. Preetha Reddy*	10	0.00
5.	Mrs. Suneeta Reddy*	10	0.00
6.	Mr. K. Padmanabhan*	10	0.00
7.	Mr. PB Subramanian*	10	0.00
8.	Mr .K. Venkatraman Nivarthy*	10	0.00
9.	Bennett Coleman and Company Limited	968,100	13.05
	Total	**7,419,800**	**100.00**

* Holding shares under Section 187C of Companies Act, 1956 on behalf of AHEL.

Board of Directors as of March 14, 2008

S.No.	Name	Designation
1.	Dr. Prathap C. Reddy	Chairman
2.	Mrs. Sangita Reddy	Director
3.	Mr. K. Padmanabhan	Director

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million except share data)

Particulars	For the Fiscal Year ended March 31,		
	2007	2006	2005
Sales and other Income	49.51	56.45	62.30
Profit/Loss after Tax	4.28	2.43	(0.66)
Reserves and Surplus	-	-	-
Equity Capital (Par value Rs.10)	1.50	1.50	1.50
Earning Per Share (Rs)	2.85	1.62	-
Book value per share (Rs.)	(0.29)	(3.14)	10.00

Apollo Health Resources Limited

The company was incorporated on January 13, 2005 in Chennai, Tamil Nadu, India and received its certificate of commencement of business on February 2, 2005. Its registered office was initially located at No.19, Bishop Gardens, Raja Annamalaipuram, Chennai 600028 and on May 22, 2006 its registered office was shifted to Hyderabad, Andhra Pradesh at Apollo Hospitals Complex, Jubilee Hills, Hyderabad – 500 033, Andhra Pradesh.

The objects for which the company was incorporated include educating and training doctors, nurses, midwives, doctors, para-medical technicians, other medical professionals and hospital administrators and outsourcing and seconding nurses, doctors, para-medical technicians and other medical professionals to clients in India and abroad on a contractual or a non-contractual basis. Pursuant to an agreement dated August 30, 2006 with Apollo Health Resources, Inc., the company agreed to invest an amount of USD 114,000 towards the subscription of 114,000 equity shares of USD 1 of Apollo Health Resources, Inc. The said agreement records that company entered into such agreement to expand its business into the US and has accordingly, entered into a strategic partnership with Apollo Health Resources, Inc.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Dr. Prathap C. Reddy	22,500	4.50
2.	Mrs. Shobana Kamineni	19,000	3.80
3.	Mrs. Sangita Reddy	19,000	3.80
4.	Ms. Upasana Kamineni	20,000	4.00
5.	Dr. K. Prabhakar	1,500	0.30
6.	Dr. Vikram JS Chhatwal	1,500	0.30
7.	Dr. SS Reddy	1,500	0.30
8.	Mr. Sriharsha Govardhana	10,000	2.00
9.	PCR Investments	100,000	20.00
10.	Mrs. Preetha Reddy	120,000	24.00
11.	Mrs. Suneeta Reddy	120,000	24.00
12.	Mrs. P. Sindoori Reddy	20,000	4.00
13.	Mr. Karthik Anand	20,000	4.00
14.	Mr. G. Surender Reddy	10,000	2.00
15.	Mr. L. Lakhsmi Narayana Reddy	10,000	2.00
16.	Mr. S. Obul Reddy	5,000	1.00
	Total	**5,000,000**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mr. G. Surender Reddy	Managing Director
2.	Mrs. Shobana Kamineni	Director
3.	Mr. Sriharsha Govardhana	Director
4.	Mr. Shanker Narayan	Director

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million except share data)

Particulars	For the Fiscal Year ended March 31,		
	2007	**2006**	**2005***
Sales and other Income	4.49	-	N.A
Profit/Loss after Tax	(9.48)	-	N.A
Reserves and Surplus	-	-	N.A
Equity Capital (Par value Rs.10)	5.00	5.00	N.A
Earning Per Share (Rs)	(18.95)	-	N.A
Book value per share (Rs.)	(10.19)	8.45	N.A

* The company did not commence any commercial operations during the said fiscal year.

Apollo Hospital (UK) Limited

The company was incorporated on July 19, 2004 under the laws of England as a private limited company with its registered office being situated at First Floor, Kirkland House, 11-15 Peterborough Road, Harrow, Middlesex, HA1 2AX, United Kingdom.

The company is a wholly owned subsidiary of AHEL and the main objects for which it was incorporated include to carry on the business of a general commercial company and to operate a rest home, hostel, residential accommodation, private hospital or nursing home with all suitable accommodation and ancillary requirements for the welfare treatment and care of the patients.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	AHEL	5,000	100.00
	Total	**5,000**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mrs. Preetha Reddy	Director
2.	Mrs. Suneeta Reddy	Director
3.	Mrs. Shobana Kamineni	Director

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million except share data)

Particulars	For the Fiscal Year ended March 31,		
	2007*	**2006***	**2005***
Sales and other Income	-	-	-
Profit/Loss after Tax	-	-	-
Reserves and Surplus	-	-	-
Equity Capital (Par value GBP £1)	0.43	0.39	0.41
Earning Per Share (Rs)	-	-	-
Book value per share (Rs.)	-	-	-

* Closing rate for the respective fiscal year end considered.

Apollo Mumbai Hospital Limited

The company was incorporated on January 27, 1997 in Chennai, Tamil Nadu, India and received its certificate of commencement of business on February 12, 1997. Its registered office is located at 19, Bishop Gardens, Raja Annamalaipuram, Chennai-600028.

Apollo Mumbai was incorporated to set-up a multi-specialty diagnostic centre in Mumbai, Maharashtra, India, which centre became operational in October 1997. However, the said diagnostic centre was de-merged from Apollo Mumbai into AHEL in 2002. Apollo Mumbai is currently engaged in the pharmacy business of the Apollo group.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Dr. Prathap C. Reddy	19,000	27.14
2.	Mrs. Preetha Reddy	10,000	14.29
3.	Mrs. Sucharitha Reddy	19,000	27.14
4.	Mrs. Shobana Kamineni	10,000	14.29
5.	Mrs. Sangita Reddy	10,000	14.29
6.	Mr. K. Padmanabhan	1,000	1.43
7.	Mr. Surender Reddy	1,000	1.43
	Total	**70,000**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mrs. Preetha Reddy	Director
2.	Mrs. Shobana Kamineni	Director
3.	Mrs. Sangita Reddy	Director

S. No.	Name	Designation
4.	Mr. K. Padmanabhan	Director
5.	Mr. MP Jatia	Director

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million except share data)

Particulars	For the Fiscal Year ended March 31,		
	2007	2006	2005
Sales and other Income	11.73	9.39	8.45
Profit/Loss after Tax	0.04	(0.29)	(0.35)
Reserves and Surplus	-	-	-
Equity Capital (Par value Rs.10)	0.70	0.70	0.70
Earning Per Share (Rs)	0.53	(4.13)	(5.03)
Book value per share (Rs.)	10.00	10.00	10.00

Apollo Sindhoori Capital Investments Limited

ASCIL was incorporated on July 4, 1995 in Chennai, Tamil Nadu, India and received its certificate of commencement of business on August 16, 1995. Its registered office is located at 55, Ali Towers, Greams Road, Chennai – 600 006.

ASCIL is registered with the SEBI under the SEBI (Stock Brokers and Sub Brokers Regulations), 1992, in the following capacities:

1. Registration (No. INB230825534 dated November 22, 1995) as a member of the Capital Market Segment of the NSE;
2. Registration (No. INF231053936 dated May 25, 2000) as a trading member of the Futures and Options Segment of the NSE;
3. Registration (No. INB010825538 dated November 10, 2000) as a Multiple Member of the BSE; and
4. Registration (No. INF010825538 dated June 2, 2004) as Trading Member of the BSE.

The company is registered with the SEBI under the SEBI (Depositories and Participants) Regulations, 1996, in the following capacities:

1. Registration (No. IN-DP-NSDL-141-2000 September 22, 2005) as a participant; and
2. Registration (No. IN-DP-CDSL-254-2004 dated June 23, 2004) as participant

Whilst ASCIL has not made an initial public offering of its equity shares, Om Sindhoori Capital Investments Limited, a company listed on the Madras Stock Exchange and the BSE, merged with ASCIL with effect from October 1, 1999 pursuant to a court order of the Madras High Court dated March 13, 2001. Accordingly, upon such merger, the shares ASCIL were listed on the Madras Stock Exchange on December 15, 2004 as per clause 8.3.5.1 of SEBI Guidelines. However, as ASCIL failed to meet the listing criteria of the BSE, its shares were not listed on the BSE. By virtue of listing of the equity shares of ASCIL on the Madras Stock Exchange, the equity shares of ASCIL were permitted to be traded on the BSE Indonext from August 23, 2005. Further, pursuant to a letter dated February 5, 2008 from the NSE, the equity shares of ASCIL have been listed and admitted for dealing on the NSE.

Om Sindhoori Capital Investments Limited made an initial public offering of 5,000,000 equity shares for cash at a price of Rs. 10 per equity shares aggregating Rs. 50,000,000 in March 1995. The said issue closed on March 25, 1995 and the dispatch of the share certificates was completed on May 26, 1995. The equity shares of Om Sindhoori Capital Investments Limited were listed on the Madras Stock Exchange on June 1, 1995. The proceeds of the issue were applied for the objects of the issue as disclosed in the prospectus for the said issue, i.e., for expanding the scope of its business and there were no deviations from the objects for which the issue proceeds were utilized.

Shareholding Pattern as of December 31, 2007

Shareholder	Number of Equity Shares Held	Percentage Shareholding
1. **Promoter's Holding**		

Shareholder		Number of Equity Shares Held	Percentage Shareholding
(1) Indian Promoters		3,674,278	66.32
(2) Foreign Promoters		0	0.00
	Sub Total	**3,674,278**	**66.32**
B. **Public Shareholding**			
1. Institutions		1,080	0.02
2. Non-institutions		1,865,642	33.66
	Sub Total	**1,865,722**	**33.68**
	Total	**5,540,000**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mrs. Suneeta Reddy	Chairperson
2.	Mrs. Sucharitha P Reddy	Director
3.	Mr. PB Subramaniyan	Executive Director
4.	Mr. K. Padmanabhan	Independent Director
5.	Mr. S. Narayanan	Independent Director
6.	Mr. SK Venkataraman	Independent Director
7.	Mr. VJ Chacko	Independent Director

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million except share data)

Particulars	For the Fiscal Year ended March 31,		
	2007	**2006**	**2005**
Sales and other Income	693.89	566.30	371.23
Profit/Loss after Tax	95.16	83.60	62.20
Reserves and Surplus	231.64	191.69	133.91
Equity Capital (Par value Rs.10)	55.40	47.70	47.70
Earning Per Share (Rs)	17.14	29.36	22.45
Book value per share (Rs.)	51.81	90.07	71.37

Promise v. Performance

In its prospectus in relation to the aforementioned public offer, Om Sindhoori Capital Investments Limited had made certain projections and the actual performance of the same is set out hereunder:

(Rs. In Million)

Particulars	March 31, 1995		March 31, 1996		March 31, 1997	
Projections	**Actuals**	**Projections**	**Actuals**	**Projections**	**Actuals**	**Projections**
Capital	30	30	50	50	50	50
Share premium A/c	-	-	-	-	-	-
Reserves	2.08	3.08	5.75	6.13	21.93	7.52
Total net owned funds	31.36	30.02	53.25	53.2	69.31	54.97
Net profit	4.0	4.46	13.0	8.43	26.18	8.55
Book value per share (Rs)	10.42	10.00	11.02	10.63	14.04	10.99
Earning per share (Rs)	3.26	1.48	2.60	1.68	5.24	1.71

Information about the Share Price of ASCIL

The shares of the company are listed on the NSE, BSE and the Madras Stock Exchange. No transactions have taken place in the equity shares of ASCIL for the period from July 1, 2006 to March 14, 2008 on the Madras Stock Exchange. The monthly high and low of the market price of the shares on BSE for the last six months are as follows:

Month	Traded Value (in Rs.)	
	High	**Low**
February 2008	429.35	314.10
January 2008	828.55	450.25

Month	Traded Value (in Rs.)	
	High	Low
December 2007	598.65	518.50
November 2007	577.20	454.45
October 2007	505.20	191.40
September 2007	214.00	190.05

Details of closing price of ASCIL on BSE as of March 14, 2008 is: Rs. 293.05

Details of closing price of ASCIL on NSE as of March 14, 2008 is: Rs. 291.40

Details of Public/Rights Issue in the Last Three Years

The board of directors of ASCIL at their meeting held on July 18, 2005 proposed to make a rights issue of 2,770,000 equity shares of Rs.10 each for cash at a premium of Rs. 90 per equity share to its existing equity shareholders in the ratio of one equity share for every two (2) equity shares. However, at the meeting held on January 23, 2007, the board of directors of ASCIL decided to withdraw the said rights issue.

Declaration of Dividend

For the FY ended March 31, 2007, March 31, 2006 and March 31, 2005 ASCIL declared a dividend of 40 % i.e., Rs .4.00 per equity share (of which Rs.3.00 was paid by way of an interim dividend), 60 % i.e. Rs. 6.00 per equity share (of which Rs. 2.00 was paid by way of an interim dividend) and 40% i.e. Rs. 4.00 per equity share respectively.

ASCIL declared a pro rata dividend of 10% with respect to the 200,000 redeemable preference shares for the FYs ended March 31, 2007, March 31, 2006 and March 31, 2005.

Mechanism of Redressal of Investor Grievance

ASCIL has constituted the Shareholders' Compliance Committee comprising of Mr. VJ Chacko, independent director, Mr. S. Narayanan, independent director and Mr. SK Venkataraman, independent director. Mrs. Geetha Sreedhar, the company secretary is the compliance officer. The scope and functions of the Shareholders' Compliance Committee include redressal of shareholders' and investor's complaints pertaining to transfer of shares, non receipt of share certificates, non receipt of declared dividends and to ensure expeditious share transfers.

The shareholder complaints are generally attended to within three days of the date of receipt of such complaints. For the quarter ended December 31, 2007, there were no pending investor complaints.

Apollo Sindhoori Commodities Trading Limited

The company was incorporated on October 10, 2003 in Chennai, Tamil Nadu, India and received its certificate of commencement of business on October 15, 2003 Its registered office is located at 55, Greams Road, Ali Towers, Chennai – 600 006.

The company is a subsidiary of ASCIL and was incorporated to carry on the business of trading in agricultural products, metals including precious metals, precious stones, diamonds, petroleum and energy products, and all commodities and securities whatsoever, in spot markets and in futures and all kinds of derivatives of all the above commodities and securities.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	ASCIL	94,9400	99.94
2.	Mrs. Suneeta Reddy*	100	0.01
3.	Mr. K. Padmanabhan*	100	0.01
4.	Mr. TP Venkoba Rao*	100	0.01
5.	Mrs. Geetha Sridhar*	100	0.01
6.	Mr. KP Sathisan*	100	0.01
7.	Mr. KJ Satheesh*	100	0.01
	Total	**950,000**	**100.00**

* Holding shares under Section 187C of Companies Act, 1956 on behalf of ASCIL.

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mrs. Suneeta Reddy	Chairperson
2.	Mr. K. Padmanabhan	Director
3.	Mr. PB Subramanian	Director

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million except share data)

Particulars	For the Fiscal Year ended March 31,		
	2007	2006	2005
Sales and other Income	26.53	7.69	0.87
Profit/Loss after Tax	(10.93)	0.33	0.47
Reserves and Surplus	-	-	-
Equity Capital (Par value Rs.10)	9.50	9.50	9.50
Earning Per Share (Rs)	(11.51)	0.35	0.49
Book value per share (Rs.)	(1.49)	9.93	9.58

Apollo Sindoori Hotels Limited

Apollo Sindoori Hotels was originally incorporated as "Sindhoori Software Solution Private Limited" on November 3, 1998. Pursuant to the requisite resolution of its members passed at their meeting held on November 25, 1999 and the consequent approval from the Central Government, the company was converted to a public limited company with effect from December 22, 1999 pursuant to the relevant provisions of the Companies Act and consequently its name was changed to "Sindhoori Software Solution Limited".

The objects for which the company was incorporated include carrying on the business of hotels, drive in hotels, motels, health resorts, restaurants, fast food centers, etc, and the business of a travel agency and tourist agents.

Through an order of the Madras High Court dated April 16, 2000, a scheme of arrangement between AHEL and Om Sindoori Hotels Limited, a company engaged in the hoteling and travel agency business in Chennai, was approved. The said scheme recorded that the said businesses of Om Sindoori Hotels Limited would be taken over by the company as a going concern. The name of the company was thereafter changed to "Apollo Sindoori Hotels Limited" on October 10, 2000.

The registered office of Apollo Sindoori Hotels is situated at 19-B, Anugraha Apartments, 41, Uthamar Gandhi Salai, Nungambakkam, Chennai 600 034, Tamil Nadu, India.

Pursuant to a letter dated October 1, 2002 from the Madras Stock Exchange, the equity shares of Apollo Sindoori Hotels were listed and admitted for dealing on the Madras Stock Exchange. However, the details of listing and promise v. performance are not available with this company.

Apollo Sindoori Hotels entered into an MOU dated July 14, 2006 with Faber Medi-Serve SDN. BHD ("FMS") whereby FMS and Apollo Sindoori Hotels have agreed to form a joint venture company in Chennai for the purpose of setting up a project upon mutually agreed objectives in the domain of bio-medical engineering (maintenance), facility engineering (maintenance), cleansing, housekeeping, janitorial services and hospital support services (other than catering services) and management information services (other than patient information). It was agreed that FMS would hold 51% of the proposed joint venture company while Apollo Sindoori Hotels would hold 49%. The MOU would automatically terminate upon execution of a definitive joint venture agreement or after 120 days from the date of the agreement, whichever is earlier.

The said Joint Venture Agreement was entered into between FMS and Apollo Sindoori Hotels on June 25, 2007 whereby amongst other terms, it was recorded that a private limited company with the name "Faber Sindoori" would be incorporated. For further details, please see "Our Promoter - Promoter Group" on page 120.

Shareholding Pattern as of December 31, 2007

S.No	Shareholder	Number of shares	Percentage
1.	Promoters and Promoter Group	465,007	35.76
2.	Bodies Corporate	201,100	15.47
3.	Individual Shareholders (up to Rs. 0.1 million)	58,720	4.52
4.	Individual Shareholders (more than Rs. 0.1 million)	261,934	20.15
5.	Others	313,439	24.11
	Total	**1,300,200**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mr. P. Vijay Kumar Reddy	Chairman
2.	Mrs. Sucharita Reddy	Managing Director
3.	Mrs. P. Sindoori Reddy	Joint Managing Director
4.	Mrs. Suneeta Reddy	Joint Managing Director
5.	Mr. Suresh R. Madhok	Director
6.	Mrs. Preetha Reddy	Director
7.	Mrs. Shobana Kamineni	Director
8.	Mr. G. Venkatraman	Director
9.	Mr. VJ Chacko	Director
10.	Dr. Prathap C. Reddy	Director

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million except share data)

Particulars	For the Fiscal Year ended March 31,		
	2007	2006	2005
Sales and other Income	260.43	202.43	178.95
Profit/Loss after Tax	2.70	1.50	(10.97)
Reserves and Surplus	7.35	7.35	7.45
Equity Capital	13.00	13.00	13.00
Earning Per Share (Rs)	2.08	1.15	(8.44)
Book value per share (Rs.)	11.46	9.38	15.73

Information about the Share Price of Apollo Sindoori Hotels

The shares of the company are listed on the Madras Stock Exchange. The shares of Apollo Sindoori Hotels were not traded during the period from January 1, 2007 to March 14, 2008 and hence, the high and low prices for the last six months are not available.

Details of Public/Rights Issue in the Last Three Years

No public or rights issues were made in the last three years by the company.

Declaration of Dividend

No dividends have been declared by Apollo Sindoori Hotels in the last three fiscal years.

Mechanism of Redressal of Investor Grievance

Apollo Sindoori Hotels has constituted an Investor's Grievance Committee comprising of Mrs. P. Sindoori Reddy, Joint Managing Director and Mr. VJ Chacko, Director. The scope and functions of the Investors' Grievance Committee include examination and redressal of investor grievances and monitoring of action on disposal of investors grievances within stipulated period.

The shareholder complaints are generally attended to within seven days of the date of receipt of such complaints. For the quarter ended December 31, 2007, there were no pending investor complaints.

Family Health Plan Limited

FHPL was incorporated on April 26, 1995 and received its certificate of commencement of business on January 11, 1996. The company has its registered office at 1st Floor, Ali Towers, 55 Greams Road, Chennai 600 006, Tamil Nadu, India.

FHPL is a third party administrator in the field of health insurance in India and is a license-holder under the (Third Party Administrator- Health Services) Regulations, 2001. The license was granted by Insurance Regulatory and Development Authority of India and is valid until March 20, 2008. FHPL has a broad network of hospitals across India at which it provides cashless hospitalization services.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Dr. Prathap C. Reddy	10	0.00
2.	Mrs. Preetha Reddy	10	0.00
3.	Mrs. Suneeta Reddy	10	0.00
4.	Mr. MA Sathyavasu	10	0.00
5.	Mr. S. Vasudev	10	0.00
6.	Mr. K. Padmanabhan	10	0.00
7.	Mr. D. Chandrasekaran	10	0.00
8.	PCR Investments	250,000	25.00
9.	Ms. Upasana Kamineni	25,000	2.50
10.	Mrs. Shobana Kamineni	32,000	3.20
11.	AHEL	490,000	49.00
12.	Spectra Hospital Services Limited	110,000	11.00
13.	Citadel Research and Solutions Limited	92,930	9.29
	Total	**1,000,000**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Dr. B. Prem Kumar	Director
2.	Mr. K. Padmanabhan	Director
3.	Mr. AVP Reddy	Director
4.	Mrs. Sangitha Reddy	Director
5.	Mr. Bharat Kumar J. Boda	Director

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million except share data)

Particulars	For the Fiscal Year ended March 31,		
	2007	**2006**	**2005**
Sales and other Income	204.31	195.45	148.09
Profit/Loss after Tax	0.82	10.28	9.83
Reserves and Surplus	31.00	30.18	19.90
Equity Capital	10.00	10.00	10.00
Earning Per Share (Rs)	0.82	10.28	9.82
Book value per share (Rs.)	41.00	40.17	29.89

Imperial Hospital and Research Centre Limited

IHRCL was incorporated on March 19, 1991 in Bangalore, Karnataka, India as “Imperial Cancer Hospital and Research Centre Private Limited”. The company subsequently changed its name to “Imperial Cancer Hospital and Research Centre Limited” on February 27, 2006. The company has its registered office at 154/11, Opposite IIMB, Bannergatta Road, Bangalore 560 076, India.

IHRCL that was incorporated primarily to establish a cancer hospital, became the subsidiary of AHEL pursuant to a subscription-cum-shareholders agreement dated December 12, 2005 that was entered into between AHEL, IHRCL and the promoters of IHRCL whereby AHEL agreed to invest an amount constituting 51% of the equity capital of IHRCL. The said amount was to be utilized by IHRCL towards the establishment of a 220 bed super-specialty hospital at Bilekahalli Village, Bannergatta Road, Bangalore, Karnataka, India. The said subscription-cum-shareholders agreement also stipulated that AHEL would operate and manage the said hospital and accordingly, IHRCL and AHEL entered into the following agreements:

- a licensing-cum-operations management agreement dated January 18, 2006 towards the operation and administration of the said hospital;

- a license agreement dated January 18, 2006 whereby IHRCL agreed to provide a certain portion of the said hospital on a leave and license basis to AHEL for the establishment and operation of a pharmacy; and

- a transitions management agreement dated January 18, 2006 towards the provision of certain transition management consultancy service to IHRCL towards the completion of the construction of the said hospital.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	AHEL	9,981,000	51.00
2.	Dr. Nisar Syed	2,442,250	12.48
3.	Dr. Khatija Syed	2,347,250	11.99
4.	Dr. Viqar Syed	5,000	0.03
5.	Mr. Ziaulla Sheriff	2,407,250	12.30
6.	Ms. Salima Khanum	2,367,250	12.10
7.	Mr. Yunus Zia	20,000	0.10
	Total	**19,570,000**	**100.00**

Board of Directors as of as of March 14, 2008

S. No.	Name	Designation
1.	Dr. Prathap C. Reddy	Chairman
2.	Mr. Ziaullah Sheriff	Vice Chairman
3.	Mrs. Preetha Reddy	Director
4.	Mrs. Sangita Reddy	Director
5.	Mrs. Suneeta Reddy	Director
6.	Dr. Viqar Syed	Director
7.	Mr. Syed Mehdi	Director
8.	Mr. Yunus Zia	Director

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million except share data)

Particulars	For the Fiscal Year ended March 31,		
	2007	2006	2005
Sales and other Income	NA	NA	NA
Profit/Loss after Tax	NA	NA	NA
Reserves and Surplus	398.00	398.00	-
Pre-operative Expenses	226.96	47.92	24.36
Equity Capital	195.70	195.70	2.00
Earning Per Share (Rs)	-	-	-
Book value per share (Rs.)	10.00	10.00	10.00

Indian Hospitals Corporation Limited

The company was incorporated on September 14, 2006 and received its certificate of commencement of business on September 23, 2006. The company has its registered office at 19 Bishop Gardens, Raja Annamalaipuram, Chennai 600 028, Tamil Nadu, India.

The company was incorporated to set up and run multi specialty and super specialty hospitals, nursing homes, dispensaries, pharmacies, diagnostic centres and ambulance services.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage

S.No	Shareholder	Number of shares	Percentage
1.	Dr. Prathap C. Reddy	10,000	20.00
2.	Mrs. Sucharitha Reddy	10,000	20.00
3.	Mrs. Preetha Reddy	6,000	12.00
4.	Mrs. Suneeta Reddy	6,000	12.00
5.	Mrs. Shobana Kamineni	6,000	12.00
6.	Mrs. Sangita Reddy	6,000	12.00
7.	Mr. Raghunatha Reddy	6,000	12.00
	Total	**50,000**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Dr. Prathap C. Reddy	Director
2.	Mrs. Preetha Reddy	Director
3.	Mrs. Suneeta Reddy	Director
4.	Mrs. Shobana Kamineni	Director

Audited Financial Results for the Last Three Fiscal Years

The company was incorporated on September 14, 2006 and financial information for the fiscal year ended March 31, 2007 has not been prepared.

Indraprastha Medical Corporation Limited

IMCL was incorporated on March 16, 1988 and received its certificate of commencement of business on April 7, 1988 and has its registered office at Hospital Complex, Sarita Vihar, Delhi-Mathura Road, New Delhi 110 076, New Delhi, India. IMCL owns and operates a multi super-specialty tertiary care hospital by the name of Indraprastha Apollo Hospitals in Delhi and is also a center for international clinical trials and has also received the JCI accreditation by Joint Commission International.

IMCL is a joint venture company that was incorporated pursuant to an agreement dated March 11, 1988 between the Government of Delhi and AHEL. In order to obtain additional funding for the construction of Indraprastha Apollo Hospitals project, IMCL entered into a subscription agreement and a shareholders' agreement, both dated September 27, 1995, with TWL Holdings Limited, a company based out of Mauritius, which agreed to part-finance such construction in lieu of allotment of 25,000,000 equity shares of IMCL. The aforesaid agreements were amended on November 27, 1995 and recorded, amongst other terms, that the number of shares to be allotted to TWL Holdings Limited was reduced to 22,000,000 equity shares of IMCL.

IMCL made an initial public offer of 22,918,300 equity shares of Rs. 10 aggregating Rs. 229,183,000 in the year 1997 and its equity shares are listed on the BSE and the NSE. The said issue closed on March 5, 1997 and the dispatch of the refund orders and the share certificates was completed on April 4, 1997 and April 5, 1997 respectively. The proceeds of the said issue were applied towards the objects of the issue as disclosed in the prospectus for the said issue, i.e., to part finance the cost of setting up a multi-disciplinary super specialty tertiary care referral hospital at New Delhi and there were no deviations from the objects on which the issue proceeds were utilized. The said hospital was made operational on July 27, 1996.

Shareholding Pattern as of December 31, 2007

Shareholder	Number of Equity Shares Held	Percentage Shareholding
A. Promoter's Holding		
(1) Indian Promoters	42,846,037	46.74
(2) Foreign Promoters	3,544,970	3.87
Sub Total	**46,391,007**	**50.61**
B. **Public Shareholding**		
1. Institutions	3,379,857	3.69
2. Non-institutions	41,902,136	45.70
Sub Total	**45,281,993**	**49.39**
Total	**91,673,000**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mr. Richard Leroy Larison	Managing Director
2.	Mr. Ramesh Narayanaswami	Non-Executive Chairman
3.	Dr. Prathap C. Reddy	Non-Executive Vice-Chairman
4.	Mr. DS Negi	Non-Executive Director
5.	Mr. VV Bhat	Non-Executive Director
6.	Lt. Gen. Vijay Lall (Retd.)	Independent Director
7.	Dr. B. Venkataraman	Independent Director
8.	Mrs. Suneeta Reddy	Non-Executive Director
9.	Mr. VR Reddy	Independent Director
10.	Ms. Renu S. Karnad	Non-Executive Director
11.	Mr. Satnam Arora	Independent Director

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million except for share data)

Particulars	For the Fiscal Year ended March 31,		
	2007	2006	2005
Sales and other Income	2,537.32	2,248.44	1,940.55
Profit/Loss after Tax	147.24	166.61	163.46
Reserves and Surplus	217.64	204.47	168.53
Equity Capital	916.73	916.73	916.73
Earning Per Share (Rs)	1.61	1.82	1.78
Book value per share (Rs.)	12.37	12.23	11.81

Promise v. Performance

In its prospectus in relation to the aforementioned public offer, IMCL had made certain projections and the actual performance of the same is set out hereunder:

(Rs. in Millions)

	Year ended March 31, 1997		Year ended March 31, 1998		Year ended March 31, 1999	
Particulars	Projections	Performance	Projections	Performance	Projections	Performance
Total Income	636.50	503.90	1,145.80	959.92	1,336.70	1,114.11
Cash Profit	164.20	16.00	258.90	96.31	400.50	144.56
Net Profit/ Loss	94.20	(387)	199.70	20.42	225.70	58.75

The projected level of turnover / profit could not be achieved due to low occupancy of beds, increase in cost of inputs and delay in commissioning of some of the departments of the Indraprastha Apollo Hospitals.

Information about the Share Price of IMCL

IMCL's equity shares are listed on the NSE and the BSE. The monthly high and low of the market price of the IMCL's equity shares on NSE and BSE for the last six months are as follows:

Monthly high and low of prices of shares on NSE:

Month	Traded Value (in Rs.)	
	High	Low
February 2008	37.70	32.20
January 2008	57.90	36.15
December 2007	58.8	43.60
November 2007	43.15	33.70
October 2007	40.85	35.95
September 2007	41.45	34.10

Details of closing price of IMCL as of March 14, 2008 is: Rs. 31.00

Monthly high and low of prices of shares on BSE:

Month	Traded Value (in Rs.)	
	High	Low
February 2008	37.55	32.20
January 2008	58.00	36.30
December 2007	58.25	43.55
November 2007	42.80	33.80
October 2007	40.80	35.95
September 2007	41.40	33.95

Details of closing price of IMCL as of March 14, 2008 is: Rs. 30.80

Details of Public/Rights Issue in the Last Three Years

No public or rights issues were made in the last three years by IMCL.

Declaration of Dividend

For the FY ended March 31, 2007, March 31, 2006 and March 31, 2005 IMCL, declared a dividend of 12.5% i.e., Rs. 1.25 per equity share, 12.5% i.e. Rs. 1.25 per equity share and 10% i.e. Re. 1 per equity share respectively.

Mechanism of Redressal of Investor Grievance

IMCL has constituted the Shareholders'/Investor's Grievance Committee comprising of Lt. Gen. Vijay Lall (Retd.), Independent Director, Dr. B. Venkataraman, Independent Director and Mr. Satnam Arora, Independent Director. The Shareholders'/Investors' Grievance Committee looks into the redressal of the shareholders' and investors' complaints such as transfer of shares, non-receipt of share certificates, non-receipt of declared dividends and ensures expeditious share transfers. Further, the company secretary of IMCL is the compliance officer.

The shareholder complaints are generally attended to within seven to 10 days of the date of receipt of such complaints. For the quarter ended December 31, 2007, there were two pending investor complaints. The same now stand resolved.

PCR Investments Limited

PCR Investments was incorporated on September 26, 1996 and received its certificate of commencement of business on October 31, 1996. The company has its registered office at 19 Bishop Gardens, Raja Annamalaipuram, Chennai 600 028, Tamil Nadu, India.

The main objects for which PCR Investments was incorporated include to carry on the business of an investment company and to buy, underwrite, invest or deal in shares, stock and debenture stock and to act as financial consultants, investment advisers and to render any kind of management and consultancy services concerning the foregoing.

PCR Investments has been registered with the RBI to carry on the business of a non-banking financial institution pursuant to certificate number B-07.00736 dated August 19, 2002.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Dr. Prathap C. Reddy	1,157,974	21.60
2.	Mrs. Sucharitha Reddy	983,200	18.34
3.	Mrs. Preetha Reddy	404,500	7.54
4.	Mrs. Suneeta Reddy	467,600	8.72
5.	Mrs. Shobana Kamineni	641,300	11.96
6.	Mrs. Sangita Reddy	829,900	15.48
7.	Others not forming part of Promoter Group	876,954	16.36
	Total	**5,361,428**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Dr. Prathap C. Reddy	Chairman
2.	Mrs. Preetha Reddy	Director
3.	Mrs. Suneeta Reddy	Director
4.	Mrs. Shobana Kamineni	Director
5.	Mrs. Sangita Reddy	Director

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million except share data)

Particulars	For the Fiscal Year ended March 31,		
	2007	2006	2005
Sales and other Income	159.12	224.74	26.23
Profit/Loss after Tax	95.17	202.82	3.18
Reserves and Surplus	543.15	182.53	25.00
Equity Capital	53.61	48.20	48.20
Earning Per Share (Rs)	17.75	42.08	0.66
Book value per share (Rs.)	111.37	109.86	62.06

Samudra Healthcare Enterprise Limited

Samudra Healthcare Enterprise Limited was originally incorporated as a partnership firm titled "Samudra Hospitals" and was converted into a limited company under the provisions of Chapter IX of the Companies Act on March 10, 2003. Samudra Healthcare received its certificate of commencement of business on July 21, 2003 and has its registered office at Apollo Hospitals Complex, Jubilee Hills, Hyderabad 500 033.

Samudra Healthcare became a subsidiary of AHEL pursuant to the purchase of 8,887,934 of its equity shares (comprising its entire issued and paid up capital) by AHEL from erstwhile shareholders of Samudra Healthcare on November 29, 2005. Samudra Healthcare owned and operated a hospital and it is proposed to lease the same out to AHEL.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	AHEL	8,887,928	99.99
2.	Mr. K. Padmanabhan	1	0.00
3.	Mr. PB Subramanian	1	0.00
4.	Mr. SK Venkatraman	1	0.00
5.	Mr. G. Narotham Reddy	1	0.00
6.	Mr. S. Obul Reddy	1	0.00
7.	Mr. L. Lakshmi Narayana Reddy	1	0.00
	Total	**8,887,934**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Dr. Prathap C. Reddy	Chairman
2.	Mrs. Preetha Reddy	Director
3.	Mrs. Sangita Reddy	Director
4.	Mr. PB Subramaniyan	Director
5.	Mr. SK Venkataraman	Director

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million except share data)

Particulars	For the Fiscal Year ended March 31,		
	2007	2006	2005
Sales and other Income	52.41	44.13	22.69
Profit/Loss after Tax	(6.20)	(25.07)	(39.14)

(Rs. In Million except share data)

Particulars	For the Fiscal Year ended March 31,		
	2007	2006	2005
Reserves and Surplus	-	-	-
Equity Capital	88.88	88.88	83.50
Earning Per Share (Rs)	-	-	-
Book value per share (Rs.)	10.00	10.00	10.00

Unique Home Healthcare Limited

UHHL was incorporated on June 2, 1995 and received its certificate of commencement of business on June 30, 1995. The company has its registered office at 19, Bishop Gardens, Raja Annamalaipuram, Chennai 600 028, Tamil Nadu, India.

The company is a wholly owned subsidiary of AHEL. It was incorporated to carry on the business of providing medical and healthcare services including diagnostic, therapeutic and such other general services and expert nursing care to patients from their homes.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	AHEL	29,822,312	99.91
2.	Mr. SK Venkataraman*	100	0.01
3.	Mr. G. Narotham Reddy*	100	0.01
4.	Mr. V. Satyanarayana Reddy*	100	0.01
5.	Mr. C. Sridhar*	100	0.01
6.	Mr. V. Venugopal*	100	0.01
7.	Mr. L. Lakshminarayana Reddy*	100	0.01
8.	Mr. PB Subramaniyan	100	0.01
	Total	**29,823,012**	**100.00**

* Holding shares under Section 187C of Companies Act, 1956 on behalf of AHEL.

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mr. SK Venkataraman	Director
2.	Mr. G. Narotham Reddy	Director
3.	Mr. V. Satyanarayana Reddy	Director
4.	Mr. C. Sreedhar	Director

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million except share data)

Particulars	For the Fiscal Year ended March 31,		
	2007	2006	2005
Sales and other Income	9.08	6.43	6.02
Profit/Loss after Tax	(12.69)	1.33	1.26
Reserves and Surplus	2.96	5.72	4.40
Equity Capital	298.23	8.23	8.23
Earning Per Share (Rs)	(8.70)	1.61	1.54
Book value per share (Rs.)	10.00	10.00	10.00

Western Hospitals Corporation Private Limited

The company was incorporated on October 16, 2006 in Chennai, Tamil Nadu, India with its registered office at 19 Bishop Gardens, Raja Annamalaipuram, Chennai 600 028. The company was incorporated to set up and run multi specialty and super specialty hospitals, nursing homes, dispensaries, pharmacies, diagnostic centres and ambulance services.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	AHEL	7,200,000	40.00
2.	Eleanor Holdings	10,800,000	60.00
	Total	**18,000,000**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Dr. Prathap C. Reddy	Director
2.	Mrs. Suneeta Reddy	Director
3.	Mr. Tarek Shoeb	Director
4.	Mr. Daniel Jorge Selmonosky	Director
5.	Mr. James Samuel Rubi	Director

Audited Financial Results for the Last Three Fiscal Years

The company was incorporated on October 16, 2006 and financial information for the fiscal year ended March 31, 2007 has been provided.

(Rs. In Million except share data)

Particulars	For the Fiscal Year ended March 31, 2007
Sales and other Income	-
Profit/Loss after Tax	-
Reserves and Surplus	-
Equity Capital	0.10
Earning Per Share (Rs)	-
Book value per share (Rs.)	-

Adventure Trails India Private Limited

The company was incorporated on July 14, 2004 in Hyderabad, Andhra Pradesh, India with its registered office at 8-2-674/1, Road No.13, Banjara Hills, Hyderabad – 500 034.

The main objects of the company include to carry on in India or elsewhere the business of manufacturing, buying, selling, re-selling, sub-contracting, hiring, altering, importing, exporting, improving, assembling, distributing, servicing, repairing, stocking, supplying, leasing, whole-selling, retailing, modifying, processing, cleaning, renovating and uses of trucks, trawlers, tankers, tractors, motor-lorries, motorcycles, cycles, cars, race-cars, scooters and buses.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Ms. K. Meera Reddy	25,000	50.00
2.	Mrs. Sangita Reddy	25,000	50.00
	Total	**50,000**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mr. K. Vishweshwar Reddy	Director
2.	Mr. Anil Kamineni	Director

Audited Financial Results for the Last Three Fiscal Years

The company has not undertaken any operations and therefore, financials of the company have not been prepared.

Medvarsity Online Limited

Medvarsity was incorporated in the state of Andhra Pradesh, India on November 6, 2000 and received its certificate of commencement of business on December 14, 2000. The registered office of Medvarsity is situated at Life Sciences Building, Apollo Hospitals Complex, Jubilee Hills, Hyderabad – 500 033.

The company was incorporated to carry on the business of establishing an educational platform for undertaking courses including in medicine, pharmacy, medical engineering, healthcare management, medical transcription, tele-medicine and engineering related fields in medicine and to accordingly grant degrees, doctorates and scholarships thereon, subject to approval of relevant authorities.

Medvarsity was incorporated pursuant to a strategic technology relationship contract dated August 18, 2000 between the Company and NIIT Limited whereby it was agreed that a virtual medical university would be set up by AHSL and NIIT Limited would be responsible to develop and engineer the content thereof. Towards the subscription of the equity share capital of Medvarsity, the Company, Medvarsity and NIIT Limited entered into a subscription-cum-shareholders agreement on February 8, 2001 whereby the Company agreed to subscribe to 3,400,000 equity shares of Medvarsity at par aggregating to 85% of the total paid up equity share capital of Medvarsity. Accordingly, the Company (directly and also through its nominees) held 85.00% of the equity share capital of Medvarsity and NIIT Limited held 15.00% of equity the share capital of Medvarsity. However, pursuant to an agreement dated January 1, 2007, the shareholding of the Company and NIIT Limited was purchased by Citadel Research and Solutions Limited. Pursuant to the terms of this agreement, the Company, NIIT Limited and Medvarsity agreed to terminate the subscription cum shareholders agreement dated February 8, 2001 and cease to have any rights and obligations under the agreement from the effective date i.e., January 1, 2007.

Shareholding Pattern as of March 14, 2008

S. No.	Name of the Shareholder	Number of shares	Percentage of Shareholding
1.	Citadel Research and Solutions Limited	1,959,930	49.99
2.	Dr. Prathap C. Reddy	10	0.00
3.	Mrs. Sangita Reddy	2,040,010	51.00
4.	Mrs. Shobana Kamineni	10	0.00
5.	Mr. K. Vishweshwar Reddy	10	0.00
6.	Mrs. Suneeta Reddy	10	0.00
7.	Mrs. Sucharitha Reddy	10	0.00
8.	Dr. Vikram JS Chhatwal	10	0.00
	Total	**4,000,000**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Dr. B. Prem Kumar	Director
2.	Dr. SS Reddy	Director
3.	Mr. Ashwini Kumar Srivastava	Director

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million except share data)

	Fiscal Year ended March 31, 2007	Fiscal Year ended March 31, 2006	Fiscal year ended March 31, 2005
Sales and other Income	37.76	24.24	12.92
Profit/loss after tax	8.43	3.21	(5.17)
Reserves and Surplus	-	-	-
Equity capital	40.00	40.00	40.00
Earnings per share	2.11	0.80	(1.29)
Book Value per share	4.06	2.01	1.20

Citadel Agro Private Limited

The company was incorporated on August 9, 2006 in Darmasagar Village, Ranga Reddy District, Andhra Pradesh, India with its registered office at Darmasagar Village, Devuni Eravalli Post, Chevella Mandal, Ranga Reddy District - 501 503.

The main objects of the company include cultivating, growing, producing or dealing in agriculture, horticulture, floriculture, vegetable, fruit and fruit products and to carry on all or any of the business of farmers.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Mr. K. Vishweshwar Reddy	5,000	50.00
2.	Ms. K. Meera Reddy	5,000	50.00
	Total	**10,000**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mr. K. Vishweshwar Reddy	Director
2.	Ms. K. Meera Reddy	Director

Audited Financial Results for the Last Three Fiscal Years

The company has not undertaken any operations and therefore, financials of the company have not been prepared.

Citadel Bio Technologies Private Limited

The company was incorporated on August 14, 2006 in Darmasagar Village, Ranga Reddy District, Andhra Pradesh, India with its registered office at Darmasagar Village, Devuni Eravalli Post, Chevella Mandal, Ranga Reddy District - 501 503.

The main objects of the company include import, export, trade, purchase, manufacture, produce, refine, mine or otherwise acquire, invest in, own, hold, use, lease, mortgage, sell, assign, transfer or otherwise dispose of trade, deal with any and all kinds of bio-technological products, chemicals, source materials, ingredients, mixtures, derivatives and compounds, thereof.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Mr. K. Vishweshwar Reddy	5,000	50.00
2.	Ms. K. Meera Reddy	5,000	50.00
	Total	**10,000**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mr. K. Vishweshwar Reddy	Director
2.	Ms. K. Meera Reddy	Director

Audited Financial Results for the Last Three Fiscal Years

The company has not undertaken any operations and therefore, financials of the company have not been prepared.

Citadel Research and Solutions Limited

The company was originally incorporated as "Citadel Health Limited" on April 24, 1998 in Hyderabad, Andhra Pradesh, India and received its certificate of commencement on April 30, 1998. The name of the company was changed to "Citadel Research and Solutions Limited" on December 17, 2004. The registered office of the company is situated at No.35, Sai Enclave, Avenue #1, Road No. 12, Banjara Hills – 500 034, Hyderabad.

The main objects of the company include to conduct research in technologies, healthcare information technology and business operations and find technological and financial solutions to the problems faced thereto and to provide consultancy services to corporate and government organizations.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Mr. K. Vishweshwar Reddy	807,457	77.76
2.	Mrs. K. Jayalatha Reddy	15,100	1.45
3.	PCR Investments	65,000	6.26
4.	Ms. K. Meera Reddy	5,600	0.54
5.	Dr. T. Gautami Reddy	5,600	0.54
6.	Mrs. Shailaja Reddy	600	0.06
7.	Mrs. Sucharitha Reddy	10,100	0.97
8.	Stephan Medizintechnik (India) Limited	17,500	1.69
9.	Mrs. Sangita Reddy	10,000	0.96
10.	Mr. Anandjit Reddy	15,000	1.44
11.	Mr. Viswajit Reddy	20,000	1.93
12.	Mr. Viraj Madhav Reddy	20,000	1.93
13.	Others not forming Part of Promoter Group	46, 390	4.47
	Total	**1,038,347**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mr. K. Vishweshwar Reddy	Director
2.	Ms. K. Meera Reddy	Director
3.	Dr. T. Gautami Reddy	Director
4.	Mrs. K. Jayalatha Reddy	Director

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million except share data)

Particulars	For the Fiscal Year ended March 31,		
	2007	2006	2005
Sales and other Income	7.69	72.38	23.57
Profit/Loss after Tax	(1.66)	65.86	7.07
Reserves and Surplus	9.29	264.99	200.95
Equity Capital	10.38	10.38	10.38
Earning Per Share (Rs)	(1.59)	63.42	6.81
Book value per share (Rs.)	18.37	328.63	210.34

KAR Auto Private Limited

The company was incorporated on April 20, 2006 in Hyderabad, Andhra Pradesh with its registered office at 8-2-674/1, Road No. 13, Banjara Hills, Hyderabad – 500 034.

The main objects of the company include to carry on in India or elsewhere the business of manufacturing, buying, selling, re-selling, sub-contracting, hiring, altering, importing, exporting, improving , assembling, distributing, servicing, repairing, stocking, supplying, leasing, wholeselling, retailing, modifying, processing, cleaning, renovating and uses of trucks, trawlers, tankers, tractors, motor-lorries, motorcycles, cycles, cars, race-cars, scooters, buses, etc.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Mrs. Sangita Reddy	25,000	50.00
2.	Ms. K. Meera Reddy	25,000	50.00
	Total	**50,000**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mr. K. Vishweshwar Reddy	Director
2.	Mr. Harshad Reddy	Director

Audited Financial Results for the Last Three Fiscal Years

The company has not undertaken any operations and therefore, financials of the company have not been prepared.

KAR Motors Private Limited

The company was incorporated on April 20, 2006 in Hyderabad, Andhra Pradesh, India with its registered office at 8-2-674/1, Road No. 13, Banjara Hills, Hyderabad – 500 034.

The main objects of the company include to carry on in India or elsewhere the business of manufacturing, buying, selling, re-selling, sub-contracting, hiring, altering, importing, exporting, improving , assembling, distributing, servicing, repairing, stocking, supplying, leasing, wholeselling, retailing, modifying, processing, cleaning, renovating and uses of trucks, trawlers, tankers, tractors, motor-lorries, motorcycles, cycles, cars, race-cars, scooters, buses, etc.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Mr. K. Vishweshwar Reddy	25,000	50.00
2.	Ms. K. Meera Reddy	25,000	50.00
	Total	**50,000**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mr. K. Vishweshwar Reddy	Director
2.	Ms. K. Meera Reddy	Director

Audited Financial Results for the Last Three Fiscal Years

The company has not undertaken any operations and therefore, financials of the company have not been prepared.

M3 Hotels and Resorts Private Limited

The company was incorporated on February 2, 2006 in Darmasagar Village, Ranga Reddy District, Andhra Pradesh, India with its registered office at Darmasagar Village, Devuni Eravalli Post, Chevella Mandal, Ranga Reddy District - 501 503.

The main objects of the company include cultivating, growing, producing or dealing in agriculture, horticulture, floriculture, vegetable, fruit and fruit products and to carry on all or any of the business of farmers.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Mr. K. Vishweshwar Reddy	5,000	50.00
2.	Ms. K. Meera Reddy	5,000	50.00
	Total	**10,000**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mr. K. Vishweshwar Reddy	Director
2.	Ms. K. Meera Reddy	Director

Audited Financial Results for the Last Three Fiscal Years

The company has not undertaken any operations and therefore, financials of the company have not been prepared.

Sristek Consulting Private Limited

The company was incorporated on July 24, 2002 in Hyderabad, Andhra Pradesh, India with its registered office at Plot No.26/A, 8-2-601/A/26, Panchavati Co-Operative Housing Society, Road No.10, Banjara Hills, Hyderabad - 500 034.

The main objects of the company include software research, development, implementation, trading, training, management information technologies, consultancies, networking and related services and to develop worldwide web content for individuals and organizations using programming languages and tools.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Citadel Research and Solutions Limited	278,900	27.89
2.	Mr. M. Ramesh Kumar	233,300	23.33
3.	Mr. M. Sampath Kumar	233,300	23.33
4.	Mr. MSB Chalapathi Rao	233,300	23.33
5.	Mr. Vishnu Vardhan Reddy	21,200	2.12
	Total	**1,000,000**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mr. MSB Chalapathi Rao	Director
2.	Mr. M. Ramesh	Director
3.	Mr. M. Sampath Kumar	Director

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million except share data)

Particulars	For the Fiscal Year ended March 31,		
	2007	**2006**	**2005**
Sales and other Income	22.01	9.34	2.97
Profit/Loss after Tax	1.06	0.58	0.18
Reserves and Surplus	1.71	0.75	0.07
Equity Capital	1.90	1.90	0.10
Earning Per Share (Rs)	5.56	3.05	17.92
Book value per share (Rs.)	18.99	16.98	35.15

Stephan Medizintechnik (India) Limited

The company was incorporated on June 8, 1993 and received its certificate of commencement on December 21, 1993. The registered office of the company is situated at B-28, Industrial Estate, Sanat Nagar, Hyderabad – 500 018, Andhra Pradesh, India.

The main objects of the company include to carry on the business as traders, either wholesale or retail, buyers, sellers, importers, exporters, dealers, distributors, representatives, stockists, clearing and forwarding agents, sole selling agents and commission agents of all kinds of medical, surgical, diagnostic equipments, medical consumables, appliances, accessories, chemicals, diagnostic kits, laboratory instruments, etc.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Mr. K. Vishweshwar Reddy	69,650	9.29
2.	Mrs. K. Jayalatha Reddy	2,600	0.35
3.	Mr. T. Diwakar Reddy	2,100	0.28
4.	Mr. Nikunj Akruwala	10,000	1.33
5.	Others not forming Part of Promoter Group	9,360	1.25
6.	Citadel Research and Solutions Limited	656,290	87.51
	Total	**750,000**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mr. K. Vishweshwar Reddy	Director
2.	Mr. G. Surender Reddy	Director
3.	Mr. G. Upendar Reddy	Director
4.	Dr. T. Gautami Reddy	Director

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million except share data)

Particulars	For the Fiscal Year ended March 31,		
	2007	2006	2005
Sales and other Income	5.67	4.72	10.01
Profit/Loss after Tax	(0.06)	0.10	0.98
Reserves and Surplus	0.12	6.49	6.39
Equity Capital	0.59	0.59	0.59
Earning Per Share (Rs)	(1.10)	1.76	16.75
Book value per share (Rs.)	10.99	122.61	135.84

Healthcare (India) Limited

The company was incorporated on November 24, 1988 in Chennai, Tamil Nadu, India and received its certificate of commencement on April 7, 1989. The registered office of the company is situated at No. 19, Bishop Gardens, Raja Annamalaipuram, Chennai – 600 028.

The main objects for which the company was incorporated include to design, manufacture with or without foreign collaboration, trade as wholesale or retail, import, export, buy, sell, lease, hire, install, maintain deal in any kind of medical equipment, medical consumables, chemicals, medicines, drugs and bulk drugs and all kinds of equipment and instrumentation for hospitals, dispensaries, clinics laboratories, health club and film processing labs.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Dr. Prathap C. Reddy	200	0.02
2.	Mrs. Sucharitha Reddy	200	0.02
3.	Mrs. Shobana Kamineni	200	0.02
4.	Mr. Upendra Reddy	1,768	0.18
5.	Mrs. Preetha Reddy	200	0.02
6.	Mrs. Sangita Reddy	73,550	7.36
7.	Mr. K. Vishweshwar Reddy	189,600	18.96
8.	Apollo Health Association	8,200	0.82
9.	Apollo Pharmacy, Hyderabad	10,000	1.00
10.	Indian Hospitals Corporation Limited	12,712	1.27
11.	Mrs. Suneeta Reddy	35,000	3.50
12.	Mrs. Shakunthala	7,103	0.71
13.	Ms. Suselamma	1,500	0.15
14.	Other individuals (not forming part of Promoter Group)	659,767	65.98
	Total	**1,000,000**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mr. Atchyut Prasad Reddy	Director
2.	Ms. VS Jayalakshmi	Director
3.	Ms. Taruna Joshi	Director

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million except share data)			
Particulars	**For the Fiscal Year ended March 31,**		
	2007	**2006**	**2005**
Sales and other Income	0.35	0.34	0.34
Profit/Loss after Tax	0.23	0.28	0.21
Reserves and Surplus	1.42	1.18	0.91
Equity Capital	10.00	10.00	10.00
Earning Per Share (Rs)	0.23	0.28	0.21
Book value per share (Rs.)	11.42	11.18	10.91

M3 Motors India Private Limited

The company was incorporated on August 23, 2007 in Hyderabad, Andhra Pradesh, India with its registered office at B-28, Industrial Estate, Sanathnagar, Hyderabad, 500 018.

The main objects of the company include to carryon in India or elsewhere the business of manufacturing, buying, selling, re-selling, sub-contracting, hiring, altering, importing, exporting, improving, assembling, distributing, servicing, repairing, stocking, supplying, leasing, wholeselling, retailing, fabricating, converting, installing, reconditioning, designing, developing, modifying, processing, cleaning, renovating, job working and to deal in all descriptions, specifications, systems, models, shapes, sizes, dimensions, capacities, applications and uses of trucks, trawlers, tankers, tractors, motor-lorries, motorcycles, cycles, cars, race-cars, scooters, buses, omnibuses, utilities, jeeps, defence vehicles, ambulances, tempos, vans, locomotives, tanks, mopeds, motorcars, three wheelers and other vehicles for transporting passengers, goods and animals whether propelled or used by any form of power including petrol, oil, gas, petroleum, spirit, steam, gas, vapour, electricity, battery, solar energy, atomic energy, wind energy and sea energy.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Mr. K. Vishweshwar Reddy	9,000	90.00
2.	Ms. K. Meera Reddy	1,000	10.00
	Total	**10,000**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mr. K. Vishweshwar Reddy	Director
2.	Ms. K. Meera Reddy	Director

Audited Financial Results for the Last Three Fiscal Years

The company was incorporated on August 23, 2007 and as the financial year of the company is not yet complete, audited accounts for the same have not been prepared.

Sindya Infrastructure Development Company Private Limited

The company was incorporated on April 29, 2002 in Chennai, Tamil Nadu, India with its registered office located at Pottipatti Plaza, 35, Nungambakkam High Road, Chennai – 600 034.

The main objects for which the company was incorporated include to carry on the business of contractors for the construction of buildings of all description, roads, bridges, earthwork sewers, tanks, drains and culverts, etc.

AHSL has entered into an engineering-procurement-construction contract on February 1, 2008 with the company for the construction of the Chennai facility. For further details, please see the section "Objects of the Issue – Detailed Use of Issue Proceeds - To meet the establishment expenses of the up-coming Chennai facility" on page 48.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Mr. P. Dwarkanath Reddy	5,000	50.00

S.No	Shareholder	Number of shares	Percentage
2.	Mrs. Suneeta Reddy	5,000	50.00
	Total	**10,000**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mr. P. Dwarkanath Reddy	Director
2.	Mrs. Suneeta Reddy	Director
3.	Mr. Vishnu Reddy	Director
4.	Mr. M. Ganesan	Director

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million except share data)

Particulars	For the Fiscal Year ended March 31,		
	2007	**2006**	**2005**
Sales and other Income	23.53	51.69	59.50
Profit/Loss after Tax	(16.87)	0.12	2.62
Reserves and Surplus	(10.06)	6.81	6.69
Equity Capital	0.10	0.10	0.10
Earning Per Share (Rs)	(1,687.50)	11.94	262.09
Book value per share (Rs.)	(1,023.58)	686.54	2,061.43

Kalpatharu Infrastructure Development Company Private Limited

The company was incorporated as “Kalpatharu Finance and Leasing Limited” on April 11, 1991 in Chennai, Tamil Nadu, India and received the certificate of commencement of business on June 26, 1991. The name of the company was changed to “Kalpatharu Infrastructure Development Company Limited” on April 16, 2001. Pursuant to the requisite resolution of its members passed at their meting held on held on January 3, 2002 and the consequent approval from the Central Government, the company was converted to a private limited company on January 17, 2002 pursuant to the relevant provisions of the Companies Act and consequently its name was changed to “Kalpatharu Infrastructure Development Company Private Limited”. Its registered office is located at Pottipatti Plaza, 2nd Floor, 77, Nungambakkam High Road, Chennai – 600 034.

The main objects for which the company was incorporated include to carry on the business of contractors for the construction of buildings of all description, roads, bridges, earthwork sewers, tanks, drains, culverts, etc.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Mr. P. Obul Reddy	10	0.00
2.	Mr. P. Dwarkanath Reddy	212,510	13.45
3.	Mrs. Suneeta Reddy	352,510	22.32
4.	Mrs. P. Sindoori Reddy	2,520	0.16
5.	Mr. P. Adithya Reddy	2,520	0.16
6.	PDR Investments Private Limited	462,913	29.31
7.	Capricon Logistics Limited	546,500	34.60
	Total	**1,579,483**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mrs. P. Suneeta Reddy	Director
2.	Mr. P. Dwarkanath Reddy	Director
3.	Mrs. P. Sindoori Reddy	Director

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million except share data)

Particulars	For the Fiscal Year ended March 31,		
	2007	**2006**	**2005**

(Rs. In Million except share data)			
Particulars	**For the Fiscal Year ended March 31,**		
Sales and other Income	0.06	0.06	0.05
Profit/Loss after Tax	(0.06)	(0.01)	(0.08)
Reserves and Surplus	(2.10)	2.16	2.16
Equity Capital	15.79	15.79	15.79
Earning Per Share (Rs)	(0.04)	-	(0.05)
Book value per share (Rs.)	8.67	483.58	450.73

PDR Investments Private Limited

The company was incorporated on April 12, 1985 in Chennai, Tamil Nadu, India with its registered office at Pottipatti Plaza, II Floor, 35, Nungambakkam High Road, Chennai – 600 034.

The main objects for which the company was incorporated include to carry on the business of an investment company and to buy, underwrite, sub- underwrite, invest or deal in shares, stock, debenture stock, bonds, units, obligations and securities.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Mrs. Preetha Reddy	51	50.00
2.	Mrs. Suneeta Reddy	51	50.00
	Total	**102**	**100.00**

Board of Directors

S. No.	Name	Designation
1.	Mrs. Preetha Reddy	Director
2.	Mr. P. Dwarkanath Reddy	Director
3.	Mrs. Suneeta Reddy	Director
4.	Mr. P. Adithya Reddy	Director
5.	Mrs. P. Sindoori Reddy	Director

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million except share data)			
Particulars	**For the Fiscal Year ended March 31,**		
	2007	**2006**	**2005**
Sales and other Income	3.58	3.82	3.80
Profit/Loss after Tax	3.57	3.80	3.80
Reserves and Surplus	4.18	0.62	-
Equity Capital	0.10	0.10	0.10
Earning Per Share (Rs)	34,975.06	37,231.25	37,233.37
Book value per share (Rs.)	42,015.83	7,040.77	(30,190.48)

Preetha Investments Private Limited

The company was incorporated on April 12, 1985 in Chennai, Tamil Nadu, India. Its registered office is located at Pottipatti Plaza, II Floor, 35, Nungambakkam High Road, Chennai – 600 034.

The main objects for which the company was incorporated include to carry on the business of an investment company and to buy, underwrite, sub- underwrite, invest or deal in shares, stock, debenture stock, bonds, units, obligations and securities.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Mr. P. Vijayakumar Reddy	101	99.02
2.	Mrs. Preetha Reddy	1	0.98
	Total	**102**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mr. P. Vijayakumar Reddy	Director
2.	Mrs. Preetha Reddy	Director

Audited Financial Results for the Last Three Fiscal Years

(In Rs. except share data)

Particulars	For the Fiscal Year ended March 31,		
	2007	2006	2005
Sales and other Income	1.35	1.62	1.62
Profit/Loss after Tax	1.34	1.59	(12.47)
Reserves and Surplus	-	-	-
Equity Capital	0.10	0.10	0.10
Earning Per Share (Rs)	13,109.38	15,631.84	15,829.60
Book value per share (Rs.)	(92,533.13)	(105,642.51)	(121,274.36)

Vasumati Spinning Mills Limited

The company was incorporated on August 1, 1991 in Chennai, Tamil Nadu, India. It has not yet commenced business. Its registered office is located at Pottipatti Plaza, 2nd Floor, 77, Nungambakkam High Road, Chennai – 600 034.

The main objects for which the company was incorporated include to carry on the business of spinning, weaving, manufacturing and dealing in cotton or other fibrous substances.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Mr. Bharat V. Epur	10	0.02
2.	Mr. P. Obul Reddy	10	0.02
3.	Mr. P. Dwarkanath Reddy	10,010	19.99
4.	Mr. P. Vijayakumar Reddy	10	0.02
5.	Mr. E. Ashok Kumar Reddy	10	0.02
6.	Mrs. E. Rohini Reddy	10	0.02
7.	Mrs. P. Gnanamba	10	0.02
8.	Mrs. P. Suneeta Reddy	40,000	79.89
	Total	**50,070**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mr. P. Dwarkanath Reddy	Director
2.	Mrs. Suneeta Reddy	Director
3.	Mr. M. Ganesan	Director

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million except share data)

Particulars	For the Fiscal Year ended March 31,		
	2007	2006	2005
Sales and other Income	-	-	-
Profit/Loss after Tax	-	-	-
Reserves and Surplus	-	-	-
Equity Capital	0.05	0.05	0.05
Earning Per Share (Rs)	-	-	-
Book value per share (Rs.)	10.00	10.00	10.00

Prescient Consulting India Private Limited

The company was incorporated on October 21, 2002 in Chennai, Tamil Nadu, India as "Kalpatharu Trading Private Limited". It changed its name to "Prescient Consulting India Private Limited" and received the fresh certificate of incorporation on April 21, 2005. Its registered office is located at Pottipatti Plaza, 2nd Floor, 77, Nungambakkam High Road, Chennai – 600 034.

The main objects for which the company was incorporated include to carry on the business of acting as dealers, distributors, wholesalers and retailers for trading in all kinds of products and in particular for batteries, battery lights, rice cookers, television sets and other energy saving products.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Mr. P. Dwarkanath Reddy	5,000	50.00
2.	Mrs. Suneeta Reddy	5,000	50.00
	Total	**10,000**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mr. P. Dwarkanath Reddy	Director
2.	Mr. G. Dijendranath Reddy	Director
3.	Mr. SS Sampath Kumar	Director

Audited Financial Results for the Last Three Fiscal Years

The company has not undertaken any operations and therefore, financials of the company have not been prepared.

Altosys Software Technologies Limited

The company was incorporated as "Interactive Softcom Solutions Private Limited" on January 27, 2000 in Chennai, Tamil Nadu, India and pursuant to the provisions of the Companies Act it was later converted into a public company and changed its name to "Altosys Software Technologies Limited" with effect from July 31, 2002. Its registered office is located at Pottipatti Plaza, 77, Nungambakkam High Road, Chennai – 600 034.

The main objects for which the company was incorporated include to develop, implement, convert, alter, modify, purchase, sell or lease and otherwise deal in software and hardware and to install computer systems, email, Internet and allied data processing equipments and to run and conduct a bureau of computer services including e-commerce activities.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Capricon Logistics Limited	343,000	16.35
2.	Mr. Sharanbir Stephen Brijnath	693,300	33.02
3.	Kalpatharu Infrastructure Development Company Private Limited	349,600	16.65
4.	Mr. P. Dwarkanath Reddy	400	0.02
5.	PDR Investments Private Limited	20,000	0.95
6.	Guiness Flight Trustees SARL	693,300	33.02
	Total	**2,099,900**	**100.00**

Board of Directors

S. No.	Name	Designation
1.	Mr. R. Vijaya Kumar	Director
2.	Mr. M. Ganesan	Director
3.	Mr. Sharanbir Stephen Brijnath	Director

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million except share data)

Particulars	For the Fiscal Year ended March 31,		
	2007	2006	2005
Sales and other Income	90.03	75.46	45.77
Profit/Loss after Tax	0.16	7.81	(6.12)
Reserves and Surplus	9.15	2.07	-
Equity Capital	21.00	29.32	26.37
Earning Per Share (Rs)	0.08	3.72	(2.91)
Book value per share (Rs.)	14.36	14.95	12.56

PPN Holdings Private Limited

The company was incorporated as "Dyna Utility Investments Company Limited" on December 2, 1994 in Chennai, Tamil Nadu, India. Pursuant to the provisions of the Companies Act, the company was converted to a public limited company and its name was changed to "PPN Holdings Limited" on May 12, 1999. Thereafter, on account of an amendment to the provisions of the Companies Act, the company was converted to a private limited company and its name was changed to "PPN Holdings Private Limited" with effect from January 7, 2002. Its registered office is located at 5, Subba Rao Avenue, II Street, Nungambakkam, Chennai - 600 034, Tamil Nadu, India.

The main objects for which the company was incorporated include to invest, acquire or otherwise deal in shares, stocks, debentures, debenture stock, bonds, units, obligations and securities of industrial enterprises engaged in the production, generation, supply, distribution or dealing in any manner with electricity or any form of energy, fuel or any by-products thereto.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Mr. P. Vijayakumar Reddy	5,000	50.00
2.	Mrs. Preetha Reddy	5,000	50.00
	Total	**10,000**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mr. P. Vijayakumar Reddy	Director
2.	Mrs. Preetha Reddy	Director
3.	Mr. A. Srinivasan	Director

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million except share data)

Particulars	For the Fiscal Year ended March 31,		
	2007	2006	2005
Sales and other Income	3.41	2.22	2.13
Profit/Loss after Tax	(28.62)	(13.33)	(11.37)
Reserves and Surplus	1,031.99	1,068.21	1,081.53
Equity Capital	0.10	0.10	0.10
Earning Per Share	(2,861.50)	(1,332.60)	(1,137.20)
Book value per share	103,208.60	106,830.50	108,163.20

Apollo Infrastructure Projects Finance Company Private Limited

The company was incorporated as "Apollo Infrastructure Company Limited" on August 30, 1996 at Chennai, Tamil Nadu, India and received its certificate of commencement of business on November 28, 1996. The name of the company was changed to "Apollo Infrastructure Projects Finance Company Limited" on July 31, 1997. The company was converted to a private limited company with effect from April 25, 2007 pursuant to provisions of the Companies Act and consequently the name of the company was changed to "Apollo Infrastructure Projects Finance Company Private Limited". The registered office of the company is situated at 55, Ali Towers, Greams Road, Chennai – 600 006.

The main objects for which the company was incorporated include providing financial assistance as may be conducive for the development of new or existing companies or enterprises engaged in the development, construction, operation, maintenance etc., of infrastructure projects in India.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	PPN Holdings Private Limited	1,15,409,994	99.94
2.	Mrs. Preetha Reddy*	1	0.01
3.	Mr. S. Narayanan*	1	0.01
4.	Mr. R. Ram*	1	0.01
5.	Mr. A. Srinivasan*	1	0.01
6.	Mr. PE Ramesh*	1	0.01
7.	Mrs. S. Krishnan*	1	0.01
	Total	**1,15,410,000**	**100.00**

* Holding shares under Section 187C of Companies Act, 1956 on behalf of PPN Holdings Private Limited.

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mrs. Suneeta Reddy	Director
2.	Mr. PB Subramaniyan	Director
3.	Mrs. Geetha Sridhar	Director

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million except share data)

Particulars	For the Fiscal Year ended March 31,		
	2007	2006	2005
Sales and other Income	403.64	705.75	70.17
Profit/Loss after Tax	324.02	539.88	(27.92)
Reserves and Surplus	640.22	316.20	-
Equity Capital	1,154.10	1,154.10	1,154.10
Earning Per Share (Rs)	2.81	4.68	(0.24)
Book value per share (Rs.)	15.55	12.74	9.76

Aurama Solution Private Limited

The company was incorporated on September 6, 2000 in Chennai, Tamil Nadu India with its registered office at 2nd Floor, Jhaver Plaza, 1-A, Nungambakkam High Road, Chennai – 600 034.

The main objects for which the company was incorporated include to develop, implement, convert, alter, modify, purchase, sell or lease and otherwise deal in software and hardware and to install computer systems, email, Internet and allied data processing equipments and to run and conduct a bureau of computer services including e-commerce activities.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Mr. P. Vijayakumar Reddy	10,030	99.70
2.	Mrs. Preetha Reddy*	30	0.30
	Total	**10,060**	**100.00**

* Holding shares under Section 187C of Companies Act, 1956 on behalf of Mr. P. Vijayakumar Reddy.

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mr. TK Swaminathan	Director
2.	Mr. S. Vijayamurali	Director

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million except share data)

Particulars	For the Fiscal Year ended March 31, 2007	2006	2005
Sales and other Income	1.88	3.33	2.88
Profit/Loss after Tax	(1.92)	(1.66)	(0.75)
Reserves and Surplus	-	-	-
Equity Capital	97.88	78.82	56.00
Earning Per Share (Rs)	(190.86)	(165.03)	(74.44)
Book value per share (Rs.)	9,729.59	7,835.03	5,567.04

PPN Power Generating Company Private Limited

The company was incorporated as "Dyna Makowski Power Company" on May 5, 1994 in Chennai, Tamil Nadu, India as private company with unlimited liability. The name of the company was changed to "PPN Power Generating Company" on January 20, 1997. Thereafter, pursuant to Section 32 of the Companies Act, the company stood converted from private company with unlimited liability to a private limited company. Thereafter, on account of provisons of the Companies Act, the company stood converted to a public limited company and its name was changed to "PPN Power Generating Company Limited" and the name of the company was changed to "PPN Power Generating Company Private Limited" with effect from December 16, 1997. Thereafter, upon an amendment to the Companies Act, the company was converted to a private limited company and its name stood changed to "PPN Power Generating Company Private Limited" on October 28, 2004. The registered office of the company is located at Jhaver Plaza, 3rd Floor, 1A, Nungambakkam, High Road, Chennai – 600 034.

The company is engaged in the generation and sale of power and owns and operates a 33.5 MW power plant at combined cycle power plant at Pillaiperumalnallur village, Nagapattinam District, Tamil Nadu. In this regard, the company has entered into a power purchase agreement dated January 3, 1997 with the Tamil Nadu Electricity Board. The company received the techno-economic clearance dated November 24, 1995 from the Government of India (Central Electricity Authority) for the said power plant.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Apollo Infrastructure Projects Finance Company Private Limited	22,990,380	46.90
2.	PSEG PPN Energy Company Limited, Mauritius	9,804,000	20.00
3.	Marubeni Corporation, Japan	12,745,200	26.00
4.	Others not forming part of Promoter Group	3,480,420	7.10
	Total	**490,020,000**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Dr. Prathap C. Reddy	Chairman
2.	Mr. S. Narayanan	Managing Director
3.	Mrs. Preetha Reddy	Director
4.	Mr. Deepak Vaidya	Director
5.	Mr. H. Kaihara	Director
6.	Mr. Y. Yokota	Director
7.	Mr. Masumi Kakinoki	Director
8.	Mr. Lokesh Kalra	Director
9.	Mr. Nelson Garcez	Director
10.	Mr. G. Venkatraman	Director
11.	Mr. GM Ramamurthy	Director
12.	Mr. LM Lohani	Director

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million except share data)

Particulars	For the Fiscal Year ended March 31,

			(Rs. In Million except share data)
Particulars	**For the Fiscal Year ended March 31,**		
	2007	**2006**	**2005**
Sales and other Income	8,065.80	4,882.80	5,495.90
Profit/Loss after Tax	946.30	758.90	508.50
Reserves and Surplus	837.30	683.10	483.20
Equity Capital	4,902.00	4,902.00	4,902.00
Earning Per Share (Rs)	19.30	15.48	10.37
Book value per share (Rs.)	117.08	113.94	109.86

KEI Energy Private Limited

The company was incorporated as "KEI Energy Limited" on August 28, 1995 in Hyderabad, Andhra Pradesh, India and received its certificate of commencement of business on November 20, 1995. Pursuant to the requisite resolution passed by its members at their meeting held on May 28, 1998 and the consequent approval from the Central Government, the company was converted to a private limited company on June 10, 1998 pursuant to the relevant provisions of the Companies Act and consequently its name was changed to "KEI Energy Private Limited". Its registered office is located at 10-3-316/A, Masab Tank, Hyderabad – 500 028.

The government of Karnataka through its letter dated February 26, 1999 permitted the company to establish, operate and maintain a coal based power plant of 350 MW in Basawan Bagewadi Taluk, Bijapur District, state of Karnataka. On September 10, 2003, the government of Karnataka permitted the company to change the fuel from coal to natural gas. The company is in the process of executing a power purchase agreement in this regard.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Mr. Anil Kamineni	5,402	54.02
2.	Mrs. Shobana Kamineni	4,098	40.98
3.	Mr. K. Umapathy	100	1.00
4.	Dr. Prathap C. Reddy	100	1.00
5.	Mrs. Sucharita Reddy	100	1.00
6.	Mr. I. Basava Raju	100	1.00
7.	Mr. Surender Reddy	100	1.00
	Total	**10,000**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mr. Anil Kamineni	Director
2.	Mrs. Shobana Kamineni	Director
3.	Mr. I. Basava Raju	Director

Audited Financial Results for the Last Three Fiscal Years

			(Rs. In Million except share data)
Particulars	**For the Fiscal Year ended March 31,**		
	2007	**2006**	**2005**
Sales and other Income	-	-	-
Profit/Loss after Tax	-	-	-
Reserves and Surplus	-	-	-
Equity Capital	0.10	0.10	0.10
Earning Per Share (Rs)	-	-	-
Book value per share (Rs.)	10	10	10

Trac India Private Limited

The company was incorporated as "Themed Recreations and Concepts India Private Limited" on November 9, 2000 in Hyderabad, Andhra Pradesh, India. Consequently the name of the company was changed to "Trac India Private Limited" on December 24, 2004. Its registered office is located at 10-3-316/A, Masab Tank, Hyderabad – 500 028.

The main objects for which the company was incorporated include to design, construct, erect, operate and maintain amusement, theme, water, indoor amusement and kiddy parks.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Mr. Anil Kamineni	450	45.00
2.	Mrs. Shobana Kamineni	450	45.00
3.	Mrs. Preetha Reddy	100	10.00
	Total	**1,000**	**100.00**

Board of Directors

S. No.	Name	Designation
1.	Mr. Anil Kamineni	Director
2.	Mrs. Shobana Kamineni	Director
3.	Mrs. Preetha Reddy	Director

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million except share data)

Particulars	For the Fiscal Year ended March 31,		
	2007	2006	2005
Sales and other Income	-	-	-
Profit/Loss after Tax	-	-	-
Reserves and Surplus	-	-	-
Equity Capital	0.10	0.10	0.10
Earning Per Share (Rs)	-	-	-
Book value per share (Rs.)	100	100	100

Kiddy Concepts Private Limited

The company was incorporated on February 15, 1989 in Hyderabad, Andhra Pradesh, India with its registered office is located at 10-3-316/A, Masab Tank, Hyderabad – 500 028.

The main objects for which the company was incorporated include to design, manufacture, import, buy, sell, install and otherwise deal in any kind of children's play equipment, amusement park equipment, water park equipment and any other related goods.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Mr. Anil Kamineni	50,400	48.46
2.	Mrs. Shobana Kamineni	33,000	31.73
3.	Mr. K. Umapathy	7,400	7.12
4.	Ms. Upasana Kamineni	13,200	12.69
	Total	**104,000**	**100.00**

Board of Directors

S. No.	Name	Designation
1.	Mr. Anil Kamineni	Director
2.	Mrs. Shobana Kamineni	Director
3.	Mr. K. Umapathy	Director

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million except share data)

Particulars	For the Fiscal Year ended March 31,		
	2007	2006	2005
Sales and other Income	0.14	0.27	0.25
Profit/Loss after Tax	(0.21)	(0.13)	(0.20)

(Rs. In Million except share data)			
Particulars	**For the Fiscal Year ended March 31,**		
Reserves and Surplus	-	-	-
Equity Capital	1.04	1.04	1.04
Earning Per Share (Rs)	(19.83)	(12.93)	(1.90)
Book value per share (Rs.)	(330.53)	(310.73)	10.00

Prime Time Recreations Private Limited

The company was incorporated on April 5, 1991 in Hyderabad, Andhra Pradesh, India with its registered office at 10-3-316/A, Masab Tank, Hyderabad – 500 028.

The main objects for which the company was incorporated include to design, construct, set-up and run all kinds of indoor and outdoor recreation centres for children and their parents with all recreational facilities like games, rides and other equipments required for children's entertainment.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Mr. Anil Kamineni	160,650	47.25
2.	Mrs. Shobana Kamineni	123,450	36.31
3.	Mr. K. Umapathy	5,500	1.62
4.	Mrs. Pushpa Umapathy	12,500	3.68
5.	Mr. K. Umapathy (HUF)	1,900	0.56
6.	Ms. Upasana Kamineni	11,000	3.24
7.	Mr. Paunsh Kamineni	25,000	7.35
	Total	**340,000**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mr. Anil Kamineni	Director
2.	Mrs. Shobana Kamineni	Director

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million except share data)			
Particulars	**For the Fiscal Year ended March 31,**		
	2007	**2006**	**2005**
Sales and other Income	1.83	2.26	2.40
Profit/Loss after Tax	(0.31)	(0.36)	(0.21)
Reserves and Surplus	0.52	0.83	1.19
Equity Capital	3.40	3.40	3.40
Earning Per Share (Rs)	1.52	2.44	(0.61)
Book value per share (Rs.)	11.52	12.44	13.51

KEI-RSOS Maritime Limited

The company was incorporated on December 3, 1999 in Hyderabad, Andhra Pradesh, India as "KEI-RSOS Maritime Private Limited". Pursuant to the requisite resolution passed by its members at their meeting held on August 4, 2001 and the consequent approval from the Central Government, the company was converted to a public limited company on August 4, 2001 pursuant to the relevant provisions of the Companies Act and consequently its name was changed to "KEI-RSOS Maritime Private Limited". The registered office of the company is located at 10-3-316/A, Masab Tank, Hyderabad – 500 028.

The company is involved in activities including port management and provides thereto offshore platform support, diving services, development of tug-boats and safety stand-by vessels for the sea-based drill-sites of oil and gas companies.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage

S.No	Shareholder	Number of shares	Percentage
1.	Mr. Anil Kamineni	160,300	9.79
2.	Mrs. Shobana Kamineni	220,850	27.27
3.	Mrs. Pushpa Umapathy	750	0.09
4.	Ms. Upasana Kamineni	50,000	6.17
5.	Ms. Anushpala Kamineni	50,000	6.17
6.	Mr. I. Basava Raju	8,100	1.00
7.	Mrs. Nagamani	205,000	25.31
8.	Lt. JVVS Murthy	114,000	14.07
9.	Mr. JJ Murthy	1,000	0.12
	Total	**810,000**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mr. Anil Kamineni	Director
2.	Mrs. Shobana Kamineni	Director
3.	Lt. JVVS Murthy	Director
4.	Mr. I. Basava Raju	Director

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million except share data)

Particulars	For the Fiscal Year ended March 31,		
	2007	2006	2005
Sales and other Income	370.00	210.25	185.12
Profit/Loss after Tax	110.33	76.52	76.40
Reserves and Surplus	252.06	176.66	114.00
Equity Capital	8.10	8.10	8.10
Earning Per Share (Rs)	136.21	94.47	94.32
Book value per share (Rs.)	321.81	228.10	150.73

KEI Vita Private Limited

The company was incorporated on August 11, 2003. The registered office of the company is located at 10-3-316/A, Masab Tank, Hyderabad – 500 028.

The main objects for which the company was incorporated include to carry on the business as manufacturers and dealers in pharmaceutical, medicinal, herbal, bacteriological, biological, chemical, industrial and other preparations, articles and compounds and as chemists and druggists.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Mr. Anil Kamineni	500	50.00
2.	Mrs. Shobana Kamineni	500	50.00
	Total	**1,000**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mr. Anil Kamineni	Director
2.	Mrs. Shobana Kamineni	Director

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million except share data)

Particulars	For the Fiscal Year ended March 31,		
	2007	2006	2005
Sales and other Income	-	-	-
Profit/Loss after Tax	-	-	-
Reserves and Surplus	-	-	-

(Rs. In Million except share data)			
Particulars	**For the Fiscal Year ended March 31,**		
	2007	**2006**	**2005**
Equity Capital	0.10	0.10	0.10
Earning Per Share (Rs)	-	-	-
Book value per share (Rs.)	100.00	100.00	100.00

Kamineni Builders Private Limited

The company was incorporated on April 15, 1991 in Hyderabad, Andhra Pradesh, India with its registered office of the company at 10-3-316/A, Masab Tank, Hyderabad – 500 028.

The main objects for which the company was incorporated include to carry on trade or business as contractors for the construction of all types of buildings and structures including houses, flats and works of every type and description on any land or elsewhere and to pull down, rebuild, repair, alter, improve existing housing facilities, buildings, ware-houses, other facilities like roads, lighting, waterworks sewage system, air-conditioning and/or heating, gardens, parks, markets, conveniences and generally to deal in properties of all kinds and of every description.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Mr. Anil Kamineni	900	6.67
2.	Mrs. Shobana Kamineni	12,450	92.22
3.	Mrs. Pushpa Umapathy	150	1.11
	Total	**13,500**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mrs. Shobana Kamineni	Director
2.	Mrs. Pushpa Umapathy	Director

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million except share data)			
Particulars	**For the Fiscal Year ended March 31,**		
	2007	**2006**	**2005**
Sales and other Income	0.00	0.00	0.00
Profit/Loss after Tax	(0.01)	(0.01)	(0.01)
Reserves and Surplus	-	-	-
Equity Capital	0.14	0.14	0.14
Earning Per Share (Rs)	(0.49)	(1.10)	(0.53)
Book value per share (Rs.)	(46.59)	(46.10)	10.00

Apollo Energy Company Limited

The company was incorporated on March 29, 1996 and received its certificate of commencement of business on November 26, 1996. The registered office of the company is located at C-565, New Friends Colony, New Delhi – 100 001, India.

The company is engaged in the generation and sale of power and owns and operates a 300 MW gas/naptha-based power plant at Narela, Delhi with two other power plants being under construction. The company has obtained a no-objection on June 8, 2000 from the government of Delhi for setting up the 300 MW power plant.

Shareholding Pattern as of March 14, 2008

S.No.	Name of the Shareholder	Number of Shares	Percentage
1.	Mr. Anil Kamineni	24,997	49.99
2.	Mrs. Shobana Kamineni	24,998	50.00
3.	Dr. Prathap C. Reddy	1	0.00

4.	Mrs. Sucharitha Reddy	1	0.00
5.	Mr. VJ Chacko	1	0.00
6.	Mr. CDD Reddy	1	0.00
7.	Ms. Raji Chandra	1	0.00
	Total	**50,000**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mr. Anil Kamineni	Director
2.	Mrs. Shobana Kamineni	Director
3.	Mr. I. Basava Raju	Director

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million except share data)

Particulars	For the Fiscal Year ended March 31,		
	2007	**2006**	**2005**
Sales and other Income	-	-	-
Profit/Loss after Tax	-	-	-
Reserves and Surplus	-	-	-
Equity Capital	0.50	0.50	0.50
Earning Per Share (Rs)	-	-	-
Book value per share (Rs.)	10	10	10

KEI Rajamahendri Resorts Private Limited

The company was incorporated as "Rajemahendri Resorts Private Limited" on November 21, 2003 in Hyderabad, Andhra Pradesh, India. The name of the company was changed to "KEI Rajemahendri Resorts Private Limited" on December 14, 2005. Its registered office is located at H.No. 10-3-316/A, Masab Tank, Hyderabad – 500 028, Andhra Pradesh, India.

The main objects for which the company was incorporated include to carry on the business of development of resorts, holiday homes, restaurants and recreation centers and to purchase, lease or otherwise acquire any lands, buildings to construct, operate and maintain holiday resorts.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Mr. Anil Kamineni	70,000	4.67
2.	Mrs. Shobana Kamineni	70,000	4.67
3.	Ms. Anushpala Kamineni	1,25,000	8.33
4.	Mr. Paunsh	1,25,000	8.33
5.	Mr. I. Basava Raju	15,000	1.00
6.	Mrs. Nagamani	240,000	16.00
7.	Lt. JVVS Murthy	240,000	16.00
8.	KEI-RSOS Maritime Limited	390,000	26.00
9.	RSOS Private Limited	225,000	15.00
	Total	**1,500,000**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Lt. JVVS Murthy	Managing Director
2.	Mrs. Shobana Kamineni	Director
3.	Mr. J. Janardhan Murthy	Director
4.	Ms. J. Naga Mani	Director
5.	Mr. I. Basava Raju	Director

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million except share data)

Particulars	For the Fiscal Year ended March 31,		
	2007	2006	2005
Sales and other Income	47.94	9.55	0.63
Profit/Loss after Tax	(6.74)	(1.53)	(0.08)
Reserves and Surplus	-	-	-
Equity Capital	15.00	15.00	14.30
Earning Per Share (Rs)	(4.50)	(1.02)	(0.05)
Book value per share (Rs.)	4.43	8.92	9.53

Keimed Limited

The company was incorporated as "Keimed.com Limited" on March 10, 2000 in Hyderabad, Andhra Pradesh, India. The company received its certificate of commencement of business on March 13, 2000. Subsequently, the name of the company was changed to "Keimed Limited" on May 9, 2001. Its registered office is located at Lacasa K. Apartments, Road No. 11, Banjara Hills, Hyderabad – 500 034, Andhra Pradesh, India.

The company was incorporated to carry on e-commerce supply chain management through Internet for medical, surgical and other hospital related materials such as drugs, chemicals, surgical disposables, instruments, equipment and other related items of hospitals, retail pharmacies, government and other private organizations.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Mrs. Taruna C. Joshi	70	0.08
2.	Mrs. VS Jayalakshmi	19,285	22.46
3.	Mrs. Pushpa Umapathy	13,275	15.46
4.	Mr. K. Umapathy- HUF	6,010	7.00
5.	Family Health Plan Limited	22,322	26.00
6.	Mr. K. Narayana Reddy	8,930	10.40
7.	Mrs. K. Narayanamma	7,384	8.60
8.	Mr. K. Bala Kasi Reddy	578	0.67
9.	Healthcare (India) Limited	8,000	9.32
	Total	**85,854**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Ms. Taruna C. Joshi	Whole Time Director
2.	Ms. K. Pushpa Umapathy	Director
3.	Ms. VS Jayalakshmi	Director
4.	Mrs. K. Sailaja Reddy	Director
5.	Mrs. Shobana Kamineni	Director

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million except share data)

Particulars	For the Fiscal Year ended March 31,		
	2007	2006	2005
Sales and other Income	1,536.24	1,173.62	915.00
Profit/Loss after Tax	43.88	33.33	30.35
Reserves and Surplus	155.34	115.38	85.96
Equity Capital	8.59	8.59	8.59
Earning Per Share (Rs)	511.11	388.27	353.54
Book value per share (Rs.)	1,809.36	1,343.86	1,101.20

Sindya Aqua Minerale Private Limited

The company was incorporated on October 16, 2002 in Chennai, Tamil Nadu, India as "Sindya High Energy Batteries Private Limited". It changed its name to "Sindya Aqua Minerale Private Limited" and received the fresh certificate of incorporation on September 24, 2003. Its registered office is located at Pottipatti Plaza, 2nd Floor, 77, Nungambakkam High Road, Chennai – 600 034.

The main objects for which the company was incorporated include to produce, refine, process, formulate, buy, sell, extract, market, distribute the bulk potable drinking water in bottles and jars and for this purpose purchase, import, design, install, set up the manufacturing facilities for producing the potable bulk water and packaging materials such as containers, wet bottles, carks and other accessories for packing and distributing the mineral water.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Mr. P. Dwarkanath Reddy	5,000	50.00
2.	Mrs. Suneeta Reddy	5,000	50.00
	Total	**10,000**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mr. P. Dwarkanath Reddy	Director
2.	Mrs. P. Sindhoori Reddy	Director
3.	Mr. R. Vijaya Kumar	Director

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million except share data)

Particulars	For the Fiscal Year ended March 31,		
	2007	**2006**	**2005**
Sales and other Income	22.73	7.03	-
Profit/Loss after Tax	(3.83)	(8.79)	-
Reserves and Surplus	-	-	
Equity Capital	0.10	0.10	1.04
Earning Per Share (Rs)	16.03	(2.98)	-
Book value per share (Rs.)	(1,249.45)	(871.83)	(4,489.69)

Apollo Health Hiway Private Limited

The company was incorporated on June 2, 2007 in the state of Andhra Pradesh with its registered office at Life Sciences Building, Apollo Hospitals Complex, Jubilee Hills, Hyderabad – 500 033.

The main objects for which the company was incorporated include, to plan, establish, provide, promote, use, operate, conduct, procure, maintain health services and products.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Mrs. Sangita Reddy	1,000	2.17
2.	Mrs. Shobana Kamineni	1,000	2.17
3.	Indian Hospitals Corporation Limited	44,000	95.66
	Total	**46,000**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Dr. Prathap C. Reddy	Chairman
2.	Mrs. Sangita Reddy	Director
3.	Mrs. Shobana Kamineni	Director

Audited Financial Results for the Last Three Fiscal Years

The company was incorporated on June 2, 2007 and as the financial year of the company is not yet complete, audited accounts for the same have not been prepared.

PPN Power Generation Unit II Private Limited

The company was incorporated on August 27, 1999 with its registered office at Jhaver Plaza, 1-A, NH Road, Nugambakkam, Chennai – 600 034, Tamil Nadu, India.

The main objects for which the company was incorporated is to establish and operate plants for generation of electricity.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Mrs. Preetha Reddy	500	50.00
2.	Mr. PB Subramaniyan	500	50.00
	Total	**1,000**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mrs. Preetha Reddy	Director
2.	Mr. A. Srinivasan	Director

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million except share data)

Particulars	For the Fiscal Year ended March 31,		
	2007	**2006**	**2005**
Sales and other Income	0.00	0.00	0.00
Profit/Loss after Tax	0.00	0.00	0.00
Reserves and Surplus	0.00	0.00	0.00
Equity Capital	0.01	0.01	0.10
Earning Per Share (Rs)	0.00	0.00	0.00
Book value per share (Rs.)	0.00	0.00	0.00

Sindya Securities and Investments Private Limited

The company was incorporated on January 19, 2006 in Chennai, Tamil Nadu, India with its registered office at Pottipatti Plaza, II Floor, 77, Nungambakkam High Road, Chennai – 600 034.

The main objects for which the company was incorporated include to carry on the business of an investment company.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Mr. P. Dwarkanath Reddy	5,000	50.00
2.	Mrs. Suneeta Reddy	5,000	50.00
	Total	**10,000**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mr. P. Dwarkanath Reddy	Director
2.	Mrs. Suneeta Reddy	Director

Audited Financial Results for the Last Three Fiscal Years

The company has not undertaken any operations and therefore, financials of the company have not been prepared.

Access Health Private Limited

The company was incorporated on February 21, 2005 with its registered office at 55, G Block, Ali Towers, Greams Road, Chennai – 600 006, Tamil Nadu India.

The main object for which the company was incorporated was to include to carry on the business of all kinds of healthcare products, hospital appliances and to carry on the business as traders, importers, exporters, importers and dealers for all such products.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Mrs. Sucharitha Reddy	5,000	50.00
2.	Mrs. P. Sindhoori Reddy	5,000	50.00
	Total	**10,000**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mrs. Sucharitha Reddy	Director
2.	Mrs. P. Sindhoori Reddy	Director

Audited Financial Results for the Last Three Fiscal Years

The company has not undertaken any operations and therefore, financials of the company have not been prepared.

Deccan Digital Networks Private Limited

The company was incorporated on January 16, 2006 in New Delhi, India with its registered office at No.13, Abul Fazal Road, Bengali Market, New Delhi – 110 001.

The main objects for which the company was incorporated include to engage in the business of telecommunication service, cellular mobile telephone service, unified access services either by promotion in India or elsewhere, cellular mobile telephone service and also to provide pre start, start-up and post start-up services.

The company acquired 35% of the equity shares of Aircel Limited at USD 378 million. Aircel Limited holds a telecommunication license for provision of geo-stationary mobile based services in the telecommunication circles of Tamil Nadu. The company entered into a shareholders agreement with Global Communication Services Holdings Limited in this regard.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Global Communication Services Holdings Limited	11,828,440	25.17
2.	Sindya Securities and Investments Private Limited	34,171,560	74.29
	Total	**46,000,000**	**100.00**

The company also issued 1,644,594,517 cumulative, non-convertible, redeemable preference shares of Rs. 10 each of which 1,639,594,517 shares are redeemable at the end of 20 years from March 31, 2006 and the remaining 500,000,000 shares are redeemable at the end of 20 years from April 24, 2006.

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mr. Sandip Das	Director
2.	Mrs. Suneeta Reddy	Director
3.	Mr. PB Subramaniyam	Director
4.	Mr. Madhav Raghavendra	Director

Audited Financial Results for the Last Three Fiscal Years

The first financial year of the company was closed on December 31, 2006 and the company is yet to close its books of account for the fiscal year ended December 31, 2007.

(Rs. In Million except share data)

Particulars	For the Fiscal Year ended December 31, 2007	2006
Sales and other Income	-	-
Profit/Loss after Tax	-	-
Reserves and Surplus	-	-
Equity Capital	-	16,905.95
Earning Per Share (Rs)	-	-
Book value per share (Rs.)	-	10

FSM Labs Services Private Limited

The company was incorporated on March 10, 2004 with its registered office at 55, G Block, III Floor, Ali Towers, Greams Road, Chennai – 600 006, Tamil Nadu, India.

The main objects for which the company was incorporated include to develop, implement, manufacture, convert, alter, modify, export, import, purchase, sell or lease and otherwise deal in software and hardware and to install computer systems, e-mails, internet and allied data processing equipments.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Mr. P. Dwarakanath Reddy	5,000	50.00
2.	Mrs. Suneeta Reddy	5,000	50.00
	Total	**10,000**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mr. P. Dwarakanath Reddy	Director
2.	Mrs. Suneeta Reddy	Director

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million except share data)

Particulars	For the Fiscal Year ended March 31, 2007	2006	2005
Sales and other Income	-	-	-
Profit/Loss after Tax	-	-	-
Reserves and Surplus	-	-	-
Equity Capital	0.10	0.10	0.10
Earning Per Share (Rs)	-	-	-
Book value per share (Rs.)	-	-	-

Pinakini Hospitals Limited

The company was incorporated on September 29, 1986 with its registered office at No.1, BVR Nagar, Muthukur Road, Nellore, Andhra Pradesh as “Mother Meera Hospitals Private Limited”. Pursuant to the requisite resolution passed by its members and the consequent approval from the Central Government, the company was converted into a public limited company on July 12, 1990. Pursuant to approval from Central Government the name of the company was further changed to “Pinakini Hospitals Limited” on September 10, 1997.

The main objects for which the company was incorporated include to undertake, promote, assist or engage in all kinds of research and development work required to promote, assist or engage in setting up hospitals and facilities for manufacturing medical equipment.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage

S.No	Shareholder	Number of shares	Percentage
1.	AHEL	161,440	14.15
2.	Mr. P. Obul Reddy	200,000	17.53
3.	Mr. Jayachandra Reddy	20,000	1.75
4.	Mr. N. Krishnamoorthy	351,625	30.81
5.	Mr. Jagdish A. Sadarangini	310,988	27.25
6.	Mr. P. Ramchandran	36,175	3.17
7.	Others	60,952	5.34
	Total	**1,141,200**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mrs. Preetha Reddy	Director
2.	Mr. Jagdish A. Sadarangani	Director
3.	Mr. N. Krishna Murthy	Director
4.	Mr. J. Thakur Bakshani	Director
5.	Mr. A. Jayachandra Reddy	Director
6.	Mr. P. Ramachandran	Director

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million except share data)

Particulars	For the Fiscal Year ended March 31,		
	2007	2006	2005
Sales and other Income	-	-	-
Profit/Loss after Tax	(9.20)	(0.04)	(0.18)
Reserves and Surplus	-	-	-
Equity Capital	11.41	11.41	11.41
Earning Per Share (Rs)	(8.06)	(0.03)	(0.16)
Book value per share (Rs.)	(25.38)	(17.32)	(17.29)

Lifetime Wellness Rx International Limited

The company was incorporated on July 23, 1999 as "Apollo Telemedicine Enterprise Limited" and received its certificate of commencement of business on August 26, 1999. The name of the company was changed to "Lifetime Wellness Rx International Limited" on January 6, 2004. The registered office of the company is situated at No. 19, Bishop Gardens, Raja Annamalaipuram, Chennai – 600 028, Tamil Nadu, India.

The objects for which the company was incorporated include to carry on the business of delivering health care services and counseling to persons in hospitals, to conduct health management workshops for corporate and individuals in order to educate and inform them about lifestyle and catering to all aspects of diseases management and wellness management through lifestyle modification.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Dr. Prathap C. Reddy	2,500	5.05
2.	Mrs. Preetha Reddy	2,500	5.05
3.	Mrs. Sucharitha Reddy	18,750	37.50
4.	Mrs. Shobana Kamineni	2,500	5.00
5.	Mrs. Suneetha Reddy	2,500	5.00
6.	Mrs. Sangita Reddy	18,750	37.50
7.	Mr. K. Vishweshwar Reddy	2,500	5.00
	Total	**50,000**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mrs. Preetha Reddy	Director
2.	Mrs. Sucharitha Reddy	Director
3.	Mrs. Shobana Kamineni	Director

S. No.	Name	Designation
4.	Mr. Ratan Kumar Jalan	Director
5.	Prof Adrian Kennedy	Director

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million except share data)

Particulars	For the Fiscal Year ended March 31,		
	2007	2006	2005
Sales and other Income	10.80	19.95	21.83
Profit/Loss after Tax	(6.83)	(0.07)	(0.24)
Reserves and Surplus	-	-	-
Equity Capital	0.50	0.50	0.50
Earning Per Share (Rs)	(136.62)	(1.50)	(4.80)
Book value per share (Rs.)	(143.08)	(6.46)	(37.14)

Apollo Clinical Excellence Solutions Limited

The company was incorporated on September 14, 2006 and received its certificate of commencement of business on November 8, 2006. The registered office of the company is located at No. 19, Bishop Gardens, Raja Annamalaipuram, Chennai – 600 028, Tamil Nadu, India.

The main objects for which the company was incorporated include to carry on in India or elsewhere the business of a consultant, advisor, representative a facilitator to bring out the best medical practices in the hospitals in India and abroad and to help, support and provide expertise to healthcare organizations in India and abroad in their quest for quality improvement and obtaining accreditations.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Dr. Prathap C. Reddy	10,000	20.00
2.	Mrs. Preetha Reddy	9,000	18.00
3.	Mrs. Suneeta Reddy	8,500	17.00
4.	Dr. Satyabama	5,000	10.00
5.	Dr. Anupam Sibal	7,500	15.00
6.	Dr. K. Hari Prasad	5,000	10.00
7.	Dr. Umesh Gupta	5,000	10.00
	Total	**50,000**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mrs. Preetha Reddy	Director
2.	Mrs. Sangita Reddy	Director
3.	Dr. Anupam Sibal	Director

Audited Financial Results for the Last Three Fiscal Years

The company was incorporated on September 14, 2006 and financial information for the fiscal year ended March 31, 2007 has been provided.

(Rs. In Million except share data)

Particulars	For the Fiscal Year ended March 31, 2007
Sales and other Income	-
Profit/Loss after Tax	-
Reserves and Surplus	-
Equity Capital	0.50
Earning Per Share (Rs)	-
Book value per share (Rs.)	10

Apollo Reach Hospitals Enterprises Limited

The company was incorporated on December 12, 2007 and received its certificate of commencement of business on December 31, 2007. The registered office of the company is located at No. 19, Bishop Gardens, Raja Annamalaipuram, Chennai – 600 028, Tamil Nadu, India.

The main objects for which the company was incorporated include to carry on business of design, construction, and running of all kinds of hospitals, dispensaries, clinics, laboratories, wellness centers and health clubs and to undertake, promote, assist or engage in all kinds of research and development work required to promote, assist or engage in setting up hospitals and facilities for manufacturing medical equipment.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Dr. Prathap C. Reddy	10,000	20.00
2.	Mrs. Sucharitha Reddy	10,000	20.00
3.	Mrs. Preetha Reddy	7,000	14.00
4.	Mrs. P. Sindhoori Reddy	7,000	14.00
5.	Mrs. Shobana Kamineni	7,000	14.00
6.	Mrs. Sangita Reddy	7,000	14.00
7.	Mr. PB Subramanian	2,000	4.00
	Total	**50,000**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Dr. Prathap C. Reddy	Director
2.	Mrs. Preetha Reddy	Director
3.	Mrs. Sangita Reddy	Director

Audited Financial Results for the Last Three Fiscal Years

The company was incorporated on December 12, 2007 and as the financial year of the company is not yet complete, audited accounts for the same have not been prepared.

KEI-RSOS Petroleum and Energy Private Limited

The company was incorporated on November 17, 2006 in Hyderabad, Andhra Pradesh, India with its registered office at 10-3-316/A, Masab Tank, Hyderabad – 500 028.

The main objects for which the company was incorporated include to carry on the business of domestic and international oil and gas exploration, finding new or alternative energy avenues and to purchase, sell, import, export, produce, distribute or otherwise deal in crude oil, gas, compressed natural gas, petrochemical products and hydro carbon compounds.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Mr. Veera Ventaka Satyanarayana Murthy Jasti	4,500	45.00
2.	Mrs. Shobana Kamineni	5,000	50.00
3.	Mr. I. Basava Raju	500	5.00
	Total	**10,000**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mr. Veera Ventaka Satyanarayana Murthy Jasti	Director
2.	Mrs. Shobana Kamineni	Director
3.	Mr. I. Basava Raju	Director

Audited Financial Results for the Last Three Fiscal Years

The company was incorporated on November 17, 2006 and financial information for the fiscal year ended March 31, 2007 has not been prepared.

KEI-RSOS Shipping Private Limited

The company was incorporated on November 5, 2007 with its registered office at 10-3-316/A, Masab Tank, Hyderabad – 500 028, Andhra Pradesh, India.

The main objects for which the company was incorporated include establish, maintain and operate shipping business, including shipping services and to own construct, purchase, charter, hire or otherwise acquire, sell, exchange, let or otherwise deal with operations, manage, trade in or with steam sailing, motor and other ships, trawlers, drifters, tugs, country crafts, water crafts, fishing boats, dredgers, boats and vessels.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Mr. Veera Ventaka Satyanarayana Murthy Jasti	5,000	50.00
2.	Mrs. Shobana Kamineni	5,000	50.00
	Total	**10,000**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mr. Veera Ventaka Satyanarayana Murthy Jasti	Director
2.	Mrs. Shobana Kamineni	Director

Audited Financial Results for the Last Three Fiscal Years

The company has not undertaken any operations and therefore, financials of the company have not been prepared.

Peninsular Tankers Private Limited

The company was incorporated on December 12, 2007 and the registered office of the company is at No.706, Tulsiani Chambers, Nariman Point, Mumbai – 400 021, Maharashtra, India.

The main objects for which the company was incorporated include to carry on the business of ship owners, ship brokers, ship agents, ship under repairing, managing services and salvage operations.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Mr. Nitish Sharma	2,500	25.00
2.	Mr. Kanta Prasad Mandhana	2,500	25.00
3.	Mr. Veera Ventaka Satyanarayana Murthy Jasti	2,500	25.00
4.	Mrs. Shobana Kamineni	2,500	25.00
	Total	**10,000**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mr. Nitish Sharma	Director
2.	Mr. Kanta Prasad Mandhana	Director
3.	Mr. Veera Ventaka Satyanarayana Murthy Jasti	Director
4.	Mrs. Shobana Kamineni	Director
5.	Mr. Ashish Acharaya	Director

Audited Financial Results for the Last Three Fiscal Years

The company was incorporated on December 12, 2007 and as the financial year of the company is not yet complete, audited accounts for the same have not been prepared.

British American Hospitals Enterprise Limited

The company was incorporated as a private company limited by shares under the laws of the Republic of Mauritius on May 22, 2006 with its registered office at No. 25, Pope Hennessy Street, Port Louis, Mauritius.

The main objects for which the company was incorporated include to establish and operate a multi specialty hospital in Mauritius providing world class healthcare facilities. The company was set up as a joint venture between AHEL, BAI Medical Centres Limited, British American Investment Co. (Mtius) Limited and British American Hospitals Enterprise Limited pursuant to a joint venture agreement dated July 31, 2007 between these parties and British American Investment Company (Mauritius) Limited.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	AHEL	241,612	26.00
2.	BAI Medical Centers Limited	687,664	74.00
	Total	**929,276**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Dr. Prathap C. Reddy	Director
2.	Mrs. Shobana Kamineni	Director
3.	Mr. Dawood A. Rawat	Director
4.	Mr. Saleem R. Beebeejohn	Director
5.	Mr. John Nicholas Ashford Hodges	Director
6.	Mr. Ramdeeri Goorah	Director
7.	Mr. Farouk A. Hossen Osk	Director
8.	Mr. Bertrand Rasool	Director

Audited Financial Results for the Last Three Fiscal Years

The company has not finalized its books of accounts for the fiscal year ended March 31, 2007.

Faber Sindoori Management Services Private Limited

The company was incorporated on August 27, 2007 with its registered office located at Old No.19, New No.41, Nungambakkam High Road, Chennai – 600 034, Tamil Nadu, India.

The main objects for which the company was incorporated include to carry on the business of rendering of healthcare and non-health care support services including but not limited to facility management of healthcare and non-healthcare facilities in the domains of bio-medical engineering, facility engineering, cleansing, housekeeping, janitorial services and hospital support services. For further details, please see "Our Promoter - Promoter Group" on page 134.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Mrs. P. Suneetha Reddy	5,000	50
2.	Mrs. P. Sindoori Reddy	5,000	50
	Total	**10,000**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mrs. P. Suneetha Reddy	Chairman
2.	Mrs. P. Sindoori Reddy	Director

Audited Financial Results for the Last Three Fiscal Years

The company was incorporated on August 27, 2007 and as the financial year of the company is not yet complete, audited accounts for the same have not been prepared.

Sindya Ports Company Private Limited

The company was incorporated on March 29, 2007 and with its registered office located at Pottipati Plaza, No.77, Nugambakkam High Road, Chennai – 600 034, Tamil Nadu, India.

The main objects for which the company was incorporated include the development of ports, harbours and creating infrastructure facilities and services for handling ships, good and passengers and other related activities.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Mr. P. Dwarakanath Reddy	5,000	50
2.	Mrs. P. Suneeta Reddy	5,000	50
	Total	**10,000**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mr. P. Dwarakanath Reddy	Director
2.	Mrs. P. Suneeta Reddy	Director

Audited Financial Results for the Last Three Fiscal Years

The company was incorporated on March 29, 2007 and as the financial year of the company is not yet complete, audited accounts for the same have not been prepared.

PPN Holdings (Alfa) Private Limited

The company was incorporated on January 18, 2005 and with its registered office located at Jhaver Plaza, 1-A, NH Road, Nugambakkam, Chennai – 600 034, Tamil Nadu, India.

The main objects for which the company was incorporated are to promote, establish, participate as consultants and advisors by way of investments in securities of or financial assistance to companies and enterprises engaged in the development, construction, operation, maintenance of infrastructure project in the field of road, highway and power generation.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Ms. Preetha Reddy	500	50
2.	Mr. PB Subramaniyan	500	50
	Total	**1,000**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Ms. Preetha Reddy	Director
2.	Mr. A. Srinivasan	Director

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million except share data)

Particulars	For the Fiscal Year ended March 31,		
	2007	**2006**	**2005**
Sales and other Income	0.00	0.00	0.00
Profit/Loss after Tax	26,002	12,244	44,855

(Rs. In Million except share data)

Particulars	For the Fiscal Year ended March 31,		
Reserves and Surplus	0.00	0.00	0.00
Equity Capital	100,000	100,000	100,000
Earning Per Share (Rs)	0.00	0.00	0.00
Book value per share (Rs.)	0.00	0.00	0.00

Sindya Software Technologies Private Limited

The company was incorporated on July 14, 2004 and with its registered office located at Pottipati Plaza, No.77, Nungambakkam High Road, Chennai 600034, India.

The main objects for which the company was incorporated are to develop, implement, manufacture, convert, alter, modify, export, import, purchase, sell or lease and otherwise deal in software and hardware and to install computer systems, e-Mail, internet and allied data processing equipments and to run and conduct a bureau of computer services including e-Commerce activities and to develop, design, programme, conduct feasibility studies and to act as advisors, consultants, retainers, trainers in all capacities and in all matters and problems relating to management, marketing, manufacturing and processing systems, operational procedures and techniques.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Mr. P. Dwarakanath Reddy	5,000	50
2.	Mrs. P. Suneeta Reddy	5,000	50
	Total	**10,000**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mr. P. Dwarakanath Reddy	Director
2.	Mrs. P. Suneeta Reddy	Director

Audited Financial Results for the Last Three Fiscal Years

The company has not finalized its books of accounts.

Sindoori Infrastructure Private Limited

The company was incorporated on July 5, 2007 with its registered office located at Pottipati Plaza, No.77, Nungambakkam High Road, Chennai 600034, India.

The main objects for which the company was incorporated include to carry on and engage in the development of infrastructure projects of all kinds including the Road and Rail works, Construction of bridges, Ports, Telecommunications, Power Generation and Distribution, water treatment plants, sewage projects and urban infrastructure including the housing projects.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Mr. Bommi Narasimha Vijay Tarun Reddy	5,000	50
2.	Mrs. P. Sindoori Reddy	5,000	50
	Total	**10,000**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Mr. Bommi Narasimha Vijay Tarun Reddy	Director
2.	Mrs. P. Sindoori Reddy	Director

Audited Financial Results for the Last Three Fiscal Years

The company was incorporated on July 5, 2007 and as the financial year of the company is not yet complete, audited accounts for the same have not been prepared.

Kei Health Highway Private Limited

Kei Health Highway Private Limited was incorporated on June 6, 2005 with its registered office at Flat No. 0B Lacasa K. Apartment, Road No.11 Banjara Hills, Hyderabad 500034, India.

The main objects for which the company was incorporated include to design, develop a software that will act as an exchange between the users and the service providers, doctors, healthcare content providers, universities, insurers, insured, suppliers, manufacturers, pharmacies, payment gateways and such other entities or individuals that deal with health care, to provide a whole range of healthcare related services such as but not limited to procurement, third party administration services, fixing doctors consultation etc.

Shareholding Pattern

S.No	Shareholder	Number of shares	Percentage
1.	Mrs. Shobana Kamineni	5,000	50.00%
2.	Mrs. Sangita Reddy	5,000	50.00%
	Total	10,000	100.00%

Board of Directors

Sl. No.	Name	Designation
1.	Mrs. Shobana Kamineni	Director
2.	Mr. Bhaskar Reddy	Director

Audited Financial Results for the Last Three Fiscal Years

The company has not undertaken any operations and therefore, financials of the company have not been prepared.

Apollo Health Resources, Inc

The company was incorporated as “Interhealth Services, Inc” on November 10, 2005 under the laws of Oregon, United States. The name of the company was further changed to “Apollo Health Resources, Inc.” with effect from May 1, 2006. Its registered office is located at 15110 SW Boones Ferry Rd Ste 250, Lake Oswego, Or 97035-3451.

The objects for which the company was incorporated include educating and training doctors, nurses, midwives, doctors, para-medical technicians, other medical professionals and hospital administrators and outsourcing and seconding nurses, doctors, para-medical technicians and other medical professionals.

Shareholding Pattern

S.No	Shareholder	Number of shares *	Percentage
1.	Apollo Health Resources Limited	114,000	76.00%
2.	Mr. Rahul Reddy	36,000	24.00%
	TOTAL	**150,000**	**100.00**

* US$ 1 per equity share

Board of Directors

Sl. No.	Name	Designation
1.	Mr. Rahul Reddy	Chief Executive Officer and President
2.	Mr. Vijay Reddy	Treasurer
3.	Ms. Carla Utter	Company Secretary

Audited Financial Results for the Last Three Fiscal Years

The company was incorporated under the laws of Oregon, United States and is not required under such law to maintain audited accounts.

Apollo Telemedicine Networking Foundation (A non-profit company under Section 25 of the Companies Act)

The company was incorporated under Section 25 of the Companies Act on November 27, 2002 in Hyderabad, Andhra Pradesh, India pursuant to a letter of the Regional Director, Department of Company Affairs dated October 29, 2002. Its registered office is situated at Life Sciences Building, Apollo Hospitals Complex, Jubilee Hills, Hyderabad – 500 033.

The objects for which the company was incorporated include to establish a foundation for charitable purposes to develop and promote telemedicine and distant medical facilities in remote areas and to provide communication amongst the medical community by dissemination of specialized medical knowledge through a technologically advanced network.

Shareholding Pattern as of March 14, 2008

S.No	Shareholder	Number of shares	Percentage
1.	Dr. Prathap C. Reddy	10	33.33
2.	Mrs. Sangita Reddy	10	33.33
3.	Dr. Vikram JS Chhatwal	10	33.33
	Total	**30**	**100.00**

Board of Directors as of March 14, 2008

S. No.	Name	Designation
1.	Dr. Prathap C. Reddy	Chairman
2.	Mrs. Sangita Reddy	Director
3.	Mr. Ashwani Kumar Srivastava	Director

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million except share data)

Particulars	For the Fiscal Year ended March 31, 2007	2006	2005
Sales and other Income	3.59	6.22	1.07
Profit/Loss after Tax	(0.05)	(0.81)	(0.02)
Reserves and Surplus	-	-	-
Equity Capital	0.00	0.00	0.00
Earning Per Share (Rs)	(1,546.47)	(26,854.77)	(583.47)
Book value per share (Rs.)	(32,396.27)	(30,948.67)	(4,192.83)

M/S P. Obul Reddy & Sons

The partnership was formed pursuant to a partnership deed dated April 2, 2000 with its office at Pottipatti Plaza, II Floor, 77, Nungambakkam High Road, Chennai – 600 034.

The objects of the enterprise are to carry on business as dealers in Godrej Products and such other products and businesses as may be mutually agreed upon from time to time.

Partners and their Capital and Profit Sharing Ratio as of March 14, 2008

S. No.	Name of the Partner	Capital and Profit Sharing Ratio
1.	Mr. P. Vijayakumar Reddy (HUF)	33.33%
2.	Mrs. Suneeta Reddy	33.33%
3.	Mrs. P. Gnanamba	33.33%

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million)

Particulars	For the Fiscal Year ended March 31, 2007	2006	2005

(Rs. In Million)

Particulars	For the Fiscal Year ended March 31,		
Sales and other Income (excluding closing stock)	163.52	127.16	93.42
Profit/Loss after Tax	2.77	1.33	0.32
Capital Fund	0.90	0.90	0.90
Reserves and Surplus	3.45	1.11	-
Earning Per Share (Rs)	NA	NA	NA
Book value per share (Rs.)	NA	NA	NA

M/S Apex Agencies

The partnership was formed pursuant to a partnership deed dated January 1, 2003 with its office at Pottipatti Plaza, II Floor, 77, Nungambakkam High Road, Chennai – 600 034.

The objects of the enterprise are to carry on business as dealers in Nippo Drycell batteries, manufacture and sale of electrical goods, electronic equipments, mechanical parts, metal parts and other agency businesses and purchase and sale of company shares, real estate and such other allied business or businesses or new businesses as may be agreed upon by the partners.

Partners and their Capital and Profit Sharing Ratio as of March 14, 2008

S. No.	Name of the Partner	Capital and Profit Sharing Ratio
1.	Mr. P Vijayakumar Reddy	5.00
2.	Mrs. Suneeta Reddy	35.00
3.	Mrs. P. Gnanamba	20.00
4.	Mrs. E. Rohini Reddy	40.00

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million)

Particulars	For the Fiscal Year ended March 31,		
	2007	2006	2005
Sales and other Income (excluding closing stock)	335.25	281.90	291.81
Profit/Loss after Tax	5.63	4.95	2.15
Capital Fund	0.10	0.10	0.10
Reserves and Surplus	12.06	18.99	13.08
Earning Per Share (Rs)	NA	NA	NA
Book value per share (Rs.)	NA	NA	NA

M/S Apex Agencies (Hyderabad)

The partnership was formed pursuant to a partnership deed dated January 1, 2003 with its office at Pottipatti Plaza, II Floor, 77, Nungambakkam High Road, Chennai – 600 034.

The objects of the enterprise are to carry on business as dealers in Dyanora television sets and servicing of electrical and electronic equipments and other allied components, civil constructions, real estate and promoters of flats and to carry on such other business as may be mutually agreed upon from time to time.

Partners and their Capital and Profit Sharing Ratio as of March 14, 2008

S. No.	Name of the Partner	Capital and Profit Sharing Ratio
1.	Mr. P. Obul Reddy	1.00%
2.	Mrs. P. Gnanamaba	46.00%
3.	Mr. P. Vijayakumar Reddy (HUF)	10.00%
4.	Mr. P. Dwarakanath Reddy (HUF)	1.00%
5.	Mrs. P. Suneeta Reddy	19.00%
6.	Mrs. E. Vijayalakshmi	23.00%

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million)

Particulars	For the Fiscal Year ended March 31,

(Rs. In Million)

Particulars	For the Fiscal Year ended March 31,		
	2007	2006	2005
Sales and other Income (excluding closing stock)	-	0.00	0.03
Profit/Loss after Tax	(0.39)	(0.38)	(0.44)
Capital Fund	0.10	0.10	0.10
Reserves and Surplus	(39.24)	(38.94)	(38.42)
Earning Per Share (Rs)	NA	NA	NA
Book value per share (Rs.)	NA	NA	NA

M/S Associated Electrical Agencies

The partnership was formed pursuant to a partnership deed dated January 1, 2003 with its office at Pottipatti Plaza, II Floor, 77, Nungambakkam High Road, Chennai – 600 034.

The objects of the enterprise are to carry on business as dealers in Nippo Drycell batteries, manufacture and sale of electrical goods, electronic equipments, mechanical parts, metal parts and other agency businesses and purchase and sale of company shares, real estate and such other allied business or businesses or new businesses as may be agreed upon by the partners.

Partners and their Capital and Profit Sharing Ratio as of March 14, 2008

S. No.	Name of the Partner	Capital and Profit Sharing Ratio
1.	Mrs. P. Gnanamaba	40.00%
2.	Mrs. E. Vijayalakshmi	30.00%
3.	Mrs. P. Preetha Reddy	30.00%

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million)

Particulars	For the Fiscal Year ended March 31,		
	2007	2006	2005
Sales and other Income (excluding closing stock)	368.78	335.66	335.48
Profit/Loss after Tax	0.09	2.84	3.17
Capital Fund	0.40	0.40	0.40
Reserves and Surplus	30.04	32.39	29.95
Earning Per Share (Rs)	NA	NA	NA
Book value per share (Rs.)	NA	NA	NA

M/S Apex Builders

The partnership was formed pursuant to a partnership deed dated January 1, 2003 with its office at Pottipatti Plaza, II Floor, 77, Nungambakkam High Road, Chennai – 600 034.

The objects of the enterprise are to carry on business as dealers in promotion, development, construction, acquisition and hiring of immovable properties, sites, flats etc., for sale / resale or letting out or re-letting or any other business as may be decided by the partners from time to time.

Partners and their Capital and Profit Sharing Ratio as of March 14, 2008

S. No.	Name of the Partner	Capital and Profit Sharing Ratio
1.	Mrs. P. Gnanamaba	25.00%
2.	Mrs. E. Vijayalakshmi	20.00%
3.	Ms. E. Rohini Reddy	25.00%
4.	Mrs. Suneeta Reddy	10.00%
5.	Mr. P. Vijayakumar Reddy	20.00%

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million)

Particulars	For the Fiscal Year ended March 31,		
	2007	2006	2005

Particulars	For the Fiscal Year ended March 31,		
	2007	2006	2005
Sales and other Income (excluding closing stock)	17.44	14.83	15.89
Profit/Loss after Tax	13.50	11.63	12.60
Capital Fund	0.50	0.50	0.50
Reserves and Surplus	91.39	87.02	92.48
Earning Per Share (Rs)	NA	NA	NA
Book value per share (Rs.)	NA	NA	NA

(Rs. In Million)

M/S Apex Constructions

The partnership was formed pursuant to a partnership deed dated January 1, 2003 with its office at Pottipatti Plaza, II Floor, 77, Nungambakkam High Road, Chennai – 600 034.

The objects of the enterprise are to carry on business as dealers in promotion, development, construction, acquisition and hiring of immovable properties, sites, flats etc., for sale / resale or letting out or re-letting or any other business as may be decided by the partners from time to time.

Partners and their Capital and Profit Sharing Ratio as of March 14, 2008

S. No.	Name of the Partner	Capital and Profit Sharing Ratio
1.	Mrs. P. Preetha Reddy	15.00%
2.	Mrs. Suneeta Reddy	25.00%
3.	Mrs. P. Gnanamaba	10.00%
4.	Mrs. E. Rohini Reddy	25.00%
5.	Kalpatharu Enterprises Private Limited	25.00%

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million)

Particulars	For the Fiscal Year ended March 31,		
	2007	2006	2005
Sales and other Income (excluding closing stock)	7.47	4.09	3.59
Profit/Loss after Tax	6.40	2.39	2.69
Capital Fund	0.10	0.10	0.10
Reserves and Surplus	10.04	3.73	0.02
Earning Per Share (Rs)	NA	NA	NA
Book value per share (Rs.)	NA	NA	NA

M/S Kumarnath & Company

The partnership was formed pursuant to a partnership deed dated April 2, 2000 with its office at Pottipatti Plaza, II Floor, 77, Nungambakkam High Road, Chennai – 600 034.

The objects of the enterprise are to carry on business as financiers, money lenders, manufacturers representatives, dealing in civil works, constructions, developments, acquisition and hiring of immovable properties, flats, land for sale / resale or letting out or re-letting or any other business as may be decided by the partners from time to time.

Partners and their Capital and Profit Sharing Ratio as of March 14, 2008

S. No.	Name of the Partner	Capital and Profit Sharing Ratio
1.	Mr. P. Vijayakumar Reddy	35.00%
2.	Mrs. Suneeta Reddy	35.00%
3.	Mrs. P. Gnanamaba	30.00%
	Total	**100%**

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million)

Particulars	For the Fiscal Year ended March 31,

	2007	2006	2005
Sales and other Income (excluding closing stock)	2.21	4.09	3.59
Profit/Loss after Tax	1.81	2.39	2.69
Capital Fund	0.03	0.03	0.03
Reserves and Surplus	14.45	3.73	0.02
Earning Per Share (Rs)	NA	NA	NA
Book value per share (Rs.)	NA	NA	NA

M/S Kalpatharu Enterprises

The partnership was formed pursuant to a partnership deed dated April 2, 2000 with its office at Pottipatti Plaza, II Floor, 77, Nungambakkam High Road, Chennai – 600 034.

The objects of the enterprise are to deal in promotion, construction, acquisition and hiring of immovable properties for sale / resale or letting out or re-letting or any other business as may be decided by the partners from time to time.

Partners and their Capital and Profit Sharing Ratio as of March 14, 2008

S. No.	Name of the Partner	Capital and Profit Sharing Ratio
1.	Mrs. P. Gnanamba	10.00%
2.	Mrs. P. Vijayakumar Reddy (HUF)	15.00%
3.	Mrs. Suneeta Reddy	10.00%
4.	Mrs. E. Vijayalakshmi	15.00%
5.	Mrs. E. Rohini Reddy	25.00%
6.	Kalpatharu Enterprises Private Limited	25.00%

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million)

Particulars	For the Fiscal Year ended March 31,		
	2007	2006	2005
Sales and other Income (excluding closing stock)	3.40	2.87	2.53
Profit/Loss after Tax	2.83	2.50	2.19
Capital Fund	0.05	0.05	0.05
Reserves and Surplus	140.07	136.88	136.66
Earning Per Share (Rs)	NA	NA	NA
Book value per share (Rs.)	NA	NA	NA

M/S Vaishnavi Constructions

The partnership was formed pursuant to a partnership deed dated January 1, 2003 with its office at Pottipatti Plaza, II Floor, 77, Nungambakkam High Road, Chennai – 600 034.

The business of the Partnership shall be that of dealers in promotion, construction, acquisition and hiring of, sale/resale or letting out or re letting of flats, buildings and immovable properties or any other business or businesses as may be decided by the partners from time to time. The business of the partnership shall be carried on at Chennai and or such other place or places as may be agreed upon from time to time between the parties.

Partners and their Capital and Profit Sharing Ratio

S. No.	Name of the Partner	Capital and Profit Sharing Ratio
1.	Mr. P. Vijayakumar Reddy	25.00%
2.	Mrs. P. Gnanamba	25.00%
3.	Mrs. Suneeta Reddy	25.00%
4.	Mrs. E. Vijayalakshmi	25.00%

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million)

Particulars	For the Fiscal Year ended March 31,		
	2007	2006	2005

(Rs. In Million)			
Particulars	**For the Fiscal Year ended March 31,**		
	2007	**2006**	**2005**
Sales and other Income (excluding closing stock)	-	-	51.63
Profit/Loss after Tax	(0.02)	(0.02)	48.21
Capital Fund	0.50	0.50	0.50
Reserves and Surplus	47.97	48.00	48.02
Earning Per Share (Rs)	NA	NA	NA
Book value per share (Rs.)	NA	NA	NA

Spectra Clinical Laboratory

The partnership was formed pursuant to a partnership deed dated January 1, 1986 with its registered office at HM Hospital, No. 139, St. Mary's Road, Alwarpet, Chennai – 600 018, Tamil Nadu, India.

The main objects of the partnership firm include to carry on business of a clinical laboratory to cater to the medical needs of the patients, to carry on all tests, investigation and examinations and to carry on any identical or ancillary business or business connected with the laboratory.

Capital and Profits sharing ratio as of March 14, 2008

S.No	Shareholder	Capital and Profits sharing ratio
1.	Mrs. Sucharitha Reddy	33.33%
2.	Mrs. Shobana Kamineni	33.33%
3.	Mrs. Sangita Reddy	33.33%

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million)			
Particulars	**For the Fiscal Year ended March 31,**		
	2007	**2006**	**2005**
Sales and other Income	0.71	0.52	0.32
Profit/Loss after Tax	0.12	0.09	0.00
Capital Fund	1.61	1.41	1.27
Earning Per Share (Rs)	NA	NA	NA
Book value per share (Rs.)	NA	NA	NA

Apollo Hospitals Educational & Research Foundation

The said society was registered on June 8, 1982 under the Andhra Pradesh (Telangana Areas) Public Societies Registration Act, 1850. The registered office of the society is situated at 8-2-293/82III/900A, Jubilee Hills, Hyderabad – 500 033, India.

The society was incorporated to carry on the business of establishing, maintaining and supporting medical schools, colleges and similar institutions for medical education and for the advancement of research in medicine.

Board of Management as of March 14, 2008

S. No.	Name	Designation
1.	Dr. Prathap C. Reddy	President
2.	Mr. G. Surender Reddy	Vice-President
3.	Mrs. Sangita Reddy	Secretary and Treasurer
4.	Mr. K. Umapathy	Trustee
5.	Mr. K. Viswesvara Reddy	Trustee

Audited Financial Results for the Last Three Fiscal Years

(Rs. In Million)			
Particulars	**For the Fiscal Year ended March 31,**		
	2007	**2006**	**2005**
Sales and other Income (excluding closing stock)	24.40	22.99	20.42
Profit/Loss after Tax	-	-	-

			(Rs. In Million)
Particulars	**For the Fiscal Year ended March 31,**		
Corpus Fund	9.18	8.48	8.08

Payment of benefits to our Promoters

Except as stated in the section titled "Related Party Transactions" on page 184, there has been no payment of benefits to our Promoters during the two years prior to the filing of this Draft Red Herring Prospectus.

Confirmations

None of our Promoters has been declared as a wilful defaulter by the RBI or any other governmental authority and there are no violations of securities laws committed by the Promoters in the past or are pending against them except as disclosed in section titled "Outstanding Litigation and Defaults" beginning on page 365.

Disassociation by the Promoters in the last three years

1. ***Dr. Prathap C. Reddy***

Name of the Promoter Group Company	Relationship with the Promoter	Date of Disassociation	Reasons for Disassociation
Medvarsity	Chairman	December 31, 2006	Resigned
Apollo Health Resources Limited	Chairman	January 30, 2006	Resigned

2. ***Mrs. Sangita Reddy***

Name of the Promoter Group Company	Relationship with the Promoter	Date of Disassociation	Reasons for Disassociation
Medvarsity	Director	January 1, 2007	Resigned
KAR Auto Private Limited	Director	September 30, 2007	Resigned
KEI Health Highway Private Limited	Director	September 30, 2007	Resigned

3. ***AHEL***

Name of the Promoter Group Company	Relationship with the Promoter	Date of Disassociation	Reasons for Disassociation
The Lanka Hospitals Corporation Limited	Associate Company	September 14, 2006	The Company divested its entire equity stake by participating in the open offer made by Sri Lanka Insurance Corporation Limited in Sri Lanka

For details of litigation against these companies, please refer to the section titled "Outstanding Litigation and Defaults" on page 392.

RELATED PARTY TRANSACTIONS

For details please refer to the annexure titled 'Related Party Transactions' in the section titled "Financial Statements" beginning on page 186.

DIVIDEND POLICY

The declaration and payment of dividend will be recommended by our Board of Directors and approved by our shareholders at their discretion and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition. The Board may also from time to time pay interim dividends. All dividend payments are made in cash to the shareholders of the Company.

For details of the dividends declared by the Company in respect of the five financial years ended March 31, 2007, March 31,2006, March 31, 2005, March 31, 2004 and March 31, 2003, please refer to the annexure titled 'Statement of Dividend Declared' in the section titled "Financial Statements" beginning on page 186.

SECTION V – FINANCIAL INFORMATION

FINANCIAL STATEMENTS
SUMMARY STATEMENT OF RESTATED CONSOLIDATED ASSETS AND LIABILITIES, PROFITS AND LOSSES AND CASH FLOWS, AS RESTATED, AS AT AND FOR THE YEARS ENDED MARCH 31, 2003, 2004, 2005, 2006, 2007 AND AS AT AND FOR THE SIX MONTH PERIOD ENDED SEPTEMBER 30, 2007 AND 2006

Report by the Auditors' of the Company as required by Part II of Schedule II to the Companies Act, 1956

TO
The Board of Directors
Apollo Health Street Limited
Life Sciences Building
Apollo Hospitals Complex
Jubliee Hills
Hyderabad.

Dear Sirs,

1. We have examined the Statement of Restated Consolidated Financial Information of Apollo Health Street Limited ('Company') and its subsidiaries comprising of Apollo Health Street Incorporated, USA, Armanti Financial Services LLC, USA, Armanti Financial Services Incorporated, USA, Heritage Websolutions Private Limited, Medvarsity Online Limited and Emedlife Insurance Broking Services Limited, Zavata Inc. and its subsidiaries HPS Paradigm, Inc, STI-Mauritius, LLC, Symphony Data Corporation, Accordis Holding Corp., STI – Processmind Inc., Zavata India Private Limited, Accordis Inc., Health Receivables Management Inc., [together referred to as 'the Group'], as at for the years/period March 31, 2007, 2006, 2005, 2004 and 2003 and six months ended September 30, 2007 and 2006 annexed to this report prepared by the Company and approved by the Board of Directors, in accordance with the requirements of :

   a. paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');

   b. the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 ('the Guidelines') and the related clarifications issued by the Securities and Exchange Board of India ('SEBI') on January 19, 2000 as amended upto October 18, 2006, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992;

   c. the terms of reference dated October 4, 2007 received from the Company, requesting us to carry out the engagement, in connection with the offer document of the Company for its Initial Public Offer (IPO); and

   d. The revised Guidance Note on Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India (ICAI).

   The Company proposes to make IPO of 65,00,000 equity shares, having a face value of Rs. 10 each, at an issue price to be determined by the Company (referred to as the 'Offer').

   Financial information as per audited financial statements:

2. The annexed restated consolidated summary statement of assets and liabilities of the Company as at September 30, 2007 and 2006, March 31, 2007, 2006, 2005, 2004 and 2003, the annexed restated consolidated summary statement of profits and losses and the annexed restated consolidated statement of cash flows for each of the years/periods ended on those dates ('summary statements') (See Annexure I, II and III), are prepared by the Company and approved by the Board of Directors. These summary statements have been prepared after considering the impact of retrospective adjustments and regroupings as are appropriate and more fully described in the notes on restatement adjustments appearing in Annexure IV and with the significant accounting policies appearing in Annexure V to this report.

3. We did not audit the financial statements of the Apollo Health Street Incorporated for the year ended March 31, 2004 and 2003 and the financial statements of Emedlife Insurance Broking Services Limited for the period from April 1, 2003 to October 10, 2003 being the date up to which the said company was a subsidiary of Apollo Health Street Limited. The financial statements of Apollo Health Street Incorporated as at and for the year ended March 31, 2004 and period ended March 31, 2003 which reflect total assets of Rs 50,164,096 and Rs 7,344,495 respectively and total revenues of Rs 92,295,228 and Rs Nil respectively were audited by Dilip Patel & Company, LLC. The financial statements of Emedlife Insurance Broking Services Limited as at and for the period ended October 10, 2003 which reflect total assets of Rs 9,566,442 and total revenue of Rs. 5,974,985 were audited by Karra & Associates, Chartered Accountants. The reports issued by those auditors for the respective years/period have been furnished to us and our opinion in so far as it relates to the amounts included in the Statement of Consolidated Restated Financial Information, are based solely on the reports of the other auditors.

4. Further to the reports of the other auditors and our observations with respect to restatements as discussed in paragraph 3 above, in respect of the requirements of Paragraph B of Part II of Schedule II of the Act, the SEBI Guidelines and terms of our engagement agreed with the Company, we confirm that:

   a) Adjustments have been made for the changes in accounting policies and estimates adopted by the Company retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy and estimates for all the reporting periods;

   b) Material prior period items have been restated to the respective years to which such prior period items related;

   c) There are no extraordinary items which need to be disclosed separately in the Statement of Restated Consolidated Financial Information;

   d) All qualifications in the auditors' reports, which require any adjustments to the summary statements, have been so adjusted.

Other Financial Information:

5. At the Company's request, we have also examined the following consolidated financial information proposed to be included in the offer document, prepared by Management and approved by the Board of Directors of the Company and annexed to this report.

   i. Statement of dividend paid/proposed, enclosed as Annexure VI.

   ii. Statement of accounting ratios based on the restated profits relating to earnings per share, net asset value and net worth enclosed as Annexure VII.

   iii. Capitalization statement as at September 30, 2007, enclosed as Annexure VIII.

   iv. Details of secured loans and assets charged as securities, enclosed as Annexure IX.

   v. Details of unsecured loans, enclosed as Annexure X.

   vi. Details of items of other income, enclosed as Annexure XI.

   vii. Details of items of sundry debtors as per restated financial information, enclosed as Annexure XII.

6. In our opinion, the financial information as disclosed in the annexures to this report, read with the respective significant accounting policies disclosed in Annexure V, and after making adjustments and re-groupings as considered appropriate and discussed in Annexure IV, has been prepared in accordance with Part II of Schedule II of the Act and the Guidelines.

7. This report should not be in any way construed as a reissuance or redating of any of the previous audit reports issued by us nor should this report be construed as a new opinion on any of the financial statements referred to herein.

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

S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per **Ali Nyaz**
Partner
Membership No: 200427
Place: Hyderabad
Date: February 9, 2008

Annexure I: Summary Statement of Consolidated Assets and Liabilities, as restated

(All amounts in Indian Rupees, except as otherwise stated)

	As at September 30,		As at March 31,				
	2007	2006	2007	2006	2005	2004	2003
Fixed assets							
Gross block	6,867,902,202	523,694,760	563,953,972	167,039,804	102,825,794	73,618,588	52,930,103
Less: Accumulated depreciation	169,719,956	77,861,088	124,554,915	69,672,536	40,840,401	24,404,822	18,992,362
Net block	6,698,182,246	445,833,672	439,399,057	97,367,268	61,985,393	49,213,766	33,937,741
Capital work- in-progress including capital advances	16,009,445	20,976,215	4,946,260	3,691,951	262,442	1,394,671	-
	6,714,191,691	466,809,887	444,345,317	101,059,219	62,247,835	50,608,437	33,937,741
Deferred tax asset	105,268,610	6,167,464	18,487,599	-	-	-	16,611,884
Current assets, loans and advances							
Inventories	-	-	-	-	-	2,450,250	-
Sundry debtors	891,237,578	509,371,570	456,255,167	152,870,293	75,555,836	71,329,958	46,163,500
Cash and bank balances	503,068,902	191,931,215	304,656,962	140,961,387	15,639,947	12,128,890	13,862,510
Other current assets	34,800,852	1,005,137	262,188	99,178	25,865	45,497	87,260
Loans and advances	259,889,080	86,256,160	77,082,114	37,879,424	12,612,168	11,990,894	7,057,078
	8,508,456,713	**1,261,541,433**	**1,301,089,347**	**432,869,501**	**166,081,651**	**148,553,926**	**117,719,973**
Liabilities and provisions							
Secured loans	5,168,092,117	469,433,155	444,029,435	10,709,665	55,153,631	42,347,638	3,000,514
Unsecured loans	-	-	-	-	48,500,000	26,000,000	25,000,000
Deferred tax liability	-	-	-	-	2,504,364	-	-
Current liabilities	900,008,787	156,472,238	154,048,322	53,241,363	63,771,665	47,107,405	49,179,470
Provisions	46,237,480	30,884,987	30,557,024	8,867,375	5,215,527	1,787,520	1,047,809
Minority interest	-	2,202,638	-	1,626,049	930,592	3,264,622	4,175,527
	6,114,338,384	**658,993,018**	**628,634,781**	**74,444,452**	**176,075,779**	**120,507,185**	**82,403,320**
Net worth	**2,394,118,329**	**602,548,415**	**672,454,566**	**358,425,049**	**(9,994,128)**	**28,046,741**	**35,316,653**
Represented by:							
Share capital							
Equity share capital	249,633,250	141,266,874	158,984,980	126,294,460	83,098,160	83,098,160	83,098,160
Cumulative convertible preference share capital	-	279,180,154	-	159,674,520	-	-	-
Class 'A' shares	-	145,358,000	-	145,358,000	-	-	-
Share application money pending allotment	60,000	-	906,000	803,134	-	-	-
Reserves and surplus							
Securities premium	2,627,633,906	138,748,268	544,715,426	35,133	35,133	35,133	35,133
Employee stock options	9,087,388	-	3,157,324	-	-	-	-
Profit and loss account	(160,079,954)	(84,998,807)	579,659	(65,382,725)	(88,968,806)	(53,304,891)	(47,783,938)
Foreign currency translation reserve	(124,639,657)	(5,899,013)	(26,444,776)	(1,515,615)	(1,515,615)	(1,771,785)	(12,950)
Miscellaneous expenditure	(207,576,604)	(11,107,061)	(9,444,047)	(6,841,858)	(2,643,000)	(9,876)	(19,752)
(to the extent not written off or adjusted)							
Net worth	**2,394,118,329**	**602,548,415**	**672,454,566**	**358,425,049**	**(9,994,128)**	**28,046,741**	**35,316,653**

The above statement should be read with notes to restated financial information appearing in Annexure IV and the significant accounting policies appearing in Annexure V.

As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per **Ali Nyaz**
Partner
Membership No. 200427

Place: Hyderabad
Date: February 9,2008

For and on behalf of the Board of Directors
Apollo Health Street Limited

Dr. Prathap C Reddy
Chairman

Sangita Reddy
Managing Director

Shanker Narayan
Chief Financial Officer

Uday Chandra
Company Secretary

Place: Hyderabad
Date: February 9,2008

Annexure II: Summary Statement of Consolidated Profits and Losses, as restated

(All amounts in Indian Rupees, except as otherwise stated)

	Six months period ended September 30,		Years ended March 31,				
	2007	**2006**	**2007**	**2006**	**2005**	**2004**	**2003**
INCOME							
Income from operations	1,034,658,157	465,378,229	1,365,978,483	438,567,694	243,618,207	172,884,619	83,687,614
Other income	4,824,884	27,478,760	62,151,225	9,624,927	2,465,649	3,173,646	2,503,421
Increase/(Decrease) in projects-in-progress	-	-	-	-	(2,450,250)	2,450,250	-
	1,039,483,041	**492,856,989**	**1,428,129,708**	**448,192,621**	**243,633,606**	**178,508,515**	**86,191,035**
EXPENDITURE							
Personnel expenses	673,429,604	269,136,323	735,135,691	209,462,853	114,606,089	68,226,004	38,432,429
Operating and other expenses	383,365,716	203,830,012	502,499,887	173,152,605	128,961,309	88,409,419	49,012,268
Depreciation and amortisation	49,224,658	26,157,914	64,124,147	40,498,698	12,069,744	10,544,243	4,951,563
Financial expenses	61,431,623	8,225,748	31,215,068	4,626,628	8,585,450	5,304,785	1,504,605
Miscellaneous expenses written off	12,778,965	1,238,957	-	3,420,932	9,876	9,876	32,877,367
	1,180,230,566	**508,588,954**	**1,332,974,793**	**431,161,716**	**264,232,468**	**172,494,327**	**126,778,232**
Profit/(Loss) before tax and prior period items	**(140,747,525)**	**(15,731,965)**	**95,154,915**	**17,030,905**	**(20,598,862)**	**6,014,188**	**(40,587,197)**
Provision for tax							
Current tax	4,585,912	10,286,208	49,248,240	959,505	5,535,903	1,852,724	-
Less: MAT credit entitlement	(2,479,699)	-	-	-	-	-	-
Fringe benefit tax	2,804,172	1,206,692	2,941,849	2,530,893	-	-	-
Fringe benefit taxes paid for earlier years	2,016,345	-	-	-	-	-	-
Taxes paid for earlier years	-	202,514	202,514	69,760	400,256	-	-
Deferred tax	3,131,462	(6,248,270)	(18,971,920)	(2,504,364)	36,147,420	10,412,712	(16,433,349)
Total tax expense	**10,058,192**	**5,447,144**	**33,420,683**	**1,055,794**	**42,083,579**	**12,265,436**	**(16,433,349)**
Profit/ (loss) after tax and before prior period items	**(150,805,717)**	**(21,179,109)**	**61,734,232**	**15,975,111**	**(62,682,441)**	**(6,251,248)**	**(24,153,848)**
Prior period items	(1,707,131)	(435,167)	-	(5,614,319)	1,797,683	-	(160,622)
Profit/(loss) after tax and before minority interest	**(152,512,848)**	**(21,614,276)**	**61,734,232**	**10,360,792**	**(60,884,758)**	**(6,251,248)**	**(24,314,470)**
Net profit/ (loss) attributable to minority interest	-	562,724	1,266,746	474,482	(2,467,661)	556,620	(16,046)
Net profit/ (loss)	**(152,512,848)**	**(22,177,000)**	**60,467,486**	**9,886,310**	**(58,417,097)**	**(6,807,868)**	**(24,298,424)**
Adjustments							
Increase/(decrease) in net profits:							
Depreciation *(Refer note 1 of Annexure IV)*	(1,539,833)	3,122,202	1,249,307	10,665,443	(3,930,239)	(4,211,341)	(4,420,849)
Profit or loss on sale of asset *(Refer note 1 of Annexure IV)*	-	-	-	-	40,114	2,870,992	93,825
Prior period items *(Refer note 2 of Annexure IV)*	1,707,131	1,212,108	(495,023)	5,179,152	(7,412,002)	2,036,970	(78,665)
Provision for doubtful debts/bad debts *(Refer note 3 of Annexure IV)*	(921,230)	(62,500)	858,730	-	(2,046,816)	904,488	1,204,828

Reversal of service tax credits *(Refer note 4 of Annexure IV)*	1,785,460	(562,276)	(1,171,676)	(613,784)	-	-	-
Reversal of excess provision *(Refer note 7 of Annexure IV)*	(11,194,638)	-	7,726,438	(1,177,311)	2,262,205	1,144,631	(729,571)
Total effect of adjustments, net	**(10,163,110)**	**3,709,534**	**8,167,776**	**14,053,500**	**(11,086,738)**	**2,745,740**	**(3,930,432)**
Tax adjustments							
Current tax *(Refer note 5 of Annexure IV)*	2,016,345	202,514	(1,813,831)	(132,754)	330,496	(400,256)	-
Deferred tax *(Refer note 6 of Annexure IV)*	-	-	-	-	33,643,055	(933,262)	(13,400,476)
Total of adjustments after tax effect, net	**(8,146,765)**	**3,912,048**	**6,353,945**	**13,920,746**	**22,886,813**	**1,412,222**	**(17,330,908)**
Net profit/(loss), as restated	**(160,659,613)**	**(18,264,952)**	**66,821,431**	**23,807,056**	**(35,530,284)**	**(5,395,646)**	**(41,629,332)**
Profit and Loss Account, beginning of the period *(Refer note 9 of Annexure IV)*	579,659	(65,382,725)	(65,382,725)	(88,968,806)	(53,304,891)	(47,783,938)	(66,354,088)
Retirement benefits-AS 15 (revised 2005)- Transitional provision-Adjusment to opening reserves	-	(1,337,265)	(1,337,265)	-	-	-	-
Profit/(loss) attributed to minority on account of restatement adjustments *(Refer note 8 of Annexure IV)*	-	(13,865)	478,218	(220,975)	(133,631)	(125,307)	57,346
Adjusted against securities premium account	-	-	-	-	-	-	60,142,136
Balance carried forward, as restated	**(160,079,954)**	**(84,998,807)**	**579,659**	**(65,382,725)**	**(88,968,806)**	**(53,304,891)**	**(47,783,938)**

The above statement should be read with notes to restated financial information appearing in Annexure IV and the significant accounting policies appearing in Annexure V.

Annexure III: Summary Statement of Consolidated Cash Flows, as restated

(All amounts in Indian Rupees, except as otherwise stated)

	Six month period ended September 30,		Years ended March 31,				
	2007	**2006**	**2007**	**2006**	**2005**	**2004**	**2003**
A. Cash flow from operating activities							
Net profit/(loss) before tax, as restated	**(152,617,766)**	**(12,457,598)**	**103,322,691**	**25,470,086**	**(29,887,917)**	**8,759,928**	**(44,678,251)**
Adjustments for:							
Depreciation and amortization	50,764,491	23,035,712	62,874,840	29,833,255	15,999,983	14,755,584	9,372,412
Loss/(Profit) on sale of fixed assets	(173,629)	(42,000)	1,171,127	5,002	(21,000)	(2,342,471)	181,192
Unrealized foreign exchange loss/(gain) (net)	10,600,784	421,440	(421,988)	12,003	64,536	15,158	(3,742)
Miscellaneous expenditure amortised	12,778,965	1,238,957	-	3,420,932	9,876	9,876	32,877,367
Inventories written down	-	-	-	-	-	-	239,287
Amortisation of loan commitment fee	-	-	1,500,362	-	-	-	-
Employee stock option compensation expense	5,930,064	-	3,157,324	-	-	-	-
Interest income	(3,315,327)	(3,281,425)	(7,214,154)	(7,518,432)	(194,757)	(509,532)	(420,334)
Provision for retirement benefits	-	-	-	5,076,313	954,074	338,804	(592,407)
Interest expense	56,622,398	7,179,019	28,146,387	3,748,687	7,476,420	4,906,219	1,504,605
Advances written off	1,823,435	-	-	-	-	-	-
Profit on sale of investments in a subsidiary	-	-	(13,028,046)	-	-	(1,345,059)	-
Amortisation of goodwill	-	-	-	-	-	1,425,716	-
Inventories written down	-	-	-	-	-	239,287	-
Bad debts/ provision for doubtful debts	30,870,213	25,367,696	50,312,347	15,047,887	7,738,329	4,079,745	1,197,133
Operating profit/ (loss) before working capital changes	**13,283,628**	**41,461,801**	**229,820,890**	**75,095,733**	**2,139,544**	**30,333,255**	**(322,738)**
Movements in working capital :							
Decrease/ (increase) in inventories	-	-	-	-	2,450,250	(2,450,250)	(169,707)
Decrease/(increase) in sundry debtors	(1,988,490)	38,714,388	60,399,065	(92,840,930)	(11,531,944)	(34,149,404)	(18,625,489)
(Decrease)/ increase in provisions	9,826,343	10,804,291	-	-	-	-	-
Decrease/ (increase) in other current assets	199,774	-	-	-	-	-	-
Decrease/ (increase) in loans and advances	(91,757,700)	(15,393,339)	(6,027,605)	(25,191,309)	(649,631)	(5,253,868)	41,632
(Decrease)/ increase in current liabilities	(31,415,211)	39,297,323	66,537,824	(10,671,143)	16,268,253	3,223,857	12,591,271
Cash generated from/(used in) operations	**(101,851,656)**	**114,884,464**	**350,730,174**	**(53,607,649)**	**8,676,472**	**(8,296,410)**	**(6,485,031)**
Fringe benefit taxes paid	(2,394,055)	(551,739)	(2,950,678)	(2,437,759)	-	-	-
Direct taxes paid (net of refunds)	(9,689,543)	(1,640,803)	(46,514,240)	(2,679,619)	(3,131,730)	(1,735,600)	-
Net cash from/(used in) operating activities	**(113,935,254)**	**112,691,922**	**301,265,256**	**(58,725,027)**	**5,544,742**	**(10,032,010)**	**(6,485,031)**
B. Cash flows from investing activities							
Purchase of fixed assets	(128,764,208)	(64,401,671)	(88,976,772)	(68,698,639)	(29,740,622)	(34,491,503)	(14,935,379)
Proceeds from sale of fixed assets	655,625	42,000	49,500	49,000	21,000	4,590,209	390,678

Purchase of investment in subsidiaries, net of cash	(5,981,598,129)	(711,207,928)	(713,027,453)	-	-	-	-
Proceeds from sale of investment in subsidiary, net of cash	-	-	17,330,115	-	-	3,863,931	-
Additional consideration paid to the shareholders of Armanti LLC.	(59,610,000)	-	-	-	-	-	-
Movements in fixed deposits	(109,512,403)	118,515,736	117,546,400	(122,250,617)	-	-	-
Interest received	2,962,442	2,375,466	6,846,311	6,995,120	214,389	276,822	355,690
Net cash used in investing activities	**(6,275,866,673)**	**(654,676,397)**	**(660,231,899)**	**(183,905,136)**	**(29,505,233)**	**(25,760,541)**	**(14,189,011)**
C. Cash flows from financing activities							
Proceeds from issuance of share capital	89,742,270	134,478,048	279,180,154	348,228,820	-	-	100,000
Share premium received	2,082,918,480	144,702,107	-	-	-	-	-
Share application money received	60,000	-	102,866	803,134	-	-	-
Proceeds from long-term borrowings	5,076,994,589	437,975,342	414,049,187	-	5,152,498	47,347,638	38,000,000
Repayment of long-term borrowings	(434,968,980)	(1,389,455)	(11,091,874)	(76,097,391)	(9,966,449)	(7,000,000)	(12,345,189)
Short term borrowings, net	-	-	-	(16,919,888)	39,847,117	-	-
Loan commitment fee paid	(210,911,522)	-	-	-	-	-	-
Deferred revenue expenditure	-	-	-	(6,668,637)	-	-	-
Interest paid	(26,938,492)	87,398	(17,102,554)	(4,094,790)	(7,817,788)	(4,632,260)	(1,609,177)
Net cash from financing activities	**6,576,896,345**	**715,853,440**	**665,137,779**	**245,251,248**	**27,215,378**	**35,715,378**	**24,145,634**
D. Effect of foreign exchange changes on cash and cash equivalents	**(98,194,881)**	**(4,383,401)**	**(24,929,161)**	**(261)**	**256,170**	**(1,656,447)**	**(24,673)**
Net increase in cash and cash equivalents (A + B + C + D)	**88,899,537**	**169,485,564**	**281,241,975**	**2,620,824**	**3,511,057**	**(1,733,620)**	**3,446,919**
Cash and cash equivalents at the beginning of the period	**299,502,746**	**18,260,771**	**18,260,771**	**15,639,947**	**12,128,890**	**13,862,510**	**10,415,591**
Cash and cash equivalents at the end of the period	**388,402,283**	**187,746,335**	**299,502,746**	**18,260,771**	**15,639,947**	**12,128,890**	**13,862,510**
Components of cash and cash equivalents							
Cash and cheques on hand	231,174	658,747	229,084	122,194	68,713	2,161,175	369,850
With banks - on current account	273,433,398	141,688,156	298,090,167	18,138,577	15,121,234	9,775,215	6,830,505
- on deposit account	118,412,383	45,399,432	1,183,495	-	-	-	6,662,155
- on margin account	-	-	-	-	450,000	192,500	-
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(3,674,672)	-	-	-	-	-	-
Total cash and cash equivalents	**388,402,283**	**187,746,335**	**299,502,746**	**18,260,771**	**15,639,947**	**12,128,890**	**13,862,510**
Deposits with banks with original maturity of more than three months	114,666,619	4,184,880	5,154,216	122,700,616	-	-	-
Cash and cash equivalents as per Balance Sheet	**503,068,902**	**191,931,215**	**304,656,962**	**140,961,387**	**15,639,947**	**12,128,890**	**13,862,510**

As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per **Ali Nyaz**
Partner
Membership No. 200427

Place: Hyderabad
Date: February 9, 2008

For and on behalf of the Board of Directors
Apollo Health Street Limited

Dr. Prathap C Reddy
Chairman

Sangita Reddy
Managing Director

Shanker Narayan
Chief Financial Officer

Uday Chandra
Company Secretary

Place: Hyderabad
Date: February 9, 2008

Annexure IV: Notes on adjustments to consolidated restated financial information

1. Depreciation

The Company had revised the estimated economic useful lives of fixed assets, effective April 1, 2005, which resulted in acceleration of the deprecation charge in respect of such assets from that date. For the purpose of this statement, the revision to the useful lives has been effected retrospectively for all periods presented with corresponding changes to the carrying values, the accumulated depreciation and the profit/ loss on the sale or disposal of fixed assets. Further, the accumulated profit and loss balance as at April 1, 2002 has been appropriately adjusted to reflect the impact of changes pertaining to prior years till March 31, 2002.

In Heritage Websolutions Private Limited, a subsidiary, Management had changed its accounting policy for charging depreciation on fixed assets from Written down value (WDV) method to Straight line method (SLM) with effect from April 1, 2007. This has resulted in recalculation of depreciation applying SLM retrospectively from the date of assets being put to use and acceleration of depreciation charge in respect of such assets from that date. For the purpose of this statement, the revision to the depreciation policy has been effected retrospectively for all periods presented with corresponding changes to the carrying values and the accumulated depreciation.

2. Prior period items

Certain items, identified and disclosed as prior period items in the audited financial statements of each of the years presented, have, for the purpose of this statement, been restated to the respective years in which such adjustments arose.

3. Recovery of bad debts

The recovery of debts expensed in the earlier years as being bad or doubtful of recovery, have for the purpose of this statement been adjusted as a reversal of provision/expense in the year in which such provision/expense was recognised.

4. Reversal of service tax credits

The Company had in the prior year recognized certain input credit related to taxes paid for services availed in accordance with the rules for availing such credit. Consequent to recent changes in the services tax rules, management believes that there could be significant uncertainties associated with the recovery of such credit and has accordingly derecognized the asset in the current period. For the purpose of this statement the effects of such de recognition has been adjusted as a reversal of credit in the year in which such credit was recognised.

5. Taxes related to earlier years

In certain years the audited financial statements included adjustments towards current taxes related to earlier years, determined on the basis of assessment orders subsequently made, in respect of those years. For the purpose of this statement, the charge to the profit and loss account and the carrying value of the provision for taxation has been restated to the respective years to which such taxes related.

6. Deferred tax

The auditors' opinion on the financial statements as of and for the year ended March 31, 2004 was qualified for the recognition of a net deferred tax asset of Rs 33,643,055 (net of deferred tax liabilities of Rs.1,900,867 which are not recognized).The deferred tax asset was subsequently derecognized by the Company in the following year. For the purpose of this statement, such de-recognition has been effected in the year in which such asset was recognized.

7. Excess provision for expenses

Provisions made in the earlier years, not required subsequently due to waiver of liability or otherwise, have for the purpose of this statement been adjusted as a reversal of provision/ expense in the year in which such provision/expenses was recognised.

8. Minority Interest

Minority interest has been restated in the respective years, to give effect to the changes in minority's share of profits or loss consequent to all other restatement effects.

9. Restated opening profit and loss account:

Restatement of Profit and Loss Account of the Company as at April 1, 2002

Profit and loss account as at April 1, 2002, as per audited financial statements	(44,484,804)
Increase in accumulated loss at April 1, 2002 as a result of adjustment for:	
Depreciation	(4,311,940)
Provision no longer required	1,968,246
Prior period items	(160,622)
Change in minority interest on account of restatements	(55,650)
Deferred taxes	(19,309,318)
Profit and loss account as at April 1, 2002, as restated	**(66,354,088)**

10. Non-adjustment items

Audit qualifications, which do not require any corrective adjustment in the financial information, are as follows:

(i) **CARO, for the year ended March 31, 2003:**

- *In our opinion the internal control procedures for the sale of services require strengthening so as to be commensurate with the size of the Company and the nature of its business.*
- *In our opinion internal audit system of the Company requires strengthening so as to be commensurate with the size of the Company and the nature of its business.*
- *The Company did not have a system of allocation man-hours to the relative jobs, commensurate with its size and nature of its business.*

(ii) **CARO, for the year ended March 31, 2004:**

- The Company has an internal audit system*, the scope of which in our opinion required to be enlarged to be commensurate with the size and nature of its business.*

(iii) **CARO, for the year ended March 31, 2005:**

- Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess have *generally been regularly deposited with the appropriate authorities except for delays in certain instance, which have not been serious.*
- *The Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth. The Company has incurred cash loss during the year and in the immediately preceding financial year.*
- Based on our audit procedures and as per the information and explanation given by the management*, the Company has defaulted in repayment of the Medium Term loan instalments for Jan 05 to March 05 aggregating to Rs. 21,60,000 which was paid subsequently by the Company on April 5, 2005*

- According to the information and explanations given to us and on overall examination of balance sheet of the Company, we report that the *Company has used funds raised on short-term basis for long term investment to the extent of Rs. 87,73,337.* No funds raised on long-term basis have been used for short term investment by the Company.

(iv) **CARO, for the year ended March 31, 2006:**

- The Company's accumulated losses at the end of the financial year are less than fifty percent of its net worth and it has not incurred cash loss during the year. *In the immediately preceding financial year the Company has incurred cash loss.*

(v) **CARO, for the year ended March 31, 2007:**

- Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess have generally been regularly deposited with the appropriate authorities *though there has been a slight delay in a few cases.*

- The Company's accumulated losses at the end of the financial year are less than fifty percent of its net worth. *The Company has incurred cash loss during the year.* In the immediately preceding financial year the Company had made cash profit.

As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per **Ali Nyaz**
Partner
Membership No. 200427

Place: Hyderabad
Date: February 9,2008

For and on behalf of the Board of Directors
Apollo Health Street Limited

Dr. Prathap C Reddy
Chairman

Sangita Reddy
Managing Director

Shanker Narayan
Chief Financial Officer

Uday Chandra
Company Secretary

Place: Hyderabad
Date: February 9,2008

Annexure V: Statement of significant accounting policies

a. Basis of consolidation

The Restated Consolidated Financial Statements of Apollo Health Street Limited (“AHSL”) and its wholly owned and controlled domestic and foreign subsidiaries (collectively termed as ‘the Company” or “the Consolidated Entities”) are prepared under the historical cost convention and in accordance with the Accounting Principles Generally Accepted in India. All material inter-company balances and inter-company transactions and resulting unrealised profits and losses, if any, are eliminated on consolidation.

The accompanying consolidated financial statements include the financial statements of AHSL and the following majority owned and controlled subsidiaries.

Names of the subsidiaries	Country of incorporation	% of interest
Apollo Health Street Incorporated	USA	100%
Armanti Financial Services Incorporated	USA	100%
Armanti Financial Services LLC	USA	100%
Accordis Incorporated	USA	100%
Health Receivables Management, Incorporated	USA	100%
HPS Paradigm Incorporated	USA	100%
Symphony Data Corporation	USA	100%
Zavata Incorporated	USA	100%
Global STI Mauritius LLC	Mauritius	100%
Zavata India Private Limited	India	100%
Heritage Websolutions Private Limited	India	100%

b. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management’s best knowledge of current events and actions, actual results could differ from these estimates.

c. Fixed assets

Fixed assets are stated at cost, less accumulated depreciation and impairment losses. Cost comprises the purchase price and any cost attributable to bringing the asset to its working condition for its intended use.

d. Depreciation and amortisation

Depreciation and amortisation is provided using the Straight Line Method (“SLM”) at the rates based on useful lives of the assets estimated by Management, as mentioned below:

Nature of the fixed assets	Useful lives
Computers and computer equipment	3 years
Office equipment	5 years
Furniture and fixtures	5 years
Vehicles	5 years
Leasehold improvements	Shorter of lease period and estimated useful lives of such assets

Individual assets costing Rs. 5,000 or less are fully depreciated in the period of purchase.

e. Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on the internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

f. Intangible Assets

An intangible asset is recognised, where it is probable that future economic benefits attributable to the asset will accrue to the enterprise and the cost can be measured reliably. Intangible assets are stated at cost less accumulated amortisation. Goodwill arising on consolidation of acquired subsidiaries is carried at cost.

Cost of software is amortised on straight line basis over its estimated useful life, which ranges between one to five years.

g. Leases

Finance lease

Leases, which effectively transfer to the Company, substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are expensed as incurred.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Operating lease

Leases where the lessor effectively retains substantially all the risks and the benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss Account on a straight line basis over the lease term.

h. Miscellaneous expenditure

Miscellaneous expenditure represents loan processing fee and preliminary expenses, which are amortised over the term of loan and five years respectively.

i. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The company recognises revenue from the last billing date to the balance sheet date for work performed but not billed as unbilled revenues which are included in other current assets.

The Company recognises revenue on the following basis:

a)	Revenue cycle management services	Fees for services are primarily based on percentage of net collections on clients' accounts receivable. Revenue is recognised when the right to receive such revenue is established.
b)	Professional services fees including medical coding and billing services	On rendering of the services based on the terms of the agreements/arrangements with the concerned parties.
c)	Time and material contracts	Revenues are recognised on the basis of time spent and duly

		approved by the respective customers.
d)	Software development and implementation	Software development- On the basis of software developed and billed, as per the terms of contracts based on milestones achieved under the percentage of completion method. Software implementation- On the completion of installation based on the terms of arrangements with the concerned parties.
e)	Interest	Revenue is recognised on a time proportionate basis taking into account the amounts outstanding and the rates applicable.

j. Foreign currency transactions

Initial recognition
Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion
Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange differences
Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the period or reported in previous financial statements, are recognised as income or as expenses in the period in which they arise.

Forward exchange contracts
The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

Foreign branch
The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation are those of the Company itself.

k. Foreign currency translation

The reporting currency for AHSL and its domestic subsidiaries is the Indian Rupee. In accordance with AS 11, till the fiscal year 2006, the foreign operations were identified as "integral foreign operations" as the operations were under direct supervision and control of the Company and were financed by the Company. Therefore the transactions of foreign operations were translated as if the transactions of foreign operations had been those of the Company. Assets and liabilities, both monetary and non-monetary of overseas subsidiaries were translated at the exchange rates as at the date of balance sheet. Income and expenses were translated at the average exchange rate for the reporting period. The resultant currency translation exchange gain or loss was charged to the profit and loss account.

From April 2006, the foreign operations have been identified as "non-integral foreign operations" as they accumulate cash and other monetary items, incur expenses, generate income and arrange borrowings, all substantially in their local currency. Assets and liabilities, both monetary and non-monetary of overseas subsidiaries are translated at the exchange rates as at the date of balance sheet. Income and expenses are translated at the average exchange rate for the reporting period. Resultant currency translation exchange gain or loss is carried as foreign currency translation reserve until the disposal of the net investment.

l. Earnings per share

Basic earnings per share is determined by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share is determined by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period as adjusted for weighted average number of potential equity shares outstanding during the period except the effect is anti dilutive.

m. Provisions

A provision is recognised when the Company has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

n. Derivative instruments

The company uses derivative financial instruments such as forward exchange contracts and interest rate swaps to hedge its risks associated with foreign currency fluctuation and interest rate fluctuations

Interest rate swap

Gain or loss arising from interest rate swap are recorded on periodic settlement dates agreed with the bank or on termination of the agreement whichever is earlier.

o. Retirement and other employee benefits

(i). Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of each period.

(ii). Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the period when the contributions to the fund are due.

(iii). Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation made at each Balance Sheet date.

(iv). Retention bonuses are provided based on actuarial valuation made at the end of each period. The actuarial valuation is done as per projected unit credit method.

(v). Actuarial gains/losses are recognised in the Profit and Loss Account as they arise.

p. Income taxes

Tax expense comprises current, deferred taxes and fringe benefit tax. Current income tax and fringe benefit tax are measured at the amount expected to be paid to the tax authorities in accordance with the tax laws as applicable to the respective consolidated entities.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities across various countries of operation are not set off against each other as the Company does not have a legal right to do so. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits. Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become virtually certain that future taxable income will be available against which such deferred tax assets can be realised.

q. Share based payments

Employee compensation expenses, where applicable, in respect of stock options granted to the employees are recognised over the vesting period of the option using intrinsic value method as prescribed in "Guidance Note on Accounting for Employee Share-based payments" issued by the Institute of Chartered Accountants of India.

As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per **Ali Nyaz**
Partner
Membership No. 200427

Place: Hyderabad
Date: February 9,2008

For and on behalf of the Board of Directors
Apollo Health Street Limited

Dr. Prathap C Reddy
Chairman

Sangita Reddy
Managing Director

Shanker Narayan
Chief Financial Officer

Uday Chandra
Company Secretary

Place: Hyderabad
Date: February 9,2008

Annexure VI: Details of rates of dividend as per restated financial information

(All amounts in Indian Rupees, except as otherwise stated)

	Six month period ended September 30,		Years ended March 31,				
	2007	2006	2007	2006	2005	2004	2003
Class of Shares							
Equity shares face value (Rs.)	10	10	10	10	10	10	10
Cumulative convertible preference shares face value (Rs.)	0	60	60	60	0	0	0
Cumulative convertible preference shares face value (Rs.)	0	158	0	0	0	0	0
Class 'A' shares face value (Rs.)	0	10	10	10	0	0	0
Dividend paid/proposed (%)	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Annexure VII: Accounting ratios as per restated financial information

(All amounts in Indian Rupees, except as otherwise stated)

	September 30,		March 31,				
	2007	**2006**	**2007**	**2006**	**2005**	**2004**	**2003**
Basic earnings per share	(8.89)	(1.43)	4.70	1.92	(4.28)	(0.65)	(5.29)
Diluted earnings per share	(8.89)	(1.43)	4.55	1.66	(4.28)	(0.65)	(5.29)
Return on net worth (%)	-6.71%	-3.03%	9.94%	6.64%	*	-19.24%	-117.87%
Net asset value per equity share	95.91	12.60	42.30	4.23	(1.20)	3.38	4.25
Weighted average number of equity shares used for:							
Basic earnings per share (No's)	18,080,721	12,754,216	14,223,939	12,416,423	8,309,816	8,309,816	7,866,802
Diluted earnings per share (No's)	18,080,721	12,754,216	14,694,122	14,353,992	8,309,816	8,309,816	7,866,802
Total number of equity shares outstanding at the end of each period	24,963,325	14,126,687	15,898,498	12,629,446	8,309,816	8,309,816	8,309,816

Notes:

1. The figures disclosed above are based on the restated consolidated financial statements of Apollo Health Street Limited.

* Not applicable as the net worth is negative at the balance sheet date.

Notes:

2. The ratios have been computed as under:

Basic earnings per share	Net profit/loss after tax, as restated, attributable to equity shareholders / Weighted average number of equity shares outstanding during the year/ period
Diluted earnings per share	Net profit after tax, as restated, attributable to equity shareholders / Weighted average number of equity shares outstanding during the year/period and potential dilutive equity shares outstanding during the year/period
Return on net worth (%)	Net profit after tax, as restated / Net worth, as restated, at the end of the year/ period
Net asset value per equity share (Rs.)	Net worth less all preference capital, as restated, at the end of the year/ period / Number of equity shares outstanding at the end of the year/ period

Note: For the purpose of computing the above ratios the class A shares are treated as preference capital and accordingly adjusted.

Annexure VIII: Capitalization Statement as per restated financial information as at September 30, 2007

(All amounts in Indian Rupees, except as otherwise stated)

	Pre Issue	Post Issue*
Borrowings		
Short term debts	-	
Long term debts	5,168,092,117	
Total debts	**5,168,092,117**	
Shareholders' funds		
-Share capital	249,633,250	
-Reserves and surplus	2,144,425,079	
Total Shareholders' funds	**2,394,058,329**	
Long term debt/equity ratio	**2.16**	

* Shareholders fund post issue can be calculated only on the conclusion of the book building process.

Notes:

1. Long term debts include current portion of long term debt repayable over the next twelve months.

Annexure IX: Details of secured loans as per restated financial information

(All amounts in Indian Rupees, except as otherwise stated)

	Six month period ended September 30,		Years ended March 31,				
	2007	**2006**	**2007**	**2006**	**2005**	**2004**	**2003**
From banks	5,076,994,589	459,891,253	434,810,250	10,422,782	54,344,412	41,684,794	3,000,000
From others	-	-	158,730	286,883	441,764	-	-
Interest accrued and due	-	-	-	-	367,455	662,844	514
Finance lease obligation	91,097,528	9,541,902	9,060,455	-	-	-	-
	5,168,092,117	**469,433,155**	**444,029,435**	**10,709,665**	**55,153,631**	**42,347,638**	**3,000,514**

Terms of loans are as follows:

Name of the lender	**Amount**	**Interest rate**	**Terms of repayment**	
A) Loan from Banks:				
Syndicate loan from Bank of India, New York Branch and Barclays Bank PLC (Tranche A)	4,967,500,000	8.47 % per annum	**Amount (Rs.)**	**Date**
			74,512,500	29-Aug-08
			74,512,500	29-Nov-08
			86,931,250	28-Feb-09
			86,931,250	29-May-09
			86,931,250	29-Aug-09
			86,931,250	29-Nov-09
			86,931,250	28-Feb-10
			86,931,250	29-May-10
			86,931,250	29-Aug-10
			99,350,000	29-Nov-10
			211,118,750	28-Feb-11
			211,118,750	29-May-11
			211,118,750	29-Aug-11
			235,956,250	29-Nov-11
			260,793,750	29-Feb-12
			285,631,250	29-May-12
			2,694,868,750	29-Aug-12
			4,967,500,000	
Syndicate loan from Bank of India, New York Branch and Barclays Bank PLC (Tranche C)	109,494,589	8.47 % per annum	Full repayment on 60 months from date of utilization ie., on August 29, 2012.	
	5,076,994,589			

B) Finance Lease obligations:	Amount	Interest rate	Terms of repayment
MBA Leasing corp.	2,965,240	7 % to 8.5% per annum	24 to 60 monthly installment of Rs.136,613
Lynnes Nissan City	603,969	1.9% per annum	60 monthly installment of Rs.17,751
Nissan Motor Acceptance Corporation	547,895	7.4% per annum	60 monthly installment of Rs.20,764
Nissan Motor Acceptance Corporation	547,895	7.4% per annum	60 monthly installment of Rs.20,764
Loman Ford	765,313	11.4% per annum	60 monthly installment of Rs.19,115
Hudson Toyota	413,018	7.4% per annum	60 monthly installment of Rs.20,171
Hudson Toyota	406,222	7.4% per annum	60 monthly installment of Rs. 19,863
Lynnes Nissan City	603,969	1.9% per annum	60 monthly installment of Rs. 17,751
Cisco Systems Capital(India) Pvt. Ltd	1,224,067	8.77% per annum	33 quarterly installments of Rs.67,099
Cisco Systems Capital(India) Pvt. Ltd	1,832,192	8.77% per annum	33 quarterly installments of Rs.390,674
Cisco Systems Capital(India) Pvt. Ltd	111,929	7.03% per annum	34 quarterly installments of Rs.15,506
Cisco Systems Capital(India) Pvt. Ltd	373,659	8.77% per annum	33 quarterly installments of Rs.67,099
IBM Global Services India Pvt. Ltd.	394,268	3.05% per annum	34 quarterly installments of Rs.80,721
IBM Global Services India Pvt. Ltd.	2,628,570	0.26% per annum	36 quarterly installments of Rs.669,896
KalaJyothi Process Pvt Ltd (Lease)	34,711,492	9.75% per annum	72 quarterly installments of Rs. 785,232 with 10% increment in 24 months
Rent Works India Private Ltd.	5,461,898	7.23% per annum	36 quarterly installments of Rs.975,326
Celtic Leasing Corp	17,247,291	36.88% per annum	36 quarterly installments of Rs.4,495,459
Dell Financial Services	1,026,611	10.37% per annum	36 monthly installments of Rs.58,603
Insight Investments, Corp (Artiva Lease)	12,370,769	6.98% per annum	36 monthly installments of Rs.657,072
BellSouth Lond Distance, Inc	2,212,424	9.51% per annum	36 monthly installments of Rs.120,055
Answer think, Inc fka Answerthink Consulting Group Inc	4,632,330	7.50% per annum	60 monthly installments of Rs.116,240
GE Countrywide Consumer Financial Services Limited	16,508	12.83% per annum	Equated monthly installment of Rs 16,508 for a period of 1 month.
	91,097,528		

Notes:

Term loan as at September 30, 2007 is secured by following assets of the entire group excluding subsidiary Heritage Websolutions Private Limited:

(a) all equity interests held and/or beneficially owned by the Group member in any member of the Group from time to time, provided that no such Group member shall be obligated to pledge or create security over more than 65% of the equity interests (or, if a lesser amount, 65% of the voting equity interests) in any restricted foreign subsidiary;

(b) all financial indebtedness owing to the Group from any obligor, any member of the Group or any Affiliate thereof from time to time;

(c) all of the Group's rights and interests in any account from time to time (and any balance standing to the credit thereof from time to time), and any cash and cash equivalents from time to time;

(d) all of the Group's rights and interests in any real property from time to time;

(e) all of the Group's rights and interests in any tangible movable property from time to time;

(f) all of the Group's rights and interests in any investment interests (other than those referred to in paragraph (a) above) or any goodwill of or uncalled capital of the Group from time to time;

(g) all of the Group's rights and interests in any intellectual property (including, without limitation, any registered intellectual property, and any intellectual property pending registration) from time to time;

(h) all of the Group's rights and interests in any book and/or other debts and/or monetary claims and any proceeds thereof from time to time;

(i) all of the Group's rights and interests in any insurance and/or insurance policy from time to time; and

(j) by way of a security assignment, floating charge or other appropriate means of security all of the Group's other assets and undertakings (including, without limitation, inventory) from time to time

Annexure X: Details of unsecured loans as per restated financial information

(All amounts in Indian Rupees, except as otherwise stated)

	Six month period ended September 30,		Years ended March 31,				
	2007	**2006**	**2007**	**2006**	**2005**	**2004**	**2003**
Loan from a bank	-	-	-	-	20,000,000	-	-
Short term loan from others	-	-	-	-	28,500,000	26,000,000	25,000,000
	-	**-**	**-**	**-**	**48,500,000**	**26,000,000**	**25,000,000**

Notes:

1. The figures disclosed above are based on the restated consolidated financial statements of Apollo Health Street Limited.

Annexure XI: Details of other income as per restated financial information

(All amounts in Indian Rupees, except as otherwise stated)

	Six month period ended September 30,		Years ended March 31,				
	2007	2006	2007	2006	2005	2004	2003
Other income, as restated	3,903,654	27,416,260	58,662,525	9,624,927	377,333	4,819,335	1,097,199
Profit/(Loss) before tax and minority interest, as restated	(152,617,766)	(12,457,598)	103,322,691	25,470,086	(29,887,917)	8,759,928	(44,678,251)
Percentage	-	-	56.78%	37.79%	-	55.02%	-

	Nature	Six month period ended September 30,		Years ended March 31,				
		2007	2006	2007	2006	2005	2004	2003
Other income:								
Interest on deposits	Recurring	891,782	3,256,173	7,188,902	7,405,261	58,959	80,693	415,414
Interest others	Recurring	2,423,545	25,252	25,252	113,171	135,798	428,839	4,920
Gain on exchange fluctuation	Non-recurring	-	-	-	-	-	40,809	16,903
Miscellaneous income	Non-recurring	414,698	113,076	2,457,074	2,106,495	161,576	52,943	566,138
Profit on sale of assets	Non-recurring	173,629	42,000	42,000	-	21,000	2,870,992	93,824
Bad debts recovered	Non-recurring	-	23,979,759	35,921,251	-	-	-	-
Profit on sale of investment in a subsidiary	Non-recurring	-	-	13,028,046	-	-	1,345,059	-
		3,903,654	**27,416,260**	**58,662,525**	**9,624,927**	**377,333**	**4,819,335**	**1,097,199**

Notes:

1) Other income is related to or incidental to the business activities of the Company.

2) The figures disclosed above are based on the restated consolidated financial statements of Apollo Health Street Limited.

Annexure XII: Details of sundry debtors as per restated financial information
(All amounts in Indian Rupees, except as otherwise stated)

	Six month period ended September 30,		Years ended March 31,				
	2007	**2006**	**2007**	**2006**	**2005**	**2004**	**2003**
a) Debts outstanding for a period exceeding six months							
- Secured and considered good	-	-	-	-	-	-	1,112,863
-Unsecured, considered good	71,247,240	176,802,078	101,055,699	10,442,320	24,967,478	16,418,438	1,777,995
-Unsecured, considered doubtful	96,102,738	78,417,387	12,235,534	14,404,914	3,990,498	2,941,074	1,851,961
b) Other debts							
- Secured and considered good	-	-	-	-	-	-	9,083,448
-Unsecured, considered good	819,990,338	332,569,492	355,199,468	142,427,973	50,588,358	54,911,520	34,189,194
-Unsecured, considered doubtful	-	4,248,864	-	-	-	-	-
	987,340,316	**592,037,821**	**468,490,701**	**167,275,207**	**79,546,334**	**74,271,032**	**48,015,461**
Less: Provision for bad and doubtful debts	96,102,738	82,666,251	12,235,534	14,404,914	3,990,498	2,941,074	1,851,961
	891,237,578	**509,371,570**	**456,255,167**	**152,870,293**	**75,555,836**	**71,329,958**	**46,163,500**

Notes:

The figures disclosed above are based on the restated consolidated financial statements of Apollo Health Street Limited.

SUMMARY STATEMENT OF RESTATED ASSETS AND LIABILITIES, PROFITS AND LOSSES AND CASH FLOWS, AS RESTATED, AS AT AND FOR THE YEARS ENDED MARCH 31, 2003, 2004, 2005, 2006, 2007 AND AS AT AND FOR THE SIX MONTH PERIOD ENDED SEPTEMBER 30, 2007 AND 2006

Report by the Auditors' of the Company as required by Part II of Schedule II to the Companies Act, 1956

TO
The Board of Directors
Apollo Health Street Limited
Life Sciences Building
Apollo Hospitals Complex
Jubliee Hills
Hyderabad.

Dear Sirs,

1. We have examined the financial information of Apollo Health Street Limited ('Company') as at March 31, 2007, 2006, 2005, 2004 and 2003 and six months ended September 30, 2007 and September 30, 2006, annexed to this report, prepared by the Company and approved by the Board of Directors, in accordance with the requirements of:

   a). paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');

   b). the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 ('the Guidelines') and the related clarifications issued by the Securities and Exchange Board of India ('SEBI') on January 19, 2000 as amended upto October 18, 2006, in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992;

   c). the terms of reference dated October 4, 2007 received from the Company, requesting us to carry out the assignment, in connection with the offer document being issued by the Company for its proposed Public Offer (IPO); and

   d). The revised Guidance Note on Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India.

   The Company proposes to make IPO of 6,500,000 equity shares, having a face value of Rs. 10 each, at an issue price to be determined by the Company (referred to as the 'Offer').

Financial information as per audited financial statements:

2. The financial information of Apollo Health Street Limited has been extracted by the management from the financial statements of Apollo Health Street Limited for the years ended March 31, 2007, 2006, 2005, 2004 and 2003 and six months ended September 30, 2007 and September 30, 2006, as approved by the Board of Directors.

3. In accordance with the requirements of Paragraph B of Part II of Schedule II of the Act, the SEBI Guidelines and terms of our engagement agreed with you, we confirm that :

   a) The annexed restated summary statement of assets and liabilities, restated summary statement of profit and loss and restated cash flow statement ('Summary Statements') of the Company, including as at and for the years ended March 31, 2007, 2006, 2005, 2004 and 2003, and for the six months period ended September 30, 2007 and September 30, 2006, examined by us, as set out in Annexures I, II and III to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Notes and Changes in Significant Accounting Policies (Refer Annexure IV and V).

b) Based on the above we are of the opinion that the restated financial information have been made after incorporating:

   i. Adjustments have been made for the changes in accounting policies and estimates adopted by the Company retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy and estimates for all the reporting periods;

   ii. Material prior period items have been restated to the respective years to which such prior period items related;

   iii. There are no extraordinary items which need to be disclosed separately in the Statement of Restated Consolidated Financial Information;

   iv. All qualifications in the auditors' reports, which require any adjustments to the summary statements, have been so adjusted.

Other Financial Information:

4. At the Company's request, we have also examined the following financial information proposed to be included in the offer document prepared by the management and approved by the Board of Directors of the Company and annexed to this report.

   i. Statement of dividend paid/proposed, enclosed as Annexure VI

   ii. Statement of accounting ratios based on the restated profits relating to earnings per share, net asset value and net worth enclosed as Annexure VII

   iii. Capitalization statement as at September 30, 2007, enclosed as Annexure VIII

   iv. Details of secured loans and assets charged as securities, enclosed as Annexure IX

   v. Details of unsecured loans, enclosed as Annexure X

   vi. Details of items of other income, enclosed as Annexure XI

   vii. Details of sundry debtors, enclosed as Annexure XII

   viii. Details of tax benefits available to the Company and its shareholders, enclosed as Annexure XIII

   ix. Statement of tax shelters, enclosed as Annexure XIV

5. In our opinion, the financial information as disclosed in the annexures to this report, read with the respective significant accounting policies and notes disclosed in Annexure V, and after making adjustments and re-groupings as considered appropriate and disclosed in Annexure IV, has been prepared in accordance with Part II of Schedule II of the Act and the Guidelines.

6. This report should not be in any way construed as a reissuance or redating of any of the previous audit reports issued by us or by other firm of Chartered Accountants, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

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

S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per **Ali Nyaz**
Partner
Membership No: 200427
Place: Hyderabad
Date: February 9, 2008

Annexure I: Summary Statement of Assets and Liabilities, as restated

(All amounts in Indian Rupees, except as otherwise stated)

	As at September 30,		As at March 31,				
	2007	2006	2007	2006	2005	2004	2003
Fixed assets							
Gross block	228,297,629	168,404,537	218,957,692	127,188,918	64,226,452	38,763,341	26,960,229
Less: Accumulated depreciation	131,651,989	68,818,081	101,960,786	52,905,180	29,458,423	18,390,924	14,703,199
Net block	96,645,640	99,586,456	116,996,906	74,283,738	34,768,029	20,372,417	12,257,030
Capital work- in-progress including capital advances	13,674,576	20,976,215	4,946,260	2,892,495	262,443	1,394,671	-
	110,320,216	**120,562,671**	**121,943,166**	**77,176,233**	**35,030,472**	**21,767,088**	**12,257,030**
Investments	2,338,309,274	391,950,010	357,950,710	53,319,624	53,319,624	53,319,624	40,026,217
Current assets, loans and advances							
Project-in progress (at cost)	-	-	-	-	-	2,450,250	-
Sundry debtors	125,333,482	89,440,892	114,966,306	138,195,627	57,646,997	58,442,340	38,558,301
Cash and bank balances	144,225,908	37,744,955	38,102,379	109,821,363	3,860,336	3,097,052	5,061,748
Other current assets	564,943	807,144	232,863	4,404,411	20,778	5,491	1,970
Loans and advances	66,201,796	48,858,970	57,021,319	34,485,062	13,330,327	10,286,634	7,906,381
	2,784,955,619	**689,364,642**	**690,216,743**	**417,402,320**	**163,208,534**	**149,368,479**	**103,811,647**
Liabilities and provision							
Secured loans	16,508	291,253	270,855	10,709,665	55,153,631	42,347,638	3,000,514
Unsecured loans	-	202,141	-	-	52,664,625	30,700,000	25,000,000
Deferred tax liability	-	-	-	-	2,504,364	-	-
Current liabilities	89,215,550	61,552,899	89,784,002	34,769,135	47,220,161	32,758,831	30,841,632
Provisions	30,078,766	18,333,112	23,615,914	8,484,003	3,632,750	1,219,018	749,915
	119,310,824	**80,379,405**	**113,670,771**	**53,962,803**	**161,175,531**	**107,025,487**	**59,592,061**
Net worth	**2,665,644,795**	**608,985,237**	**576,545,972**	**363,439,517**	**2,033,003**	**42,342,992**	**44,219,586**
Represented by:							
Share capital							
Equity share capital	249,633,250	141,266,874	158,984,980	431,326,980	83,098,160	83,098,160	83,098,160
Cumulative convertible preference share capital	-	279,180,154	-	-	-	-	-
Class 'A' shares	-	145,358,000	-	-	-	-	-
Share application money pending allotment	60,000	-	906,000	803,134	-	-	-
Reserves and surplus							
Securities premium	2,627,633,906	138,748,268	544,715,426	35,133	35,133	35,133	35,133
Employee stock options	9,087,388	-	3,157,324	-	-	-	-
Profit and loss account	(220,769,749)	(95,568,059)	(131,217,758)	(61,883,869)	(78,457,290)	(40,780,425)	(38,893,955)
Miscellaneous expenditure	-	-	-	(6,841,861)	(2,643,000)	(9,876)	(19,752)
(to the extent not written off or adjusted)							
Net worth	**2,665,644,795**	**608,985,237**	**576,545,972**	**363,439,517**	**2,033,003**	**42,342,992**	**44,219,586**

The above statement should be read with notes to restated financial information appearing in Annexure IV and the significant accounting policies appearing in Annexure V.

As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per **Ali Nyaz**
Partner
Membership No. 200427

Place: Hyderabad
Date: February 9,2008

For and on behalf of the Board of Directors
Apollo Health Street Limited

Dr. Prathap C Reddy
Chairman

Sangita Reddy
Managing Director

Shanker Narayan
Chief Financial Officer

Uday Chandra
Company Secretary

Place: Hyderabad
Date: February 9,2008

Annexure II: Summary Statement of Profits and Losses, as restated

(All amounts in Indian Rupees, except as otherwise stated)

	Six month period ended September 30,		Years ended March 31,				
	2007	**2006**	**2007**	**2006**	**2005**	**2004**	**2003**
INCOME							
Income from operations	225,798,379	218,207,315	478,402,080	327,129,959	174,576,189	120,245,076	64,711,923
Other income	1,245,656	2,590,438	5,435,940	7,587,332	2,230,517	3,032,674	1,813,802
Increase/(Decrease) in projects-in-progress	-	-	-	-	(2,450,250)	2,450,250	-
	227,044,035	**220,797,753**	**483,838,020**	**334,717,291**	**174,356,456**	**125,728,000**	**66,525,725**
EXPENDITURE							
Personnel expenses	162,872,850	147,811,558	313,887,597	175,923,913	96,825,142	55,308,865	30,860,851
Operating and other expenses	106,235,588	83,522,932	192,641,345	109,827,471	84,533,451	61,109,617	37,397,341
Depreciation and amortization	32,684,079	21,507,794	51,335,518	33,665,293	7,339,662	5,035,862	3,547,673
Financial expenses	2,562,736	789,058	1,101,764	4,623,079	9,047,171	5,650,036	30,774,936
Miscellaneous expenses written off	-	852,889	-	3,420,930	9,876	9,876	-
	304,355,253	**254,484,231**	**558,966,224**	**327,460,686**	**197,755,302**	**127,114,256**	**102,580,801**
Profit/(Loss) before tax and prior period items	**(77,311,218)**	**(33,686,478)**	**(75,128,204)**	**7,256,605**	**(23,398,846)**	**(1,386,256)**	**(36,055,076)**
Provision for tax							
Current tax	-	-	-	(1,489,036)	1,489,036	-	-
Fringe benefit tax	2,262,036	1,159,347	2,784,214	2,469,822		-	-
Fringe benefit tax paid for earlier years	2,016,345	-	-	-		-	-
Deferred tax	-	-	-	(2,504,364)	36,147,419	(933,262)	(13,400,475)
	4,278,381	**1,159,347**	**2,784,214**	**(1,523,578)**	**37,636,455**	**(933,262)**	**(13,400,475)**
Loss after tax and before prior period items	**(81,589,599)**	**(34,845,825)**	**(77,912,418)**	**8,780,183**	**(61,035,301)**	**(452,994)**	**(22,654,601)**
Prior period items	-	(435,167)	(435,167)	(5,217,869)	-	-	(160,622)
Profit/(Loss) after tax	**(81,589,599)**	**(35,280,992)**	**(78,347,585)**	**3,562,314**	**(61,035,301)**	**(452,994)**	**(22,815,223)**
Adjustments							
Increase/(decrease) in net profits:							
Depreciation *(Refer note 1 of Annexure IV)*	(569,559)	2,928,635	1,776,636	9,217,419	(3,766,642)	(3,589,221)	(3,786,709)
Profit or loss on sale of asset *(Refer note 1 of Annexure IV)*	-	-	-	-	13,109	2,563,363	93,825
Prior period items *(Refer note 2 of Annexure IV)*	-	435,167	435,167	4,782,702	(5,217,869)	-	160,622
Provision for doubtful debts/bad debts *(Refer note 3 of Annexure IV)*	-	(62,500)	(62,500)	-	(1,688,447)	546,119	1,204,828
Reversal of service tax credits *(Refer note 4 of Annexure IV)*	1,785,460	(562,276)	(1,171,676)	(613,784)	-	-	-
Reversal of excess provision *(Refer note 7 of Annexure IV)*	(11,194,638)	-	11,194,638	(375,230)	375,230	(20,475)	(981,407)
Total effect of adjustments, net	**(9,978,737)**	**2,739,026**	**12,172,265**	**13,011,107**	**(10,284,619)**	**(500,214)**	**(3,308,841)**
Tax adjustments							
Current tax *(Refer note 5 of Annexure IV)*	2,016,345	-	(2,016,345)	-	-	-	-

Deferred tax *(Refer note 6 of Annexure IV)*	-	-	-	-	33,643,055	(933,262)	(13,400,476)
Total of adjustments after tax effect, net	**(7,962,392)**	**2,739,026**	**10,155,920**	**13,011,107**	**23,358,436**	**(1,433,476)**	**(16,709,317)**
Net profit/(loss), as restated	**(89,551,991)**	**(32,541,966)**	**(68,191,665)**	**16,573,421**	**(37,676,865)**	**(1,886,470)**	**(39,524,540)**
Profit and Loss Account, beginning of the period *(Refer note 8 of Annexure IV)*	(131,217,758)	(61,883,869)	(61,883,869)	(78,457,290)	(40,780,425)	(38,893,955)	(59,511,551)
Retirement benefits-AS 15 (revised 2005)- Transitional provision- adjustment to opening reserves	-	(1,142,224)	(1,142,224)	-	-	-	-
Adjusted against securities premium account	-	-	-	-	-	-	60,142,136
Balance carried forward, as restated	**(220,769,749)**	**(95,568,059)**	**(131,217,758)**	**(61,883,869)**	**(78,457,290)**	**(40,780,425)**	**(38,893,955)**

The above statement should be read with notes to restated financial information appearing in Annexure IV and the significant accounting policies appearing in Annexure V.

As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per **Ali Nyaz**
Partner
Membership No. 200427

Place: Hyderabad
Date: February 9,2008

For and on behalf of the Board of Directors
Apollo Health Street Limited

Dr. Prathap C Reddy
Chairman

Sangita Reddy
Managing Director

Shanker Narayan
Chief Financial Officer

Uday Chandra
Company Secretary

Place: Hyderabad
Date: February 9,2008

Annexure III: Summary Statement of Cash Flows, as restated

(All amounts in Indian Rupees, except as otherwise stated)

	Six month period ended September 30,		Years ended March 31,				
	2007	2006	2007	2006	2005	2004	2003
A. Cash flow from operating activities							
Net Profit/(Loss) before tax, as restated	**(87,289,955)**	**(31,382,619)**	**(63,391,106)**	**15,049,843**	**(33,683,465)**	**(1,886,470)**	**(39,524,539)**
Adjustments for:							
Depreciation and amortisation	33,253,638	18,579,158	49,558,882	24,447,874	11,106,303	8,625,083	7,334,382
Loss/(Profit) on sale of fixed assets	(173,629)	(42,000)	(42,000)	5,002	(9,000)	(2,224,122)	181,192
Unrealized foreign exchange loss/(gain) (net)	6,413,222	(163,261)	875,154	11,744	-	-	-
Miscellaneous expenditure amortized	-	852,889	-	3,420,930	9,876	9,876	30,774,936
Employee stock option compensation expense	5,930,064	-	3,157,324	-	-	-	-
Interest income	(870,979)	(2,381,120)	(2,645,527)	(7,038,265)	(154,075)	(18,108)	(69,321)
Provision for retirement benefits	-	9,032,894	-	4,871,286	924,696	469,103	(574,382)
Interest expense	22,098	77,866	102,318	3,745,138	7,938,141	5,251,469	-
Profit on sale of investments in a subsidiary	-	-	(2,549,948)	-	-	(1,416,083)	-
Deferred discount Income	-		(31,147)				
Sundry balances written off	1,823,435	-	-	-	676,950	3,612	194,109
Inventories written down	-	-	-	-	-	-	61,399
Liabilities written back	-	-	97,125	-	-	-	-
Provision for doubtful debts/ bad debts written off	1,291,577	1,997,221	4,859,904	9,143,470	1,236,472	1,718,874	1,197,133
Operating profit before working capital changes	**(39,600,530)**	**(3,428,972)**	**(10,009,021)**	**53,657,022**	**(11,954,102)**	**10,533,233**	**(425,091)**
Movements in working capital :							
Decrease/ (Increase) in inventories	-	-	-	-	2,450,250	(2,450,250)	(10,560)
Decrease/(Increase) in sundry debtors	(18,458,063)	46,993,365	17,442,045	(90,080,733)	(52,496)	(21,602,913)	(13,257,491)
Decrease/ (Increase) in loans and advances	(10,898,750)	(14,390,699)	(23,778,671)	(19,740,501)	(3,720,643)	(2,491,865)	(1,643,886)
(Decrease)/ Increase in current liabilities and provisions	1,311,493	26,773,900	65,266,650	(13,795,865)	10,830,470	3,145,036	1,741,224
Cash generated from/(used in) operations	**(67,645,850)**	**55,947,594**	**48,921,003**	**(69,960,077)**	**(2,446,521)**	**(12,866,758)**	**(13,595,804)**
Refund of Income tax	-	-	1,827,286	-	-	-	-
Fringe benefit taxes paid	(1,832,707)	(504,394)	(2,762,164)	(1,489,036)	-	-	-
Direct taxes paid (net of refunds)	(105,162)	(35,538)	(584,872)	(2,381,781)	-	-	-
Net cash from/(used in) operating activities	**(69,583,719)**	**55,407,662**	**47,401,253**	**(73,830,894)**	**(2,446,521)**	**(12,866,758)**	**(13,595,804)**
B. Cash flows from investing activities							
Purchase of fixed assets	(17,573,018)	(63,739,151)	(92,484,639)	(63,730,628)	(23,801,472)	(20,928,704)	(9,106,397)
Proceeds from sale of fixed assets	655,625	42,000	42,000	49,000	9,000	3,623,375	390,678
Proceeds from sale of investments in a subsidiary	-	-	36,549,248	-	-	6,000,000	-
Movement in fixed deposits	(109,512,403)	98,835,000	98,503,164	(103,019,880)	-	-	-
Investments in subsidiaries	(1,980,358,564)	(338,630,386)	(338,630,386)	-	-	(17,877,324)	(1,443,000)
Interest received	538,899	5,978,387	6,817,075	2,654,632	138,789	14,587	85,237
Net cash used in investing activities	**(2,106,249,460)**	**(297,514,150)**	**(289,203,538)**	**(164,046,876)**	**(23,653,683)**	**(29,168,066)**	**(10,073,482)**

C. Cash flows from financing activities							
Proceeds from issuance of share capital	89,742,270	279,180,154	17,669,630	341,560,182	-	-	100,000
Share premium received	2,082,918,480	-	261,510,524	-	-	-	-
Share application money received	60,000	-	102,866	803,134	-	-	-
Proceeds from long-term borrowings	-	-	-	-	5,152,498	36,870,677	-
Repayment of long-term borrowings	(254,347)	(10,131,529)	(10,002,124)	(26,554,557)	(9,966,449)	-	(347,771)
Short term borrowings, net	-	(84,742)	-	(70,186,579)	39,311,742	8,176,447	27,383,259
Interest paid	(22,098)	(98,803)	(694,431)	(4,803,262)	(7,634,303)	(4,976,996)	-
Net cash from financing activities	**2,172,444,305**	**268,865,080**	**268,586,465**	**240,818,917**	**26,863,488**	**40,070,128**	**27,135,488**
Net increase in cash and cash equivalents (A + B + C + D)	**(3,388,874)**	**26,758,592**	**26,784,180**	**2,941,147**	**763,284**	**(1,964,696)**	**3,466,202**
Cash and cash equivalents at the beginning of the period	**33,585,663**	**6,801,483**	**6,801,483**	**3,860,336**	**3,097,052**	**5,061,748**	**1,595,546**
Cash and cash equivalents at the end of the period	**30,196,789**	**33,560,075**	**33,585,663**	**6,801,483**	**3,860,336**	**3,097,052**	**5,061,748**
Components of cash and cash equivalents							
Cash and cheques on hand	37,793	69,353	16,854	22,417	46,714	1,910,821	17,004
With banks - on current account	29,569,858	8,490,722	34,484,704	6,779,066	3,363,622	993,731	1,004,744
- on deposit account	3,500,000	25,000,000	-	-	450,000	192,500	4,040,000
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(2,910,862)	-	(915,895)	-	-	-	-
Cash and cash equivalents as per Balance Sheet	**30,196,789**	**33,560,075**	**33,585,663**	**6,801,483**	**3,860,336**	**3,097,052**	**5,061,748**
Add: Deposits with banks with original maturity of more than three months	114,029,119	4,184,880	4,516,716	103,019,880	-	-	-
Cash and cash equivalents as per Balance Sheet	**144,225,908**	**37,744,955**	**38,102,379**	**109,821,363**	**3,860,336**	**3,097,052**	**5,061,748**

As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per **Ali Nyaz**
Partner
Membership No. 200427

Place: Hyderabad
Date: February 9,2008

For and on behalf of the Board of Directors
Apollo Health Street Limited

Dr. Prathap C Reddy
Chairman

Sangita Reddy
Managing Director

Shanker Narayan
Chief Financial Officer

Uday Chandra
Company Secretary

Place: Hyderabad
Date: February 9,2008

Annexure IV: Notes to restated financial information

1. Depreciation

The Company had revised the estimated economic useful lives of fixed assets, effective April 1, 2005, which resulted in acceleration of the depreciation charge in respect of such assets from that date. For the purpose of this statement, the revision to the useful lives has been effected retrospectively for all periods presented with corresponding changes to the carrying values, the accumulated depreciation and the profit/loss on the sale or disposal of fixed assets. Further, the accumulated profit and loss balance as at April 1, 2002 has been appropriately adjusted to reflect the impact of changes pertaining to prior years till March 31, 2002.

2. Prior period items

Certain items, identified and disclosed as prior period items in the audited financial statements of each of the years presented, have, for the purpose of this statement, been restated to the respective years in which such adjustments arose.

3. Recovery of bad debts

The recovery of debts expensed in the earlier years as being bad or doubtful of recovery, have for the purpose of this statement been adjusted as a reversal of provision/ expense in the year in which such provision/ expense was recognised.

4. Reversal of service tax credits

The Company had in the prior year recognised certain input credit related to taxes paid for services availed in accordance with the rules for availing such credit. Consequent to recent changes in the services tax rules, management believes that there could be significant uncertainties associated with the recovery of such credit and has accordingly de-recognised the asset in the current period. For the purpose of this statement, the effect of such de-recognition has been adjusted as a reversal of credit in the year in which such credit was recognised.

5. Taxes related to earlier years

In certain years the audited financial statements included adjustments towards current and fringe benefit taxes related to earlier years, determined on the basis of assessment orders subsequently made, in respect of those years. For the purpose of this statement, the charge to the profit and loss account and the carrying value of the provision for taxation has been restated to the respective years to which such taxes related.

6. Deferred tax

The auditors' opinion on the financial statements as of and for the year ended March 31, 2004 was qualified for the recognition of a net deferred tax asset of Rs 33,643,055 (net of deferred tax liabilities of Rs.1,900,867 which are not recognized).The deferred tax asset was subsequently derecognised by the Company in the following year. For the purpose of this statement, such de-recognition has been effected in the year in which such asset was recognised.

7. Excess provision for expenses

Provisions made in the earlier years, not required subsequently due to waiver of liability or otherwise, have for the purpose of this statement been adjusted as a reversal of provision/ expense in the year in which such provision/ expense was recognised.

8. Restated opening profit and loss account:

Restatement of profit and loss account of the Company as at April 1, 2002

Balance of profit and loss account as at April 1, 2002, as per audited financial statements	(37,326,914)

Decrease/ (Increase) in accumulated loss at April 1, 2002 as a result of adjustment for:	
Depreciation	(3,716,578)
Bad debts recovered / provision for bad debts reversed	1,001,882
Prior period items	(160,622)
Deferred taxes	(19,309,319)
Profit and loss account as at April 1, 2002, as restated	**(59,511,551)**

9. Non-adjustment Items

Audit qualifications, which do not require any corrective adjustment in the financial information, are as follows:

i. CARO, for the year ended March 31, 2003:

- *In our opinion the internal control procedures for the sale of services require strengthening so as to be commensurate with the size of the Company and the nature of its business.*

- *In our opinion internal audit system of the Company requires strengthening so as to be commensurate with the size of the Company and the nature of its business.*

- *The Company did not have a system of allocation man-hours to the relative jobs, commensurate with its size and nature of its business.*

ii. CARO, for the year ended March 31, 2004:

- The Company has an internal audit system*, the scope of which in our opinion required to be enlarged to be commensurate with the size and nature of its business.*

iii. CARO, for the year ended March 31, 2005:

- Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess have *generally been regularly deposited with the appropriate authorities except for delays in certain instance, which have not been serious.*

- *The Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth. The Company has incurred cash loss during the year and in the immediately preceding financial year.*

- Based on our audit procedures and as per the information and explanation given by the management*, the Company has defaulted in repayment of the Medium Term loan installments for Jan 05 to March 05 aggregating to Rs. 2,160,000 which was paid subsequently by the Company on April 5, 2005*

- According to the information and explanations given to us and on overall examination of balance sheet of the Company, we report that the *Company has used funds raised on short-term basis for long term investment to the extent of Rs. 8,773,337.* No funds raised on long-term basis have been used for short term investment by the Company.

iv. CARO, for the year ended March 31, 2006:

- The Company's accumulated losses at the end of the financial year are less than fifty percent of its net worth and it has not incurred cash loss during the year. *In the immediately preceding financial year the Company has incurred cash loss.*

v. CARO, for the year ended March 31, 2007:

- Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess have generally been regularly deposited with the appropriate authorities *though there has been a slight delay in a few cases.*

- The Company's accumulated losses at the end of the financial year are less than fifty percent of its net worth. *The Company has incurred cash loss during the year.* In the immediately preceding financial year the Company had made cash profit.

As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES **Chartered Accountants**	**For and on behalf of the Board of Directors** **Apollo Health Street Limited**	
per **Ali Nyaz** Partner Membership No. 200427	**Dr. Prathap C Reddy** Chairman	**Sangita Reddy** Managing Director
	Shanker Narayan Chief Financial Officer	**Uday Chandra** Company Secretary
Place: Hyderabad Date: February 9,2008	Place: Hyderabad Date: February 9,2008	

Annexure V: Significant accounting policies

1. Significant accounting policies

a) Basis of preparation

The financial statements have been prepared to comply in all material respects in respects with the Notified accounting standard by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies applied by the Company are consistent with those used in the previous period.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any cost attributable to bringing the asset to its working condition for its intended use.

d) Depreciation

Depreciation is provided using the Straight Line Method ("SLM") at the rates based on useful lives of the assets estimated by Management, as given below:

Nature of the Fixed Assets	Useful life
Computers and computer equipment	3 years
Office equipment	5 years
Furniture and fixtures	5 years
Vehicles	5 years
Leasehold improvements	Shorter of lease period and estimated useful lives of such assets

Individual assets costing Rs. 5,000 or less are fully depreciated in the period of purchase.

e) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on the internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

f) Intangible assets

An intangible asset is recognised, only where it is probable that future economic benefits attributable to the asset will accrue to the enterprise and the cost can be measured reliably. Intangible assets are stated at cost less accumulated amortisation.

Cost of software is amortised on a straight line basis over its estimated useful life which ranges between one to three years.

g) Leases

Finance Lease: Leases, which effectively transfer to the Company, substantially all the risks and benefits incidental to ownership of the leased asset, are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are expensed as incurred.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Operating Lease: Leases where the lessor effectively retains substantially all the risks and the benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss Account on a straight line basis over the lease term.

h) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investment. All other investments are classified as long-term investments. Long term investments are carried at cost. Provision for diminution in value of long term investments is made to recognise a decline, other than temporary in nature.

i) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

The Company recognises revenue on the following basis:

a)	Revenue cycle management services	Fees for services are primarily based on percentage of net collections on clients' accounts receivable. Revenue is recognized when the right to receive such revenue is established.
b)	Professional services fees	On rendering of the services based on the terms of the agreements/arrangements with the concerned parties.
c)	Time and material contracts	Revenues are recognized on the basis of time spent and duly approved by the respective customers.
d)	Software development and implementation	***Software development-*** On the basis of software developed and billed, as per the terms of contracts based on milestones achieved under the percentage of completion method. ***Software implementation-*** On the completion of installation based on the terms of arrangements with the concerned parties.
e)	Interest	Revenue is recognised on a time proportionate basis taking into account the amounts outstanding and the rates applicable.

j) Foreign currency translation

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the exchange rate as at the close of the Balance Sheet or at forward cover rate where the Company has forward cover contract against such items. Non monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the period or reported in previous financial statements, are recognised as income or as expenses in the period in which they arise.

(iv) Forward exchange contracts

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

(v) Foreign branch

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself.

k) Earnings per share

Basic earnings per share is determined by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share is determined by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period as adjusted for weighted average number of potential equity shares outstanding during the period except the effect is anti dilutive.

l) Provisions

A provision is recognized when the Company has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

m) Retirement and other employee benefits

(i) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of each period.

(ii) Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the period when the contributions to the fund are due.

(iii) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation made at each Balance Sheet date.

(iv) Retention bonuses are provided based on actuarial valuation made at the end of each period. The actuarial valuation is done as per projected unit credit method.

(v) Actuarial gains/losses are recognised in the profit and loss account as they arise.

n) Income taxes

Tax expense comprises current tax, fringe benefit tax and deferred taxes. Current income tax and fringe benefit tax are measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961.

Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognised only if there is virtual certainty that such deferred tax assets can be realised against future taxable profits. Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become virtually certain that future taxable income will be available against which such deferred tax assets can be realised.

o) Share based payments

Employee compensation expenses, where applicable , in respect of stock options granted to the employees are recognised over vesting period using intrinsic value method as prescribed in "Guidance Note on Accounting for employee share-based payments" issued by Institute of Chartered Accountants of India.

As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per **Ali Nyaz**
Partner
Membership No. 200427

Place: Hyderabad
Date: February 9,2008

For and on behalf of the Board of Directors
Apollo Health Street Limited

Dr. Prathap C Reddy
Chairman

Sangita Reddy
Managing Director

Shanker Narayan
Chief Financial Officer

Uday Chandra
Company Secretary

Place: Hyderabad
Date: February 9,2008

Annexure VI: Details of rates of dividend as per restated financial information

(All amounts in Indian Rupees, except as otherwise stated)

	Six month period ended September 30,		Years ended March 31,				
	2007	2006	2007	2006	2005	2004	2003
Class of Shares							
Equity shares face value (Rs.)	10	10	10	10	10	10	10
Cumulative convertible preference shares face value (Rs.)	0	60	60	60	0	0	0
Cumulative convertible preference shares face value (Rs.)	0	158	0	0	0	0	0
Class 'A' shares face value (Rs.)	0	10	10	10	0	0	0
Dividend paid/proposed (%)	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Apollo Health Street Limited

Annexure VII: Accounting ratios as per restated financial information

(All amounts in Indian Rupees, except as otherwise stated)

	Six month period ended September 30,		March 31,				
	2007	2006	2007	2006	2005	2004	2003
Basic earnings per share	(4.95)	(2.55)	(4.79)	1.33	(4.53)	(0.23)	(5.02)
Diluted earnings per share	(4.95)	(2.55)	(4.79)	1.15	(4.53)	(0.23)	(5.02)
Return on net worth (%)	-3.36%	-5.34%	-11.83%	4.56%	-1853.26%	-4.46%	-89.38%
Net asset value per equity share	106.78	43.11	40.53	28.78	0.24	5.10	5.32
Weighted average number of equity shares used for:							
Basic earnings per share (No's)	18,080,721	12,754,216	14,223,939	12,416,423	8,309,816	8,309,816	7,866,802
Diluted earnings per share (No's)	18,080,721	13,343,204	14,223,939	14,353,992	8,309,816	8,309,816	7,866,802
Total number of equity shares outstanding at the end of each period	24,963,325	14,126,687	14,223,939	12,629,446	8,309,816	8,309,816	8,309,816

Notes:

1) The ratios have been computed as under:

Basic earnings per share	Net profit/loss after tax, as restated, attributable to equity shareholders Weighted average number of equity shares outstanding during the year/ period
Diluted earnings per share	Net profit after tax, as restated, attributable to equity shareholders Weighted average number of equity shares outstanding during the year/period and potential dilutive equity shares outstanding during the year/period
Return on net worth (%)	Net profit after tax, as restated Net worth, as restated, at the end of the year/ period
Net asset value per equity share (Rs.)	Net worth less all preference capital, as restated, at the end of the year/period Number of equity shares outstanding at the end of the year/ period

Note: For the purpose of computing the above ratios the class A shares are treated as preference capital and accordingly adjusted.

2) The figures disclosed above are based on the restated financial statements of Apollo Health Street Limited.

Apollo Health Street Limited

Annexure VIII: Capitalization Statement as per restated financial information as at September 30, 2007

(All amounts in Indian Rupees, except as otherwise stated)

	Pre Issue	Post Issue*
Borrowings		
Short term debts	16,508	
Long term debts	-	
Total debts	**16,508**	
Shareholders' funds		
-Share capital	249,693,250	
-Reserves and surplus	2,415,951,545	
Total Shareholders' funds	**2,665,644,795**	
Long term debt/equity ratio	**0.00**	

* Shareholders fund post issue can be calculated only on the conclusion of the book building process.

Notes:

1) Long term debts include current portion of long term debt repayable over the next twelve months.

2) The figures disclosed above are based on the restated financial statements of Apollo Health Street Limited.

Annexure IX: Details of secured loans as per restated financial information

(All amounts in Indian Rupees, except as otherwise stated)

	Six month period ended September 30,		Years ended March 31,				
	2007	**2006**	**2007**	**2006**	**2005**	**2004**	**2003**
From banks	-	291,253	158,730	10,422,782	54,344,412	41,684,794	3,000,000
From others	-	-	-	-	441,764	-	-
Interest accrued and due	-	-	-	-	367,455	662,844	514
Finance lease obligation	16,508	-	112,125	286,883	-	-	-
	16,508	**291,253**	**270,855**	**10,709,665**	**55,153,631**	**42,347,638**	**3,000,514**

Notes:

1) Finance lease obligations are secured by the hypothecation of the related asset acquired out of the proceeds of the borrowing.

2) Terms of loans

Name of the lender	Amount	Interest rate	Repayment terms
GE Countrywide Consumer Financial Services Limited	16,508	12.83% p.a.	Equated monthly installment of Rs 16,508 for a period of 1 month.

3) The figures disclosed above are based on the restated financial statements of Apollo Health Street Limited.

Annexure X: Details of unsecured loans as per restated financial information

(All amounts in Indian Rupees, except as otherwise stated)

	Six month period ended September 30,		Years ended March 31,				
	2007	2006	2007	2006	2005	2004	2003
Loan from a bank	-	-	-	-	20,000,000	-	-
Short term loan from others	-	202,141	-	-	32,664,625	30,700,000	25,000,000
	-	**202,141**	**-**	**-**	**52,664,625**	**30,700,000**	**25,000,000**

Notes:

The figures disclosed above are based on the restated financial statements of Apollo Health Street Limited.

Annexure XI: Details of other income as per restated financial information

(All amounts in Indian Rupees, except as otherwise stated)

	Six month period ended September 30,		Years ended March 31,				
	2007	2006	2007	2006	2005	2004	2003
Other income, as restated	1,245,656	2,527,938	5,373,440	7,212,102	488,570	4,370,735	905,744
Profit/(Loss) before tax,and minority interest as restated	(87,289,955)	(31,382,619)	(63,391,106)	15,049,843	(33,683,465)	(1,886,470)	(39,524,539)
Percentage	-	-	-	47.92%	-	-	-

	Nature	Six month period ended September 30,		Years ended March 31,				
		2007	2006	2007	2006	2005	2004	2003
Other income:								
Interest on deposits	Recurring	349,253	2,360,822	2,625,229	6,925,094	18,277	18,108	69,321
Interest others	Recurring	521,726	20,298	20,298	113,171	135,798	134,489	-
Miscellaneous income	Non-recurring	9,758	104,818	135,965	173,837	325,495	238,692	742,599
Deferred discount income	Non-recurring	191,289	-	-	-	-	-	-
Profit on sale of assets	Non-recurring	173,629	42,000	42,000	-	9,000	2,563,363	93,824
Profit on sale of investment in a subsidiary	Non-recurring	-	-	2,549,948	-	-	1,416,083	-
		1,245,656	2,527,938	5,373,440	7,212,102	488,570	4,370,735	905,744

Notes:

1) Other income is related to or incidental to the business activities of the Company.

2) The figures disclosed above are based on the restated financial statements of Apollo Health Street Limited.

Annexure XII: Details of sundry debtors as per restated financial information

(All amounts in Indian Rupees, except as otherwise stated)

	Six month period ended September 30,		Years ended March 31,				
	2007	2006	2007	2006	2005	2004	2003
a) Debts outstanding for a period exceeding six months							
- Secured and considered good							
-Unsecured, considered good	34,026,836	396,505	-	3,697,832	19,930,456	8,169,114	9,695,582
-Unsecured, considered doubtful	13,527,111	11,018,604	12,235,534	9,501,791	1,208,975	1,660,949	1,851,961
b) Other debts							
- Secured and considered good							
-Unsecured, considered good	91,306,646	89,044,387	114,966,306	134,497,795	37,716,541	50,273,226	28,862,719
-Unsecured, considered doubtful	-	-	-	-	-	-	-
	138,860,593	**100,459,496**	**127,201,840**	**147,697,418**	**58,855,972**	**60,103,289**	**40,410,262**
Less: Provision for bad and doubtful debts	13,527,111	11,018,604	12,235,534	9,501,791	1,208,975	1,660,949	1,851,961
	125,333,482	**89,440,892**	**114,966,306**	**138,195,627**	**57,646,997**	**58,442,340**	**38,558,301**

Notes:

1. The figures disclosed above are based on the restated financial statements of Apollo Health Street Limited.

Annexure XIII

STATEMENT OF POSSIBLE BENEFITS AVAILABLE TO APOLLO HEALTH STREET LIMITED AND ITS SHAREHOLDERS

The Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares. The information below sets out the possible tax benefits available to the Company and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile. Some of the benefits will be available only to the sole/first named holder in case the shares are held by Joint Shareholders.

1. BENEFITS AVAILABLE TO THE COMPANY UNDER THE INCOME TAX, 1961

1.1 Tax Benefit under Section 10 A of the Income-tax Act, 1961

According to the provisions of Section 10A of the Income-tax Act, the Company, while computing its total income, is eligible to claim a deduction in respect of profits derived by its undertaking/s from the Information Technology Enabled services for a period of ten consecutive assessment years, beginning with the assessment year relevant to the previous year in which the undertaking/s begin to render such services. The eligible amount would be the proportion that the profits of the business of the undertaking/s bear to the export turnover in respect of I T Enabled services of the undertaking/s vis-à-vis the total turnover of the undertaking/s. The benefit is available subject to fulfillment of conditions prescribed by the Section and no benefit under this Section shall be allowed with respect to any such undertaking for the financial year beginning on the 1st day of April, 2009 and subsequent years.

However, from financial year beginning on 1st day of April 2007, the companies enjoying tax holiday under section 10A are liable to pay Minimum Alternate Tax (MAT) as prescribed by Section115JB at the rate of 10 per cent (plus applicable surcharge and education cess).

1.2 Dividend income

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

1.3 Capital gains

1.3.1 Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. Shares in a company, listed securities or units will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "long term capital gains". Capital gains arising on sale of these assets held for12 months or less are considered as "short term capital gains".

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

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

1.3.4 As per the provisions of Section 111A of the Income-tax Act, short-term capital gains on sale of equity shares or units of an equity oriented fund where the transaction of sale is chargeable to Securities Transaction Tax ("STT") shall be subject to tax at a rate of 10 per cent (plus applicable surcharge and education cess).

1.3.5 *Exemption of capital gain from income tax*

1.3.5.1 According to Section 10(38) of the Income-tax Act, long-term capital gains on sale of equity shares or units of an equity-oriented fund where the transaction of sale is chargeable to Securities Transaction Tax (STT) shall be exempt from tax.

1.3.5.2 As per Section 54EC of the Act and subject to conditions specified therein, taxable long-term capital gains are not chargeable to tax to the extent they are invested in certain "long term specified assets" within six months from the date of transfer. If the Company transfers or converts the "long term specified assets" into money (as stipulated therein) within a period of three years from the date of their acquisition, the amount of gain exempted earlier would become chargeable in such year. The "long term specified assets" specified for this Section are bonds, redeemable after three years and issued on or after April 1, 2006, issued by the National Highway Authority of India (NHAI), and the Rural Electrification Corporation Ltd. (REC).

1.3.6 In terms of Section 115JAA, the company is eligible to claim credit for any tax paid as under Section 115JB of the Income Tax Act for any Assessment Year commencing on or after April 1, 2006 against income tax liabilities incurred in subsequent years. MAT credit eligible for carry forward to subsequent years is the difference between MAT paid and the tax computed as per the normal provisions of the Income-tax Act. Such MAT shall not be available for set-off beyond seven years immediately succeeding the year in which the MAT credit initially arose.

2. BENEFITS AVAILABLE TO THE COMPANY UNDER INDIRECT TAX LAWS

The Company is registered under the Software Technology Parks ('STP') Scheme. The key benefits that could be available under indirect tax laws to a STP unit, subject to satisfaction of the specified conditions, are as under:

2.1 Customs duty

Specified goods, which are in the nature of capital goods, office equipment, components, etc. procured by a STP unit, are exempt from customs duty. Notification issued by customs authority lists out the goods eligible for customs duty exemption.

2.2 Excise duty

The Company can avail of an exemption from payment of Central excise duty on certain goods as per its entitlement for creating a central facility for use by software development units. Notification issued by excise authority lists out the goods eligible for central excise exemption

2.3 Sales tax

Concessions under certain state sales tax legislations (depending upon the relevant state where the unit is set-up) are available. Further, the Company can claim a reimbursement of the Central Sales Tax paid on its local purchases. Further, export sales made by the Company would not be subject to sales tax. Further, in order to avail the above benefits, the unit will be required to meet prescribed export obligations.

2.4 Service tax

The Company is eligible for availing Service Tax input claim on input service used in providing output service which has been exported without payment of service tax subject to conditions specified in the Act.

3. BENEFITS AVAILABLE TO SHAREHOLDERS

In India, tax is charged on the basis of the residential status of a person (under terms of the provisions of the IT Act) on his/her total income in the previous year, at the rates as specified in the Finance Act as applicable in the relevant assessment year. An assessment year is a period of 12 months commencing on the first day of April every year ("Assessment Year"). Generally, the previous year means the financial year immediately preceding the Assessment Year. In general, in the case of a person who is "resident" in India in a previous year, his/her global income is subject to tax in India. In the case of a person who is "non-resident" in India, only the income that is received or deemed to be received or that accrues or is deemed to accrue or arise to such person in India, is subject to tax in India. In the case of a person who is "not ordinarily resident" in India, the income chargeable to tax is the same as in the case of persons who are resident and ordinarily resident except that the income which accrues or arises outside India is not included in his total income unless it is derived from a business controlled or a profession set up in India.

In the instant case, the income from the shares of the Company would be considered to accrue or arise in India, and would be taxable in the hands of all persons irrespective of residential status. However, applicable DTAAs may give some relief from tax in India to the non-resident.

A “Non-Resident” means a person who is not a resident in India. For the purposes of the Act, an individual is considered to be a resident of India during any financial year if he or she is in India in that year for:

- a period or periods amounting to 182 days or more; or
- 60 days or more if within the four preceding years, he/she has been in India for a period or periods amounting to 365 days or more; or
- 182 days or more, in the case of a citizen of India or a person of Indian origin living abroad who visits India; or
- 182 days or more, in the case of a citizen of India who leaves India for the purposes of employment outside India in any previous year.

3.1 Benefits available to Resident shareholders

3.1.1 Dividend income

Dividend income, if any, received by the Company from its investment in shares of another Domestic Company will be tax-exempt under Section 10(34) read with Section 115O of the Act.

3.1.2 Capitals Gains

As outlined in item 1.3.1, 1.3.2, 1.3.3 and 1.3.4 of paragraph 1 above.

3.1.3 Exemptions of Capitals Gains from Income tax

3.1.3.1 As outlined in item 1.3.5.1 of paragraph 1 above.

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

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

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

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

3.1.3.3 Further, as per the provisions of Section 54F of the Act and subject to conditions specified therein, any taxable long term capital gains (other than on residential house but including those on shares) arising to an individual or Hindu Undivided Family are exempt from capital gains tax if the net sales consideration is utilized, within a period of one year before, or two years after the date of transfer, in purchase of a new residential house, or for construction of residential house within three year from the date of transfer, provided that the individual should not own more than one residential house, other than the new asset, on the date of the transfer of original asset. 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.

Similarly, if the shareholder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, the income of which is chargeable under the head "income from house property", then the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.

3.1.4 Rebate under Section 88E

In terms of section 88E of the IT Act, the STT paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax on such income. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of STT.

3.2 Benefits available to Non-Resident shareholders

3.2.1 Dividend income

As outlined in paragraph 3.1.1 above.

3.2.2. Capital gains

3.2.2.1 Under section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to STT.

3.2.2.2 Under the first proviso to section 48 of the IT Act, in case of a non resident shareholder, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations) Cost indexation benefits will not be available in such a case. The capital gains/ loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilized in the purchase of the shares.

3.2.2.3 Under section 112 of the IT Act and other relevant provisions of the IT Act, long term capital gains, (other than those exempt under section 10(38) of the IT Act) arising on transfer of shares in the Company, would be subject to tax at a rate of twenty percent (plus applicable surcharge and education cess) .

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

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

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

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

3.2.2.5 Further, as per the provisions of Section 54F of the Act and subject to conditions specified therein, any taxable long term capital gains (other than on residential house but including those on shares) arising to an individual or Hindu Undivided Family are exempt from capital gains tax if the net sales consideration is utilized, within a period of one year before, or two years after the date of transfer, in purchase of a new residential house, or for construction of residential house within three year from the date of transfer, provided that the individual should not own more than one residential house, other than the new asset, on the date of the transfer of original asset. 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.

Similarly, if the shareholder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, the income of which is chargeable under the head "income from house property", then the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.

3.2.2.6 Under section 111A of the IT Act and other relevant provisions of the IT Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of ten percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to STT. Short term capital gains arising from transfer of shares in a Company, other than those covered by section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.

3.2.2.7 Under Section 115I of the Act, a Non-resident Indian (NRI) as defined therein has the option to be governed by the normal provisions of the Act as "Benefits available to the resident shareholders" or the provisions of Chapter XII-A of the Act through appropriate declaration in the return of income. The said Chapter *inter alia* entitles NRI to the benefits stated hereunder in respect of income from shares of an Indian company acquired, purchased or subscribed in convertible foreign exchange:

- As per the provisions of Section 115D read with Section 115E of the Act and subject to the conditions specified therein, taxable long term capital gains arising on transfer of an Indian company's shares, will be subject to tax at the rate of ten percent (plus applicable surcharge and education cess). Also, where shares in the company are subscribed for in convertible foreign exchange by Non Resident Indian, long term capital gains arising to the non-resident Indian shall taxed at concessional rate of ten percent (plus applicable surcharge and education cess). The benefit of indexation of cost and the protection against risk of foreign exchange fluctuation shall not be available.

- As per the provisions of Section 115F of the Act and subject to the conditions specified therein, gains arising on transfer of a long-term capital asset being shares in an Indian Company would not be chargeable to tax. To avail this benefit the entire net consideration received on such transfer needs to be invested within the prescribed period of six months in any specified asset or savings certificates referred to in Section 10(4B) of the Act. If part of such net consideration is invested within the prescribed period of six months in any specified asset or savings certificates referred to in Section 10(4B) of the Act then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer. The specified asset or savings certificates in which the investment has been made are restricted from being transferred within a period of three years from the date of investment. In the event of such a transfer the amount of capital gains tax exempted earlier would become chargeable to tax as long-term capital gains in the year in which such specified asset or savings certificates are transferred.

3.2.2.8 As per the provisions of Section 115G of the Act, Non-Resident Indians are not obliged to file a return of income under Section 139(1) of the Act, if

- their only source of income is income from investments or long term capital gains earned on transfer of such investments or both; and
- the tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

3.2.2.9 As per Section 115H of the Act, when a NRI becomes a resident in India, the provisions of Chapter XII-A can continue to apply in relation to investment made when he was a NRI. Towards this, the NRI needs to furnish a declaration in writing to the Assessing Officer along with his return of income.

3.2.4 Tax Treaty Benefits

3.2.4.1 As per 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. Thus, a non-resident can opt to be governed by the beneficial provisions of an applicable tax treaty.

4. SPECIAL BENEFITS AVAILABLE TO FOREIGN INSTITUTIONAL INVESTORS ('FIIs')

4.1 Dividends exempt under Section 10(34)

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

4.2 Capital gains

4.2.1 Under section 10(38) of the IT Act, long term capital gains arising to a shareholder on transfer of equity shares in the Company would be exempt from tax where the sale transaction has been entered into on a recognized stock exchange of India and is liable to STT.

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

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

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

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

4.2.3 Under section 115AD of the IT Act, FIIs are taxed on the capital gains income at the following rates, where such transaction of sale is entered on a recognized stock exchange in India and is liable to STT. The above rates are to be increased by applicable surcharge and education cess:

Nature of income	Rate of tax (%)
Long term capital gains	10
Short term capital gains	30
Short term capital gains (section 111A)	10

It is to be noted that the benefits of indexation and foreign currency fluctuations are not available to FIIs.

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

4.3 Tax Treaty Benefits

As per section 90(2) of the IT Act, provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the FII would prevail over the provisions of the IT Act to the extent they are more beneficial to the FII.

4.4 Exemption of capital gain from income tax

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

4.5 Rebate under Section 88E

In terms of section 88E of the IT Act, the STT paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax on such income. As such, no deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of STT.

5. BENEFITS AVAILABLE TO MUTUAL FUNDS

As per the provisions of Section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorized by the Reserve Bank of India, would be exempt from income tax, subject to the prescribed conditions.

6. BENEFITS AVAILABLE TO VENTURE CAPITAL COMPANIES / FUNDS

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 be exempt from income tax, subject to the conditions specified. As per Section 115U of the Income Tax Act, any income derived by a person from his investment in venture capital companies/ funds would be taxable in the hands of the person making an investment in the same manner as if it were the income received by such person had the investments been made directly in the venture capital undertaking.

7. CAPITAL LOSS

In general terms, loss arising from a transfer of a capital asset in India can only be set off against capital gain. Since long-term capital gains on the sale of listed equity shares in respect of which STT has been paid is not liable to capital gains tax for non-corporate entities, it is doubtful whether any long-term capital loss arising on account of such sale would be allowed to be set off. A short term capital loss can be set off against capital gain whether short term or long-term. To the extent that the loss is not absorbed in the year of transfer, it may be carried forward for a period of eight Assessment Years immediately succeeding the Assessment Year for which the loss was first determined by the tax authority and may be set off against the capital gains assessable for such subsequent Assessment Years. In order to set off a capital loss as above, the non-resident investor would be required to file appropriate and timely returns in India and undergo the usual assessment procedure.

8. TAX TREATY BENEFITS

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

9. BENEFITS TO SHAREHOLDERS AVAILABLE UNDER THE WEALTH-TAX ACT, 1957

Asset as defined under Section 2(ea) of the Wealth Tax Act, 1957 does not include shares in companies and hence, shares are not liable to wealth tax.

As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per **Ali Nyaz**
Partner
Membership No. 200427

Place: Hyderabad
Date: February 9,2008

For and on behalf of the Board of Directors
Apollo Health Street Limited

Dr. Prathap C Reddy
Chairman

Sangita Reddy
Managing Director

Shanker Narayan
Chief Financial Officer

Uday Chandra
Company Secretary

Place: Hyderabad
Date: February 9,2008

Annexure XIV: Statement of Tax Shelters

Particulars	Six months period ended September 30,	Years ended March 31,				
	2007	2007	2006	2005	2004	2003
Profit before current and deferred taxes, as restated	(87,289,955)	(63,391,106)	15,049,843	(33,683,465)	(1,886,470)	(39,524,539)
Income Tax Rate – Normal	33.66%	33.66%	33.66%	36.59%	35.88%	36.75%
Income Tax Rate – MAT	8.42%	8.42%	8.42%	7.84%	7.84%	7.88%
Tax at Notional Rate (A)	(29,381,799)	(21,337,446)	5,065,777	(12,324,780)	(676,865)	(14,525,268)
Adjustments						
Permanent Differences						
Deduction under section 10A of the Income-tax Act, 1961	-	-	(61,901,284)	(9,620,804)	(3,437,811)	-
Profit on sale of investment	-	(2,549,948)	-	-	(1,416,083)	-
Expenses not allowable under the Income-tax Act, 1961	6,088,635	2,458,494	5,117,921	862,463	-	30,781,726
	6,088,635	(91,454)	(56,783,363)	(8,758,341)	(4,853,894)	30,781,726
Temporary Differences						
Difference between book depreciation and tax depreciation	12,524,265	(3,709,828)	(864,387)	(3,030,381)	2,150,255	2,105,794
Loss/ (Profit) on sale of fixed asset	(173,629)	(42,013)	5,002	(9,000)	(2,224,122)	181,192
Difference due to expenses allowable/ disallowable under section 43B of the Income-tax Act, 1961	3,274,772	41,220,184	4,930,617	603,807	385,970	(244,444)
Other disallowances	2,065,223	4,898,416	14,391,723	1,253,851	1,114,830	797,879
	17,690,631	42,366,759	18,462,955	(1,181,723)	1,426,933	2,840,421
Total Adjustments	**23,779,266**	**42,275,305**	**(38,320,408)**	**(9,940,064)**	**(3,426,961)**	**33,622,147**
Tax saving thereon	8,004,101	14,229,868	(12,898,649)	(3,637,069)	(1,229,594)	12,356,139
Tax Liability after considering the adjustments	(21,377,698)	(7,107,579)	(7,832,872)	(15,961,849)	(1,906,459)	(2,169,129)
Long term capital gain/ (loss) on sale of investments	-	(4,872,434)	-	-	1,017,950	-
Long term capital gain tax	-	(1,093,374)	-	-	208,680	-
Tax expense thereon	**(21,377,698)**	**(8,200,953)**	**(7,832,872)**	**(15,961,849)**	**(1,697,779)**	**(2,169,129)**
Tax payable for the year (Refer Note - 1)	**-**	**-**	**-**	**-**	**-**	**-**

Note - 1 : List of Appeals preferred by the company which may have impact on tax payable

AY 2003-04: The Assessing Officer disallowed the deduction of depreciation on intangibles, belated payment of ESI and Sundry Advances written off amounting to Rs. 827,404 and reduced the loss returned. Further Assessing Officer disallowed tax refund of Rs. 395,502 due to non submission of TDS certificates during assessment. Appeal pending for disposal with the Commissioner of Income tax (Appeals).

AY 2004-05: The assessing officer added back an amount of Rs. 8,896,190 towards transfer pricing adjustment and assessed the taxable income as NIL after setting off unabsorbed loss of Rs. 8,058,994. Appeal pending for disposal with the Commissioner of Income tax (Appeals).

As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES Chartered Accountants	For and on behalf of the Board of Directors Apollo Health Street Limited	
per **Ali Nyaz** Partner Membership No. 200427	**Dr. Prathap C Reddy** Chairman	**Sangita Reddy** Managing Director
	Shanker Narayan Chief Financial Officer	**Uday Chandra** Company Secretary
Place: Hyderabad Date: February 9,2008	Place: Hyderabad Date: February 9,2008	

AUDITOR'S REPORT

The Board of Directors
Apollo Health Street Limited

1. We have audited the attached consolidated balance sheet of Apollo Health Street Limited ('the Group' or 'the Company') as at September 30, 2007 and also the consolidated profit and loss account for the six month period and the consolidated cash flow statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated financial statements issued by the Institute of Chartered Accountants of India solely for the purpose of inclusion in Offer Document in connection with the proposed Initial Public Offering..

4. In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
   (a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at September 30, 2007;
   (b) in the case of the consolidated profit and loss account, of the loss for the six month period ended on that date; and
   (c) in the case of the consolidated cash flow statement, of the cash flows for the period ended on that date.

5. This report is furnished solely for use set out in paragraph 3 above and is not to be used for any other purpose or referred to in any document or distributed to anyone without our prior written consent.

S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per **Ali Nyaz**
Partner
Membership No: 200427
Place: Hyderabad
Date: February 9, 2008

Apollo Health Street Limited
Consolidated Balance Sheet
(All amounts in Indian Rupees, except as otherwise stated)

	Schedules	As at September 30, 2007	As at March 31, 2007
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	**1**	249,633,250	158,984,980
Share application money pending allotment		60,000	906,000
Reserves and surplus	**2**	2,502,994,249	518,270,650
Employee stock option outstanding	**3**	9,087,388	3,157,324
		2,761,774,887	681,318,954
Loan funds			
Secured loans	**4**	5,168,092,117	444,029,435
		5,168,092,117	444,029,435
		7,929,867,004	1,125,348,389
APPLICATION OF FUNDS			
Fixed assets	**5**		
Gross block		6,867,125,261	563,177,031
Less: Accumulated depreciation and amortization		166,225,435	122,600,227
Net block		6,700,899,826	440,576,804
Capital work- in-progress including capital advances		16,009,445	4,946,260
		6,716,909,271	445,523,064
Deferred tax asset		105,268,610	18,487,599
Current assets, loans and advances			
Sundry debtors	**6**	891,237,578	455,333,937
Cash and bank balances	**7**	503,068,902	304,656,962
Other current assets	**8**	34,800,852	262,188
Loans and advances	**9**	259,589,972	78,568,466
Less: Current liabilities and provisions			
Current liabilities	**10**	899,709,679	163,236,720
Provisions	**11**	46,237,480	28,540,680
Net current assets		742,750,145	647,044,153
Miscellaneous expenditure	**12**	207,576,604	9,444,047
(to the extent not written off or adjusted)			
Profit and Loss Account	**13**	157,362,374	4,849,526
		7,929,867,004	1,125,348,389
Notes to Consolidated Accounts	**19**		

The Schedules referred to above and the notes to consolidated accounts form an integral part of the Consolidated Balance Sheet.

As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per **Ali Nyaz**
Partner
Membership No. 200427

Place: Hyderabad
Date: February 9,2008

For and on behalf of the Board of Directors
Apollo Health Street Limited

Dr. Prathap C Reddy
Chairman

Sangita Reddy
Managing Director

Shanker Narayan
Chief Financial Officer

Uday Chandra
Company Secretary

Place: Hyderabad
Date: February 9,2008

Apollo Health Street Limited
Consolidated Profit and Loss Account
(All amounts in Indian Rupees, except as otherwise stated)

	Schedules	Six months period ended September 30, 2007	Six months period ended September 30, 2006
INCOME			
Income from operations	**14**	1,034,658,157	465,378,229
Other income	**15**	4,824,884	27,478,760
		1,039,483,041	492,856,989
EXPENDITURE			
Personnel expenses	**16**	673,429,604	269,136,323
Operating and other expenses	**17**	383,365,716	203,830,012
Depreciation and amortization	**5**	49,224,658	26,157,914
Financial expenses	**18**	61,431,623	8,225,748
Miscellaneous expenditure written off	**12**	12,778,965	1,238,957
		1,180,230,566	508,588,954
Loss before tax and prior period items		(140,747,525)	(15,731,965)
Provision for tax			
Current tax		4,585,912	10,286,208
Less: MAT credit entitlement		(2,479,699)	-
Fringe benefit tax		2,804,172	1,206,692
Fringe benefit taxes paid for earlier years		2,016,345	-
Taxes of earlier years		-	202,514
Deferred tax		3,131,462	(6,248,270)
Total tax expense		10,058,192	5,447,144
Loss after tax and before prior period items		(150,805,717)	(21,179,109)
Prior period items		(1,707,131)	(435,167)
Loss after tax and before minority interest		(152,512,848)	(21,614,276)
Net profit attributable to minority interest		-	562,724
Net Loss	**13**	(152,512,848)	(22,177,000)
Earnings per share (Refer note 18 of schedule 18)			
Basic and diluted		(8.44)	(1.74)
Nominal value of shares		10.00	10.00
Weighted average number of equity shares		18,080,721	12,754,216
Notes to Consolidated Accounts	**19**		

The schedules referred to above and notes to accounts form an integral part of consolidated profit & loss account

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per **Ali Nyaz**
Partner
Membership No. 200427

Place: Hyderabad
Date: February 9,2008

For and on behalf of the Board of Directors
Apollo Health Street Limited

Dr. Prathap C Reddy
Chairman

Sangita Reddy
Managing Director

Shanker Narayan
Chief Financial Officer

Uday Chandra
Company Secretary

Place: Hyderabad
Date: February 9,2008

Apollo Health Street Limited
Schedules to Consolidated Accounts
(All amounts in Indian Rupees, except as otherwise stated)

	As at September 30, 2007	March 31, 2007
Schedule 1: Share capital		
(Refer note 10 of Schedule 19)		
Authorised:		
75,000,000 (March 31, 2007 - 75,000,000) equity shares of Rs.10/-each	750,000,000	750,000,000
	750,000,000	750,000,000
Issued, subscribed and paid-up:		
24,963,325 (March 31, 2007 - 15,898,498) equity shares of Rs.10/- each fully paid-up	249,633,250	158,984,980
	249,633,250	158,984,980

Of the above equity shares:

(i) 157,499 (March 31, 2007- 157,499) fully paid up equity shares of Rs.10/- each were allotted pursuant to contract for consideration other than cash

(ii) 1,497,241 (March 31, 2007- 1,497,241) fully paid up equity shares of Rs.10/- each were allotted on conversion of 2,661,242 cumulative convertible preference shares of Rs.60/-each

(iii) 4,848 (March 31, 2007- 4,848) fully paid up equity shares of Rs.10/-each were allotted on conversion of 14,535,800 Class 'A' shares of Rs.10/- each

(iv) 1,766,963 (March 31, 2007- 1,766,963) fully paid up equity shares of Rs.10/-each were allotted on conversion of 1,766,963 cumulative convertible preference shares - Series B of Rs.158/-each

Schedule 2: Reserves and surplus		
Securities premium account		
Balance, beginning of period	544,715,426	35,133
Additions during the period	2,082,918,480	551,522,154
Less: Share issue expenses written off	-	(6,841,861)
	2,627,633,906	544,715,426
Foreign currency translation reserve		
Balance, beginning of period	(26,444,776)	(1,515,615)
Additions during the period/year	(98,194,881)	(24,929,161)
	(124,639,657)	(26,444,776)
	2,502,994,249	518,270,650

Schedule 3:Employee stock options outstanding		
Balance, beginning of period	11,008,500	-
Additions during the period	28,512,000	11,008,500
Less: forfeiture of stock options due to resignations	200,000	-
Balance, end of period	39,320,500	11,008,500
Less: Deferred employee stock compensation	-	-
Balance, beginning of period	7,851,176	-
Additions during the period	28,512,000	11,008,500
Less: Amortised during the period	5,930,064	3,157,324
Less: forfeiture of stock options due to resignations	200,000	-
Balance, end of period	30,233,112	7,851,176
	9,087,388	3,157,324

Schedule 4: Secured loans		
Loans and advances from banks		
Term loan	5,076,994,589	434,968,980
(Refer note 19 of Schedule 19)		
[Due within one year - Rs.74,512,500 (March 31, 2007 - Rs.4,517,730)]		

(Loans from banks as at September 30, 2007 Rs Nil (March 31, 2007 Rs. 434,810,250) represent borrowings made by one of the subsidiary viz. Armanti Financial Services LLC and is secured by all the fixed and current assets of the subsidiary.
Loan of Rs Nil (March 31, 2007 - Rs 158,730) is secured by the hypothecation of the related asset acquired out of the proceeds of the borrowing).

Finance lease obligation	91,097,528	9,060,455
[Due within one year Rs. 53,424,283 (Previous year Rs. 5,088,580)]		
(Secured by assets acquired under finance lease)		
	5,168,092,117	444,029,435

Schedule 5: Fixed assets

(Refer Note 2, 3 and 18 of Schedule 19)

(All amounts in Indian Rupees, except as otherwise stated)

	GROSS BLOCK							DEPRECIATION/ AMORTISATION						NET BLOCK	
	As at April 1, 2007	Additions	Additions on acquisition	Deletions / Adjustments	Deletion on disposal of subsidiary	Foreign currency translation adjustment	As at September 30, 2007	As at April 1, 2007	For the period	Deletion / Adjustment	Deletion on disposal of subsidiary	Foreign currency translation adjustment	As at September 30, 2007	As at September 30, 2007	As at March 31, 2007
Tangible assets															
Leasehold improvements [(a)]	41,048,121	621,413	54,403,014	-		(74,705)	95,997,843	13,239,532	8,975,149	-		(73,561)	22,141,120	73,856,723	27,808,589
Leasehold land	5,213,185	-	-	-		-	5,213,185	81,019	26,308	-		-	107,327	5,105,858	5,132,166
Computers and computer equipment [(b)]	143,753,800	16,514,483	32,921,127	3,102,570		(1,779,619)	188,307,221	63,701,667	22,150,536	3,102,570		(495,372)	82,254,261	106,052,960	80,052,133
Office equipment	15,851,851	1,043,987	3,644,378	-		(31,824)	20,508,392	5,973,721	1,535,308	-		(17,839)	7,491,190	13,017,202	9,878,130
Furniture and fixtures [(c)]	34,230,953	2,562,358	26,493,744	-		(866,145)	62,420,910	16,975,665	4,184,371	-		(150,141)	21,009,895	41,411,015	17,255,288
Vehicles [(d)]	10,109,045	1,241,478	-	941,861		(657,061)	9,751,601	2,337,412	698,437	459,865		(48,654)	2,527,330	7,224,271	7,771,633
Intangible assets															
Goodwill	271,216,905	444,094,493	5,688,793,836	-		(23,276,083)	6,380,829,151	-	-	-		-	-	6,380,829,151	271,216,905
Software[(e)]	41,753,171	7,059,378	56,854,561	-		(1,570,152)	104,096,958	20,291,211	11,654,549	-		(1,251,448)	30,694,312	73,402,646	21,461,960
	563,177,031	473,137,590	5,863,110,660	4,044,431		(28,255,589)	6,867,125,261	122,600,227	49,224,658	3,562,435		(2,037,015)	166,225,435	6,700,899,826	440,576,804
As at March 31, 2007		378,821,736	37,276,086	2,637,884	(604,349)	16,718,363	563,177,031		64,124,147	1,223,665	5,652,868	(1,115,929)	122,600,227	440,576,804	

Assets taken on finance lease

	As at September 30,2007		As at March 31, 2007	
	Gross block	**Net block**	**Gross block**	**Net block**
(a) Leasehold improvements	51,575,570	49,396,392	-	-
(b) Computers and computer equipment	19,774,579	16,984,461	10,067,667	8,702,108
(c) Furniture and fixtures	12,337,611	10,792,902	8,199,404	7,254,855
(d) Vehicles	8,591,921	7,308,349	8,128,138	7,344,426
(e) Intangibles – Software	14,071,557	13,058,476	-	-

Schedule 6: Sundry debtors		
(Unsecured)		
Debts outstanding for a period exceeding six months		
Considered good	71,247,240	100,134,469
Considered doubtful	96,102,738	12,235,534
Other debts		
Considered good	819,990,338	355,199,468
Considered doubtful	-	-
	987,340,316	467,569,471
Less: Provision for bad and doubtful debts	96,102,738	12,235,534
	891,237,578	455,333,937
Schedule 7: Cash and bank balances		
Cash and cheques on hand	231,174	229,084
Balances with scheduled banks		
a) Current account	61,713,220	41,921,092
b) Fixed deposit account	113,637,500	637,500
c) Margin money account	4,529,119	4,516,716
Balance with other banks		
Current account	208,045,506	257,352,570
Deposit account	114,912,383	-
	503,068,902	304,656,962
Schedule 8: Other Current Assets		
Interest accrued on deposits	615,073	262,188
Unbilled revenue	34,185,779	-
	34,800,852	262,188
Schedule 9: Loans and advances		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	119,566,126	31,692,910
MAT credit entitlement	2,479,699	-
Deposits	71,395,514	42,862,003
Advance tax (net of provision)	66,148,633	4,013,553
	259,589,972	78,568,466
Schedule 10: Current liabilities		
(Refer Note 18 of Schedule 19)		
Sundry creditors for goods, services and expenses	371,730,346	122,873,619
Interest accrued but not due	40,727,738	11,043,833
Book overdraft	247,639	-
Advances from customers	23,646,258	21,113,330
Other liabilities	463,357,698	8,205,938
	899,709,679	163,236,720
Schedule 11: Provisions		
Provision for leave encashment	17,565,007	11,293,650
Provision for gratuity	11,464,012	7,468,578
Provision for long service award	5,044,993	-
Provision for State and Federal Tax	-	5,923,619
Provision for income taxes (net of advance taxes)	710,485	-
Provision for fringe benefit tax	2,608,738	128,583
Provision for retention bonus	8,844,245	3,726,250
	46,237,480	28,540,680
Schedule 12: Miscellaneous expenditure		
(to the extent not written off or adjusted)		
Share issue expenses		
Opening balance	-	6,841,858
Add: Incurred during the period	-	-
	-	6,841,858
Less: Written off during the period	-	
Less: Adjusted against securities premium account	-	6,841,858
	-	-
Deferred borrowing cost		
Opening balance	9,444,047	-
Add: Incurred during the period	211,394,903	10,897,500
	220,838,950	10,897,500
Less: Written off during the period	12,778,965	1,500,362
Less: Foreign currency translation adjustment	483,381	(46,909)
	207,576,604	9,444,047
	207,576,604	9,444,047

Schedule 13: Profit and Loss Account

Profit and loss account		
Balance, beginning of period	4,849,526	63,979,747
Adjustment for retirement benefits*	-	1,337,265
	4,849,526	65,317,012
Add: (Profit)/Loss for the period	152,512,848	(61,734,232)
Less: Profit/(Loss) available to minority interest	-	1,266,746
	157,362,374	4,849,526

* AS15 (Revised 2005) transitional provisions

	Six months period ended September 30, 2007	Six months period ended September 30, 2006
Schedule 14: Income from operations		
Export Income from IT and IT enabled services	1,034,391,557	449,644,659
Domestic Income from IT and IT enabled services	266,600	15,733,570
	1,034,658,157	465,378,229
Schedule 15: Other income		
Interest on deposits	891,782	3,256,173
Interest others	2,423,545	25,252
Bad debts recovered	921,230	24,042,259
Profit on sale on fixed assets	173,629	42,000
Miscellaneous income	414,698	113,076
	4,824,884	27,478,760
Schedule 16: Personnel expenses		
Salaries, allowances and bonus	630,444,576	253,329,466
Contribution to provident fund and others	17,196,697	9,694,776
Employee stock option compensation	5,930,064	-
Staff welfare	19,858,267	6,112,081
	673,429,604	269,136,323
Schedule 17: Operating and other expenses		
Rent	42,546,336	26,991,389
Rates and taxes	524,801	400,815
Repairs and maintenance:		
-Computers	7,856,365	4,897,360
-Others	9,511,979	5,114,925
Advertisement and business promotional expenses	15,411,323	8,840,966
Communication expenses	53,893,502	33,536,345
Directors' sitting fees	517,217	162,000
Electricity and water charges	8,015,784	6,299,889
Traveling and conveyance	50,638,963	27,636,769
Hiring charges	12,118,017	10,823,478
Training costs	39,021	-
Printing and stationery	2,618,367	2,153,429
Legal and professional charges	76,972,289	27,502,173
Recruitment expenses	4,705,639	6,592,344
Auto and equipment lease charges	2,585,989	-
Remuneration to auditors	355,647	3,559,799
Insurance	21,050,753	7,651,399
Commission	11,409,993	4,111,001
Dues and subscriptions	107,625	-
Advances written off	1,823,435	-
Bad debts	28,657,406	8,152,140
Provision for doubtful debts	1,291,577	17,153,056
Exchange difference (net)	17,470,798	(771,099)
Donations	395,226	119,527
Office expenses	10,309,632	-
Miscellaneous expenses	2,538,032	2,902,307
	383,365,716	203,830,012
Schedule 18: Financial expenses		
Interest		
- on term loans	55,333,470	7,179,019
- on banks	-	300,480
- others	1,288,928	33,267
Bank charges	4,809,225	712,982
	61,431,623	8,225,748

Schedule 19: Notes annexed to and forming part of consolidated accounts for the six months period ended September 30, 2007

1. Statement of significant accounting policies

a) Basis of consolidation

The Consolidated Financial Statements of Apollo Health Street Limited ("AHSL") and its wholly owned and controlled domestic and foreign subsidiaries (collectively termed as 'the Company" or "the Consolidated Entities" or "the Group") are prepared under the historical cost convention except in case of assets for which provision for impairment is made and revaluation is carried out and in accordance with the Accounting Principles Generally Accepted in India. All material inter-company balances and inter-company transactions and resulting unrealised profits are eliminated in full and unrealized losses are eliminated unless cost cannot be recovered. The Consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible in the same manner as the Company's separate financial statements. Difference in accounting policy has been disclosed separately.

The accompanying consolidated financial statements include the financial statements of AHSL and the following majority owned and controlled subsidiaries.

Names of the subsidiaries	Country of incorporation	% of interest
Apollo Health Street Incorporated ('AHSI')	USA	100%
Armanti Financial Services Incorporated	USA	100%
Armanti Financial Services LLC ('AFSLLC')	USA	100%
Accordis Incorporated	USA	100%
Health Receivables Management, Incorporated	USA	100%
HPS Paradigm Incorporated	USA	100%
Symphony Data Corporation	USA	100%
Zavata Incorporated ('Zavata Inc.')	USA	100%
Global STI Mauritius LLC	Mauritius	100%
Zavata India Private Limited ('ZIPL')	India	100%
Heritage Websolutions Private Limited	India	100%

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c) Fixed assets

Fixed assets are stated at cost, less accumulated depreciation and impairment losses. Cost comprises the purchase price and any cost attributable to bringing the asset to its working condition for its intended use.

d) Depreciation

Depreciation and amortisation is provided using the Straight Line Method ("SLM"), except as stated in the Note 2, at the rates based on useful lives of the assets estimated by Management or at the rates prescribed under schedule XIV of the Companies Act, 1956 whichever is higher, as mentioned below:

Nature of the fixed assets	Useful lives
Computers and computer equipment	3 years
Office equipment	5 years
Furniture and fixtures	5 years
Vehicles	5 years
Leasehold improvements	Shorter of lease period and estimated useful lives of such assets

Individual assets costing Rs. 5,000 or less are fully depreciated in the period of purchase.

e) **Impairment**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on the internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

f) **Intangible Assets**

An intangible asset is recognised, where it is probable that future economic benefits attributable to the asset will accrue to the enterprise and the cost can be measured reliably. Intangible assets are stated at cost less accumulated amortisation. Goodwill arising on consolidation of acquired subsidiaries is carried at cost.

Cost of software is amortised on straight line basis over the stipulated license period and for software without any stipulated license period over three years.

g) **Leases**

Finance lease

Leases, which effectively transfer to the Company, substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are expensed as incurred.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Operating lease

Leases where the lessor effectively retains substantially all the risks and the benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss Account on a straight line basis over the lease term.

h) **Miscellaneous expenditure**

Miscellaneous expenditure represents loan processing fee, which is amortised over the term of loan.

i) **Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The company recognises revenue from the last billing date to the balance sheet date for work performed but not billed as unbilled revenues which are included in other current assets.

The Company recognises revenue on the following basis:

a.	Revenue cycle management services	Fees for services are primarily based on percentage of net collections on clients' accounts receivable. Revenue is recognised when the right to receive such revenue is established.
b.	Professional services fees including medical coding and billing services	On rendering of the services based on the terms of the agreements/arrangements with the concerned parties.

c.	Time and material contracts	Revenues are recognised on the basis of time spent and duly approved by the respective customers.
d.	Software development and implementation	Software development- On the basis of software developed and billed, as per the terms of contracts based on milestones achieved under the percentage of completion method. Software implementation- On the completion of installation based on the terms of arrangements with the concerned parties.
e.	Interest	Revenue is recognized on a time proportionate basis taking into account the amounts outstanding and the rates applicable.

j) **Foreign currency transactions**

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the period or reported in previous financial statements, are recognised as income or as expenses in the period in which they arise.

Forward exchange contracts

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the period.

Foreign branch

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation are those of the Company itself.

k) **Foreign currency translation**

The reporting currency for AHSL and its domestic subsidiaries is the Indian Rupee. The subsidiaries have been identified as non-integral operations as they accumulate cash and other monetary items, incur expenses, generate income and arrange borrowings, all substantially in their local currency. Assets and liabilities, both monetary and non-monetary of overseas subsidiaries are translated at the exchange rates as at the date of balance sheet. Income and expenses are translated at the average exchange rate for the reporting period. Resultant currency translation exchange gain or loss is carried as foreign currency translation reserve until the disposal of the net investment.

l) **Earnings per share**

Basic earnings per share is determined by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share is determined by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period as adjusted for weighted average number of potential equity shares outstanding during the period except to the effect that it is anti dilutive.

m) **Provisions**

A provision is recognised when the Company has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

n) **Derivative instruments**

The company uses derivative financial instruments such as forward exchange contracts and interest rate swaps to hedge its risks associated with foreign currency fluctuation and interest rate fluctuations

Interest rate swap

Gain or loss arising from interest rate swap is recorded on periodic settlement dates agreed with the bank or on termination of the agreement whichever is earlier.

o) **Retirement and other employee benefits**

(i) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each period.
(ii) Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the period when the contributions to the fund are due.

(iii) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation made at each Balance Sheet date. The actuarial valuation is done as per projected unit credit method.
(iv) Retention bonuses and long service award are provided based on actuarial valuation made at the end of each period. The actuarial valuation is done as per projected unit credit method
(v) Actuarial gains/losses are recognised in the Profit and Loss Account as they arise.

p) **Income taxes**

Tax expense comprises current, deferred taxes and fringe benefit tax. Current income tax and fringe benefit tax are measured at the amount expected to be paid to the tax authorities in accordance with the tax laws as applicable to the respective consolidated entities.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities across various countries of operation are not set off against each other as the company does not have a legal right to do so. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

q) **Share based payments**

Employee compensation expenses, where applicable, in respect of stock options granted to the employees are recognised over the vesting period of the option using intrinsic value method as prescribed in "Guidance Note on Accounting for Employee Share-based payments" issued by the Institute of Chartered Accountants of India.

2. Differences in accounting policies and estimates

(i) Depreciation on certain fixed assets relating to a subsidiary, Armanti Financial Services LLC has been provided on the double declining balance method as against the straight-line method followed by AHSL. Depreciation for the period ended September 30, 2007 includes Rs. 376,893 calculated on such basis and the aggregate net block of assets of this subsidiary as at September 30, 2007 was Rs. 1,885,941.

(ii) Depreciation on certain fixed assets of subsidiary is provided at rates which are different from the rates used by the parent Company. The name of the subsidiary, estimate of useful life and quantum of assets on which different rates are followed are as follows:

Asset Description	AHSI		AFSLLC		Zavata Inc.		ZIPL	
	Useful life	Net Block	Useful life	Net Block	Useful life	Net Block	Useful life	Net Block
Computers and computer equipment	5 years	4,901,850	6 years	8,658,631	-	-	5 years	13,063,433
Office equipment	-	-	-	-	3 years	3,203,235	7.4 years	350,716
Furniture and fixtures	7 years	941,917	10 years	5,695,298	3 years	5,619,713	10.5 years	8,336,140
Vehicles	-	-	7 years	7,105,712	-	-	-	-

3. Change in estimate of useful life of assets

The management has re-estimated useful lives and changed accounting policy for certain category of assets with effect from April 1, 2007 for one of the subsidiary viz. Heritage Websolutions Private Limited. The new rates and policy are as follows:

Description	New rates and policy	Old rates and policy
Computers	SLM -33.33%	Schedule XIV Written Down Value ('WDV')
Office Equipment	SLM -20.00%	Schedule XIV WDV

Furniture and Fittings	SLM -20.00%	Schedule XIV WDV
Software	SLM -33.33%	WDV- 40%

Had the company continued to charge depreciation as per the old policy and rates, the depreciation and loss for the current period would have been lower by Rs.670,732 and net block as at September 30, 2007 would have been higher by Rs.670,732.

4. Segment information

The Company's operations fall within a single business segment "Health Care Related IT Enabled Service" and single geographical segment and therefore, the segment information are not provided.

5. Acquisition of subsidiary – Zavata Incorporated

Effective August 29, 2007 Armanti Financial Services Incorporated, a subsidiary of AHSL, acquired 100% stake in Zavata Inc., a Company incorporated in the state of Delaware, USA. On acquisition of the stake in the acquired entity the excess of purchase price over the net assets acquired has been recorded as Goodwill. Transactions relating to Profit and Loss Account of the acquired entity have been included in the Consolidated Profit and Loss Account from the effective date of acquisition.

(i) The interest of AHSL in the net assets of the acquired entity and the resultant goodwill is as given below:

	Amount in USD	Amount in INR
Purchase consideration	154,967,848	6,158,422,286
Net assets as on the date of acquisition	11,817,525	469,628,450
Goodwill	**143,150,323**	**5,688,793,836**

(ii) Summary of post acquisition losses of the acquired entity included in the Consolidated Profit and Loss Account for the period ended September 30, 2007:

	Amount
Revenues	232,418,345
Expenses	296,014,087
Net loss considered in the Consolidated Financial Statements	**(63,595,742)**

(iii) The assets and liabilities of the acquired entity (excluding goodwill) included in the Consolidated Balance Sheet as at September 30, 2007

	Amount
Liabilities	
Loans	84,227,539
Assets	
Fixed assets (net)	168,125,872
Deferred tax (net)	91,402,000
Net current assets	448,645,008

6. Contingent liabilities

(i) In accordance with the notification issued by the Employee Provident Fund Office, the Company may be required to contribute provident fund on amounts paid towards encashment of leave by employees from its inception to April 30, 2005. However, no provision was recorded in the books of accounts as the Company's liability towards provident fund is presently not determinable.

(ii) Other contingent liabilities include:

Particulars	September 30, 2007	March 31, 2007
Performance Security issued to Commissionerate of	644,880	644,880

Health Medical Services & Medical education/ Health and family welfare Department, Government of Gujarat. (Apollo Health Street Limited)		
Sales Tax demand issued by Commercial Taxes Department of Hyderabad. (Apollo Health Street Limited)	641,527	641,527
Bank Guarantee issued to IBM Global India Private Limited for computer equipment lease. (Zavata India Private Limited)	2,262,000	-
Appeal pending with Assistant Commissioner of Income Tax against the income tax assessment and related demand for the assessment year 2004-05 (Zavata India Private Limited)	14,313,434	-
Total	**17,861,841**	**1,286,407**

7. **Capital commitments**

Estimated amount of contracts remaining to be executed on capital accounts and not provided for as on September 30, 2007 are Rs.16,670,600 and March 31, 2007 Rs.7,507,022.

8. **Finance leases**

Fixed assets include vehicle, computers, office equipments, furniture and leasehold improvements obtained on finance lease arrangements. The finance lease term is for a period of eighteen to seventy two months. There is no escalation clause in the lease agreements. Some leases have purchase and renewal clause. There are no restrictions imposed by lease arrangements. The minimum lease payments due are as under:

Particulars	**September 30, 2007**	**March 31, 2007**
Total minimum lease payments at the year end	107,094,635	9,972,613
Less: Unearned finance income	15,997,107	913,154
Present value of total minimum lease payments [Rate of Interest 1.9% to 13.74%]	91,097,528	9,059,459
Not later than one year [Present value Rs. 53,424,283 and Rs. 5,088,580 as on September 30, 2007 and March 31, 2007 respectively]	64,593,833	5,649,444
Later than one year but not later than 5 years [Present value Rs 37,673,239 and Rs.3,970,875 as on September 30, 2007 and March 31, 2007 respectively]	42,500,802	4,323,169

9. **Operating lease**

The Company has obtained office premises, vehicles and office equipment on non-cancellable operating lease. The operating lease term is for one to ten years. There are no restrictions imposed by lease agreement. There are no sub-leases. Some of the leases have escalation and renewal clause. The Company does not have purchase option. The lease payments for the period ended September 30, 2007 and 2006 are Rs. 23,898,239 and Rs. 4,020,995 respectively.

The minimum lease payments due are as under:

Particulars	**September 30, 2007**	**March 31, 2007**
Not later than one year	96,566,880	31,255,432
Later than one year and not later than five years	206,274,750	59,758,126
Later than five years	38,790,293	Nil

10. **Employee stock option plan**

(A) Employee stock option plan 2005

The Company had instituted an employee stock plan in the financial year 2005-06 and had granted stock options to certain employees. The shareholder and Board of Directors approved the plan on April 14, 2005. The options vest over a period of three years and would be settled by issue of fully paid equity shares.

a) Key features of Employee stock option plan

Grant date	April 14, 2005		
Exercise price	10		
Exercise period	5 years from date of vesting		
Vesting schedule	**Date**	**Number of options**	
		September 30, 2007	March 31, 2007
	September 30, 2005	28,700	72,500
	March 31, 2006	23,100	105,500
	March 31, 2007	106,400	110,000
	March 31, 2008	39,200	48,000
		197,400	**336,000**

Stock options:

	September 30, 2007	March 31, 2007
Outstanding at the beginning of the period	336,000	414,000
Granted during the period	Nil	Nil
Forfeited/ surrendered during the period	(27,000)	(78,000)
Exercised during the period	(111,600)	Nil
Expired during the period	Nil	Nil
Exercisable at the end of the period	158,200	288,000
Outstanding at the end of the period	197,400	336,000
Weighted average remaining contractual life	4.36 years	4.51 years

b) Pricing of option

Fair value of option at grant date	2.53
Option pricing model used	Black Scholes Model
Inputs to the model:	
a) Average share price	10
b) Exercise price	10
c) Expected volatility- Unlisted Company	0%
d) Risk free interest rate	6%
e) Weighted average option life	5 years

The Company accounts for compensation cost in respect of its stock options using intrinsic value method. Had the Company accounted for its stock options using the fair value method, the employee compensation expense for the period ended September 30, 2007 would have been higher by Rs. Nil (Period ended September 30, 2006 – Rs. 119,512) and the loss for the period would have been higher by Rs. Nil (Period ended September 30, 2006 – Rs. 119,512).

(B) Employee stock option plan 2006

The Company instituted employee stock option plan 2006. The shareholders and the board of directors approved the plan on October 20, 2006 which provided for the issue of 1,100,850 stock options to certain employees. The scheme follows a graded vesting schedule over a period of three years and would be settled by issue of fully paid equity shares.

a) Key features of employee stock option plan

Grant date	October 20, 2006		
Exercise price	98		
Exercise period	5 years from date of vesting		
Vesting schedule	**Date**	**Number of options**	
		September 30, 2007	March 31, 2007
	October 19, 2007	444,788	450,025
	October 19, 2008	235,298	240,250
	October 19, 2009	400,766	410,575
		1,080,850	**1,100,850**

Stock options:

	September 30, 2007	March 31, 2007
Outstanding at the beginning of the period	1,100,850	Nil
Granted during the period	Nil	1,100,850
Forfeited/ surrendered during the period	(20,000)	Nil
Exercised during the period	Nil	Nil
Expired during the period	Nil	Nil
Exercisable at the end of the period	Nil	Nil
Outstanding at the end of the period	1,080,850	1,100,850
Weighted average remaining contractual life	6.03 years	6.52 years

b) Pricing of option

Fair value of option at grant date	32.70
Option pricing model used	Black Scholes Model
Inputs to the model:	
a) Average share price	108
b) Exercise price	98
c) Expected volatility – Unlisted Company	0%
d) Risk free interest rate	6.81%
e) Weighted average option life	4 years

The Company accounts for compensation cost in respect of its stock options using intrinsic value method. Had the Company accounted for its stock options using the fair value method, the employee compensation expense for the period ended September 30, 2007 would have been higher by Rs.7,780,190 (period ended September 30, 2006 - Nil) and the loss for the period would have been higher by Rs.7,780,190 (September 30, 2006 - Nil)

(C) Employee stock option plan 2006 - Plan II

The Company instituted employee stock option 2006 - Plan II. The shareholders and the board of directors approved the plan on March 16, 2007 which provided for the issue of 97,350 stock options to certain employees. The options vest over a period of three years and to be settled by issue of fully paid equity shares.

a) Key features of employee stock option plan

Grant date	March 16, 2007	
Exercise price	154	
Exercise period	5 years from date of vesting	
Vesting schedule		
	Date	**No of options**

	September 30, 2007	March 31, 2007
March 15, 2008	9,735	9,735
March 15, 2009	19,470	19,470
March 15, 2010	68,145	68,145
	97,350	**97,350**

Stock options:

	September 30,2007	March 31,2007
Outstanding at the beginning of the period	97,350	Nil
Granted during the period	Nil	97,350
Forfeited/ surrendered during the period	Nil	Nil
Exercised during the period	Nil	Nil
Expired during the period	Nil	Nil
Exercisable at the end of the period	Nil	Nil
Outstanding at the end of the period	97,350	97,350
Weighted average remaining contractual life	7.06 years	7.56 years

b) Pricing of option

Fair value of option at grant date	40.81
Option pricing model used	Black Scholes Model
Inputs to the model:	
a) Average share price	154
b) Exercise price	154
c) Expected volatility - Unlisted Company	0%
d) Risk free interest rate	8%
e) Weighted average option life	4 years

The Company accounts for compensation cost in respect of its stock options using intrinsic value method. Had the Company accounted for its stock options using the fair value method, the employee compensation expense for the period ended September 30, 2007 would have been higher by Rs.863,437 (period ended September 30, 2006 - Nil) and the loss for the period would have been higher by Rs.863,437 (September 30, 2006 - Nil)

(D) Apollo Employees - Accelerated Stock Option Plan

The Company instituted Apollo Employees - Accelerated Stock Option Plan. The shareholders and the board of directors approved the plan on June 26, 2007 which provided for the issue of 325,000 stock options to certain employees. The options vest over a period of one month from the date of grant to be settled by issue of fully paid equity shares.

a) Key features of employee stock option plan

Grant date	July 20, 2007
Exercise price	250
Exercise period	5 years from date of vesting
Vesting schedule	30 days from the date of grant

Stock options:

	September 30,2007

Outstanding at the beginning of the period	Nil
Granted during the period	325,000
Forfeited/ surrendered during the period	Nil
Exercised during the period	Nil
Expired during the period	Nil
Exercisable at the end of the period	325,000
Outstanding at the end of the period	325,000
Weighted average remaining contractual life	4.82 years

b) Pricing of option

Fair value of option at grant date	18.52
Option pricing model used	Black Scholes Model
Inputs to the model:	
a) Average share price	250
b) Exercise price	250
c) Expected volatility - Unlisted Company	0%
d) Risk free interest rate	8%
e) Weighted average option life	1 year

The Company accounts for compensation cost in respect of its stock options using intrinsic value method. Had the Company accounted for its stock options using the fair value method, the employee compensation expense for the period ended September 30, 2007 would have been higher by Rs.6,019,000 (period ended September 30, 2006 - Nil) and the loss for the period would have been higher by Rs. 6,019,000 (September 30, 2006 - Nil)

(E) Employee Stock Option Plan - 2007

The Company instituted Employee Stock Option Plan - 2007. The shareholders and the board of directors approved the plan on August 14, 2007 which provided for the issue of 297,000 stock options to certain employees. The options vest over a period of three years and to be settled by issue of fully paid equity shares.

a) Key features of employee stock option plan

	September 30, 2007	
Grant date	August 14, 2007	
Exercise price	154	
Exercise period	5 years from date of vesting	
Vesting schedule	**Date**	**No. of options**
	August 13,2008	1,27,000
	August 13,2009	85,000
	August 13,2010	85,000
		297,000

Stock options:

Outstanding at the beginning of the period	Nil
Granted during the period	297,000

Forfeited/ surrendered during the period	Nil
Exercised during the period	Nil
Expired during the period	Nil
Exercisable at the end of the period	Nil
Outstanding at the end of the period	297,000
Weighted average remaining contractual life	6.73 years

b) Pricing of option

	Vesting dates		
	August 13, 2008	August 13, 2009	August 13, 2010
Fair value of option at grant date	117.97	127.75	136.81
Option pricing model used	Black Scholes	Black Scholes	Black Scholes
Inputs to the model:			
a) Average share price	250	250	250
b) Exercise price	154	154	154
c) Expected volatility – Unlisted Company	0%	0%	0%
d) Risk free interest rate	8%	8%	8%
e) Weighted average option life	2 years	3 years	4 years

The Company accounts for compensation cost in respect of its stock options using intrinsic value method. Had the Company accounted for its stock options using the fair value method, the employee compensation expense for the period ended September 30, 2007 would have been higher by Rs.678,777 (period ended September 30, 2006 - Nil) and the loss for the period would have been higher by Rs. 678,777 (September 30, 2006 - Nil)

(F) Proforma disclosures:

The Guidance Note on 'Accounting for employee share based payments' ('Guidance Note') issued by ICAI establishes financial accounting and reporting principles for employees share based payment plans. The Guidance Note applies to employee share based payments, the grant date in respect of which falls on or after 1 April 2005. The Company follows the intrinsic value method to account compensation expense arising from issuance of stock options to the employees. Had compensation cost been determined under the fair value approach described in the Guidance Note, using the Black Scholes pricing model, the Company's net income and basic and diluted earnings per share would have been reduced to the proforma amounts as set out below:

	Period ended September 30,	
	2007	2006
Consolidated Net loss as reported	(152,512,848)	(22,177,000)
Less: Incremental Employee stock compensation expense	(15,341,404)	(119,512)
Proforma net loss	(167,854,252)	(22,296,512)
Basic and diluted earnings per share as reported	(8.44)	(1.74)

	Period ended September 30,	
	2007	**2006**
Proforma basic and diluted earnings per share	(9.28)	(1.75)

11. **Gratuity plan**

The Company has an unfunded defined benefit gratuity plan for its Indian Entities (Apollo Health Street Limited, Heritage Websolutions Private Limited and Zavata India Private Limited). Employees are eligible for gratuity benefits on termination or retirement in accordance with Payment of Gratuity Act, 1972.
The following tables summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the respective plans.

(A) Net employee benefit expenses (recognised in personnel expenses)

	Six months ended September 30, 2007	**Six months ended September 30, 2006**
Interest cost	304,344	164,466
Current service cost	2,004,617	1,772,244
Benefits Paid	(103,444)	(62,241)
Actuarial (gain)/loss	300,780	2,7,27,587
Net employee benefit expenses	**2,506,297**	**4,602,056**

(B) Changes in the present value of the defined benefit obligation are as follows:

	September 30,2007	**March 31, 2007**
Opening defined benefit obligation	7,468,578	3,781,000
Transitional Provision	-	188,954
Liability acquired on acquisition	1,489,137	-
Interest cost	304,344	320,448
Current service cost	2,004,617	3,578,586
Benefits paid	(103,444)	(78,300)
Actuarial Loss (Gain)	300,780	(44,110)
Disposal of Subsidiary	-	(278,000)
Closing defined benefit obligation	**11,464,012**	**7,468,578**

(C) Details of provision for gratuity

	September 30,2007	**March 31, 2007**
Defined benefit obligations	11,464,012	7,468,578
Fair value of plan assets	Nil	Nil
Net Liability	**11,464,012**	**7,468,578**

The principal assumption used in determining gratuity obligations for the Company's plan is shown below:

Discount rate	8.00% p.a.
Expected rate of return on plan assets	Not Applicable
Salary escalation rate	20% p.a for first 5 years 15% p.a for next 5 years 10% p.a for next 5 years 7% p.a thereafter
Attrition rate	Age 21-30 – 36% Age 31-34 - 25% Age 35-40 - 20% Age 41-44 - 15% Age 45-49 - 10% Age 50-57 – 05%

12. **Related party transactions**

During the period ended September 30, 2007 and September 30, 2006 the Company has entered into commercial transactions with its related parties. The details of such transactions, balances as at September 30, 2007 and 2006 and names of related parties and the nature of relationship is given below:

Names of Related Parties	Transaction value during the period ended September 30, 2007	Receivable / (payable) as at September 30, 2007	Transaction value during the period ended September 30, 2006	Receivable / (payable) as at March 31, 2007
Key Management Personnel				
Dr. Prathap C Reddy				
Contribution towards share capital (including premium)	101,000,000		-	
Issue of Cumulative Preference Shares	-		9,109,016	
Sitting fees paid	100,000		-	
Ms. Sangita Reddy				
Contribution towards share capital (including premium)	169,567,750		-	
Issue of Cumulative Preference Shares	-		8,452,684	
Remuneration	3,816,000		3,816,000	
Incentive paid	-		1,420,400	
Mr. Andrew DeVoe				
Contribution towards share capital (including premium)	13,090,000		-	
Remuneration	13,449,764		-	
Sitting fees paid	20,000		-	
Employee stock options granted (in numbers)	297,000		-	
Closing Balance		(2,483,750)		
Mr. Arnab Sen				
Remuneration	10,005,919			
Share Capital including premium	198,000			
Employee stock options granted (in numbers)	100,000			
Closing Balance		(5,561,375)		
Mr. Divya Sehgal				
Remuneration	4,651,250		4,850,000	
Share Capital including premium	228,000		-	
Employee stock options granted (in numbers)	100,000		-	
Mr. Shanker Narayan				
Remuneration	3,331,361		3,349,998	
Employee stock options granted (in numbers)	26,116		-	
Sitting Fee	6,000		-	
Significant influence				
Apollo Hospitals Enterprise Limited				
Contribution towards share capital (including premium)	1,000,000,000		-	-
Issue of Cumulative Preference Shares	-		170,854,880	
Services received	46,600		751,267	
Provision for doubtful debts	-		35,080	
Advances received	(10,854)		-	
Water and electricity charges	5,427,500		6,032,286	
Lease rentals	10,065,498		9,564,348	
Advance given	326,179		-	
Closing balance		(2,068,738)		(1,472,107)
Mrs. Sucharitha Reddy				
Contribution towards share capital (including premium)	10,000,000		-	
Issue of Cumulative Preference Shares	-		1,400,670	
Mr. K. Visweshwar Reddy				
Contribution towards share capital (including premium)	55,532,000		5,010,000	
Issue of Cumulative Preference Shares			5,092,182	
Mrs. Shobana Kamineni				
Contribution towards share capital (including premium)	7,700,000			
Sitting fees paid	100,000			
Mrs. Suneeta Reddy				
Contribution towards share capital (including premium)	3,360,000			

Names of Related Parties	Transaction value during the period ended September 30, 2007	Receivable / (payable) as at September 30, 2007	Transaction value during the period ended September 30, 2006	Receivable / (payable) as at March 31, 2007
Apollo Hospitals International Limited				
Provision for doubtful debts			36,789	
Closing balance		92,979		92,979
Apollo Gleneagles Hospital Limited				
Provision for doubtful debts			191,838	
Closing balance		1,334,675		1,334,675
Indraprastha Medical Corporation Ltd.				
Services rendered			155,743	
Services received	8,980			
Closing balance		(5,412)		(387,331)
Apollo Health and Lifestyle Limited				
Provision for doubtful debts			453,243	
Broadband connectivity and software charges			48,153	
Closing balance		1,137,634		1,137,634
Apollo Sindhoori Travels				
Services received	7,646,676		6,423,444	
Closing balance		-		(346,031)
PCR Investments Limited				
Contribution towards share capital (including premium)	-		5,010,000	
Issue of Cumulative Preference Shares	-		5,091,866	
Apollo Idyam Hospitals				
Provision for doubtful debts	-		54,600	
Closing balance		54,600		54,600
Apollo Telemedicine Networking Foundation				
Closing balance		3,980,860		3,980,860
Apollo Hospitals - Visakhapatnam				
Closing balance		24,490		24,490
Sindya Infrastructure Development Co. Private Limited				
Advance given	2,181,895		-	
Assets purchased	8,869,967		-	
Closing balance		(4,051,862)		
Eliza Holdings				
Contribution towards share capital (including premium)	772,133,000		74,827,260	
Issue of Cumulative Preference Shares			76,370,564	

13. Finance Act 2007 requires payment of Fringe Benefit Tax (FBT) on stock option benefits provided to employees. FBT is payable on the date when stock option is exercised by the employees based on the fair market value on the date of vesting. Management has computed FBT expense of Rs. 1,025,614 for the current period allotments. However, as the money is recoverable from the employees, no provision has been made in the books.

14. **Derivative instruments**

September 30, 2007

Particulars of derivatives	Purpose
Forward cover contract outstanding (Sell)	

USD 1,200,000	Hedge against expected receivables

Interest rate swap

USD 80,000,000 (Notional Amount)	Hedge against exposure to variable interest outflow on loans. Receive LIBOR and pay as follows	
	LIBOR	Payment
	Less than or equal to 3.1%	5.10%
	More than 3.10% and less than or equal to 6.25%	LIBOR rate
	More than 6.25%	6.25%
USD 45,000,000 (Notional amount)	Hedge against exposure to variable interest outflow on loans. Pay fixed rate at 7.60% and receive LIBOR plus 275 bps spread	

March 31, 2007

Particulars of derivatives	Purpose
Forward cover contract outstanding (Sell)	
GBP 50,000	Hedge against expected receivables
USD 200,000	Hedge against expected receivables

15. Particulars of un-hedged foreign currency exposure

As at September 30, 2007

	US $	Closing rate	Amount
Debtors	3,513,724	39.64	139,284,012
Sundry creditors	396,468	39.94	15,834,932
Cash balances	717,771	39.64	28,452,442
Tour Advance	16,826	39.64	666,983

	GBP	Closing rate	Amount
Debtors	23,903	79.99	1,912,001
Sundry creditors	10,577	80.88	855,468
Cash balances	30,991	79.99	2,478,970

	Euro	Closing rate	Amount
Debtors	7,168	55.99	401,336

As at March 31, 2007

	US $	Closing rate	Amount
Debtors	1,858,943	43.59	81,031,325
Sundry creditors	202,319	43.59	8,819,085
Cash balances	546,954	43.59	23,841,725

	GBP	Closing rate	Amount
Debtors	51,979	85.53	4,445,764
Sundry creditors	6,296	85.53	538,497
Cash balances	19,866	85.53	1,699,139

16. Prior period items

	Period Ended September 30	
	2007	2006
Commission Expenses	-	435,167
Consultancy Charges	1,707,131	-

17. Deferred taxes

	September 30, 2007	March 31, 2007
Deferred tax assets/(liabilities) due to timing differences in respect of		

Provision for leave encashment	271,987	-
Provision for gratuity	272,940	159,043
Allowance for doubtful accounts	33,856,016	-
Effect of expenditure debited to profit and loss account in the current year but allowed for tax purposes in following years	35,300,565	-
Carry forward of losses	87,886,322	-
Differences in depreciation and other differences in block of tangible/intangible fixed assets as per tax books and financial books	(6,811,476)	18,328,556
Others- 481 (a) adjustment	(45,507,744)	-
	105,268,610	**18,487,599**

18. The erstwhile partners of Armanti Financial Services LLC sold their entire stake to Apollo Group effective August 1, 2006. The terms of the securities purchase agreement dated July 31, 2006 (including supplemental agreements thereto) required the acquirer to pay contingent consideration upto USD 15,000,000. During the current period the Company vide an amendment dated September 14, 2007 determined the final additional consideration to be USD 11,175,000 (Rs. 444,094,493). The amount has been recorded as goodwill. Other liabilities include USD 9,675,000 (Rs. 384,484,500) which represents amount due to erstwhile partners.

19. Term loan as at September 30, 2007 is secured by following assets of the entire group excluding subsidiary Heritage Websolutions Private Limited:

    (a) all equity interests held and/or beneficially owned by the Group member in any member of the Group from time to time, provided that no such Group member shall be obligated to pledge or create security over more than 65% of the equity interests (or, if a lesser amount, 65% of the voting equity interests) in any restricted foreign subsidiary;

    (b) all financial indebtedness owing to the Group from any obligor, any member of the Group or any Affiliate thereof from time to time;

    (c) all of the Group's rights and interests in any account from time to time (and any balance standing to the credit thereof from time to time), and any cash and cash equivalents from time to time;

    (d) all of the Group's rights and interests in any real property from time to time;

    (e) all of the Group's rights and interests in any tangible movable property from time to time;

    (f) all of the Group's rights and interests in any investment interests (other than those referred to in paragraph (a) above) or any goodwill of or uncalled capital of the Group from time to time;

    (g) all of the Group's rights and interests in any intellectual property (including, without limitation, any registered intellectual property, and any intellectual property pending registration) from time to time;

    (h) all of the Group's rights and interests in any book and/or other debts and/or monetary claims and any proceeds thereof from time to time;

    (i) all of the Group's rights and interests in any insurance and/or insurance policy from time to time; and

    (j) by way of a security assignment, floating charge or other appropriate means of security) all of the Group's other assets and undertakings (including, without limitation, inventory) from time to time;

20. Previous period figures have been re-grouped/rearranged, wherever necessary.

SIGNATORIES TO SCHEDULES 1 TO 19

As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per **Ali Nyaz**
Partner
Membership No. 200427

Place: Hyderabad
Date: February 9,2008

For and on behalf of the Board of Directors
Apollo Health Street Limited

Dr. Prathap C Reddy
Chairman

Sangita Reddy
Managing Director

Shanker Narayan
Chief Financial Officer

Uday Chandra
Company Secretary

Place: Hyderabad
Date: February 9,2008

Apollo Health Street Limited

Consolidated Cash Flow Statement

(All amounts in Indian Rupees, except as otherwise stated)

	Six months period ended September 30, 2007	Six months period ended September 30, 2006
A. Cash flow from operating activities		
Loss before tax and prior period items	(140,747,525)	(15,731,965)
Prior period items	(1,707,131)	(435,167)
Adjustments for:		
Depreciation and amortisation	49,224,658	26,157,914
Profit on sale of fixed assets	(173,629)	(42,000)
Unrealised foreign exchange gain	10,600,784	421,440
Miscellaneous expenditure written off	12,778,965	1,238,957
Employee stock option compensation	5,930,064	-
Interest income	(3,315,327)	(3,281,425)
Interest expense	56,622,398	7,179,019
Advances written off	1,823,435	-
Bad debts/ Provision for doubtful debts	29,948,983	25,305,196
Operating profit before working capital changes	20,985,675	40,811,969
Movements in working capital		
Decrease/(Increase) in sundry debtors	(1,988,490)	38,714,388
Decrease/(Increase) in provisions	9,826,343	10,804,291
Increase in other current assets	199,774	-
Increase in loans and advances	(89,972,239)	(15,955,615)
Increase/(Decrease) in current liabilities (Refer note below)	(40,902,718)	40,509,431
Cash generated from/(used in) operations	(101,851,655)	114,884,464
Fringe benefit tax paid	(2,394,055)	(551,739)
Direct taxes paid	(9,689,543)	(1,640,803)
Net cash from/(used in) operating activities	(113,935,253)	112,691,922
B. Cash flows from investing activities		
Purchase of fixed assets	(128,764,208)	(64,401,671)
Proceeds from sale of fixed assets	655,625	42,000
Purchase of investment in subsidiaries (net of cash)	(5,981,598,129)	(764,956,918)
Additional consideration paid to the shareholders of Armanti LLC.	(59,610,000)	-
(Purchase)/sale of fixed deposits	(109,512,403)	-
Interest received	2,962,442	2,375,466
Net cash used in investing activities	(6,275,866,673)	(826,941,123)
C. Cash flows from financing activities		
Proceeds from issuance of share capital , net of issue expenses	89,742,270	134,478,048
Share premium received	2,082,918,480	144,702,107
Share application money received	60,000	-
Proceeds from long-term borrowings	5,076,994,589	437,975,342
Repayment of long-term borrowings	(434,968,980)	-

Repayment of short-term borrowings	-	(1,389,455)
Loan commitment fee	(210,911,522)	-
Interest paid	(26,938,493)	87,398
Net cash from financing activities	6,576,896,344	715,853,440
D. Effect of foreign exchange changes on cash and cash equivalents	(98,194,881)	(4,383,401)
Net increase in cash and cash equivalents (A + B + C + D)	88,899,537	(2,779,162)
Cash and cash equivalents at the beginning of the period	299,502,746	194,710,377
Cash and cash equivalents at the end of the period	388,402,283	191,931,215
Components of cash and cash equivalents		
Cash and cheques on hand	231,174	658,747
With banks- on current account	273,433,398	141,688,156
- on deposit account	118,412,383	45,399,432
- on margin account	-	4,184,880
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(3,674,672)	-
Total cash and cash equivalents	388,402,283	191,931,215
Add: Deposits with banks with original maturity of more than three months	114,666,619	-
Cash and bank balance as per Balance Sheet	503,068,902	191,931,215

Note: Adjustment for increase/decrease in current liabilities related to acquisition of fixed assets have been made to the extent identified.

As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per **Ali Nyaz**
Partner
Membership No. 200427

Place: Hyderabad
Date: February 9,2008

For and on behalf of the Board of Directors
Apollo Health Street Limited

Dr. Prathap C Reddy
Chairman

Sangita Reddy
Managing Director

Shanker Narayan
Chief Financial Officer

Uday Chandra
Company Secretary

Place: Hyderabad
Date: February 9,2008

Auditors' Report

To
The Board of Directors of Apollo Health Street Limited

1. We have audited the attached Balance Sheet of Apollo Health Street Limited ("the Company") as at September 30, 2007 and the Profit and Loss Account for the six months period and the Cash Flow Statements for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

3. The accompanying financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 25, Interim Financial Reporting, issued by the Institute of Chartered Accountants of India solely for the purpose of inclusion in Offer Document in connection with the proposed Initial Public Offering.

4. In our opinion and to the best of our information and according to the explanations given to us, these financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) in the case of the balance sheet, of the state of affairs of the Company as at September 30, 2007;

   (b) in the case of the profit and loss account, of the loss for the six month period ended on that date; and

   (c) in the case of cash flow statement, of the cash flows for the period ended on that date.

5. This report is furnished solely for use set out in paragraph 3 above and is not to be used for any other purpose or referred to in any document or distributed to anyone without our prior written consent.

S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per **Ali Nyaz**
Partner
Membership No: 200427
Place: Hyderabad
Date: February 9, 2008

Apollo Health Street Limited
Balance Sheet
(All amounts in Indian Rupees except as other wise stated)

	Schedules	As at September 30,2007	As at March 31, 2007
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	**249,633,250**	158,984,980
Share application money pending allotment		**60,000**	906,000
Reserves and surplus	2	**2,627,633,906**	544,715,426
Employee stock option outstanding	3	**9,087,388**	3,157,324
		2,886,414,544	707,763,730
Loan Funds			
Secured loans	4	**16,508**	270,855
		2,886,431,052	708,034,585
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross block		**228,297,629**	218,957,692
Less : Accumulated depreciation and amortisation		**129,887,631**	100,765,987
Net block		**98,409,998**	118,191,705
Capital work-in-progress including capital advances		**13,674,576**	4,946,260
		112,084,574	123,137,965
Investments	6	**2,338,309,274**	357,950,710
Current Assets, Loans and Advances			
Sundry debtors	7	**125,333,482**	114,966,308
Cash and bank balances	8	**144,225,908**	38,102,379
Other current assets	9	**564,943**	232,863
Loans and advances	10	**66,201,796**	58,806,779
		336,326,129	212,108,329
Less: Current Liabilities and Provisions			
Current liabilities	11	**89,215,550**	100,978,641
Provisions	12	**30,078,765**	21,599,569
		119,294,315	122,578,210
Net Current Assets		**217,031,814**	89,530,119
Profit and Loss Account	13	**219,005,390**	137,415,791
		2,886,431,052	708,034,585
Notes to Accounts	19		

The schedules referred to above and notes to accounts form an integral part of the Balance Sheet.

As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per **Ali Nyaz**
Partner
Membership No. 200427

Place: Hyderabad
Date: February 9,2008

For and on behalf of the Board of Directors
Apollo Health Street Limited

Dr. Prathap C Reddy
Chairman

Sangita Reddy
Managing Director

Shanker Narayan
Chief Financial Officer

Uday Chandra
Company Secretary

Place: Hyderabad
Date: February 9,2008

Apollo Health Street Limited
Profit and Loss Account
(All amounts in Indian Rupees except as other wise stated)

	Schedules	Six month period ended September 30, 2007	Six month period ended September 30, 2006
INCOME			
Income from operations	**14**	**225,798,379**	218,207,315
Other income	**15**	**1,245,656**	2,590,438
		227,044,035	220,797,753
EXPENDITURE			
Personnel expenses	**16**	**162,872,850**	147,811,558
Operating and other expenses	**17**	**106,235,588**	83,522,932
Depreciation and amortisation	**5**	**32,684,079**	21,507,794
Financial expenses	**18**	**2,562,736**	789,058
Miscellaneous expenditure written off		**-**	852,889
		304,355,253	254,484,231
Loss before tax and before prior period items		**(77,311,218)**	(33,686,478)
Provision for current tax		**-**	-
Deferred taxes		**-**	-
Fringe benefit tax		**2,262,036**	1,159,347
Fringe benefit tax paid for the earlier years		**2,016,345**	-
Total tax expense		**4,278,381**	1,159,347
Loss after tax and before prior period items		**(81,589,599)**	(34,845,825)
Prior period items	**19 (16)**	**-**	435,167
Net Loss	**13**	**(81,589,599)**	(35,280,992)
Earnings per share			
Basic & Diluted		**(4.51)**	(2.77)
Nominal value of shares		**10.00**	10.00
Weighted average number of equity shares		**18,080,721**	12,754,216
Notes to Accounts	**19**		

The schedules referred to above and the notes to accounts form an integral part of the Profit and Loss Account.

As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per **Ali Nyaz**
Partner
Membership No. 200427

Place: Hyderabad
Date: February 9,2008

For and on behalf of the Board of Directors
Apollo Health Street Limited

Dr. Prathap C Reddy
Chairman

Sangita Reddy
Managing Director

Shanker Narayan
Chief Financial Officer

Uday Chandra
Company Secretary

Place: Hyderabad
Date: February 9,2008

Apollo Health Street Limited
Schedules to the Balance Sheet
(All amounts in Indian Rupees except as other wise stated)

	September 30, 2007	March 31, 2007
Schedule 1: Share capital		
(Refer note 18 of Schedule 19)		
Authorised:		
75,000,000 (March 31, 2007 - 75,000,000) equity shares of Rs.10/-each	**750,000,000**	750,000,000
	750,000,000	750,000,000
Issued, Subscribed and Paid-up:		
24,963,325 (March 31, 2007 - 15,898,498) equity shares of Rs.10/- each fully paid-up	**249,633,250**	158,984,980
	249,633,250	158,984,980

Of the above equity shares:

(i) 157,499 (March 31, 2007- 157,499) fully paid up equity shares of Rs.10/- each were allotted pursuant to contract for consideration other than cash

(ii) 1,497,241 (March 31, 2007- 1,497,241) fully paid up equity shares of Rs.10/- each were allotted on conversion of 2,661,242 cumulative convertible preference shares of Rs.60/-each

(iii) 4,848 (March 31, 2007-4,848) fully paid up equity shares of Rs.10/-each were allotted on conversion of 14,535,800 Class 'A' shares of Rs.10/-each

(iv) 1,766,963 (March 31, 2007- 1,766,963) fully paid up equity shares of Rs.10/-each were allotted on conversion of 1,766,963 cumulative convertible preference shares - Series B of Rs.158/-each

	September 30, 2007	March 31, 2007
Schedule 2: Reserves and Surplus		
Securities premium account		
Balance as per last account	**544,715,426**	35,133
Additions during the period	**2,082,918,480**	551,522,154
Less: Share issue expenses written off	**-**	(6,841,861)
	2,627,633,906	544,715,426
Schedule 3:Emloyee stock options outstanding		
Employee Stock option outstanding		
Balance, beginning of the year	**11,008,500**	-
Add: Additions during the period	**28,512,000**	11,008,500
Less:forfeiture of stock options due to resignations	**200,000**	-
Balance, end of period	**39,320,500**	11,008,500
Less: Deferred employee stock compensation cost	**-**	-
Balance, beginning of the year	**7,851,176**	-
Add: Additions during the period	**28,512,000**	11,008,500
Less: Amortised during the period	**5,930,064**	3,157,324
Less:forfeiture of stock options due to resignations	**200,000**	-
Balance, end of the period	**30,233,112**	**7,851,176**
	9,087,388	**3,157,324**
Schedule 4: Secured Loans		
Term loan	**-**	158,730
[Due within one year - Rs.Nil (March 31, 2007 - Rs.158,730)]		
(Secured by hypothecation of vehicle)		
Finance lease obligations	**16,508**	112,125
[Due within one year - Rs. 16,508 (March 31, 2007 - Rs. 112,125)]		
(Secured by asset acquired under finance lease)		
	16,508	**270,855**

Apollo Health Street Limited
Schedules to the Balance Sheet
(All amounts in Indian Rupees except as other wise stated)

Schedule 5: Fixed Assets

	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	As at April 1, 2007	Additions during the Period	Deletion / Adjustment	As at September 30,2007	As at April 1, 2007	For the period	Deletion / Adjustment	As at September 30,2007	**As at September 30,2007**	As at March 31, 2007
Tangible assets										
Leasehold improvements	34,821,296	493,737	-	35,315,033	11,689,082	5,077,581	-	16,766,663	**18,548,370**	23,132,214
Leasehold land	5,213,185	-	-	5,213,185	81,019	26,308	-	107,327	**5,105,858**	5,132,166
Computers and computer equipment	119,014,982	5,043,169	3,102,570	120,955,581	58,797,711	16,731,342	3,102,570	72,426,483	**48,529,098**	60,217,271
Office equipment	11,728,675	955,711	-	12,684,386	5,498,301	1,166,112	-	6,664,413	**6,019,973**	6,230,374
Furniture and fixtures	21,824,173	1,490,167	-	23,314,340	15,370,945	2,489,061	-	17,860,006	**5,454,334**	6,453,228
Vehicles *	2,669,754	-	941,861	1,727,893	1,889,409	95,507	459,865	1,525,051	**202,842**	780,345
Intangible assets										
Software	23,685,627	5,401,584	-	29,087,211	7,439,520	7,098,168	-	14,537,688	**14,549,523**	16,246,107
	218,957,692	13,384,368	4,044,431	228,297,629	100,765,987	32,684,079	3,562,435	129,887,631	**98,409,998**	118,191,705
As at March 31,2007	127,188,918	92,272,050	503,276	218,957,692	49,933,745	51,335,518	503,276	100,765,987	118,191,705	

Notes:
* Vehicles include assets acquired on finance lease[Gross value Rs.568,216 (March 31,2007 - Rs. 568,216)] [Net book value Rs.202,637 (March 31, 2007 - Rs.266,896)]

Apollo Health Street Limited
Schedules to the Balance Sheet
(All amounts in Indian Rupees except as other wise stated)

	September 30,2007	March 31, 2007
Schedule 6 : Investments		
Long term investments (at cost)		
Unquoted (Trade)		
In subsidiary companies:		
i.55,313 (March 31, 2007 - 7,313) fully paid-up equity shares of USD1,000/- each in Apollo Health Street,Incorporated Delaware, USA.	**2,322,383,388**	342,024,824
ii. 18,707 (March 31, 2007 - 18,707) fully paid-up equity shares of Rs.10/-each in Heritage Web Solutions Private Limited.	**15,925,886**	15,925,886
	2,338,309,274	357,950,710
Schedule 7 : Sundry Debtors		
(Refer note 8 of Schedule 19)		
(Unsecured)		
Debts outstanding for a period exceeding six months		
Considered good	**34,026,836**	-
Considered doubtful	**13,527,111**	12,235,534
Other debts	**91,306,646**	114,966,308
	138,860,593	127,201,842
Less: Provision for doubtful debts	**(13,527,111)**	(12,235,534)
	125,333,482	114,966,308
Schedule 8 : Cash and Bank Balances		
Cash on hand	**37,793**	16,854
Balances with scheduled banks on:		
a) Current account	**24,955,611**	31,794,687
b) Fixed deposit account	**113,000,000**	-
c) Margin money account	**4,529,119**	4,516,716
Balance with other banks on current accounts:		
a) HSBC, UK	**1,703,385**	1,774,122
[Maximum amount outstanding during the period Rs. 1,774,122 (March 31, 2007 -Rs.1,774,122)]		
	144,225,908	38,102,379
Schedule 9 : Other Current Assets		
(Unsecured, considered good)		
Interest accrued on deposits	**564,943**	232,863
	564,943	232,863
Schedule10 : Loans and Advances		
(Unsecured, considered good)		
Loan to subsidiary	**129,143**	-
Advances recoverable in cash or in kind or for value to be received	**30,382,938**	23,222,226
Deposits	**31,664,160**	31,664,160
Advance tax (net of provision)	**4,025,555**	3,920,393
	66,201,796	58,806,779
Schedule 11 : Current Liabilities		
Sundry creditors for goods, services and expenses		
Total outstanding dues of micro enterprises and small enterprises	**-**	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	**59,639,539**	62,139,281
Subsidiary company	**10,321,326**	12,764,521
Book overdraft	**247,639**	-
Advance from customers	**16,531,328**	17,902,984
Other liabilities	**2,475,718**	8,171,855
	89,215,550	100,978,641
Schedule 12 : Provisions		
Provision for fringe benefit tax (net of advance tax payments)	**2,555,765**	110,091
Provision for leave encashment	**11,977,000**	10,762,561
Provision for gratuity	**9,061,000**	7,000,667
Provision for retention bonus	**6,485,000**	3,726,250
	30,078,765	21,599,569
Schedule 13 : Profit and Loss Account		
Opening balance	**(137,415,791)**	(57,925,982)

Apollo Health Street Limited
Schedules to the Balance Sheet
(All amounts in Indian Rupees except as other wise stated)

	September 30,2007	March 31, 2007
Add: Adjustment for employee benefits provision *		
Leave Encashment	-	(953,270)
Gratuity	-	(188,954)
	(137,415,791)	(59,068,206)
Add: Loss for the period	**(81,589,599)**	(78,347,585)
	(219,005,390)	(137,415,791)

* AS 15 (Revised 2005) transitional provision

	Schedules	Six month period ended September 30,2007	Six month period ended September 30,2006
Schedule 14: Income from Operations			
Export Income from IT and IT enabled services		**225,531,779**	218,009,425
Domestic Income from IT and IT enabled services		**266,600**	197,890
		225,798,379	218,207,315
Schedule 15: Other Income			
Interest			
Bank deposits		**870,979**	2,360,822
[Tax deducted at source Rs. 105,135 (Previous period- Rs. 363,259)]			
Others [Tax deducted at source - Rs. Nil (Previous period- Rs. Nil)]		-	20,298
Bad debts recovered		-	62,500
Profit on sale on fixed assets		**173,629**	42,000
Miscellaneous income		**201,047**	104,818
		1,245,656	2,590,438
Schedule 16: Personnel Expenses			
Salaries and allowances		**134,187,417**	113,396,972
Incentives to employees		**4,890,594**	18,388,020
Contribution to provident fund and others		**11,179,769**	10,206,850
Employee stock option compensation		**5,930,064**	-
Staff welfare		**6,685,006**	5,819,716
		162,872,850	147,811,558
Schedule 17: Operating and Other Expenses			
Rent		**10,065,499**	9,283,536
Rates and taxes		**226,080**	231,746
Repairs and maintenance			
-Computers		**4,399,970**	1,969,499
-Others		**4,158,456**	2,582,376
Insurance		**1,291,598**	543,009
Advertisement and business promotion expenses		**1,277,208**	1,798,955
Communication costs		**14,456,130**	19,260,800
Electricity charges		**5,427,500**	5,978,289
Traveling and conveyance		**25,319,018**	19,394,134
Hiring charges		**9,819,055**	10,705,306
Printing and stationery		**1,194,074**	1,491,590
Legal and professional charges		**5,454,822**	2,206,338
Recruitment expenses		**3,306,952**	4,114,745
Directors' sitting fees		**500,000**	75,000
Remuneration to auditors	**19 (9)**	**21,620**	912,714
Provision for doubtful debts		**1,291,577**	1,516,813
Bad debts written off		-	417,908
Advances written off		**1,823,435**	-
Exchange difference (net)		**15,760,015**	(2,086,325)
Commission expenses		**61,745**	1,359,834
Donation		**50,000**	10,000
Miscellaneous expenses		**330,834**	1,756,665
		106,235,588	83,522,932
Schedule 18: Financial Expenses			
Interest			
- on banks deposits		-	44,599
- others		**22,098**	33,267
Bank charges		**2,540,638**	711,192
		2,562,736	789,058

Schedule 19: Notes to accounts

1. **Nature of operations**

Apollo Health Street Limited offers Medical Business Process Outsourcing services to healthcare providers and payers which include non-core health information Management activities such as medical transcription, coding, revenue cycle management, claim processing and also IT enabled solutions and services.

2. **Significant accounting policies**

a) Basis of preparation

The financial statements have been prepared to comply in all material respects in respects with the Notified Accounting Standards by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any cost attributable to bringing the asset to its working condition for its intended use.

d) Depreciation

Depreciation is provided using the Straight Line Method ("SLM") at the rates based on useful lives of the assets estimated by Management, or at the rates prescribed under schedule XIV of the Companies Act, 1956 whichever is higher as given below:

Nature of the Fixed Assets	Useful life
Computers and computer equipment	3 years
Office equipment	5 years
Furniture and fixtures	5 years
Vehicles	5 years
Leasehold improvements	Shorter of lease period and estimated useful lives of such assets

Individual assets costing Rs. 5,000 or less are fully depreciated in the period of purchase.

e) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on the internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

f) Intangible assets

An intangible asset is recognised, only where it is probable that future economic benefits attributable to the asset will accrue to the enterprise and the cost can be measured reliably. Intangible assets are stated at cost less accumulated amortisation.

Cost of software is amortised on a straight line basis over its estimated useful life which ranges between one to three years.

g) Leases

Finance Lease: Leases, which effectively transfer to the Company, substantially all the risks and benefits incidental to ownership of the leased asset, are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are expensed as incurred.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Operating Lease: Leases where the lessor effectively retains substantially all the risks and the benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss Account on a straight line basis over the lease term.

h) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investment. All other investments are classified as long-term investments. Long term investments are carried at cost. Provision for diminution in value of long term investments is made to recognise a decline, other than temporary in nature.

i) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

The Company recognises revenue on the following basis:

f)	Revenue cycle management services	Fees for services are primarily based on percentage of net collections on clients' accounts receivable. Revenue is recognized when the right to receive such revenue is established.
g)	Professional services fees	On rendering of the services based on the terms of the agreements/arrangements with the concerned parties.
h)	Time and material contracts	Revenues are recognized on the basis of time spent and duly approved by the respective customers.
i)	Software development and implementation	***Software development-*** On the basis of software developed and billed, as per the terms of contracts based on milestones achieved under the percentage of completion method. ***Software implementation-*** On the completion of installation based on the terms of arrangements with the concerned parties.
j)	Interest	Revenue is recognised on a time proportionate basis taking into account the amounts outstanding and the rates applicable.

j) Foreign currency translation

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the period or reported in previous financial statements, are recognised as income or as expenses in the period in which they arise.

(iv) Forward exchange contracts

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

(v) Foreign branch

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself.

k) Earnings per share

Basic earnings per share is determined by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share is determined by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period as adjusted for weighted average number of potential equity shares outstanding during the period except to the effect that it is anti dilutive.

l) Provisions

A provision is recognized when the Company has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

m) Retirement and other employee benefits

(i) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each period.

(ii) Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the period when the contributions to the fund are due.

(iii) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation made at each Balance Sheet date. The actuarial valuation is done as per projected unit credit method.

(iv) Retention bonuses are provided based on actuarial valuation made at the end of each financial year. The actuarial valuation is done as per projected unit credit method

(v) Actuarial gains/losses are recognised in the Profit and Loss Account as they arise.

n) Income taxes

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities across various countries of operation are not set off against each other as the company does not have a legal right to do so. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

o) Share based payments

Employee compensation expenses, where applicable , in respect of stock options granted to the employees are recognised over vesting period using intrinsic value method as prescribed in "Guidance Note on Accounting for employee share-based payments" issued by Institute of Chartered Accountants of India.

3. **Segment information**

The Company's operations fall within a single business segment "Health Care Related IT Enabled Service" and single geographical segment and therefore segment information is not provided.

4. **Contingent liabilities**

a. In accordance with the notification issued by the Employee Provident Fund Office, the Company may be required to contribute Provident Fund on amounts paid towards encashment of leave by employees from its inception to April 30, 2005. However, no provision was recorded in the books of accounts as the Company's liability towards provident fund is presently not determinable.

b. Other contingent liabilities include:

Particulars	**September 30, 2007**	**March 31, 2007**
Sales Tax demand issued by Commercial Taxes Department of Hyderabad	641,527	641,527

Performance security issued to Commissionerate of Health Medical Services & Medical education/ Health and family welfare Department, Government of Gujarat	644,880	644,880
Guarantee issued to Barclays Plc and Bank of India for loan taken by subsidiary Apollo Health Street Inc. (USD 135 million)	5,364,900,000	Nil

5. **Capital commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 16,141,154 (March 31, 2007 – 7,507,022).

6. **Related party transactions**

During the period ended September 30, 2007 and September 30, 2006 the Company has entered into commercial transactions with its related parties. The details of the related party for which Company exercises control but does not have any transaction during the period is as follows:

Nature of relationship	Name of related party
Subsidiary companies	Armanti Financial Services Incorporated Zavata Inc. and its subsidiaries viz. Accordis Inc. Health Receivables Management Inc. Symphony Data Corporation HPS Paradigm Inc. Global STI Mauritius LLC Zavata India Private Limited

The details of related party transactions, balances as at September 30, 2007 and March 31, 2007 and names of related parties and the nature of relationship is given below:

Names of Related Parties	Investments Made	Advance given	Advance Taken	Equity Capital (Including share premium)	Cummulative Preference Shares	Provision for doubtful debts	Professional services rendered	Professional services received	Remuneration	Director's sitting fee	Employee stock options granted (In No's)	Water & Electricity charges	Lease Rent expense	Asset Purchase	Balance as at September 30, 2007	Balance as at March 31, 2007
Subsidiary Company(s)																
Apollo Health Street Inc.																
Period ended September 2007	1,980,358,564	-	-	-	-	-	27,837,115	-	-	-	-	-	-	-	50,545,010	-
Period ended September 2006	322,704,500	-	-	-	-	-	17,284,975	-	-	-	-	-	-	-	-	44,429,487
Armanti Financial Services LLC																
Period ended September 2007	-	-	-	-	-	-	21,030,937	-	-	-	-	-	-	-	20,409,510	-
Period ended September 2006	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hertitage Websolutions Private Limited																
Period ended September 2007	-	1,301,806	-	-	-	-	-	-	-	-	-	-	-	-	129,143	-
Period ended September 2006	-	-	53,453	-	-	-	-	-	-	-	-	-	-	-	-	(1,172,660)
Key Management Personnel																
Mrs. Sangita Reddy																
Period ended September 2007	-	-	-	169,567,750	-	-	-	-	3,816,000	-	-	-	-	-	-	-
Period ended September 2006	-	-	-	-	8,452,684	-	-	-	5,236,400	-	-	-	-	-	-	-
Mr. Divya Sehgal																
Period ended September 2007	-	-	-	228,000	-	-	-	-	4,651,250	-	100,000	-	-	-	-	-

Names of Related Parties	Investments Made	Advance given	Advance Taken	Equity Capital (Including share premium)	Cummulative Preference Shares	Provision for doubtful debts	Professional services rendered	Professional services received	Remuneration	Director's sitting fee	Employee stock options granted (In No's)	Water & Electricity charges	Lease Rent expense	Asset Purchase	Balance as at September 30, 2007	Balance as at March 31, 2007
Period ended September 2006	-	-	-	-	-	-	-	-	4,850,000	-	-	-	-	-	-	-
Mr. Shanker Narayan																
Period ended September 2007	-	-	-	-	-	-	-	-	3,331,361	-	26,116	-	-	-	-	-
Period ended September 2006	-	-	-	-	-	-	-	-	3,349,998	-	-	-	-	-	-	-
Dr Prathap C Reddy																
Period ended September 2007	-	-	-	101,000,000	-	-	-	-	-	100,000	-	-	-	-	-	-
Period ended September 2006	-	-	-	-	9,109,016	-	-	-	-	-	-	-	-	-	-	-
Mr. Andrew DeVoe																
Period ended September 2007	-	-	-	13,090,000	-	-	-	-	-	20,000	297,000	-	-	-	-	-
Period ended September 2006	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<u>Significant influence</u>																
Apollo Hospitals Enterprise Limited																
Period ended September 2007	-	326,179	(10,854)	1,000,000,000	-	-	-	46,600	-	-	-	5,427,500	10,065,498		(2,068,738)	-
Period ended September 2006	-	-	-	-	170,854,880	35,080	-	76,267	-	-	-	5,978,286	9,283,536		-	(1,472,107)
Mrs. Sucharitha Reddy																

Names of Related Parties	Investments Made	Advance given	Advance Taken	Equity Capital (Including share premium)	Cummulative Preference Shares	Provision for doubtful debts	Professional services rendered	Professional services received	Remuneration	Director's sitting fee	Employee stock options granted (In No's)	Water & Electricity charges	Lease Rent expense	Asset Purchase	Balance as at September 30, 2007	Balance as at March 31, 2007
Period ended September 2007	-	-	-	10,000,000	-	-	-	-	-	-	-	-	-	-	-	-
Period ended September 2006	-	-	-	-	1,400,670	-	-	-	-	-	-	-	-	-	-	-
Mr. K. Visweshwar Reddy																
Period ended September 2007	-	-	-	55,532,000	-	-	-	-	-	-	-	-	-	-	-	-
Period ended September 2006	-	-	-	5,010,000	5,092,182	-	-	-	-	-	-	-	-	-	-	-
Mrs. Shobana Kamineni																
Period ended September 2007	-	-	-	7,700,000	-	-	-	-	-	100,000	-	-	-	-	-	-
Period ended September 2006	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mrs. Suneeta Reddy																
Period ended September 2007	-	-	-	3,360,000	-	-	-	-	-	-	-	-	-	-	-	-
Period ended September 2006	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Apollo Hospitals International Limited																
Period ended September 2007	-	-	-	-	-	-	-	-	-	-	-	-	-	-	92,979	-
Period ended September	-	-	-	-	-	36,789	-	-	-	-	-	-	-	-	-	92,979

Names of Related Parties	Investments Made	Advance given	Advance Taken	Equity Capital (Including share premium)	Cummulative Preference Shares	Provision for doubtful debts	Professional services rendered	Professional services received	Remuneration	Director's sitting fee	Employee stock options granted (In No's)	Water & Electricity charges	Lease Rent expense	Asset Purchase	Balance as at September 30, 2007	Balance as at March 31, 2007
2006																
Apollo Hospitals Visakhapatnam																
Period ended September 2007	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24,490	-
Period ended September 2006	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24,490
Apollo Gleneagles Hospital Limited																
Period ended September 2007	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,334,675	-
Period ended September 2006	-	-	-	-	-	191,838	-	-	-	-	-	-	-	-	-	1,334,675
Indraprastha Medical Corporation Limited																
Period ended September 2007	-	-	-	-	-	-	-	8,980	-	-	-	-	-	-	(5,412)	-
Period ended September 2006	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(387,331)
Apollo Health and Lifestyle Ltd.																
Period ended September 2007	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,137,634	-
Period ended September 2006	-	-	-	-	-	453,243	-	-	-	-	-	-	-	-	-	1,137,634
Apollo Idyam Hospitals																
Period ended September 2007	-	-	-	-	-	-	-	-	-	-	-	-	-	-	54,600	-

Names of Related Parties	Investments Made	Advance given	Advance Taken	Equity Capital (Including share premium)	Cummulative Preference Shares	Provision for doubtful debts	Professional services rendered	Professional services received	Remuneration	Director's sitting fee	Employee stock options granted (In No's)	Water & Electricity charges	Lease Rent expense	Asset Purchase	Balance as at September 30, 2007	Balance as at March 31, 2007
Period ended September 2006	-	-	-	-	-	54,600	-	-	-	-	-	-	-	-	-	54,600
Apollo Telemedicine Networking Foundation																
Period ended September 2007	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,980,860	-
Period ended September 2006	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,980,860
PCR Investments Ltd																
Period ended September 2007	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period ended September 2006	-	-	-	5,010,000	5,091,866	-	-	-	-	-	-	-	-	-	-	-
Apollo Sindhoori Travels																
Period ended September 2007	-	-	-	-	-	-	-	7,646,676	-	-	-	-	-	-	-	-
Period ended September 2006	-	-	-	-	-	-	-	6,292,679	-	-	-	-	-	-	-	(346,031)
Eliza Holdings																
Period ended September 2007	-	-	-	772,133,000	-	-	-	-	-	-	-	-	-	-	-	-
Period ended September 2006	-	-	-	74,827,260	76,370,564	-	-	-	-	-	-	-	-	-	-	-
Sindya Infrastructure Development Co. Private Limited																
Period	-	2,181,895	-	-	-	-	-	-	-	-	-	-	-	8,869,967	(4,051,862)	-

Names of Related Parties	Investments Made	Advance given	Advance Taken	Equity Capital (Including share premium)	Cummulative Preference Shares	Provision for doubtful debts	Professional services rendered	Professional services received	Remuneration	Director's sitting fee	Employee stock options granted (In No's)	Water & Electricity charges	Lease Rent expense	Asset Purchase	Balance as at September 30, 2007	Balance as at March 31, 2007
ended September 2007																
Period ended September 2006	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Note: Balances in parenthesis indicate amounts payable to the parties.

7. **Finance leases**

Fixed assets include vehicle obtained on finance lease arrangements. The finance lease term is for a period of thirty-eight months and it is more likely than not that at the end of the lease term the legal title will pass to the lessee. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements. The minimum lease payments due are as under:

	September 30, 2007	March 31, 2007
Total minimum lease payments at the period end	16,672	116,704
Less: Unearned finance income	164	4,580
Present value of total minimum lease payments [Rate of interest 12.83%]	16,508	112,124
Gross investment in the lease for the period:		
Not later than one year	16,672	116,704
[Present value Rs.16,508 as at September 30, 2007 (112,124 as at March 31, 2007)]		

8. **Sundry debtors include dues from companies under the same management:**

	September 30, 2007	March 31, 2007
Apollo Health and Lifestyle Limited	1,137,634	1,137,634
Apollo Hospitals International Limited	92,979	92,979
Apollo Gleneagles Hospitals Limited	1,334,675	1,334,675
Apollo Hospitals Limited, Vishakhapatnam	24,490	24,490
	2,589,778	**2,589,778**

9. **Remuneration to auditors**

	Six month period ended September 30, 2007	Six month period ended September 30, 2006
Statutory audit fees	-	900,000
Tax Audit	-	-
Taxation matters	1,500	-
Other services	-	-
Out of pocket expenses	20,120	12,714
	21,620	**912,714**

10. **Directors' remuneration**

	Six month period ended September 30, 2007	Six month period ended September 30, 2006
Salaries	3,600,000	5,020,400
Contribution to provident fund	216,000	216,000
	3,816,000	**5,236,400**

As the future liability for gratuity and leave encashment is provided for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not disclosed separately.

11. **Earnings in foreign currency (Accrual basis)**

	Six month period ended September 30, 2007	Six month period ended September 30, 2006
Export of services	225,531,779	218,009,425
Interest Income	26,768	-

12. **Expenditure in foreign currency (Accrual basis)**

	Six month period ended September 30, 2007	Six month period ended September 30, 2006
Travelling expenses	11,439,372	9,168,082
Communication expenses	7,214,897	8,609,446
Commission expenses	38,476	1,350,635
Professional fees	2,070,953	-
Others	332,102	1,133,732

13. **CIF value of imports**

The CIF value of capital goods imported during the period ended September 30, 2007 was Rs. 5,048,209 (period ended September 30, 2006 - Rs.7,531,291).

14. **Derivative instruments**

September 30, 2007

Particulars of derivatives	Purpose
Forward cover contracts outstanding as at Balance Sheet date	
Sell	
USD 1,200,000	Hedge against expected receivables

March 31, 2007

Particulars of derivatives	Purpose
Forward cover contract outstanding as at Balance Sheet date	
Sell	
GPB 50,000	Hedge against expected receivables
USD 200,000	Hedge against expected receivables

15. **Particulars of unhedged foreign currency exposure**

	September 30, 2007
Sundry Debtors	Rs. 79,286,765 (USD 1,941,812 @ closing rate of 1 US$ = Rs. 39.64) (GBP 23,903 @ closing rate of 1GBP = Rs. 79.99) (EUR 7,168 @ closing rate of 1EUR = Rs. 55.99)
Sundry Creditors	Rs. 5,206,611 (USD 108,942 @closing rate of 1 US$ = Rs. 39.94) (GBP 10,577@closing rate of 1 GBP= Rs. 80.88)
Cash balances	Rs. 14,173,602 (USD 295,021 @closing rate of 1 US$ = Rs. 39.64) (GBP 30,991 @ closing rate of 1 GBP= Rs. 79.99)
Investments in subsidiaries	Rs. 2322,383,388 (USD 55,313,000 at historical rate of 1 USD = 41.99)

	March 31, 2007

Sundry Debtors	102,294,024 (USD 2,244,741@ closing rate of 1 US$ = Rs. 43.59) (GBP 51,979@ closing rate of 1GBP = Rs.85.53)
Sundry Creditors	7,668,905 (US$ 163,579 @closing rate of 1 US$ = Rs. 43.59) (GBP 6,296 @ closing rate of 1 GBP= Rs. 85.53)
Cash balances	20,413,728 (US$ 429,332 @closing rate of 1 US$ = Rs. 43.59) (GBP 19,866 @ closing rate of 1 GBP= Rs. 85.53)
Investments in subsidiaries	Rs.342,024,824 (USD 7,313,000 at historical rate of 1 USD = 46.77)

16. **Prior period Items**

	Period ended September 30, 2007	**Period ended September 30, 2006**
Commission expenses	-	435,167
	-	**435,167**

17. **Gratuity plan**

The Company has a unfunded defined benefit gratuity plan. Employees are eligible for gratuity benefits on termination or retirement in accordance with Payment of Gratuity Act, 1972.

The following tables summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the respective plans.

(A) Net employee benefit expenses (recognised in personnel expenses)

	Period Ended September 30, 2007	**Period Ended September 30, 2006**
Interest cost	277,958	140,972
Current service cost	1,740,000	1,258,849
Benefit Paid	(103,444)	(62,241)
Actuarial Loss	1,45,819	2,376,299
Net employee benefit expenses	**2,060,333**	**3,713,879**

(B) Changes in the present value of the defined benefit obligation are as follows:

	September 30,2007	**March 31, 2007**
Opening defined benefit obligation	7,000,667	3,503,000
Adjustment to opening defined benefit obligation as per revised AS-15	-	188,954
Interest cost	277,958	292,224
Current service cost	1,740,000	2,997,466
Benefits paid	(103,444)	(78,300)
Actuarial Loss	145,819	97,323
Closing defined benefit obligation	**9,061,000**	**7,000,667**

(C) Details of provision for gratuity

	September 30,2007	March 31, 2007
Defined benefit obligations	9,061,000	7,000,667
Fair value of plan assets	Nil	Nil
Net Liability	**9,061,000**	**7,000,667**

The principal assumption used in determining gratuity obligations for the Company's plan is shown below:

Discount rate	8.00% p.a.
Expected rate of return on plan assets	Not Applicable
Salary escalation rate	20% p.a for first 5 years 15% p.a for next 5 years 10% p.a for next 5 years 7% p.a thereafter
Attrition rate	Age 21-30 – 36% Age 31-34 - 25% Age 35-40 - 20% Age 41-44 - 15% Age 45-49 - 10% Age 50-57 – 05%

18. **Employee stock option plan**

(A) Employee stock option plan 2005

The Company had instituted an employee stock plan in the financial year 2005-06 and had granted stock options to certain employees. The shareholder and Board of Directors approved the plan on April 14, 2005. The options vest over a period of three years and would be settled by issue of fully paid equity shares.

a. Key features of Employee stock option plan

Grant date	April 14, 2005		
Exercise price	10		
Exercise period	5 years from date of vesting		
Vesting schedule		**Number of options**	
	Date	September 30, 2007	March 31, 2007
	September 30, 2005	28,700	72,500
	March 31, 2006	23,100	105,500
	March 31, 2007	106,400	110,000
	March 31, 2008	39,200	48,000
		197,400	**336,000**

Stock options:

	September 30, 2007	March 31, 2007
Outstanding at the beginning of the period	336,000	414,000
Granted during the period	Nil	Nil
Forfeited/ surrendered during the period	(27,000)	(78,000)
Exercised during the period	(111,600)	Nil
Expired during the period	Nil	Nil
Exercisable at the end of the period	158,200	288,000
Outstanding at the end of the period	197,400	336,000
Weighted average remaining contractual life	4.36 years	4.51 years

b. Pricing of option

Fair value of option at grant date	2.53
Option pricing model used	Black Scholes Model
Inputs to the model:	
f) Average share price	10
g) Exercise price	10
h) Expected volatility- Unlisted Company	0%
i) Risk free interest rate	6%
j) Weighted average option life	5 years

The Company accounts for compensation cost in respect of its stock options using intrinsic value method. Had the Company accounted for its stock options using the fair value method, the employee compensation expense for the period ended September 30, 2007 would have been higher by Rs. Nil (Period ended September 30, 2006 – Rs. 119,512) and the loss for the period would have been higher by Rs. Nil (Period ended September 30, 2006 – Rs. 119,512).

(B) Employee stock option plan 2006

The Company instituted employee stock option plan 2006. The shareholders and the board of directors approved the plan on October 20, 2006 which provided for the issue of 1,100,850 stock options to certain employees. The scheme follows a graded vesting schedule over a period of three years and would be settled by issue of fully paid equity shares.

a) Key features of employee stock option plan

Grant date	October 20, 2006
Exercise price	98
Exercise period	5 years from date of vesting
Vesting schedule (A)	

Date	**Number of options** September 30, 2007	March 31, 2007
October 19, 2007	444,788	450,025
October 19, 2008	235,298	240,250
October 19, 2009	400,764	410,575
	1,080,850	**1,100,850**

Stock options:

	September 30,2007	March 31, 2007
Outstanding at the beginning of the period	1,100,850	Nil
Granted during the period	Nil	1,100,850
Forfeited/ surrendered during the period	20,000	Nil
Exercised during the period	Nil	Nil
Expired during the period	Nil	Nil
Exercisable at the end of the period	Nil	Nil
Outstanding at the end of the period	1,080,850	1,100,850
Weighted average remaining contractual life	6.03 years	6.52 years

b) Pricing of option

Fair value of option at grant date	32.70
Option pricing model used	Black Scholes Model

Inputs to the model:	
a) Average share price	108
b) Exercise price	98
c) Expected volatility - Unlisted Company	0%
d) Risk free interest rate	6.81%
e) Weighted average option life	4 years

The Company accounts for compensation cost in respect of its stock options using intrinsic value method. Had the Company accounted for its stock options using the fair value method, the employee compensation expense for the period ended September 30, 2007 would have been higher by Rs.7,780,190 (period ended September 30, 2006 - Nil) and the loss for the period would have been higher by Rs. 7,780,190 (September 30, 2006 - Nil)

(C) Employee stock option plan 2006 - Plan II

The Company instituted employee stock option 2006 - Plan II. The shareholders and the board of directors approved the plan on March 16, 2007 which provided for the issue of 93,750 stock options to certain employees. The options vest over a period of three years and to be settled by issue of fully paid equity shares.

a) Key features of employee stock option plan

Grant date	March 16, 2007
Exercise price	154
Exercise period	5 years from date of vesting
Vesting schedule	

Date	No of options September 30, 2007	No of options March 31, 2007
March 15, 2008	9,735	9,735
March 15, 2009	19,470	19,470
March 15, 2010	68,145	68,145
	97,350	**97,350**

Stock options:

	September 30,2007	March 31,2007
Outstanding at the beginning of the period	97,350	Nil
Granted during the period	Nil	97,350
Forfeited/ surrendered during the period	Nil	Nil
Exercised during the period	Nil	Nil
Expired during the period	Nil	Nil
Exercisable at the end of the period	Nil	Nil
Outstanding at the end of the period	97,350	97,350
Weighted average remaining contractual life	7.06 years	7.56 years

b) Pricing of option

Fair value of option at grant date	40.81
Option pricing model used	Black Scholes Model
Inputs to the model:	
a) Average share price	154
b) Exercise price	154
c) Expected volatility - Unlisted Company	0%
d) Risk free interest rate	8%
e) Weighted average option life	4 years

The Company accounts for compensation cost in respect of its stock options using intrinsic value method. Had the Company accounted for its stock options using the fair value method, the employee compensation expense for the period ended September 30, 2007 would have been higher by Rs.863,437(period ended September 30, 2006 - Nil) and the loss for the period would have been higher by Rs. 863,437 (September 30, 2006 - Nil)

(D) Apollo Employees - Accelerated Stock Option Plan

The Company instituted Apollo Employees - Accelerated Stock Option Plan. The shareholders and the board of directors approved the plan on July 20, 2007 which provided for the issue of 325,000 stock options. The options vest over a period of one month and are to be settled by issue of fully paid equity shares.

a) Key features of employee stock option plan

Grant date	July 20,2007
Exercise price	250
Exercise period	5 years from date of vesting
Vesting schedule	30 days from the date of grant

Stock options:

	September 30,2007
Outstanding at the beginning of the period	Nil
Granted during the period	325,000
Forfeited/ surrendered during the period	Nil
Exercised during the period	Nil
Expired during the period	Nil
Exercisable at the end of the period	325,000
Outstanding at the end of the period	325,000
Weighted average remaining contractual life	4.82 years

b) Pricing of option

Fair value of option at grant date	18.52
Option pricing model used	Black Scholes Model
Inputs to the model:	
a) Average share price	250
b) Exercise price	250
c) Expected volatility - Unlisted Company	0%
d) Risk free interest rate	8%
e) Weighted average option life	1 year

The Company accounts for compensation cost in respect of its stock options using intrinsic value method. Had the Company accounted for its stock options using the fair value method, the employee compensation expense for the period ended September 30, 2007 would have been higher by Rs.6,019,000 (period ended September 30, 2006 - Nil) and the loss for the period would have been higher by Rs. 6,019,000 (September 30, 2006 - Nil)

(E) Employees Stock Option Plan - 2007

The Company instituted Employees Stock Option Plan - 2007. The shareholders and the board of directors approved the plan on August 14, 2007 which provided for the issue of 297,000 stock options to certain employees. The options vest over a period of three years and to be settled by issue of fully paid equity shares.

a) Key features of employee stock option plan

	September 30, 2007	
Grant date	August 14, 2007	
Exercise price	154	
Exercise period	5 years from date of vesting	
Vesting schedule	**Date**	**No. of options**
	August 13,2008	1,27,000
	August 13,2009	85,000
	August 13,2010	85,000
		297,000

Stock options:

	September 30,2007
Outstanding at the beginning of the period	Nil
Granted during the period	297,000
Forfeited/ surrendered during the period	Nil
Exercised during the period	Nil
Expired during the period	Nil
Exercisable at the end of the period	Nil
Outstanding at the end of the period	297,000
Weighted average remaining contractual life	6.73 years

b) Pricing of option

	Vesting date		
	August 13, 2008	**August 13, 2009**	**August 13, 2010**
Fair value of option at grant date	117.97	127.75	136.81
Option pricing model used	Black Scholes	Black Scholes	Black Scholes
Inputs to the model:			
a) Average share price	250	250	250
b) Exercise price	154	154	154
c) Expected volatility - Unlisted Company	0%	0%	0%
d) Risk free interest rate	8%	8%	8%
e) Weighted average option life	2 years	3 years	4 years

The Company accounts for compensation cost in respect of its stock options using intrinsic value method. Had the Company accounted for its stock options using the fair value method, the employee compensation expense for the period ended September 30, 2007 would have been higher by Rs.678,777 (period ended September 30, 2006 - Nil) and the loss for the period would have been higher by Rs. 678,777 (September 30, 2006 - Nil)

c) Proforma disclosures:

The Guidance Note on 'Accounting for employee share based payments' ('Guidance Note') issued by ICAI establishes financial accounting and reporting principles for employees share based payment plans. The Guidance Note applies to employee share based payments, the grant date in respect of which falls on or after 1 April 2005. The Company follows the intrinsic value method to account compensation expense arising from issuance of stock options to the employees. Had compensation cost been determined under the fair value approach described in the Guidance Note, using the Black Scholes pricing model, the Company's net income/(loss) and basic and diluted earnings per share (as restated) would have been reduced to the proforma amounts as set out below:

	Period ended September 30, 2007	Period ended September 30, 2006
Net loss as reported	(81,589,599)	(35,280,992)

	Period ended September 30, 2007	Period ended September 30, 2006
Less: Incremental employee stock compensation expense	15,341,404	119,512
Proforma net income/(loss)	(96,931,003)	(35,400,504)
Basic and Diluted EPS as reported	(4.51)	(2.77)
Proforma Basic and Diluted EPS	(5.36)	(2.78)

19. Finance Act 2007 requires payment of Fringe Benefit Tax (FBT) on stock option benefits provided to employees. FBT is payable on the date when stock option is exercised by the employees based on the fair market value on the date of vesting. Management has computed FBT expense of Rs. 1,025,614 for the current period allotments. However, as the money is recoverable from the employees, no provision has been made in the books.

20. Information pursuant to Paragraphs 3, 4, 4-A, 4-C and 4-D of Part II to Schedule VI to the Companies Act, 1956, have been furnished to the extent applicable.

21. Previous period figures have been re-grouped/rearranged, wherever necessary.

As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

Per **Ali Nyaz**
Partner
Membership No. 200427

Place: Hyderabad
Date: February 9,2008

For and on behalf of the Board of Directors
Apollo Health Street Limited

Dr. Prathap C Reddy
Chairman

Sangita Reddy
Managing Director

Shanker Narayan
Chief Financial Officer

Uday Chandra
Company Secretary

Place: Hyderabad
Date: February 9,2008

Apollo Health Street Limited
Cash Flow Statement
(All amounts in Indian Rupees except as other wise stated)

		Six month period ended September 30, 2007	Six month period ended September 30, 2006
A. Cash flow from operating activities			
Loss before taxation and prior period items		**(77,311,218)**	(33,686,478)
Prior period items		**-**	(435,167)
Adjustment for :			
Depreciation and amortisation		**32,684,079**	21,507,794
Miscellaneous expenditure written off		**-**	852,889
Employee stock option compensation		**5,930,064**	-
Profit on sale of fixed asset		**(173,629)**	(42,000)
Unrealised foreign exchange loss/(gain) (net)		**6,413,222**	(163,261)
Interest expenses		**22,098**	77,866
Interest income		**(870,979)**	(2,381,120)
Provision for doubtful debts		**1,291,577**	1,516,813
Advances written off		**1,823,435**	-
Bad debts written off		**-**	417,908
Operating loss before working capital changes		**(30,191,352)**	**(12,334,756)**
Movements in working capital			
(Increase)/decrease in sundry debtors		**(18,458,063)**	46,993,365
Increase in loans and advances		**(9,113,290)**	(14,952,975)
(Decrease)/increase in current liabilities & provisions (Refer note below)		**(9,883,145)**	36,241,961
Cash from/(used in) operations		**(67,645,850)**	**55,947,594**
Fringe benefit taxes paid		**(1,832,707)**	(35,538)
Direct taxes paid		**(105,162)**	(504,394)
Net cash from/(used in) operating activities	**(A)**	**(69,583,719)**	55,407,662
B.Cash flows from investing activities			
Purchase of fixed assets and software		**(17,573,018)**	(63,739,151)
Proceeds from sale of fixed assets		**655,625**	42,000
Investments in subsidiaries		**(1,980,358,564)**	(338,630,386)
Investment in fixed deposits		**(109,512,403)**	-
Interest received		**538,899**	5,978,387
Net cash used in investing activities	**(B)**	**(2,106,249,460)**	(396,349,150)
C. Cash flows from financing activities			
Proceeds from issue of shares		**89,742,270**	17,669,630
Share premium received		**2,082,918,480**	261,510,524
Share application money received		**60,000**	**-**
Repayment of short-term borrowings		**-**	(84,742)
Repayment of secured loans		**(254,347)**	(10,131,529)
Interest paid		**(22,098)**	(98,803)
Net cash from financing activities	**(C)**	**2,172,444,305**	268,865,080
Net decrease in cash and cash equivalents	**(A)+(B)+(C)**	**(3,388,874)**	(72,076,408)
Cash and cash equivalents as at March 31, 2007		**33,585,663**	109,821,363
Cash and cash equivalents as at September 30, 2007		**30,196,789**	37,744,955

Apollo Health Street Limited
Cash Flow Statement
(All amounts in Indian Rupees except as other wise stated)

	Six month period ended September 30, 2007	Six month period ended September 30, 2006
Components of cash and cash equivalents		
Cash on hand	**37,793**	69,353
With banks - on current accounts	**29,569,858**	8,490,722
With banks - on deposit accounts	**3,500,000**	-
Effect of exchange differences on translation of foreign currency cash and cash equivalents	**(2,910,862)**	4,184,880
Total cash and cash equivalents	**30,196,789**	12,744,955
Add: Deposits with banks with original maturity of more than three months	**114,029,119**	25,000,000
Cash and cash equivalents as per Balance Sheet	**144,225,908**	37,744,955

Note: Adjustment for increase/decrease in current liabilities related to acquisition of fixed assets have been made to the extent identified

As per our report of even date.

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

Per **Ali Nyaz**
Partner
Membership No. 200427

Place: Hyderabad
Date: February 9,2008

For and on behalf of the Board of Directors
Apollo Health Street Limited

Dr. Prathap C Reddy
Chairman

Sangita Reddy
Managing Director

Shanker Narayan
Chief Financial Officer

Uday Chandra
Company Secretary

Place: Hyderabad
Date: February 9,2008

Review Report

The Board of Directors,
Zavata Inc.

1. We have reviewed the accompanying consolidated balance sheet of Zavata Inc. (the 'Company') and its subsidiaries as at August 29, 2007, and the related statement of consolidated profit and loss for the period April 1, 2007 to August 29, 2007. These financial statements have been approved by the board of directors of the Company and are the responsibility of the Company's Management. Our responsibility is to issue a report on these financial statements based on our review.

2. The accompanying consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21 "Consolidated Financial Statements' and AS 25 "Interim Financial Reporting" issued by the Institute of Chartered Accountants of India *except for the presentation of corresponding prior period consolidated financial statements and cash flows for the current period as required by AS 25*, solely for use in connection with the information required to be included in the Draft Red Herring Prospectus (DRHP) proposed to be filed with Securities and Exchange Board of India in connection with the proposed IPO of Apollo Health Street Ltd.

3. We conducted our review in accordance with the Auditing and Assurance Standard (AAS) 33, Engagements to Review Financial Statements issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement.

4. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

5. Based on our review, *except as discussed in paragraph 2 above*, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements are not presented fairly, in all material respects in accordance with Accounting Standards issued by the Institute of Chartered Accountants of India.

6. This report is furnished solely for use as set out in paragraph 2 above and is not to be used for any other purpose or referred to in any document or distributed to anyone without our prior written consent.

S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per **Ali Nyaz**
Partner
Membership No: 200427
Place: Hyderabad
Date: March 10, 2008

Zavata Inc.
Consolidated Balance Sheet as at August 29, 2007
(All amounts in Indian rupee unless otherwise stated)

	Schedules	As at August 29, 2007
SOURCES OF FUNDS		
Shareholders' Funds		
Share capital	**1**	279,769
Reserves and surplus	**2**	1,918,383,551
		1,918,663,320
Loan Funds		
Secured loans	**3**	92,119,354
Unsecured loan	**4**	296,103,649
		388,223,003
		2,306,886,323
APPLICATION OF FUNDS		
Fixed Assets	**5**	
Gross block		356,200,474
Less: Accumulated depreciation		177,400,735
Net block		**178,799,739**
Goodwill		1,613,395,448
Deferred Tax Asset		94,852,000
Current assets, loans and advances		
Sundry debtors	**6**	470,001,594
Cash and bank balances	**7**	194,550,427
Other current assets	**8**	34,385,553
Loans and advances	**9**	90,533,260
		789,470,834
Less: Current liabilities and provisions		
Current liabilities	**10**	358,974,569
Provisions	**11**	10,657,129
		369,631,698
Net Current Assets		**419,839,136**
		2,306,886,323
Notes to Consolidated Accounts	**16**	

The Schedules referred to above and the notes to consolidated accounts form an integral part of the Consolidated Balance Sheet.

As per our report on even date.

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per **Ali Nyaz**
Partner
Membership No.: 200427

Place: Hyderabad
Date: March 10, 2008

For and on behalf of the Board of Directors of
Zavata Inc.

Divya Sehgal
Director

Shanker Narayan
Director

Om Prakash Singh
Financial Controller

Place: Hyderabad
Date : March 10, 2008

Zavata Inc.
Consolidated Profit and Loss Account for the period April 1, 2007 to August 29, 2007
(All amounts in Indian rupee unless otherwise stated)

	Schedules	April 1, 2007 to August 29, 2007
INCOME		
Income from operations		1,183,743,940
Other income	**12**	4,270,144
		1,188,014,084
EXPENDITURE		
Personnel expenses	**13**	757,017,758
Operating and other expenses	**14**	569,765,496
Depreciation and amortization	**5**	39,147,608
Financial expenses	**15**	8,036,367
		1,373,967,229
Profit/(Loss) before tax		(185,953,145)
Provision for tax		
Current tax		(23,874)
Deferred tax charge		94,852,000
Fringe benefit tax		(4,206,598)
Total tax expense		90,621,528
(Loss) after tax carried to Balance sheet		**(95,331,617)**
Earnings per share		
Basic and diluted (Rs.)		(2.23)
Nominal value of shares (US $)		0.0001
Weighted average number of equity shares		42,694,187
Notes to Consolidated Accounts	**16**	

The schedules referred to above and the notes to consolidated accounts form an integral part of the Consolidated Profit and Loss Account.

As per our report on even date.

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

For and on behalf of the Board of Directors of
Zavata Inc.

per **Ali Nyaz**
Partner
Membership No.: 200427

Divya Sehgal
Director

Shanker Narayan
Director

Om Prakash Singh
Financial Controller

Place: Hyderabad
Date: March 10, 2008

Place: Hyderabad
Date : March 10, 2008

Zavata Inc.
Schedules forming part of the the Consolidated Balance Sheet as at August 29, 2007
(All amounts in Indian rupee unless otherwise stated)

	As at August 29, 2007
Schedule 1: Share Capital	
Authorised:	
80,000,000 Common stock of $0.0001	329,920
26,547,562 Preferred stock of $0.0001	272,184
	602,104
Issued, Subscribed and Paid-up:	
Common Stock :	
42,694,187 Common stock of $ 0.0001 each fully paid	176,071
Preferred Stocks : (Refer Note 12)	
Series A Preferred Stock	
7,698,888 stock of $ 0.0001 each fully paid	31,750
Series A-1 Preferred Stock	
1,912,841 stock of $ 0.0001 each fully paid	7,889
Series B Preferred Stock	
15,533,334 stock of $ 0.0001 each fully paid	64,059
	279,769
Schedule 2: Reserve and surplus:	
Profit and loss account	
Opening balance	(1,301,810,367)
Less: Adjustment for employee benefits provision (net of taxes Rs. Nil)	(2,235,486)
	(1,304,045,853)
Less: Loss for the period	(95,331,617)
	(1,399,377,470)
Securities premium account	3,317,761,021
	3,317,761,021
	1,918,383,551
Schedule 3: Secured Loans	
Finance lease obligations	92,119,354
(Secured by way of underlying leased assets)	
	92,119,354
Schedule 4: Unsecured Loans	
Short term loans and advances	
-From others	296,103,649
	296,103,649

Schedule- 5
Fixed Assets

										Amount in Rs.
Particulars	**Gross Block**				**Depreciation**				**Net Block**	
	As at April 1, 2007	Additions during the period	Deletions	As at August 29, 2007	Upto April 1, 2007	During the period	Deductions during the Year	As at August 29, 2007	As at August 29, 2007	As at April 1, 2007
Computers	73,290,309	2,410,411	569,894	75,130,826	32,908,166	8,779,010	54,714	41,632,462	33,498,364	40,382,143
Softwares	47,379,124	-	-	47,379,124	11,424,565	5,233,917	-	16,658,482	30,720,642	35,954,559
Leasehold improvements	49,834,402	-	-	49,834,402	11,899,151	4,143,499	-	16,042,650	33,791,752	37,935,250
Office equipment	6,786,476	191,607	102,275	6,875,808	2,281,285	882,650	62,531	3,101,404	3,774,404	4,505,191
Electrical Installation	130,750	-	-	130,750	130,750	-	-	130,750	-	-
Furniture and fixtures	42,068,708	-	-	42,068,708	10,718,328	4,155,382	-	14,873,710	27,194,998	31,350,380
Computer software	78,077,264	1,720,244	-	79,797,508	43,044,145	8,466,399	-	51,510,544	28,286,964	35,033,119
Other Leased Assets	54,983,348	-	-	54,983,348	25,963,982	7,486,751	-	33,450,733	21,532,615	29,019,366
Total	**352,550,381**	**4,322,262**	**672,169**	**356,200,474**	**138,370,372**	**39,147,608**	**117,245**	**177,400,735**	**178,799,739**	**214,180,009**

Amount in Rs.

Assets taken on finance lease	**Gross block**	**Net block**
Computers and accessories	21,565,258	10,715,010
Furniture and fixtures	6,027,845	4,929,221
Other Leased Assets	54,983,348	21,481,436
Software	23,115,088	14,585,845
Leasehold improvements	41,916,906	30,876,235

Zavata Inc.
Schedules forming part of the the Consolidated Balance Sheet as at August 29, 2007
(All amounts in Indian rupee unless otherwise stated)

	As at August 29, 2007
Schedule 6: Sundry Debtors	
Debts outstanding for a period exceeding six months	
Unsecured, considered doubtful	59,417,751
Other debts	
Unsecured, Considered good	470,001,593
Considered doubtful	26,081,482
	555,500,826
Less: Provision for doubtful debts	(85,499,232)
	470,001,594
Schedule 7: Cash and Bank Balances	
Cash on hand	141,001
Balances with scheduled banks:	
-on current account	30,360,942
-on deposit account	5,269,956
Balances with other banks:	
-on current account	45,151,033
-on deposit account	113,627,495
(Included deposits of Rs 113,877,495 pledged with banks)	
	194,550,427
Schedule 8: Other Current Assets	
Unbilled revenue	34,385,553
	34,385,553
Schedule 9: Loans and Advances	
(Unsecured, considered good)	
Advances recoverable in cash or in kind or for value to be received	59,702,956
Deposits	30,830,304
	90,533,260
Schedule 10: Current Liabilities	
Sundry creditors for goods, services and expenses	337,819,431
Other liabilities	11,088,837
Deferred revenue	10,066,301
	358,974,569
Schedule 11: Provisions	
Provision for taxation	23,874
Provision for fringe benefit tax (net)	52,969
Provision for leave encashment	1,941,000
Provision for gratuity (Refer note 7)	1,486,000
Provision for bonus	2,033,286
Long service award	5,120,000
	10,657,129

	April 1, 2007 to August 29, 2007
Schedule 12: Other Income	
Interest	
Bank deposits	3,750,136
Miscellaneous income	520,008
	4,270,144
Schedule 13: Personnel Expenses	
Salaries, wages and other allowances	430,315,825
Contribution to statutory funds	29,236,259
Staff welfare expenses	34,114,291
Options pay-out (Refer note 10)	181,237,228
Bonus	82,114,155

	April 1, 2007 to August 29, 2007
	757,017,758

Schedule 14: Operating and Other Expenses	
Sub contracting expenses	209,130,228
Rent	28,016,664
Furniture and equipment hire charges	2,197,676
Computer hire charges	19,875,572
Rates and taxes	269,815
Repairs and maintenance:	
-Computers	5,194,168
-Others	4,929,747
Advertisement and business promotional	1,272,234
Communication costs	91,931,788
Directors' sitting fees	486,235
Travelling and conveyance	35,293,772
Training costs	2,238,461
Electricity charges	3,891,610
Printing and stationery	3,924,727
Legal and professional fees	645,816
Recruitment expenses	2,877,158
Remuneration to auditors	1,093,632
Insurance	5,122,572
Dues and subscriptions	762,830
Provision for doubtful debts	14,878,022
Exchange difference (net)	4,270,003
Consultancy fees	129,514,332
Miscellaneous expenses	1,948,434
	569,765,496

Schedule 15: Financial Expenses	
Interest	
-On others	7,777,487
Bank charges	258,880
	8,036,367

Zavata Inc.
Notes annexed to and forming part of the accounts as at and for the period ended August 29, 2007

Schedule 16
Notes to Consolidated accounts

1. **Nature of operations**

Zavata Inc. ("Zavata" or the "Company") is a business process outsourcing solutions ("BPO") provider focused on the healthcare and commercial industries. Zavata provides technology-based BPO solutions to United States based healthcare providers (including public health agencies), healthcare payers and the corporate sector, using its staff and facilities in the United States and India.

2. **Statement of Significant Accounting Policies**

(a) Basis of preparation

The Consolidated Financial Statements of the Company together with its wholly owned subsidiaries (a) Accordis, Inc., USA (b) Health Receivables Management Inc., USA (c) Symphony Data Corporation, USA d) HPS Paradigm, Inc., USA (e) Global STI Mauritius, LLC, Mauritius (f) Zavata India Private Limited, India (collectively termed as "the Group" or "the Consolidating Entities") are prepared under historical cost convention on accrual basis and in accordance with the Accounting Principles Generally accepted in India except in case of assets for which provision for impairment is made and revaluation is carried out..

All material inter-company balances and inter-company transactions and resulting unrealized profits are eliminated in full and unrealized losses are eliminated unless cost cannot be recovered.

The following wholly owned subsidiaries have been considered for the purpose of preparation of consolidated financial statements:

Names of the Consolidating Entities	Country of Incorporation	Date of acquisition
HPS Paradigm, Inc.	USA	March 16, 2004

Symphony Data Corporation	USA	February 11, 2005
Zavata India Private Limited	India	February 11, 2005
Global STI Mauritius, LLC	Mauritius	February 23, 2005
Accordis, Inc.	USA	September 28, 2006
Health Receivables Management Inc.	USA	September 28, 2006

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statement and the results of the operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Fixed assets

Fixed assets are stated at cost, less accumulated depreciation and amortization. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

(d) Depreciation

Depreciation and amortization is provided using the Straight Line Method ("SLM"), at the rates based on useful lives of the assets estimated by Management or at the rates prescribed under schedule XIV of the Companies Act, 1956 whichever is higher, as mentioned below:

Nature of the fixed assets	Useful lives
Computers and computer equipment	3 years
Furniture and fixtures	3-5 years
Vehicles	5 years
Furniture and equipment under finance lease	3-5 years
Leasehold improvements	Shorter of lease period and estimated useful lives of such assets

(e) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets' net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

(f) Intangibles

An intangible asset is recognized, where it is probable that future economic benefits attributable to the asset will accrue to the enterprise and the cost can be measured reliably. Intangible assets are stated at cost less accumulated amortization. Goodwill represents the excess of purchase consideration over the net book value of assets acquired. Goodwill is evaluated periodically for impairment and impairment losses are recognized where applicable.

Intangible assets in the nature of purchased software licenses are stated at cost and are amortized on straight line basis over the stipulated license period and for software without any stipulated license period over three years.

(g) Leases

Finance lease

Leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased assets, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income and other initial direct costs are capitalized and amortized over the useful life of leased asset.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Operating leases

Leases where the Lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

(h) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

The Company recognizes revenue on the following basis:

a) For healthcare revenue cycle management full business outsourcing contracts, help desk outsourcing contracts, and other consulting and education services, the Company recognizes revenue as services are rendered, provided that persuasive evidence of an arrangement exists, there are no remaining obligations with respect to the services rendered and collection is considered probable. The Company invoices clients in accordance with the agreed upon rates and billing arrangements, which consist of fixed monthly fees, time and materials, and unit priced arrangements. The Company recognizes revenue from the last billing date to the balance sheet date as unbilled revenues which are included in Other Current Assets. The Company recognizes billings in excess of revenues earned or advances received from clients as deferred revenue.

b) For healthcare accounts receivable collection contracts, the Company invoices customers based on a percentage of cash collections and/or postings in accordance with customers' contractual terms. As a result, collection services may be performed in an earlier period, however, revenue is only recognized in the period that cash collections and/or postings are made.

(i) Foreign Currency Transactions

Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise. Exchange differences arising in respect of fixed assets acquired from outside India on or before accounting period commencing after December 7, 2006 are capitalized as a part of fixed asset.

Exchange differences arising on a monetary item that, in substance, form part of the company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognized as income or as expenses.

Translation of Non-integral foreign operation

In translating the financial statements of a non-integral foreign operation for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operation are translated at the average exchange rate for the reporting period; and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

(j) Retirement and other employee benefits

All employees of the Company in India are entitled to receive benefits under the Provident Fund, a defined contribution plan in which both the employee and the Company contribute monthly at a determined rate. Retirement benefits in the form of Provident Fund Scheme are charged to the Profit and Loss Account when the contribution to the respective fund is due.

All employees in US are eligible to participate in the employee contribution plan pursuant to Section 401 (k) of the Internal Revenue code. Participant may contribute up to 15 percent of their base salary and contribution to the plan by the Company is discretionary. Contribution is charged to the revenue when due.

The Company provides for gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering all of its employees in India. The Gratuity Plan provides for a lump sum payment to vested employees on retirement or on termination of employment in an amount based on the respective employee's salary and the years of employment with the Company. Gratuity liability is a defined benefit obligation and provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

Actuarial gains and losses are recognized in full in the Profit and Loss Account in the period in which they occur.

Long term compensated absences are provided for based on actuarial valuation.

(k) Income taxes

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities across various countries of operation are not set off against each other as the company does not have a legal right to do so. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available

(l) Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(m) Earnings per share

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

3. Subsequent Event:

Effective August 29, 2007, Zavata Inc. (the Company) has entered into an agreement with Armanti Financial Services Inc.(AFSI), a Delaware Corporation and Zavata Acquisition Corp.(ZAC), a wholly owned subsidiary of AFSI for merger of the Company with ZAC vide ‘Agreement and Plan of Merger’ (APM) dated August 29, 2007.

As per the APM, the Company will be merged with ZAC and the Company will remain as Surviving Corporation. Consequently, all the property, rights, debts and liabilities of both the companies will become the property, rights, debts and liabilities of the Surviving Corporation. Further, all the company stocks issued and outstanding at the effective date will be cancelled and outstanding common stock of ZAC will constitute the only outstanding shares of capital stock of the Surviving Corporation.

The effect of the terms of the said agreement has not been given in these financials.

4. Contingent Liabilities

Particulars	**August 29, 2007 Amount Rs.**
Bank Guarantee issued to IBM Global India Private Limited for computer equipment lease.	2,262,000
Appeal pending with Assistant Commissioner of Income Tax against the income tax assessment and related demand for the assessment year 2004-05	14,313,434
Total	**16,575,434**

5. **Leases**

Operating leases

The Company has obtained office space and equipment on operating leases. The future minimum lease payments on non-cancelable operating leases payable as per the rentals stated in the respective agreements are as follows:

Particulars	August 29, 2007 Amount Rs.
Not later than one year	59,663,467
Later than one year but not later than five years	147,593,228
Later than five years	41,486,631

Finance Leases

The Company leases computer equipment, furniture and leasehold improvements from certain finance companies, which are recorded as capital leases with imputed interest rates ranging from 2.6% to 13.74%. Future minimum lease payments under these capital leases at August 29, 2007 are as follows:

Particulars	August 29, 2007 Amount Rs.
Total minimum lease payments at the period end	109,051,054
Less: unearned finance income	16,931,700
Present value of total minimum lease payments [Rate of Interest 2.60% to 13.74%]	92,119,354
Not later than one year	63,169,164
[Present value of lease payments not later than one year]	51,270,914
Later than one year but not later than 5 years	45,881,891
[Present value of lease payments later than one year but not later than one year]	40,848,440

6. In Current year, the Zavata India has adopted the Accounting Standard 15 (Revised) which is mandatory from accounting periods commencing on or after from December 7, 2006. Accordingly the company has provided for gratuity and compensated leaves based on actuarial valuation done as per projected unit credit method. Further in accordance with the transitional provision in the revised accounting standard, Rs. 2,235,486 (net of tax liability Rs. Nil) has been adjusted to the opening reserve. This change is not having material impact on the profit for the current period.

7. **Gratuity**

The Company has an unfunded defined benefit gratuity plan covering all of its employees in India. Employees are eligible for gratuity benefits on termination or retirement in accordance with Payment of Gratuity Act, 1972. The scheme is unfunded.

The following tables summarize the components of net benefit expense recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet for the respective plans

The principal assumption used in determining gratuity obligations for the Company's plan is shown below:

Particulars		**August 29, 2007**
Discount rate		8.00 % p.a.
Expected Rate of Return on Plan Assets		Not Applicable
Attrition rate		**Attrition**
	21-30	36%
	31-34	25%
	35-40	20%
	41-44	15%
	45-49	10%
	50-57	5%

(A) Net employee benefit expenses (recognized in personnel expenses)

Particulars	29-Aug-07
Interest cost	39,500
Current service cost	281,000
Benefits paid	-
Actuarial(gain) / loss	(19,500)
Net Employee Benefit Expenses	**301,000**

(B) Changes in the present value of the defined benefit obligation are as follows

Particulars	29-Aug-07
Opening defined benefit obligation	537,621
Transitional Provision	647,379
Interest cost	39,500
Current service cost	281,000
Benefits paid	-
Actuarial Loss/(Gain)	(19,500)
Closing defined benefit obligation	**1,486,000**

(C) Details of provision for gratuity

	29-Aug-07
Defined benefit obligations	**1,486,000**
Fair value of plan assets	-
Net Liability	**1,486,000**

8. Un-hedged foreign currency exposure:

Particulars	Amount in USD	Amount in Rupees
Sundry creditors	238,304	9,827,657

9. Deferred tax

The particulars of deferred tax assets recognized in Zavata Inc. are as under:-

	August 29, 2007 Amount Rs.
Deferred tax assets/(liabilities) due to timing differences in respect of	
Allowance for doubtful accounts	35,133,903
Effect of expenditure debited to profit and loss account in the current year but allowed for tax purposes in following years	36,633,006
Carry forward of losses	91,203,657
Differences in depreciation and other differences in block of tangible/intangible fixed assets	(20,893,098)

as per tax books and financial books	
Others	(47,225,468)
	94,852,000

Zavata India is exempt under section 10A of the Income tax act, 1961 till the financial year 2008-09. Since significant part of deferred tax is capable of reversal in the tax holiday period, no deferred tax has been recognized.

10. Employee Stock Option Scheme

In 1997, the Company adopted a stock incentive plan (1997 Plan) pursuant to which the Company's board of directors granted stock options to officers and key persons, as defined in the plan. The 1997 Plan authorized grant of options to purchase up to 3,000,000 shares of authorized but unissued common stock. Effective July 2003, the Company adopted the STI Knowledge, Inc. 2003 stock Incentive plan (the 2003 Plan) and decided to grant no additional options under the 1997 Plan. The 2003 Plan and 1997 Plan collectively authorise grants of options to purchase up to 8439,679 shares of authorized but unissued common stock.

Pursuant to the Agreement and Plan of Merger date August 29, 2007 with Armanti Financial Services Inc. and Zavata Acquisition Corp., the Company has cancelled and extinguished all vested and un-exercised stock options prior to the date of merger i.e. August 29, 2007 and made payment in cash.

The company has recognized total compensation expenses of Rs. 181,237,228 during the period ended August 29, 2007 toward options payout.

11. Goodwill

Intangible assets consist of goodwill obtained on acquisition of Symphony Data Cooperation in February 2005, Siemens Healthcare Revenue Management Service Division in August 2005 and Accordis, Inc. in September 2006.

12. Preferred stock:

The Company has 7,698,888 shares of Series A convertible redeemable preferred stock, 1,912,841 shares of Series A-1 convertible redeemable preferred stock and 15,533,334 share of Series B convertible redeemable preferred stock (collectively, the Preferred stock) outstanding as on the balance sheet date. The preferred stock is initially convertible at the option of the holder thereof, into one share of the Company's common stock. The preferred stock automatically converts to common stock upon completion of a qualified public offering of the Company's common stock. The Company is accreting its redeemable preferred stock using the method that the carrying value will equal the redemption value at the earliest redemption period.

13. Related party transactions

List of related Parties

Names of the related parties	Nature of relationship
Satish Sanan	Key Managerial Personnel
Chemain Sanan	Key Managerial Personnel
Siva Chittor	Key Managerial Personnel

Details of related party transactions entered into by the Company during the year ended August 29, 2007 and closing balance as at August 29, 2007 are as follows:

	August 29, 2007 Amount Rs.
KEY MANAGEMENT PERSONNEL	
Satish Sanan	
Remuneration and bonus	179,071,629
Chemain Sanan	28,121,770
Sanan Remuneration and bonus	
Siva Chittor	3,152,336
Remuneration and bonus	
Debit/(Credit) Balance Outstanding	
Satish Sanan	Nil
Chemain Sanan	Nil
Siva Chittor	Nil

14. Segment information

The Company's operations fall within a single business segment "Health Care Related IT Enabled Service" and single geographical segment and therefore, the segment information are not provided.

15. Difference in accounting estimates

Depreciation on certain fixed assets of Indian subsidiary is provided at rates which are different from the rates used by the parent Company. The name of the subsidiary, estimate of useful life and quantum of assets on which different rates are followed are as follows:

Asset Description	**Zavata India**	
	Useful life	**Net Block**
Computers and computer equipment	5 years	13,673,064
Office equipment	7 years	356,295
Furniture and fixtures	10 years	8,418,177

16. Previous Year Comparatives

The consolidated financial statements of the Group were prepared in accordance with US GAAP till March 31, 2007. The financial statement for the current period is prepared in accordance with the generally accepted accounting principals used in India. Since accounts are prepared first time using the India GAAP, corresponding figures for the previous year are not available.

As per our report of even date

FOR S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per Ali Nyaz
Partner
Membership No: 200427

Place: Hyderabad
Date : March 10, 2008

For and on behalf of the Board of Directors Zavata Inc.

Divya Sehgal
Director

Shanker Narayan
Director

Om Prakash Singh
Financial Controller

Place: Hyderabad
Date : March 10, 2008

ZAVATA, INC.
(F/K/A STI KNOWLEDGE, INC.)
CONSOLIDATED FINANCIAL STATEMENTS

Years ended March 31, 2007 and 2006

Contents

Independent Auditor's Report

We have audited the accompanying consolidated balance sheets of Zavata, Inc., (f/k/a STI Knowledge, Inc.) (the "Company") as of March 31, 2007 and 2006, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Zavata, Inc. (f/k/a STI Knowledge, Inc.) as of March 31, 2007 and 2006, and the consolidated results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

As discussed in Note 1 to the consolidated financial statements, the Company adopted the provisions of Statement of Financial Accounting Standards No. 123(R) (revised 2004), *Share-Based Payments*, effective April 1, 2006.

July 5, 2007
Except for Note 1(t), as to which the date is March 13, 2008

Zavata,Inc.

(f/k/a STI knowledge,Inc.)

Consoldiated Balance Sheets

(in thousand of dollars, except per share data and as stated other wise)

	March 31,		
	2007	2007	2006
	INR'000		
Assets	Refer Note 1(t)		
Current assets:			
Cash and cash equivalents	279,455	$ 6,411	$18,340
Restricted cash	6,015	138	217
Accounts receivable, net of allowances of $1,537 for 2007 and $885 for 2006	470,467	10,793	7,808
Other current assets	50,216	1,152	3,434
Total current assets	806,153	18,494	29,799
Property and equipment, net	194,542	4,463	4,717
Goodwill	1,362,145	31,249	16,482
Intangible assets, net	373,741	8,574	5,727
Other assets	51,523	1,182	1,138
Total assets	INR 2,788,104	$ 63,962	$ 57,863
Liabilities and Stockholders' Equity			
Current liabilities :			
Accounts payable	158,013	$ 3,625	$ 5,444
Accrued expenses	344,622	7,906	6,203
Revolving credit facility	-	-	4,887
Current portion of long-term debt	2,485	57	102
Current portion of capital lease obligations	53,267	1,222	909
Deferred revenue	13,556	311	677
Total current liabilities	571,943	13,121	18,222
Long-term debt, net of current portion	8,369	192	3,767
Other liabilities	13,992	321	-
Capital lease obligations, net of current portion	66,041	1,515	2,276
Total liabilities	660,345	15,149	24,265
Commitments and contingencies	-	-	-
Stockholders' equity:			
Redeemable convertible preferred stock, $0.0001 par value, 26,547,562 shares authorized stated at redemption value, net of unaccreted discount:			
Series A, 7,698,888 shares issued and outstanding at 2007 and 2006, redemption amounts of $10,285,714	443,615	10,177	10,058
Series A-1, 1,912,841 shares issued and outstanding at 2007 and 2006, redemption amounts of $2,295,409	99,734	2,288	2,284
Series B, 15,533,334 shares issued and outstanding at 2007 and 2006, redemption amounts of $23,300,000	1,015,647	23,300	23,300
Common stock, $0.0001 par value, 80,000,000 shares authorized, 42,694,187 and 38,014,341 shares issued and outstanding at 2007 and 2006, respectively	174	4	4
Additional paid-in capital	1,946,163	44,647	38,931
Accumulated deficit	(1,378,795)	(31,631)	(40,473)
Accumulated other comprehensive income/(loss)	1,221	28	(21)
Deferred compensation	-	-	(485)
Total stockholders' equity	2,127,759	48,813	33,598
Total liabilities and stockholders' equity	INR 2,788,104	$ 63,962	$ 57,863

See accompanying notes

Zavata,Inc.

(f/k/a STI Knowledge,Inc.)

Consoldiated Statement of Operations

(In thousands of dollars, except as stated otherwise)

	Years Ended March 31,		
	2007	2007	2006
	INR'000 Refer note 1(t)		
Revenue	2,725,203	$ 62,519	$ 40,875
Cost of revenue (exclusive of depreciation and amortization shown separately below)	1,629,569	37,384	33,180
Gross profit	1,095,634	25,135	7,695
Selling, general and administrative expenses	522,295	11,982	16,587
Depreciation and amortization	133,952	3,073	1,409
Operating profit (loss)	439,387	10,080	(10,301)
Interest expense	(11,203)	(257)	(779)
Other income	12,772	293	541
Income (loss) before provision (benefit) for income taxes	440,956	10,116	(10,539)
Provision for income taxes	55,534	1,274	2
Net income (loss)	INR 385,422	$ 8,842	$(10,541)

See accompanying notes

Zavata,Inc.
f/k/a STI Knowledge,Inc.)
Consolidated Statements of Cash Flows
(in thousands of dollars, except as stated otherwise)

	Years Ended March 31,		
	2007	2007	2006
	INR'000 [Refer note 1(t)]		
Cash flows from operating activities			
Net income (loss)	385,422	$ 8,842	$ (10,541)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	133,952	3,073	1,409
Deferred income taxes	-		-
Change in allowance for doubtful accounts	(4,315)	(99)	741
Stock based compensation expense	14,123	324	104
Gain on retirement of debt	(13,949)	(320)	-
Changes in operating assets and liabilities net of effect of acquisition:			
Accounts receivable	202,214	4,639	(4,320)
Other current assets	45,726	1,049	(1,894)
Other assets	13,208	303	(964)
Accounts payable and accrued expenses	(286,953)	(6,583)	6,927
Deferred revenue	(15,954)	(366)	(158)
Net cash provided by (used in) operating activities	473,474	10,862	(8,696)
Cash flows from investing activities:			
Purchase of property and equipment	(10,680)	(245)	(1,136)
Reciept of restricted cash	3,444	79	-
Payments for acquisitions, net of cash acquired	(321,258)	(7,370)	(16,251)
Net cash used in investing activities	(328,494)	(7,536)	(17,387)
Cash flows from financing activities:			
Net revolving credit facility borrowings (repayments)	(467,023)	(10,714)	322
Proceeds from long-term debt	5,100	117	270
Repayment of long-term debt and capital leases	(205,178)	(4,707)	(431)
Net proceeds from sale of common and preferred stock	-	-	35,686
Net cash provided by (used in) financing activities	(667,101)	(15,304)	35,847
Effect of exchange rate changes	2,136	49	(16)
Net increase in cash	(519,985)	(11,929)	9,748
Cash and cash equivalents, beginning of year	799,440	18,340	8,592
Cash and cash equivalents, end of year	INR279,455	$6,411	$18,340
Supplemental disclosure of cash flow information:			
Cash paid for interest	(34,087)	(782)	(780)
Cash paid for income taxes	(63,641)	(1,460)	28
Supplemental schedule of non-cash investing and financing activities:			
Common stock issued for acquisition	261,540	6,000	-

Accrued expense for unpaid contingent consideration	80,554	1,848	-
Assets acquired under capital lease	36,703	842	3,549

See accompanying notes

Zavata,Inc.
(f/k/a STI Knowledge,Inc.
Notes to Consolidated Financial Statements
Years ended March 31, 2007 and 2006

(i) **Summary of Significant Accounting Policies**

(a) ***Description of business***

Zavata, Inc. ("Zavata" or the "Company") is a business process outsourcing solutions ("BPO") provider focused on the healthcare and commercial industries. Zavata provides technology-based BPO solutions to United States based healthcare providers (including public health agencies), healthcare payors and the corporate sector, using its staff and facilities in the United States and India as a blended shore model.

The Company changed its name from STI Knowledge, Inc. to Integreo, Inc. in May 2005. The Company changed its name from Integreo, Inc. to Zavata, Inc. in December 2005. The Company was originally incorporated in February 1995 and was reincorporated in the State of Delaware in March 2003. The Company's wholly owned subsidiaries are as follows:

Accordis, Inc. (United States)
Health Receivables Management, Inc. (United States)
Symphony Data Corporation (United States)
HPS Paradigm, Inc. (United States)
Global STI Mauritius, LLC (Mauritius)
Zavata India Private Limited (India)

(b) ***Principles of consolidation***

The consolidated financial statements include the financial statements of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

(c) ***Reclassification***

The financial statement as of and for the year ended March 31, 2006 have been reclassified where necessary, to conform to the current year's presentation.

(d) ***Cash and cash equivalents***

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

(e) ***Property and equipment***

Property and equipment is stated at cost less accumulated depreciation and amortization. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the related assets. Assets under capital lease are amortized over the estimated useful life of the lease term. The estimated useful lives of assets are as follows:

	Years
Computers and equipment	3
Purchased software	3
Furniture and fixtures	3 - 5
Leasehold improvements	3 - 7
Furniture and equipment under capital lease	3 - 5

(f) ***Business combinations and goodwill***

In accordance with Statement of Financial Accounting Standards (SFAS) No. 141, Business Combinations, the Company uses the purchase method of accounting for all business combinations. Goodwill represents the cost of the acquired businesses in excess of the fair value of identifiable tangible and intangible net assets purchased. Intangible assets acquired in a business combination are recognized and reported apart from goodwill if they meet the criteria specified in SFAS No. 141.

In accordance with SFAS No. 142, Goodwill and Other Intangible Assets, all assets and liabilities of the acquired business including goodwill are assigned to reporting units. The Company does not amortize goodwill but instead tests goodwill for impairment at least annually, using the two step process specified in SFAS 142. Under this process, the fair value of the reporting unit is first compared to its carrying value. The fair value of reporting units is determined using the income approach based on measurement techniques such as discounted cash flow analyses. If the fair value of the reporting unit exceeds the carrying value of the net assets assigned to that unit, goodwill is not impaired. If the carrying value of the net assets assigned to the reporting unit exceeds the fair value of the reporting unit, then the implied fair value of the reporting unit's goodwill is compared with the carrying value of the reporting unit's goodwill. The implied fair value of goodwill is determined in the same manner as the allocation of purchase price for a business combination. If the carrying value of a reporting unit's goodwill exceeds its implied fair value, then an impairment loss equal to the difference is recorded.

(g) ***Intangible assets***

Intangible assets are recorded at cost, less accumulated amortization. Intangible assets consist of customer contracts and relationships, non-compete agreements, and certain technology obtained in the acquisitions of Symphony Data Corporation in February 2005; the revenue cycle management services division of Siemens Healthcare in August 2005; and the acquisition of Accordis, Inc. in September 2006. Amortization of customer related intangible assets is provided over the estimated period of the contractual or customer relationship of 5 to 10 years on a straight-line basis. Amortization of technology related assets is provided over five years on a straight-line basis

(h) ***Impairment of long-lived assets and intangible assets***

In accordance with SFAS No. 142 and Statement of Financial Accounting Standards, No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS No. 144"), the Company reviews its non-amortizable long-lived assets, including intangible assets and goodwill for impairment annually, or sooner whenever events or changes in circumstances indicate the carrying amounts of such assets may not be recoverable. Other depreciable or amortizable assets, including intangibles with definite lives, are reviewed for impairment when indications of impairment exist. Upon such an occurrence, recoverability of these assets is determined as follows: For long-lived assets that are held for use, the Company compares the forecasted undiscounted net cash flows to the carrying amount and if the carrying value of the long-lived asset exceeds the undiscounted cash flows, the long-lived asset is written down to fair value. Fair value is determined based on discounted cash flows or management's estimates of values that similar assets could be acquired in arms-length transactions.

The Company performed its annual impairment test as of March 31, 2007 and 2006 for the goodwill related to the Symphony, Siemens RCMS and Accordis acquisitions (see note 2) and concluded that goodwill had not been impaired.

(i) ***Revenue recognition***

For healthcare revenue cycle management full business outsourcing contracts, help desk outsourcing contracts, and other consulting and education services, the Company recognizes revenue as services are rendered, provided that persuasive evidence of an arrangement exists, there are no remaining obligations with respect to the services rendered and collection is considered probable. The Company invoices clients in accordance with the agreed upon rates and billing arrangements, which consist of fixed monthly fees, time and materials, and unit priced arrangements. The Company recognizes revenue from the last billing date to the balance sheet date as unbilled revenues which are included in Other Current Assets. The Company recognizes billings in excess of revenues earned or advances received from clients as deferred revenue.

For healthcare accounts receivable collection contracts, the Company invoices customers based on a percentage of cash collections and/or postings in accordance with customers' contractual terms. As a result, collection services may be performed in an earlier period, however, revenue is only recognized in the period that cash collections and/or postings are made.

In accordance with EITF 01-14, "Income Statement Characterization of Reimbursements Received for Out-of-Pocket Expenses Incurred," the Company has accounted for reimbursements received for out-of-pocket expenses incurred as revenues in the consolidated statements of operations.

(j) ***Accounts receivable and allowance for doubtful accounts***

Accounts receivable are stated net of an allowance for doubtful accounts. The allowance for doubtful accounts is determined based on historical experience and ongoing evaluations of the Company's receivables and evaluations of the risks of non-payment. Accounts receivable are the primary collateral for the Company's line of credit financing (see note 6 (a)).

(k) ***Stock-based compensation***

As of March 31, 2007, the Company has two stock-based employee compensation plans which are described more fully in Note 9. Prior to April 1, 2006, the Company applied the intrinsic value-based method of accounting prescribed by Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations to account for its stock option plans. Under this method, compensation expense was recorded on the date of grant only if the current market price of the underlying stock exceeded the exercise price. Effective April 1, 2006, the Company adopted the provisions of Statement of Financials Accounting Standards No.123, "Accounting for Stock-Based Compensation" (Revised 2004) ("SFAS 123R"), requiring the Company to recognize compensation expense related to the fair value of stock based compensation awards. The Company used the prospective transition method as permitted by SFAS 123R and therefore has not restated the financial statements for prior periods. Under the transitional provisions of SFAS 123R, stock based compensation expense for the year ended March 31, 2007 includes compensation expense for all stock based compensation awards granted after April 1, 2006 based on the grant date fair value estimated in accordance with the provisions of SFAS 123R. The Company recognizes compensation expense for stock option awards on a straight line basis over the requisite period of the award.

The fair value of stock options is estimated on the date of the grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2007	2006
Option term (years)	5.86	6.33
Volatility	46.25%	0.00%
Risk free interest rate		
(zero coupon US treasury note)	4.55%	4.35%
Dividend yield	0.00%	0.00%

The weighted average fair value per option grant for the years ended March 31, 2007 and 2006 was $0.67 and $0.28, respectively.

Restricted stock awards are grants that entitle the holder to shares of common stock as the award vests. These stock awards generally vest over two to three year period or upon change of control of the Company. The Company measures the fair value of these awards based upon the fair market value of the underlying common stock as of the date of grant. The Company recognizes compensation expense for stock awards over their applicable vesting period using the straight-line method.

(l) ***Accounting for preferred stock***

The Company is accreting its redeemable convertible preferred stock using the interest method such that the carrying value will equal the redemption value at the earliest redemption period.

(m) ***Income taxes***

Income taxes are accounted for under the asset and liability method. Deferred income taxes assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred income taxes assets and liabilities are measured using the enacted rates expected to apply to taxable income in the years in which these temporary differences are expected to be recovered or settled. The effect on deferred income taxes assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The deferred income taxes asset is reduced by a valuation allowance if it is more likely than not that some portion or all of the asset will not be realized. The determination if it is more likely than not that the deferred income taxes asset will be realized is primarily based on if there is a net loss before provision for income taxes for the cumulative three year period ended March 31, 2007.

(n) ***Functional currency and exchange rate translation***

The functional currency of Zavata, Inc is the US Dollar. For certain foreign subsidiaries, the functional currency is their local currency. The translation of the functional currency of these foreign subsidiaries into the US Dollar is performed for balance sheet accounts using the exchange rate in effect at the balance sheet date and for revenue and expense accounts using an appropriate monthly weighted-average exchange rate for the respective periods. The gains or losses resulting from such translation are reported as a separate component of stockholders' equity.

Foreign currency transactions are translated into the functional currency at the rates of exchange prevailing on the date of respective transactions. Monetary assets and liabilities in foreign currency are translated into functional currency at the exchange rates prevailing on the balance sheet date. The resulting exchange gains/(losses) are included in the consolidated statement of operations.

(o) ***Employee benefits***

In accordance with Indian law, all employees of the Company in India are entitled to receive benefits under the Government Provident Fund, a defined contribution plan in which both the employee and the Company contribute monthly at a determined rate (currently 12% of the employee's base salary). These contributions are made to the Government Provident Fund.

In accordance with Indian law, the Company provides for gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering all of its employees in India. The Gratuity Plan provides for a lump sum payment to vested employees on retirement or on termination of employment in an amount based on the respective employee's salary and the years of employment with the Company. Gratuity benefit cost for the year is calculated on an actuarial basis.

(p) ***Use of estimates***

Management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States. Significant estimates and assumptions are used for, but not limited to, allowance for uncollectible accounts receivable, the useful lives of property, equipment and intangible assets and income tax valuation allowances. Actual results could differ from those estimates.

(q) ***Concentration of risk***

Financial instruments that potentially subject the company to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. By nature, all such financial instruments involve risk, including the credit risk of non-performance by counterparties. In management's opinion, as of March 31, 2007 and 2006 there was no significant risk of loss in the event of non-performance of the counterparties to these financial instruments, other than the amounts already provided for in the financial statements. Exposure to credit risk is managed through credit approvals, establishing credit limits and monitoring procedures. The factors which affect the fluctuations in the Company's provision for bad debts and write offs of uncollectible accounts include the financial health and economic environment of the clients. The Company specifically identifies the credit loss and then makes the provision. The Company's cash resources are invested with financial institutions and banks with high investment grade credit ratings. Limits are established by the Company as to the maximum amount of cash that may be invested with any such single entity.

(r) ***Accumulated other comprehensive income (loss)***

SFAS No. 130, "Reporting Comprehensive Income" establishes rules for the reporting of comprehensive income and its components. Comprehensive income is defined as all changes in equity from non-owner sources. For the Company, comprehensive income (loss) consists of net earnings and changes in the cumulative foreign currency translation adjustments. Accumulated other comprehensive income (loss) has no applicable income tax.

(s) ***Recent accounting pronouncements***

In June 2006, the Financial Accounting Standards Board ("FASB") issued FIN No. 48, "Accounting for Uncertainty in Income Taxes", which clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS No. 109, “Accounting for Income Taxes”. This interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN No. 48 is effective for fiscal years beginning after December 15, 2006. The adoption of FIN No. 48 is not expected to have any significant effect on the Company’s consolidated financial position, results of operations or cash flows.

In September 2006, the FASB issued SFAS No.157 “Fair Value Measurements” (SFAS 157”), which is effective for fiscal years beginning after November 15, 2007 and for interim periods within those years. This statement defines fair value, establishes a framework for measuring fair value and expands the related disclosure requirements. The Company is currently evaluating the potential impact of SFAS 157 on the consolidated financial position, results of operations or cash flows.

In September 2006, the FASB issued SFAS No. 158, “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans—an amendment of FASB Statements No. 87, 88, 106, and 132(R)”, which requires the employer to recognize the over funded or under funded status of a defined benefit postretirement plan as an asset or liability in it’s statement of financial position and to recognize changes in that funded status in the year in which the changes occur through comprehensive income. The Company does not believe the adoption of SFAS No. 158 will have a material impact on its consolidated financial position, results of operations or cash flows.

In February 2007, the FASB issued SFAS No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities” (SFAS 159), which includes an amendment to SFAS No. 115. The statement permits entities to choose, at specified election dates, to measure eligible financial assets and financial liabilities at fair value (referred to as the “fair value option”) and report associated unrealized gains and losses in earnings. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. As of March 31, 2007, the Company has not determined the effect that the fair value option, if elected, will have on the consolidated financial position, results of operations or cash flows.

(t) ***Convenience translation***

For the convenience of readers, the consolidated balance sheet as of March 31, 2007 and the related consolidated statement of operations, stockholder’s equity and cash flows for the year then ended have been translated into United States Dollars ('$') using the rate as of March 31, 2007 which was 1$ = INR 43.59 The convenience translation should not be construed as a representation that the INR or the $ amounts referred to in these consolidated financial statements have been, could have been, or could in the future be, converted into $ or INR, as the case may be, at this or at any other rate of exchange, or at all.

(2) Business Combinations

(a) ***Revenue Cycle Management Services Division of Siemens Medical Solutions Health Services Corporation (Siemens RCMS)***

On August 24, 2005, the Company purchased selected assets from Siemens Medical Solutions Health Services Corporation (“Siemens”) for $20.0 million cash of which $8.0 million had been placed in escrow accounts pending the resolution of certain customer retention and other contingencies. During the year ended March 31, 2006, $4.0 million of the escrow was returned to the Company. An additional $1.4 million was returned to the Company in August 2006 bringing the net cash consideration of the Siemens acquisition to $14.6 million. The Company also incurred $231,000 of acquisition costs.

The application of purchase accounting under SFAS No. 141 requires that the total purchase price be allocated to the fair value of assets acquired and liabilities assumed based on their fair values at the acquisition date, with amounts exceeding the fair values being recorded as goodwill.

The allocation process requires an analysis of acquired fixed assets, contracts, customer lists and relationships, contractual commitments, legal contingencies and brand value to identify and record the fair value of all assets acquired and liabilities assumed. In valuing acquired assets and liabilities assumed, fair values were based on, but not limited to: future expected discounted cash flows for customer and customer relationships; current replacement cost for similar capacity and obsolescence for certain fixed assets; expected settlement amounts for litigation and contingencies, and; appropriate discount rates and growth rates.

Under the purchase method of accounting, the assets and liabilities of Siemens RCMS were recorded at their respective fair values as of the date of the acquisition, August 24, 2005, and the Company recorded goodwill of approximately $10 million. The purchase price, including transaction cost has been allocated based on management’s estimates, after considering independent appraisals, of fair values as follows (in thousands $):

Property and equipment	60
Intangible assets – customer contracts and relationships	5,676
Goodwill	9,957
Accrued expenses	(842)
	$ 14,851

The customer related intangible assets are being amortized using a straight line method over a period of 10 years. The accounts of Siemens RCMS have been consolidated with the Company since the date of acquisition.

(b) ***Accordis, Holding Company Inc. ("Accordis")***

On September 28, 2006, the Company purchased all of the outstanding stock of Accordis for total consideration of $16.7 million. Accordis is a healthcare provider business process outsourcer for revenue cycle management services whose services are complementary to the Company's existing healthcare provider revenue cycle management services. Of the $16.7 million consideration, $8.6 million was paid in cash on the date of acquisition, and $6.0 million represents the fair value (at $1.2833 per share) of 4,675,446 shares of the Company's common stock issued as part of the consideration. The share price approximates the independent valuation of share price as at acquisition date.

The acquisition agreement also included a contingent consideration of up to 2,337,723 shares of the Company's common stock valued at $3.0 million at a per share price of $1.2833 if existing Accordis customers are retained and if certain employee positions are transferred from United States operations to India operations. As of March 31, 2007, the Company agreed to settle $2.1 million of the contingent consideration for $1.84 million in cash.

The remaining contingent consideration of up to 701,317 shares of the Company's common stock will be issued at September 28, 2007 if the contingent targets are partially or totally accomplished. The Company also incurred $227,000 of transaction costs.

The application of purchase accounting under SFAS No. 141 requires that the total purchase price be allocated to the fair value of assets acquired and liabilities assumed based on their fair values at the acquisition date, with amounts exceeding the fair values being recorded as goodwill. The allocation process requires an analysis of acquired fixed assets, contracts, customer lists and relationships, contractual commitments, legal contingencies and brand value to identify and record the fair value of all assets acquired and liabilities assumed. In valuing acquired assets and assumed liabilities, fair values were based on, but not limited to: future expected discounted cash flows for customer and customer relationships; current replacement cost for similar capacity and obsolescence for certain fixed assets; expected settlement amounts for litigation and contingencies, and; appropriate discount rates and growth rates.

Under the purchase method of accounting, the assets and liabilities of Accordis were recorded at their respective fair values as of the date of the acquisition, September 28, 2006, and the Company recorded goodwill of $14.8 million. The purchase price, including transaction cost has been preliminarily allocated based on management's estimates, after considering independent appraisals, of fair values as follows (in thousands $):

Cash	51
Accounts receivable	7,525
Property and equipment	1,067
Other current assets	167
Intangible assets – technology based	610
Intangible assets – customer contracts	3,100
Intangible assets – non compete	100
Goodwill	14,767
Other assets	26
Accounts payable	(831)
Accrued expenses	(4,087)
Note payable	(5,827)
	$ 16,668

The Company undertook a restructuring plan in conjunction with the acquisition of Accordis. In accordance with EITF 95-3, the liability associated with this restructuring is considered a liability assumed in the purchase price allocation. This restructuring relates to involuntary employee separations of Accordis, accruals for abandoning leased premises of

Accordis, and related write-downs of leasehold improvements and assets of Accordis. These items are charged against goodwill in accordance with EITF 95-3. Restructuring accrual is included in the balance sheet under accrued expenses

(2) Business Combinations

Goodwill is not deductible for tax purposes. Purchase accounting requires the establishment of deferred income taxes liabilities on purchased intangibles (other than goodwill) that will be reflected as a tax benefit on the Company's consolidated statements of operations in proportion to and over the amortization period of the related intangible asset.

The accounts of Accordis have been consolidated with the Company since the date of acquisition.

(3) Restricted Cash

Current restricted time deposits of Zavata's India subsidiary primarily represent amounts on deposit with banks against letters of credit and bank guarantees issued by the Company for equipment imports.

(4) Property and Equipment

Property and equipment at March 31, 2007 and 2006 is summarized as follows (in thousands $):

	2007	2006
Computers and equipment	3,046	2,461
Purchased software	2,509	1,551
Furniture and fixtures	1,017	706
Leasehold improvements	1,161	1,328
	7,733	6,046
Less accumulated depreciation	(3,270)	(1,329)
	$ 4,463	$ 4,717

The cost and accumulated amortization of capital leases included in the above balances was $4.0 million and $1.3 million, respectively at March 31, 2007 and $3.3 million and $304,000, respectively at March 31, 2006. Depreciation expense for the years ended March 31, 2007 and 2006 was $2.1 million and $976,000 respectively. Depreciation expense includes amortization for assets under capital lease.

(5) Intangible Assets

Intangible assets at March 31, 2007 and 2006 are summarized as follows (in thousands $):

	2007	2006
Customer contracts and relationships	9,312	6,112
Technology based assets	685	75
	9,997	6,187
Less accumulated amortization	(1,423)	(460)
	$ 8,574	$ 5,727

(5) Intangible Assets

The above intangible assets were acquired in the Accordis, Siemens RCMS and Symphony acquisitions (see Note 2). Amortization expense for the years ended March 31, 2007 and 2006 was $963,000 and $433,000, respectively. Amortization of customer contracts and relationships is based on management's estimates of utilization of the economic benefits of such contracts and relationships. Technology based assets are amortized using the straight-line method over the estimated useful life of five years. Intangible assets are not expected to have any residual value at the end of their useful lives.

The estimated future amortization expense for intangible assets is as follows (in thousands $):

March 31, 2008	1,255

March 31, 2009	1,255
March 31, 2010	1,228
March 31, 2011	1,152
March 31, 2012	1,081
March 31, 2013	1,010
March 31, 2014	789
March 31, 2015	567
March 31, 2016	237
	$ 8,574

Changes in goodwill for the years ended March 31, 2007 and 2006 are summarized as follows (in thousands $):

Balance at March 31, 2005	6,525
Acquisitions	9,957
Balance at March 31, 2006	16,482
Acquisitions	14,767
Balance at March 31, 2007	$ 31,249

(6) Financing Arrangements

(a) *Revolving credit facility*

The Company has a revolving credit facility with a commercial bank which provides borrowing availability equal to the lesser of $10.0 million or a defined percentage of eligible accounts receivable plus a defined percentage of cash on hand. The credit facility is secured by substantially all assets of the Company and accrues interest payable monthly at the bank's prime rate plus 0.5% (8.75% at March 31, 2007) with all interest and principal due on June 30, 2007. At March 31, 2007 and 2006 respectively, the Company had Nil and $4.9 million of borrowed balance outstanding, $2.8 million and $2.1 million of letters of credit outstanding and $7.2 million and $3.0 million of remaining availability under this facility .

Under the terms of the revolving credit facility, the Company is required among other things, to maintain certain financial ratios relating to liquidity and fund availability. At March 31, 2007, the Company was in compliance with these loan covenants.

(b) *Long-term debt*

Long-term debt at March 31, 2007 and 2006 is summarized as follows (in thousands $):

	2007	2006
8.0% unsecured note payable, interest payable semiannually, principal due February 2008	-	3,600
6.7% unsecured note payable, $3,333 principal and interest payable monthly until January 2007	-	29
10.0 % note payable, $3,692 principal and interest payable monthly until November 2007, collateralized by property and equipment	-	68
India note payable bank prime rate -2.0% (10.5% & 9.9% at March 31, 2007 & 2006) with principal and interest payable monthly until January 2011, collateralized by property and equipment purchased with the said note	249	172
	249	3,869
Less current portion	57	102
Long-term debt net of current portion	$ 192	$ 3,767

During January 2007, the Company negotiated the early extinguishment of the $3.6 million 8.0% unsecured note at a discount. The gain on the extinguishment of this note was $320,000 and is included in other income for the year ended March 31, 2007. Future minimum annual maturities of long-term debt net of current portion are summarized as follows (in thousands $):

2009	63
2010	71

2011	58
	$ 192

(7) Common and Preferred Stock

(a) ***Issuances of common and preferred stock***

From August 23, 2005 through December 15, 2005, the Company issued and sold 10,466,667 shares of Series B convertible redeemable preferred stock (Series B) for $15.7 million and 15,584,821 shares of common stock for $20.0 million. In connection with this financing, certain existing stockholders were granted warrants to acquire 397,310 shares of the Company's common stock for $0.01 per share. The number of warrants issued was equal to 2.5% of the number of common or preferred shares purchased by existing investors during the August 2005 through December 2005 capital raise. These warrants were only issued to stockholders who had previously owned stock in the Company. The Warrant issuance is considered a deemed dividend distribution for the difference between the fair value of common stock ($1.28 per share) and the warrant exercise price ($0.01 per share).

(b) ***Increase in authorized shares***

Since April 1, 2005, the Company increased its authorized shares as follows:

Effective Date	Common	Preferred	Total
August 23, 2005	66,000,000	24,180,894	90,180,894
October 11, 2005	80,000,000	26,547,562	106,547,562

(c) ***Description of preferred stock***

Each share of Series A, Series A-1, and Series B (collectively, the Preferred Stock) is initially convertible, at the option of the holder thereof, into one share of the Company's common stock. The conversion ratio may subsequently be adjusted, as defined in the shareholder agreement, to protect the holders of Preferred Stock against dilution. The anti-dilution adjustment represents a contingent beneficial conversion feature. If the Company were to recognize a charge, it would be computed based on the additional equity shares to be issued as a result of the antidilution adjustment multiplied by the value of the common stock at the time the preferred shares were issued. The Preferred Stock automatically converts to common stock upon completion of a qualified public offering of the Company's common stock, as defined.

The holders of the Preferred Stock can require redemption of any or all of their outstanding Series A, Series A-1, and Series B commencing on March 7, 2008 for $1.336, $1.20 , and $1.50 per share, respectively (the respective Original Issue Price), as adjusted for any stock dividends, combinations, or splits with respect to such shares. Any such redemption is subject to the approval of a majority of the holders of the Series A and Series A-1 (voting together as a single group) and Series B. The Company, in its sole discretion, may delay any such redemption of Preferred Stock; in such case, the holders of Preferred Stock designated for redemption shall be entitled to receive, in preference to any declaration or payment of any dividend or distribution on any junior securities, cumulative annual cash dividends at a rate equal to: (a) with respect to the Series B, 15% per annum of the balance of one-half of the Original Issue Price of the shares not yet redeemed; and (b) with respect to the Series A and Series A-1, 15% of the Original Issue Price of the shares not yet redeemed, provided that the amount referred to in (b) above shall not be paid, but shall only accrue to the benefit of the Series A and Series A-1, until such time that certain specified holders of the Series B have been paid in full.

Such dividends are payable semiannually and begin accruing as of the date the holders of the Preferred Stock provide appropriate notice of their intent to cause redemption. In the event that the Company's legally available funds are insufficient to redeem the number of Preferred Stock designated for redemption, the holders of Preferred Stock designated for redemption shall be entitled to receive, in preference to any declaration or payment of any dividend or distribution on any junior securities, cumulative annual cash dividends at a rate equal to 8% per annum. Notwithstanding anything in the previous paragraph, the full amount of the original investment made by the holders of the Series B, plus accrued and unpaid dividends, shall be paid out to the holders of Series B no later than March 7, 2009; such amount shall be paid to the Series B holders on a pro rata basis as specified in the Company's Second Amended and Restated Certificate of Incorporation.

(7) Common and Preferred Stock (continued)

(c) *Description of preferred stock (continued)*

Additionally, with respect to certain specified holders of the Series B, the full amount of their investment in Series B ($6 million as of June 14, 2004), plus accrued but unpaid dividends but less any payments made to such specified holders on or about March 7, 2009, shall be paid not later than March 7, 2010.

In the event of any voluntary or involuntary liquidation, dissolution, or winding up of the Company, or upon certain changes of controls of the Company, the holders of Preferred Stock are entitled to receive their initial purchase price (subject to adjustment) plus any declared but unpaid dividends.

The holders of the Preferred Stock have full voting rights and powers equal to the voting rights and powers of common shareholders, with the right to one vote for each share of common stock into which such Preferred Stock could then be converted.

The Company is accreting the Series A and Series A-1, using the interest method, over the redemption periods ending in February 2008 and November 2008 such that the carrying value will be $1.336 per share and $1.20 per share, respectively, at the redemption date.

During the year, the Company issued Common stock to former Accordis Shareholder in connection with the purchase of all outstanding shares of Accordis Holdings, Inc. The Company did not issue any additional shares to the holders of Preferred stock under the anti-dilution provisions consequent to a waiver by such Preferred stock holders.

(8) Warrants

Warrants outstanding at March 31, 2007 are summarized as follows:

Class of Stock	Issue Date	Expiration Date	Exercise Price	Number of Shares
Common	Jun 1997	Jun 2007	$0.01	590,611
Common	Sep 1999	Sep 2009	$0.01	246,546
Common	Jun 2000	Jun 2008	$4.23	945,630
Common	Mar 2003	Mar 2008	$0.01	65,000
Common	Mar 2004	Mar 2014	$0.01	106,851
Common	Jun 2005	None	$1.28	1,200,000
Common	Sep 2005	Sep 2012	$0.01	194,811
Preferred (Series B)	Sep 2005	Sep 2012	$0.01	202,499
				3,551,948

(9) Stock Options and Awards

In 1997, the Company adopted a stock incentive plan (the 1997 Plan) pursuant to which the Company's board of directors granted stock options to officers and key persons affiliated with the Company, as defined in the plan document. The 1997 Plan authorized grants of options to purchase up to 3,000,000 shares of authorized but unissued common stock. Effective July 23, 2003, the Company adopted the STI Knowledge, Inc. 2003 Stock Incentive Plan (the 2003 Plan) and decided to grant no additional options under the 1997 Plan. The 2003 Plan and 1997 Plan collectively authorize grants of options to purchase up to 8,439,679 shares of authorized but unissued common stock.

Stock options expire as determined by the Company's board of directors, but not more than 10 years from the date of grant, and generally cliff vest or vest ratably over three or five years from the date of grant. Participants have a period of 90 days subsequent to the termination of the participant's employment with the Company to exercise vested options.

The following table summarizes stock option activity for the years ended March 31, 2007 and 2006:

	Shares	Weighted Average exercise price
Outstanding at March 31, 2005	4,398,313	$1.11
Granted	3,891,614	$1.28

Forfeited	(2,276,124)	$1.27
Outstanding at March 31, 2006	6,013,803	$1.16
Granted	855,550	$1.28
Exercised	(4,400)	$0.06
Forfeited	(1,489,694)	$1.24
Outstanding at March 31, 2007	5,375,259	$1.16

The following table summarized information about stock options outstanding at March 31, 2007:

Exercise price	Number outstanding	Weighted Average remaining Contractual life	Number Exercisable
$0.06	372,762	2.5	372,762
$1.75	41,400	4.0	41,400
$1.14	1,622,863	6.1	1,285,407
$1.50	50,000	7.1	50,000
$1.28	3,288,234	8.7	996,611
	5,375,259		2,746,180

The weighted average remaining contractual life of options outstanding at March 31, 2007 was 7.41 years. The weighted average exercise price of options exercisable at March 31, 2007 was $1.16 per share.

At March 31, 2007, there were 2,310,600 additional shares available for grant under the Plan. The total intrinsic value of options exercised during the year ended March 31, 2007 was $5,000 and the tax benefit relating to the stock options exercised was $2,000. The total fair value of shares vesting and recognized as compensation expense for the year ended March 31, 2007 was $104,000 and the associated tax benefit was $40,000. Total unrecognized compensation costs related to non-vested awards at March 31, 2007 was $252,000. The cost is expected to be recognized over a weighted average period of 4.31 years.

(9) Stock Options and Awards (continued)

During the year ended March 31, 2007 and 2006, the Company awarded 360,000 and 460,000 shares of restricted stock respectively to certain employees, directors and consultants with a fair value of $1.28 per share. These stock grants vest after three years (cliff vesting) or upon change of control of the Company. Total compensation expense of $220,000 and $104,000, respectively was recognized during the years ended March 31, 2007 and 2006 based on the number of restricted stock expected to vest.

(10) Income Taxes

Provision for income taxes consisted of the following for the years ended March 31, 2007 and 2006 (in thousands $):

	2007	2006
Current:		
Federal	253	-
State	1,021	2
Total current	1,274	2
Deferred:		
Federal	-	-
State	-	-
Total deferred	-	-
Provision for income taxes	$ 1,274	$ 2

Differences between the statutory federal income tax rate and the effective tax rate consist of the following for the years ended March 31, 2007 and 2006 (in thousands $):

	2007		2006	
	Amount	% of Pretax Profit	Amount	% of Pretax Profit
Income taxes (benefit) at statutory rate	3,439	34.0	(3,583)	(34.0)
Increase (decrease) resulting from:				
State and foreign taxes, net of federal benefit	229	2.3	(548)	(5.2)
Nondeductible items	-	-	10	0.1
Change in valuation allowance	(2,394)	(23.7)	4,123	39.1
	$ 1,274	12.6	$ 2	-

(10) Income Taxes (continued)

Deferred income tax assets and liabilities consist of the following at March 31, 2007 and 2006 (in thousands $):

	2007	2006
Deferred income tax assets:		
Net operating loss carryforwards	5,921	10,121
Accumulated depreciation	486	415
Accounts receivable allowances	602	347
Accrued expenses	1,439	1,337
Deferred income tax asset	8,448	12,220
Deferred income tax liability:		
Intangible assets	(1,141)	(276)
Noncash stock compensation	(90)	(190)
Deferred income tax liability	(1,231)	(466)
Less valuation allowance	(7,217)	(11,754)
Net deferred income tax asset	$ -	$ -

The Company recorded no income taxes in the US for the year ended March 31, 2006 because the Company reported operating losses with no recognizable benefit. During the year ended March 31, 2007, the Company was profitable and the prior year valuation allowance was partially reduced.

The Company generated income during the year ended March 31, 2007 and in filing its tax returns for that year, it expects to utilize a portion of its carried forward losses. Accordingly, at March 31, 2007 this resulted in a reduction of both the deferred income tax asset and the related valuation allowance. In assessing the future realizability of deferred income tax assets and accordingly the need to maintain a valuation allowance, management considers whether it is more likely than not that some portion or all of the deferred income tax assets will not be realized. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. In making its assessment with respect to reducing the valuation allowance against deferred income tax assets at March 31, 2007, management determined that the ultimate realization of deferred income tax assets related to its historical carried forward losses is dependent upon the generation of future taxable income. Management concluded that a cumulative loss for the three-year period through March 31, 2007 did not provide the Company with sufficient evidence to further reduce the valuation allowance at March 31, 2007. Accordingly, management has continued with a valuation allowance for its deferred income tax assets at March 31, 2007. If for the three year period ending March 31, 2008, the Company has cumulative earnings, management will re-assess and reverse the valuation allowance for its deferred income tax asset at March 31, 2008.

The Company has net operating loss carryforwards for Federal income tax purposes of approximately $13 million at March 31, 2007 which expire in varying amounts through 2024.

The Company's Indian Subsidiary is subject to a tax holiday pursuant to the India Tax Act for companies engaged in export of Business Process Outsourcing services subject to various terms and conditions stipulated under the India Tax Act. This tax exemption exempts all of the business income of the Company's India subsidiary and will expire beginning fiscal year 2009 after which the Company will be subjected to normal India taxes on its India taxable income. The Company incurred India income taxes on investment income of less than $5,000 per year for the years ended March 31, 2007 and 2006.

(11) Defined Contribution Benefit Plans

The Company maintains an employee benefit plan pursuant to Section 401(k) of the Internal Revenue Code. All U.S. employees are eligible to participate in the plan after 90 days of service and attainment of the age of 21. Participants may contribute up to 15 percent of their base salaries to the plan and contributions to the plan by the Company are discretionary. The Company contributed approximately $147,000 and $91,000 to the plan during the years ended March 31, 2007 and 2006, respectively.

The Company's Indian subsidiary maintains certain employee benefit plans that cover substantially all employees. The employees' provident fund, pension and family pension plans are statutory defined contribution retirement benefit plans. Under the plans, employees contribute 12 percent of base compensation, which is matched by a 12 percent contribution by the employer. Contributions made to the plan by the Company's Indian subsidiary totaled approximately $73,000 and $42,000 for the years ended March 31, 2007 and 2006, respectively.

The Company's Indian subsidiary also maintains a gratuity plan, which is a statutory post-employment defined benefit plan providing defined lump sum benefits to Indian employees upon termination of their employment with the Company. The Company's Indian subsidiary has accrued amounts payable under this plan based on annual actuarial valuations made by an independent actuary. For the years ended March 31, 2007 and 2006, the Company recognized expense for the gratuity plan of approximately $5,000 and $2,000, respectively.

(12) Related Party Transactions

The Company had a consulting arrangement with one of its board members to provide services on a time and material basis as it related to assisting in the integration of the Siemens RCMS acquisition. Approximately $123,000 of selling, general and administrative expenses was incurred under this consulting arrangement for the year ended March 31, 2006.

(13) Lease Commitments

The Company leases computer equipment, furniture and leasehold improvements from certain finance companies, which are recorded as capital leases with imputed interest rates ranging from 2.6% to 13.74%. Future minimum lease payments under these capital leases at March 31, 2007 are as follows (in thousands $):

Year ended March 31:	
2008	1,469
2009	944
2010	329
2011	296
2012	230
Total minimum lease payments	3,268
Less amount representing interest	(531)
Present value of minimum lease payments	2,737
Less current portion	1,222
Capital lease obligation net of current portion	$ 1,515

The Company has several non-cancelable operating leases for office space and equipment. Rent expense for operating leases was $1.5 million and $2.5 million for the years ended March 31, 2007 and 2006, respectively. Any stepped rents that have been agreed to within the primary lease period has been straight-lined and recorded as rent. Future minimum lease payments under non-cancelable operating leases with initial or remaining lease terms in excess of one year as of March 31, 2007 are as follow (in thousands $):

Year ending March 31:	
2009	2,174
2010	1,469

2011	1,272
2012	2,512
	$ 7,427

On March 20, 2003, the Company entered into an agreement to lease a 26,000 square foot facility constructed in Americus, Georgia for a period of ten years. On March 19, 2004, the Company entered into a revised agreement (the Revised Agreement), under which the Company is entitled to credits against the base rent during each of the first four years of the lease term; such credits range from 100% in year one to 25% in year four. The Company is eligible to earn additional credits against base rent beginning in the second year. Such credits will be based on meeting an average number of full-time jobs in the facility during the preceding twelve-month period, as follows:

Average number of full time employees	Credit
150	5.0% of annual base rent
175	7.5% of annual base rent
200	10.0% of annual base rent
225	12.5% of annual base rent
250	15.0% of annual base rent
275	17.5% of annual base rent
300	20.0% of annual base rent

Under the Revised Agreement, if the average number of full-time jobs is less than 100 per month for any immediately preceding twelve calendar months during the lease term, the Company will be subject to additional rent in an amount equal to $1,600 multiplied by the difference between 100 full-time jobs and the average number of full-time jobs for the immediately preceding 12-month period. At March 31, 2007 and 2006, the Company employed 133 and 135 full-time employees, respectively, at the Americus, Georgia facility. The Company's management estimates that it will maintain an average of 200 full-time jobs at this facility through the life of this lease.

During December 2005, the Company ceased occupying certain leased office space in Atlanta, Georgia. As a result of the early abandonment of this office lease, a charge to earnings of $1.3 million has been recognized in selling, general and administrative expenses in the accompanying consolidated statement of operations for the year ended March 31, 2006. This charge to earning includes the acceleration of the Company's future lease payments of approximately $3.1 million through 2010, less payments to be received under two subleases to unrelated parties of approximately $2.0 million through 2010 plus $0.2 million of other leasehold and real estate related costs.

(14) Contingencies

During January 2007, the Company's Indian subsidiary was served a tax notice by the India government with a demand for additional tax and interest of $328,000 with respect to the tax returns filed for the fiscal year ended March 2004. In addition, the Company was also served a notice to initiate penalty proceedings under the Indian Income tax Act. The Company has formally responded to these notices and has appealed the order to the Appellate authority. The tax authorities are in the process of conducting a hearing on the Company's appeal. The Company has filed notice with the former Symphony shareholders following receipt of the above tax assessment notice and will pursue recovery of any taxes paid pursuant to the indemnification rights against the former Symphony shareholders.

As of March 31, 2007, the Company had paid 50% of the total tax demand subject to the resolution of the appeal. This payment is included in other assets at March 31, 2007. The Company believes that it will ultimately prevail on this demand and if not, the Company will be reimbursed by the former Symphony shareholders. Accordingly, no liability has been reflected in the accompanying financial statements for the above Indian tax assessment.

During September 2006, the company received a full and final cash settlement of all of the Company's outstanding claims against Accenture and the State of Florida for early termination of the Company's contract to provide technical help desk services.

As a result of this settlement, the Company recognized $2.6 million of revenue and $403,000 of costs during the year ended March 31, 2007.

The Company has been named as a defendant in complaints arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material effect on the Company's consolidated financial position, results of operations or cash flows.

Consolidated Statements of Stockholders' Equity

	Common Stock		**Series A Preferred**		**Series A-1 Preferred**		**Series B Preferred**		**Additional**		**Other Comp-**	**Deferred**	
	Number of Shares	**Amount**	**Number of Shares**	**Amount**	**Number of Shares**	**Amount**	**Number of Shares**	**Amount**	**Paid-in Capital**	**Accumulated Deficit**	**rehensive Income (Loss)**	**Comp-ensation**	**Total**
Balance at March 31, 2005	**22,430**	**$ 2**	**7,699**	**$ 9,941**	**1,913**	**$ 2,279**	**5,067**	**$ 7,600**	**$ 17,975**	**$ (29,427)**	**$ (5)**	**$ -**	**$ 8,365**
Issuance of stock	15,584	2	-	-	-	-	10,467	15,700	19,984	-	-	-	35,686
Deeemed dividend in connection with warrant issuance	-	-	-	-	-	-	-	-	505	(505)	-	-	-
Accretion of preferred stock	-	-	-	117	-	5	-	-	(122)	-	-	-	-
Restricted stock grants	-	-	-	-	-	-	-	-	589	-	-	(485)	104
Comprehensive loss:													
Net loss	-	-	-	-	-	-	-	-	-	(10,541)	-	-	(10,541)
Foreign currency translation	-	-	-	-	-	-	-	-	-	-	(16)	-	(16)
Comprehensive loss													**$ (10,557)**
Balance at March 31, 2006	**38,014**	**4**	**7,699**	**10,058**	**1,913**	**2,284**	**15,534**	**23,300**	**38,931**	**(40,473)**	**(21)**	**(485)**	**33,598**
Stock issued in connection													

with acquisition	4,675	-	-	-	-	-	-	-	6,000	-	-	-	6,000
Exercise of stock options	4	-	-	-	-	-	-	-	-	-	-	-	-
Accretion of preferred stock	-	-	-	119	-	4	-	-	(123)	-	-	-	-
Adjustment to initially apply SFAS 123R									(485)			485	-
Restricted stock grants	-	-	-	-	-	-	-	-	220	-	-		220
Stock option expense	-	-	-	-	-	-	-	-	104	-	-		104
Comprehensive income:													
Net income	-	-	-	-	-	-	-	-	-	8,842	-	-	8,842
Foreign currency translation	-	-	-	-	-	-	-	-	-	-	49	-	49
Comprehensive income													**$ 8,891**
Balance at March 31, 2007	**42,693**	**4**	**7,699**	**10,177**	**1,913**	**2,288**	**15,534**	**23,300**	**44,647**	**(31,631)**	**28**	**-**	**48,813**
Balance at March 31, 2007 INR [Refer Note 1(t)]		**174**		**443,615**		**99,794**		**1,015,647**	**1,546,163**	**(1,378,795)**	**1,221**		**2,127,750**

SELECTED HISTORICAL FINANCIAL DATA OF ZAVATA, INC.

On August 29, 2007, we acquired Zavata Inc., an Atlanta-based healthcare revenue cycle outsourcing solutions provider. The selected historical financial data of Zavata, Inc. presented below in US Dollars as of and for the years ended March 31, 2007 and 2006 are derived from the consolidated financial statements of Zavata, Inc., which have been audited by Ernst & Young, independent public accountants. The information presented below should be read in conjunction with the historical financial statement and related notes included in our financial statements beginning on page 186.

For your convenience, the consolidated balance sheet as of March 31, 2007 and 2006 and the related consolidated statement of operations, stockholder's equity and cash flows for the years then ended have been translated into United States Dollars using the rate as of March 31, 2007 which was 1US$ = Rs.43.59. The convenience translation should not be construed as a representation that the Rupee or the United States Dollar amounts referred to in these consolidated financial statements have been, could have been, or could in the future be, converted into Rupees or United States Dollars, as the case may be, at this or at any other rate of exchange, or at all.

Consolidated Balance Sheet
(In thousands, except per share data and as stated otherwise)

	As of March 31,			
	2007	2007*	2006	2006 *
	US$	Rs.	US$	Rs.
Current assets:				
Cash and cash equivalents	6,411	279,455	18,340	799,441
Restricted cash	138	6,015	217	9,459
Accounts receivable, net of allowances of $1,537 for 2007 and $885 for 2006	10,793	470,467	7,808	340,351
Other current assets	1,152	50,216	3,434	149,688
Total current assets	18,494	806,153	29,799	1,298,939
Property and equipment, net	4,463	194,542	4,717	205,614
Goodwill	31,249	1,362,144	16,482	718,450
Intangible assets, net	8,574	373,741	5,727	249,640
Other assets	1,182	51,523	1,138	49,605
Total assets	US $ 63,962	Rs.2,788,104	US $57,863	Rs.2,522,248
Liabilities and Stockholders' Equity				
Current liabilities :				
Accounts payable	3,625	158,013	5,444	237,304
Accrued expenses	7,906	344,622	6,203	270,389
Revolving credit facility	-	-	4,887	213,024
Current portion of long-term debt	57	2,485	102	4,446
Current portion of capital lease obligations	1,222	53,267	909	39,623
Deferred revenue	311	13,556	677	29,510
Total current liabilities	13,121	571,943	18,222	794,297
Long-term debt, net of current portion	192	8,369	3,767	164,204
Other liabilities	321	13,992	-	-
Capital lease obligations, net of current portion	1,515	66,041	2,276	99,211
Total liabilities	15,149	660,345	24,265	1,057,711
Commitments and contingencies		-		-
Stockholders' equity:				
Redeemable convertible preferred stock, US$ 0.0001 par value, 26,547,562 shares authorized stated at redemption value, net of unaccreted discount:				

Series A, 7,698,888 shares issued and outstanding at 2007 and 2006, redemption amounts of $10,285,714	10,177	443,615	10,058	438,428
Series A-1, 1,912,841 shares issued and outstanding at 2007 and 2006, redemption amounts of $2,295,409	2,288	99,734	2,284	99,560
Series B, 15,533,334 shares issued and outstanding at 2007 and 2006, redemption amounts of $23,300,000	23,300	1,015,647	23,300	1,015,647
Common stock, $0.0001 par value, 80,000,000 shares authorized, 42,694,187 and 38,014,341 shares issued and outstanding at 2007 and 2006, respectively	4	174	4	174
Additional paid-in capital	44,647	1,946,163	38,931	1,697,002
Accumulated deficit	(31,631)	(1,378,795)	(40,473)	(1,764,218)
Accumulated other comprehensive income/(loss)	28	1,221	(21)	(915)
Deferred compensation	-	-	(485)	(21,141)
Total stockholders' equity	48,813	2,127,759	33,598	1,464,537
Total liabilities and stockholders' equity	US$ 63,962	Rs. 2,788,104	US$ 57,863	Rs. 2,522,248

* This is a convenience translation and is not a presentation in accordance with US GAAP.

Consolidated Statements of Operations
(In thousands)

	For the years ended March 31,			
	2007	2007	2006	2006
	US$	Rs.	US$	Rs.
Revenue	62,519	2,725,203	40,875	1,781,741
Cost of revenue (exclusive of depreciation and amortization shown separately below)	37,384	1,629,569	33,180	1,446,316
Gross profit	25,135	1,095,635	7,695	335,425
Selling, general and administrative expenses	11,982	522,295	16,587	723,027
Depreciation and amortization	3,073	133,952	1,409	61,418
Operating profit (loss)	10,080	439,387	(10,301)	(449,021)
Interest expense	(257)	(11,203)	(779)	(33,957)
Other income	293	12,772	541	23,582
Income (loss) before provision (benefit) for income taxes	10,116	440,956	(10,539)	(459,395)
Provision for income taxes	1,274	55,534	2	107
Net income (loss)	US$ 8,842	Rs. 385,423	US$ (10,541)	Rs.(459,502)

OUR SELECTED HISTORICAL FINANCIAL DATA

Our selected historical restated consolidated financial data presented below as of and for the years ended March 31, 2007, 2006, 2005, 2004 and 2003 and the six months ended September 30, 2007 and 2006 are derived from the restated consolidated financial statements of Apollo Health Street Limited, which have been examined by S. R. Batliboi & Associates, chartered accountants, the report of which is included herein. The information presented below should be read in conjunction with the historical restated consolidated financial statement and related notes beginning included in our financial statements beginning on page 186.

Summary Statement of Consolidated Assets and Liabilities, as restated

(All amounts in Indian Rupees, except as otherwise stated)

	As at September 30,		As at March 31,				
	2007	**2006**	**2007**	**2006**	**2005**	**2004**	**2003**
Fixed assets							
Gross block	6,867,902,202	523,694,760	563,953,972	167,039,804	102,825,794	73,618,588	52,930,103
Less: Accumulated depreciation	169,719,956	77,861,088	124,554,915	69,672,536	40,840,401	24,404,822	18,992,362
Net block	6,698,182,246	445,833,672	439,399,057	97,367,268	61,985,393	49,213,766	33,937,741
Capital work- in-progress including capital advances	16,009,445	20,976,215	4,946,260	3,691,951	262,442	1,394,671	-
	6,714,191,691	466,809,887	444,345,317	101,059,219	62,247,835	50,608,437	33,937,741
Deferred tax asset	105,268,610	6,167,464	18,487,599	-	-	-	16,611,884
Current assets, loans and advances							
Inventories	-	-	-	-	-	2,450,250	-
Sundry debtors	891,237,578	509,371,570	456,255,167	152,870,293	75,555,836	71,329,958	46,163,500
Cash and bank balances	503,068,902	191,931,215	304,656,962	140,961,387	15,639,947	12,128,890	13,862,510
Other current assets	34,800,852	1,005,137	262,188	99,178	25,865	45,497	87,260
Loans and advances	259,889,080	86,256,160	77,082,114	37,879,424	12,612,168	11,990,894	7,057,078
	8,508,456,713	**1,261,541,433**	**1,301,089,347**	**432,869,501**	**166,081,651**	**148,553,926**	**117,719,973**
Liabilities and provisions							
Secured loans	5,168,092,117	469,433,155	444,029,435	10,709,665	55,153,631	42,347,638	3,000,514
Unsecured loans	-	-	-	-	48,500,000	26,000,000	25,000,000
Deferred tax liability	-	-	-	-	2,504,364	-	-
Current liabilities	900,008,787	156,472,238	154,048,322	53,241,363	63,771,665	47,107,405	49,179,470
Provisions	46,237,480	30,884,987	30,557,024	8,867,375	5,215,527	1,787,520	1,047,809
Minority interest	-	2,202,638	-	1,626,049	930,592	3,264,622	4,175,527
	6,114,338,384	**658,993,018**	**628,634,781**	**74,444,452**	**176,075,779**	**120,507,185**	**82,403,320**
Net worth	**2,394,118,329**	**602,548,415**	**672,454,566**	**358,425,049**	**(9,994,128)**	**28,046,741**	**35,316,653**
Represented by:							
Share capital							
Equity share capital	249,633,250	141,266,874	158,984,980	126,294,460	83,098,160	83,098,160	83,098,160
Cumulative convertible preference share capital	-	279,180,154	-	159,674,520	-	-	-
Class 'A' shares	-	145,358,000	-	145,358,000	-	-	-
Share application money pending allotment	60,000	-	906,000	803,134	-	-	-
Reserves and surplus							
Securities premium	2,627,633,906	138,748,268	544,715,426	35,133	35,133	35,133	35,133
Employee stock options	9,087,388	-	3,157,324	-	-	-	-
Profit and loss account	(160,079,954)	(84,998,807)	579,659	(65,382,725)	(88,968,806)	(53,304,891)	(47,783,938)

Foreign currency translation reserve	(124,639,657)	(5,899,013)	(26,444,776)	(1,515,615)	(1,515,615)	(1,771,785)	(12,950)
Miscellaneous expenditure (to the extent not written off or adjusted)	(207,576,604)	(11,107,061)	(9,444,047)	(6,841,858)	(2,643,000)	(9,876)	(19,752)
Net worth	**2,394,118,329**	**602,548,415**	**672,454,566**	**358,425,049**	**(9,994,128)**	**28,046,741**	**35,316,653**

Summary Statement of Consolidated Profits and Losses, as restated

(All amounts in Indian Rupees, except as otherwise stated)

	Six months period ended September 30,		**Years ended March 31,**				
	2007	**2006**	**2007**	**2006**	**2005**	**2004**	**2003**
INCOME							
Income from operations	1,034,658,157	465,378,229	1,365,978,483	438,567,694	243,618,207	172,884,619	83,687,614
Other income	4,824,884	27,478,760	62,151,225	9,624,927	2,465,649	3,173,646	2,503,421
Increase/(Decrease) in projects-in-progress	-	-	-	-	(2,450,250)	2,450,250	-
	1,039,483,041	**492,856,989**	**1,428,129,708**	**448,192,621**	**243,633,606**	**178,508,515**	**86,191,035**
EXPENDITURE							
Personnel expenses	673,429,604	269,136,323	735,135,691	209,462,853	114,606,089	68,226,004	38,432,429
Operating and other expenses	383,365,716	203,830,012	502,499,887	173,152,605	128,961,309	88,409,419	49,012,268
Depreciation and amortisation	49,224,658	26,157,914	64,124,147	40,498,698	12,069,744	10,544,243	4,951,563
Financial expenses	61,431,623	8,225,748	31,215,068	4,626,628	8,585,450	5,304,785	1,504,605
Miscellaneous expenses written off	12,778,965	1,238,957	-	3,420,932	9,876	9,876	32,877,367
	1,180,230,566	**508,588,954**	**1,332,974,793**	**431,161,716**	**264,232,468**	**172,494,327**	**126,778,232**
Profit/(Loss) before tax and prior period items	**(140,747,525)**	**(15,731,965)**	**95,154,915**	**17,030,905**	**(20,598,862)**	**6,014,188**	**(40,587,197)**
Provision for tax							
Current tax	4,585,912	10,286,208	49,248,240	959,505	5,535,903	1,852,724	-
Less: MAT credit entitlement	(2,479,699)	-	-	-	-	-	-
Fringe benefit tax	2,804,172	1,206,692	2,941,849	2,530,893	-	-	-
Fringe benefit taxes paid for earlier years	2,016,345	-	-	-	-	-	-
Taxes paid for earlier years	-	202,514	202,514	69,760	400,256	-	-
Deferred tax	3,131,462	(6,248,270)	(18,971,920)	(2,504,364)	36,147,420	10,412,712	(16,433,349)
Total tax expense	**10,058,192**	**5,447,144**	**33,420,683**	**1,055,794**	**42,083,579**	**12,265,436**	**(16,433,349)**
Profit/ (loss) after tax and before prior period items	**(150,805,717)**	**(21,179,109)**	**61,734,232**	**15,975,111**	**(62,682,441)**	**(6,251,248)**	**(24,153,848)**
Prior period items	(1,707,131)	(435,167)	-	(5,614,319)	1,797,683	-	(160,622)
Profit/(loss) after tax and before minority interest	**(152,512,848)**	**(21,614,276)**	**61,734,232**	**10,360,792**	**(60,884,758)**	**(6,251,248)**	**(24,314,470)**
Net profit/ (loss) attributable to minority interest	-	562,724	1,266,746	474,482	(2,467,661)	556,620	(16,046)
Net profit/ (loss)	**(152,512,848)**	**(22,177,000)**	**60,467,486**	**9,886,310**	**(58,417,097)**	**(6,807,868)**	**(24,298,424)**
Adjustments							
Increase/(decrease) in net profits:							
Depreciation *(Refer note 1 of Annexure IV)*	(1,539,833)	3,122,202	1,249,307	10,665,443	(3,930,239)	(4,211,341)	(4,420,849)
Profit or loss on sale of asset *(Refer note 1 of Annexure IV)*	-	-	-	-	40,114	2,870,992	93,825

Prior period items *(Refer note 2 of Annexure IV)*	1,707,131	1,212,108	(495,023)	5,179,152	(7,412,002)	2,036,970	(78,665)
Provision for doubtful debts/bad debts *(Refer note 3 of Annexure IV)*	(921,230)	(62,500)	858,730	-	(2,046,816)	904,488	1,204,828
Reversal of service tax credits *(Refer note 4 of Annexure IV)*	1,785,460	(562,276)	(1,171,676)	(613,784)	-	-	-
Reversal of excess provision *(Refer note 7 of Annexure IV)*	(11,194,638)	-	7,726,438	(1,177,311)	2,262,205	1,144,631	(729,571)
Total effect of adjustments, net	**(10,163,110)**	**3,709,534**	**8,167,776**	**14,053,500**	**(11,086,738)**	**2,745,740**	**(3,930,432)**
Tax adjustments							
Current tax *(Refer note 5 of Annexure IV)*	2,016,345	202,514	(1,813,831)	(132,754)	330,496	(400,256)	-
Deferred tax *(Refer note 6 of Annexure IV)*	-	-	-	-	33,643,055	(933,262)	(13,400,476)
Total of adjustments after tax effect, net	**(8,146,765)**	**3,912,048**	**6,353,945**	**13,920,746**	**22,886,813**	**1,412,222**	**(17,330,908)**
Net profit/(loss), as restated	**(160,659,613)**	**(18,264,952)**	**66,821,431**	**23,807,056**	**(35,530,284)**	**(5,395,646)**	**(41,629,332)**
Profit and Loss Account, beginning of the period *(Refer note 9 of Annexure IV)*	579,659	(65,382,725)	(65,382,725)	(88,968,806)	(53,304,891)	(47,783,938)	(66,354,088)
Retirement benefits-AS 15 (revised 2005)-Transitional provision-Adjusment to opening reserves	-	(1,337,265)	(1,337,265)	-	-	-	-
Profit/(loss) attributed to minority on account of restatement adjustments *(Refer note 8 of Annexure IV)*	-	(13,865)	478,218	(220,975)	(133,631)	(125,307)	57,346
Adjusted against securities premium account	-	-	-	-	-	-	60,142,136
Balance carried forward, as restated	**(160,079,954)**	**(84,998,807)**	**579,659**	**(65,382,725)**	**(88,968,806)**	**(53,304,891)**	**(47,783,938)**

Summary Statement of Consolidated Cash Flows, as restated
(All amounts in Indian Rupees, except as otherwise stated)

	Six month period ended September 30,		Years ended March 31,				
	2007	2006	2007	2006	2005	2004	2003
A. Cash flow from operating activities							
Net Profit/(Loss) before tax , as restated	**(152,617,766)**	**(12,457,598)**	**103,322,691**	**25,470,086**	**(29,887,917)**	**8,759,928**	**(44,678,251)**
Adjustments for:							
Depreciation and amortisation	50,764,491	23,035,712	62,874,840	29,833,255	15,999,983	14,755,584	9,372,412
Loss/(Profit) on sale of fixed assets	(173,629)	(42,000)	1,171,127	5,002	(21,000)	(2,342,471)	181,192
Unrealized foreign exchange loss/(gain) (net)	10,600,784	421,440	(421,988)	12,003	64,536	15,158	(3,742)
Miscellaneous expenditure amortized	12,778,965	1,238,957	-	3,420,932	9,876	9,876	32,877,367
Inventories written down	-	-	-	-	-	-	239,287
Amortization of loan commitment fee	-	-	1,500,362	-	-	-	-
Employee stock option compensation expense	5,930,064	-	3,157,324	-	-	-	-
Interest income	(3,315,327)	(3,281,425)	(7,214,154)	(7,518,432)	(194,757)	(509,532)	(420,334)
Provision for retirement benefits	-	-	-	5,076,313	954,074	338,804	(592,407)
Interest expense	56,622,398	7,179,019	28,146,387	3,748,687	7,476,420	4,906,219	1,504,605
Advances written off	1,823,435	-	-	-	-	-	-
Profit on sale of investments in a subsidiary	-	-	(13,028,046)	-	-	(1,345,059)	-
Amortization of goodwill	-	-	-	-	-	1,425,716	-
Inventories written down	-	-	-	-	-	239,287	-
Bad debts / Provision for doubtful debts	30,870,213	25,367,696	50,312,347	15,047,887	7,738,329	4,079,745	1,197,133
Operating profit before working capital changes	**13,283,628**	**41,461,801**	**229,820,890**	**75,095,733**	**2,139,544**	**30,333,255**	**(322,738)**
Movements in working capital :							
Increase in inventories	-	-	-	-	2,450,250	(2,450,250)	(169,707)
Decrease/(Increase) in sundry debtors	(1,988,490)	38,714,388	60,399,065	(92,840,930)	(11,531,944)	(34,149,404)	(18,625,489)
Decrease/(Increase) in provisions	9,826,343	10,804,291	-	-	-	-	-
Increase in other current assets	199,774	-	-	-	-	-	-
(Increase)/Decrease in loans and advances	(91,757,700)	(15,393,339)	(6,027,605)	(25,191,309)	(649,631)	(5,253,868)	41,632
Increase/(Decrease) in current liabilities	(31,415,211)	39,297,323	66,537,824	(10,671,143)	16,268,253	3,223,857	12,591,271
Cash generated from/(used in) operations	**(101,851,656)**	**114,884,464**	**350,730,174**	**(53,607,649)**	**8,676,472**	**(8,296,410)**	**(6,485,031)**
Fringe benefit taxes paid	(2,394,055)	(551,739)	(2,950,678)	(2,437,759)	-	-	-
Direct taxes paid (net of refunds)	(9,689,543)	(1,640,803)	(46,514,240)	(2,679,619)	(3,131,730)	(1,735,600)	-
Net cash from/(used in) operating activities	**(113,935,254)**	**112,691,922**	**301,265,256**	**(58,725,027)**	**5,544,742**	**(10,032,010)**	**(6,485,031)**
B. Cash flows from investing activities							
Purchase of fixed assets	(128,764,208)	(64,401,671)	(88,976,772)	(68,698,639)	(29,740,622)	(34,491,503)	(14,935,379)
Proceeds from sale of fixed assets	655,625	42,000	49,500	49,000	21,000	4,590,209	390,678
Purchase of investment in subsidiaries, net of cash	(5,981,598,129)	(711,207,928)	(713,027,453)	-	-	-	-
Proceeds from sale of investment in subsidiary, net of cash	-	-	17,330,115	-	-	3,863,931	-
Additional consideration paid to the shareholders of Armanti LLC.	(59,610,000)	-	-	-	-	-	-
Movement in fixed deposits	(109,512,403)	118,515,736	117,546,400	(122,250,617)	-	-	-
Interest received	2,962,442	2,375,466	6,846,311	6,995,120	214,389	276,822	355,690

Net cash used in investing activities	**(6,275,866,673)**	**(654,676,397)**	**(660,231,899)**	**(183,905,136)**	**(29,505,233)**	**(25,760,541)**	**(14,189,011)**
C. Cash flows from financing activities							
Proceeds from issuance of share capital	89,742,270	134,478,048	279,180,154	348,228,820	-	-	100,000
Share premium received	2,082,918,480	144,702,107	-	-	-	-	-
Share application money received	60,000	-	102,866	803,134	-	-	-
Proceeds from long-term borrowings	5,076,994,589	437,975,342	414,049,187	-	5,152,498	47,347,638	38,000,000
Repayment of long-term borrowings	(434,968,980)	(1,389,455)	(11,091,874)	(76,097,391)	(9,966,449)	(7,000,000)	(12,345,189)
Short term borrowings, net		-	-	(16,919,888)	39,847,117	-	-
Loan commitment fee	(210,911,522)	-	-	-	-	-	-
Deferred revenue expenditure	-	-	-	(6,668,637)	-	-	-
Interest paid	(26,938,492)	87,398	(17,102,554)	(4,094,790)	(7,817,788)	(4,632,260)	(1,609,177)
Net cash from financing activities	**6,576,896,345**	**715,853,440**	**665,137,779**	**245,251,248**	**27,215,378**	**35,715,378**	**24,145,634**
D. Effect of foreign exchange changes on cash and cash equivalents	**(98,194,881)**	**(4,383,401)**	**(24,929,161)**	**(261)**	**256,170**	**(1,656,447)**	**(24,673)**
Net increase in cash and cash equivalents (A + B + C + D)	**88,899,537**	**169,485,564**	**281,241,975**	**2,620,824**	**3,511,057**	**(1,733,620)**	**3,446,919**
Cash and cash equivalents at the beginning of the period	**299,502,746**	**18,260,771**	**18,260,771**	**15,639,947**	**12,128,890**	**13,862,510**	**10,415,591**
Cash and cash equivalents at the end of the period	**388,402,283**	**187,746,335**	**299,502,746**	**18,260,771**	**15,639,947**	**12,128,890**	**13,862,510**
Components of cash and cash equivalents							
Cash and cheques on hand	231,174	658,747	229,084	122,194	68,713	2,161,175	369,850
With banks - on current account	273,433,398	141,688,156	298,090,167	18,138,577	15,121,234	9,775,215	6,830,505
- on deposit account	118,412,383	45,399,432	1,183,495	-	-	-	6,662,155
- on margin account	-		-	-	450,000	192,500	-
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(3,674,672)	-	-	-	-	-	-
Total cash and cash equivalents	**388,402,283**	**187,746,335**	**299,502,746**	**18,260,771**	**15,639,947**	**12,128,890**	**13,862,510**
Deposits with banks with original maturity of more than three months	114,666,619	4,184,880	5,154,216	122,700,616	-	-	-
Cash and cash equivalents as per Balance Sheet	**503,068,902**	**191,931,215**	**304,656,962**	**140,961,387**	**15,639,947**	**12,128,890**	**13,862,510**

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

The following discussion and analysis of our financial condition and results of operations is based on and should be read in conjunction with our restated consolidated financial statements as of and for the six months ended September 30, 2007 and 2006 and the fiscal years ended March 31, 2007, 2006, 2005 and 2004, including the schedules, annexes and notes thereto and the reports thereon, restated in accordance with the SEBI (Disclosure and Investor Protection) Guidelines, 2000, beginning on page 186.

The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. For additional information regarding such risks and uncertainties, see "Forward-Looking Statements" beginning on page IX and "Risk Factors" beginning on page X.

Overview

We are one of the leading providers of revenue cycle management solutions to the healthcare industry in United States. Our solutions encompass a diverse range of back-office services that span the hospital revenue cycle workflow from patient admission, charge capture and claims processing to receivables management. We primarily target healthcare providers and payers in the United States utilizing a flexible on-shore and off-shore approach which is comprised of six delivery locations in the United States and three delivery locations in India.

We combine our domain knowledge of revenue cycle management with our proprietary technology and process expertise to assist our clients focus on increasing their productivity and quality of core services by deploying organized business processes, re-engineering methodologies and technology-enabled automation, which are aimed at enhancing customer satisfaction. We believe that in addition to increasing the efficiency and scalability of our offerings, our technology-platform based approach facilitates stronger client tie-ins. We offer flexible and customized solutions to our clients, ranging from focused offerings to comprehensive full business office ("FBO") outsourcing offerings, which allows our clients to focus on their core competencies by outsourcing a significant part of their routine revenue cycle functions to us.

We provide our solutions to healthcare providers such as hospitals and physician practices and to payers such as insurers and third party administrators. In addition to providing revenue cycle solutions, we also provide information technology and strategic support services to these clients as well as to healthcare information technology companies. While we believe there is significant overlap and synergy among these competencies, our business is organized around three key business lines:

- *Hospital and Physician Services*. Our provider services to hospital and physician groups include revenue cycle management, collection, medical coding and customer support services.
- *Payer Services*. Our payer services include claims administration, provider data management, medical management, back-office support and call handling services.
- *IT and Strategic Support Services*. Our IT and strategic support services include software development, integration and support, quality assurance and testing, implementation services and solutions, customer relationship management and technical help desk solutions.

Our total income and net profit, as per restated consolidated profit and loss statement, for the fiscal year ended March 31, 2007 was Rs. 1,428.13 million and Rs. 66.82 million, as compared to Rs. 448.19 million and Rs. 23.81 million for the fiscal year ended March 31, 2006, respectively.

Our promoters consist of AHEL, Dr. Prathap C. Reddy and Mrs. Sangita Reddy. The support and goodwill of our Promoter and shareholder, AHEL, has been a contributor to our growth and success. Our other Promoters, Dr. Prathap C. Reddy and Mrs. Sangita Reddy are well-known in the healthcare industry in India and we have benefited from their experience, knowledge, goodwill and references. We believe we have successfully leveraged the relationship with our Promoters to expand our client base. Our significant shareholders also include affiliate companies of Temasek Holdings and One Equity Partners.

We have expanded our business both organically and inorganically. As part of our growth strategy, on August 29, 2007, we, through our subsidiary, AFSI, acquired Zavata, Inc., an Atlanta-based healthcare revenue cycle outsourcing solutions provider. On September 1, 2006, we acquired Heritage Websolutions, a company which provides back-end IT development and support services. Also, on August 1, 2006, we acquired Armanti Financial, a hospital billing and receivables management entity.

Our management team is comprised of experienced healthcare executives based in India as well as in the United States. We believe that our management team led by Dr. Prathap C. Reddy and Mrs. Sangita Reddy in India and Mr. Andrew DeVoe in the United States, brings significant healthcare domain expertise and familiarity with the issues facing our core client constituency and enables us to provide competitive solutions. Our Chairman and 15 senior executives have an aggregate of 214 years of healthcare experience and bring a wide network of key relationships across the US healthcare landscape. Our senior management is supported by a team of executives with diverse experience in healthcare administration, business process optimization and technology. As of December 31, 2007, we had 2,295 employees, of which 846 employees were based in the United States and 1,441 employees were engaged in the provision of services in India.

According to the United States Center for Medicare and Medicaid Services, spending on healthcare in the United States was estimated to be US$2.1 trillion in 2006, or 16% of United States gross domestic product ("GDP") and is expected to increase to over US$3.9 trillion by 2015. For information about the industry in which we operate, see "Industry" on page 60.

Consolidation

Our consolidated financial statements included in this Draft Red Herring Prospectus include the financial results of Heritage Websolutions Private Limited since September 1, 2006, Armanti Financial since August 1, 2006, and Zavata, Inc. since August 29, 2007, the respective dates of their acquisitions by us. Our consolidated financial statements included in this Draft Red Herring Prospectus, also include the financial results of Medvarsity Online Limited, which we sold on January 1, 2007 to an affiliate. As a result of these acquisitions and disposition, our historical financial results may not be an accurate indicator of our future performance.

Factors Affecting Our Results of Operations

Our results of operations have historically been influenced by and will continue to be influenced by, a number of key factors, including the following, which are of particular importance:

Contracts with Clients

We attribute the growth of our business and operations, through increased work from our existing clients, both through increases in volumes of work that they outsource to us under existing processes and the outsourcing of new services to us, as well as the addition of new clients, and through inorganic growth, including the acquisitions of Zavata, Inc., Armanti Financial and Heritage Websolutions. The growth of our contract revenue has resulted in the significant increase in income from operations as well as other line items.

Acquisitions

We have expanded our business both organically and inorganically. As part of our growth strategy, on August 29, 2007, we, through our subsidiary, AFSI, acquired Zavata, Inc., an Atlanta-based healthcare revenue cycle outsourcing solutions provider. On September 1, 2006, we acquired Heritage Websolutions, a company which provides back-end IT development and support services. Also, on August 1, 2006, we acquired Armanti Financial, a hospital billing and receivables management entity. These acquisitions have significantly affected our results of operations.

Personnel Costs

Salaries and related benefits of our staff and other employees constitute a significant portion of our expenses. Salary costs in India have historically been significantly lower than salary costs in the United States and Europe for comparably skilled professionals, which has been one of our key competitive advantages. However, because of rapid economic growth in India and increased competition for skilled employees in India, salaries for comparably skilled employees in India is increasing at a rate faster than in the United States, which could affect our competitive advantage.

Fluctuations in Rupee/U.S. Dollar Exchange Rate

We derive a substantial portion of our revenues in US dollar, while the majority of our expenses (being personnel costs and operating costs in India) are denominated in the Indian rupee. Any adverse foreign exchange rate movement causing significant appreciation of the rupee against the US dollar could affect our profitability. However, with the recent acquisitions of Zavata, Inc. and Armanti Financial, we have significant onsite presence in the United States, which acts as a natural hedge as expenses in relation to operations of Zavata, Inc. and Armanti Financial are incurred in US dollar.

United States Economy and Healthcare Industry

Our business and growth largely depends on the continued demand for our services from clients in the healthcare industry, as well as on trends in the healthcare industry to outsource business processes and IT, especially in the United States. Hence, any slow down in the United States economy, change in the United States healthcare industry, a slowdown or reversal of the trend to outsource business processes and IT or the introduction of regulation which restricts or discourages companies from outsourcing could result in a decrease in the demand for our services and adversely affect our results of operations and financial condition.

Regulatory Environment in the United States, India and Other Countries

Because of the nature of the revenue cycle industry and the geographic diversity of our service offerings, our operations are subject to a variety of rules and regulations of several jurisdictions, including India, the United States and the United Kingdom. In addition, our clients may contractually require us to comply with certain rules and regulations even if they do not actually apply to us. Our failure to comply with any applicable laws and regulations could result in restrictions on our ability to provide services and may also result in imposition of fines or penalties, which could have an adverse affect on our financial condition, results of operations and our business.

Taxation

Currently, we benefit from certain tax incentives introduced by the Government of India, including a 10-year tax holiday from Indian corporate income taxes for most of our Indian facilities, including our main facility in Hyderabad, which will expire on March 31, 2009. As a result of these incentives, our Indian operations have been subject to lower Indian tax liabilities. When our tax holidays expire or terminate, our tax expense will materially increase, reducing our profitability. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Results of Operations – Taxation" beginning on page 351. We do not avail of any tax incentives in the United States and income generated from services that we provide in the United States is taxed in the United States.

Results of Operations

Our restated consolidated financial statements may not be comparable as a result of our acquisitions and disposition. The following table sets forth selected financial data from our restated consolidated profit and loss accounts, the components of which are also expressed as a percentage of total income for the periods indicated.

	For the Six Months Ended September 30, 2007		For the Six Months Ended September 30, 2006		For the Fiscal Year 2007		For the Fiscal Year 2006		For the Fiscal Year 2005		For the Fiscal Year 2004	
	(Rs. in Millions)	% of Total Income	(Rs. in Millions)	% of Total Income	(Rs. in Millions)	% of Total Income	(Rs. in Millions)	% of Total Income	(Rs. in Millions)	% of Total Income	(Rs. in Millions)	% of Total Income
Income:												
Income from operations	1,034.66	99.5	465.38	94.4	1,365.98	95.6	438.57	97.9	243.62	100.0	172.88	96.8
Other income	4.82	0.5	27.48	5.6	62.15	4.4	9.62	2.1	2.47	1.0	3.17	1.8
Increase/ (Decrease) in projects-in-progress	-	0.0	-	0.0	-	0.0	-	0.0	(2.45)	(1.0)	2.45	1.4
Total Income	**1,039.48**	**100.0**	**492.86**	**100.0**	**1,428.13**	**100.0**	**448.19**	**100.0**	**243.63**	**100.0**	**178.51**	**100.0**
Expenditure:												
Personnel expenses	673.43	64.8	269.14	54.6	735.14	51.5	209.46	46.7	114.61	47.0	68.23	38.2
Operating and other expenses	383.37	36.9	203.83	41.4	502.50	35.2	173.15	38.6	128.96	52.9	88.41	49.5
Depreciation and Amortization	49.22	4.7	26.16	5.3	64.12	4.5	40.50	9.0	12.07	5.0	10.54	5.9

	For the Six Months Ended September 30, 2007		For the Six Months Ended September 30, 2006		For the Fiscal Year 2007		For the Fiscal Year 2006		For the Fiscal Year 2005		For the Fiscal Year 2004	
	(Rs. in Millions)	% of Total Income	(Rs. in Millions)	% of Total Income	(Rs. in Millions)	% of Total Income	(Rs. in Millions)	% of Total Income	(Rs. in Millions)	% of Total Income	(Rs. in Millions)	% of Total Income
Financial expenses	61.43	5.9	8.22	1.7	31.22	2.2	4.63	1.0	8.59	3.5	5.30	2.9
Miscellaneous expenses written off	12.78	1.2	1.24	0.3	-	0.0	3.42	0.8	0.01	0.0	0.01	0.0
Total Expenditure	**1,180.24**	**113.5**	**508.59**	**103.2**	**1,332.97**	**93.4**	**431.16**	**96.2**	**264.23**	**108.5**	**172.49**	**96.6**
Profit/(Loss) before tax and prior period items	**(140.75)**	**(13.5)**	**(15.73)**	**(3.2)**	**95.15**	**6.7**	**17.03**	**3.8**	**(20.60)**	**(8.5)**	**6.01**	**3.4**
Provision for tax:												
Current tax	4.59	0.4	10.29	2.1	49.25	3.4	0.96	0.2	5.54	2.3	1.85	1.0
MAT Credit	(2.48)	(0.2)	-	0.0	-	0.0	-	0.0	-	0.0	-	0.0
Fringe benefit tax	2.80	0.3	1.21	0.2	2.94	0.2	2.53	0.6	-	0.0	-	0.0
Fringe benefit tax of earlier year	2.02	0.2	-	0.0	-	0.0	-	0.0	-	0.0	-	0.0
Taxes paid for earlier years	-	0.0	0.20	0.0	0.20	0.0	0.07	0.0	0.40	0.2	-	0.0
Deferred tax	3.13	0.3	(6.25)	(1.3)	(18.97)	(1.3)	(2.50)	(0.6)	36.15	14.8	10.41	5.8
Total tax expense	**10.06**	**1.0**	**5.45**	**1.1**	**33.42**	**2.3**	**1.06**	**0.2**	**42.08**	**17.3**	**12.27**	**6.9**
Prior period items	(1.71)	(0.2)	(0.44)	(0.1)	-	(0.0)	(5.61)	(1.3)	1.80	0.7	-	(0.0)
Net profit/(loss) attributable to minority interest	-	-	0.56	0.1	1.27	0.1	0.47	0.1	(2.47)	(1.0)	0.56	0.3
Net profit/(loss)	**(152.51)**	**(14.7)**	**(22.18)**	**(4.5)**	**60.47**	**4.2**	**9.89**	**2.2**	**(58.42)**	**(24.0)**	**(6.81)**	**(3.8)**
Total effect of adjustments, net	(10.16)	(1.0)	3.71	0.8	8.17	0.6	14.05	3.1	(11.09)	(4.6)	2.74	1.5
Total of adjustments after tax effect, net	(8.15)	(0.8)	3.91	0.8	6.35	0.4	13.92	3.1	22.89	9.4	1.41	0.8
Net profit/(loss), as restated	**(160.66)**	**(15.5)**	**(18.26)**	**(3.7)**	**66.82**	**4.7**	**23.81**	**5.3**	**(35.53)**	**(14.6)**	**(5.40)**	**(3.0)**

Income. We generate income from operations by providing healthcare revenue cycle management and IT and strategic support services to our clients. Our income also includes other income and income generated from increase/ (decrease) in projects-in-progress. Our total income for the six months ended September 30, 2007 was Rs. 1,039.48 million as compared to Rs. 492.86 million for the six months ended September 30, 2006, representing an increase of 110.9%.

Income from Operations. Our income from operations consists of income generated from the revenue cycle management services, which include provider and payer services, IT services and subsequent to the acquisition of Zavata, Inc., strategic support services. Pricing for our services was generally stable during the periods discussed in this section. We attribute the growth in our revenue to the increased work from our existing clients, both through increases in volumes of work that they outsource to us under existing processes and the outsourcing of new services to us, as well as the addition of new clients. Besides the organic growth, the increase in our consolidated income during such periods is attributable to income derived from entities acquired by us. Zavata, Inc. on August 29, 2007, Armanti Financial on August 1, 2006 and Heritage Websolutions on September 1, 2006.

The table below provides our income from operations, characterized by overseas and domestic services and further by the services offered, for the six months ended September 30, 2007:

Services	Six Months Ended September 30, 2007 (Rs. in Millions)
Overseas:	
Hospital and Physician Services	745.40
Payer Services	133.14
IT and Strategic Support Services	155.85
Total Overseas	**1,034.39**
Domestic:	
IT and Strategic Support Services	-
Other Services	0.27
Total Domestic	**0.27**

For the six months ended September 30, 2007 and the fiscal year 2007, 99.97% and 98.15% respectively, of our total income was generated from our overseas operations. We expect that a substantial majority of our total income will continue to be generated from the United States in the future.

Although we continue to focus on increasing our client base, our client base has remained concentrated historically and may remain concentrated in the future. The table below provides the percentage of total income that we derived from our largest clients for the periods indicated.

Services	For the Six Months Ended September 30, 2007	For The Fiscal Year,		
		2007	2006	2005
Five Largest Clients	39.84%	51.44%	69.54%	84.05%
10 Largest Clients	54.08%	67.41%	82.94%	90.95%
20 Largest Clients	69.83%	82.59%	92.90%	94.14%

For the six months ended September 30, 2007, we had one client who contributed to over 10.0% of our income from operations. This client accounted for 14.5% of our income from operations for the six months ended September 30, 2007. For the fiscal year 2007, we had two clients who each contributed to over 10.0% of our income from operations. These two clients together accounted for 33.60% of our income from operations for the fiscal year 2007.

Other Income. Our other income consists of interest income from deposits, interest income from other investments, income from reversal of provisions for bad debts, income from sale of assets and investments and miscellaneous income.

Expenditure. Our total expenditure consists of personnel expenses, operations and other expenses, depreciation and, financial expenses and write-offs of certain miscellaneous expenses. Our total expenditure before tax adjustment as a percentage of our total income was 113.5% and 93.4% for the six months ended September 30, 2007 and the fiscal year 2007, respectively.

Personnel Expenses. Personnel expenses are and will continue to be a major cost in our business, and amounted to Rs. 673.43 million and Rs. 735.14 million, or 64.8% and 51.5%, of our total income, and 57.1% and 55.2%, of our total expenditure, for the six months ended September 30, 2007 and fiscal year 2007, respectively. Personnel expenses consists of expenditure incurred on employees and includes salaries, bonuses and allowances, payroll taxes, contributions to provident and other funds, gratuity, employee leave compensation, employee stock option compensation and employee incentives and welfare expenses.

During the fiscal year 2006, we adopted the Employee Stock Option Plan 2005 and have granted an aggregate of 414,000 stock options to our employees under such option plan. In October 2006, we adopted the Employee Stock Option Plan 2006 and have granted an aggregate of 1,100,850 stock options to our employees under such option plan. In March 2007, we adopted the Employee Stock Option Plan 2006-II and have granted an aggregate of 97,350 stock options to our employees under such option plan. In July 2007, we adopted the Apollo Employees – Accelerated Stock Option Plan 2007 and have granted an aggregate of 325,000 stock options to our employees under such option plan. In August 2007, we adopted the Employee Stock Option Plan 2007 and have granted an aggregate of 2,97,000 stock options to an employee under such option plan.

We measure the compensation costs relating to employee stock options using the intrinsic value method for all grants made on or after April 13, 2005. The compensation cost, if any, is amortized over the vesting period of the option. Further details of our ESOPs are provided under Note 21 to the section titled "Capital Structure – Notes to Capital Structure" on page 38.

Operating and Other Expenses. Operating and other expenses is also a major cost in our business, and amounted to Rs. 383.37 million and Rs. 502.5 million, or 36.9%, and 35.2%, of our total income, for the six months ended September 30, 2007 and fiscal year 2007, respectively. Operations and other expenses consist of communication expenses (including leasing of private circuits), travel, transport and conveyance cost, expenses incurred on projects, premises, computers and equipment rentals and maintenance, provision for bad and doubtful debts and write-off bad debts, legal, auditors and professional fees.

g. Depreciation and amortisation

Depreciation and amortisation is provided using the Straight Line Method ("SLM") at the rates based on useful lives of the assets estimated by Management, as mentioned below:

Nature of the fixed assets	Useful lives
Computers and computer equipment	3 years
Office equipment	5 years
Furniture and fixtures	5 years
Vehicles	5 years
Leasehold improvements	Shorter of lease period and estimated useful lives of such assets

Individual assets costing Rs. 5,000 or less are fully depreciated in the period of purchase.

The rates specified under Schedule XIV of the Companies Act are considered by us as the minimum rates for our assets in India. For our assets in India, depreciation is provided at a rate higher than that provided in Schedule XIV based on the management's estimate of the useful life or remaining life, as applicable.

Financial Expenses. Financial expenses consist of interest paid on term loans, bank debt and other debt, and bank charges. We entered into a loan agreement in connection with the acquisition of Zavata, Inc. and drew down an aggregate amount of Rs. 5,077.00 million as of September 30, 2007 under this facility. See "Objects of the Issue –Detailed Use of Issue Proceeds - Pre-payment of debt obtained for Zavata, Inc" on page 45.

Our financial expenses as well as our outstanding indebtedness may increase in the future as our business and operations grow.

Miscellaneous Expenses Written Off. Miscellaneous expenses written of consist of write-offs of deferred revenue expenses, loan processing fee and amortization of share issuance expenses in connection with issuances of shares to Maxwell and Eliza Holdings.

Taxation. Tax expenses consist of current taxes, minimum alternate taxes, fringe benefit taxes and deferred taxes as well as taxes paid for prior fiscal years. The consolidated tax expenses also include federal taxes/gross receipt taxes and state taxes paid in the United States. Tax on income for the current period and fringe benefit tax is determined on the basis of estimated taxable income and tax credit, if any, computed in accordance with the provisions of applicable law as applicable to us. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies – Taxation" on page 363.

Our net income earned from providing revenue cycle management, IT and strategic support services outside India is subject to tax in the country where we perform the work. Income generated from services that we provide in the United States through our subsidiaries is taxed in the United States.

Currently, we benefit from the tax holidays the Government of India gives to the export of BPO and IT services from specially designated Software Technology Parks of India ("STPI"). Our facilities in Hyderabad and Delhi are registered as an exporter of BPO and IT services from STPI. According to the FEMA regulations, an exporter of such services registered with STPI is required to receive its export proceeds in India within a period of 180 days from the date of such exports in order to avail itself of the tax and other benefits associated with the STPI status. In the event that a registered exporter has received any advance against exports in foreign exchange, it is required to render the requisite services so that such advances are earned within a period of 360 days from the date of such receipt. As a result of these tax exemptions, a substantial portion of our pre-tax income has not been subject to significant tax in recent years.

The Finance Act, 2000 phases out the 10-year tax holiday over a 10-year period and accordingly, facilities set up in India on or before March 31, 2000 have a 10-year tax holiday, new facilities set up on or before March 31, 2001 have a nine-year tax holiday and so forth until March 31, 2009. After March 31, 2009, the tax holiday will no longer be available for new facilities. Once our tax holidays expire or terminate our tax expense will increase, reducing our profitability.

With effect from April 1, 2007, companies enjoying tax holiday under section 10A of the IT Act are liable to pay Minimum Alternate Tax ("MAT") at the rate of 10% (plus applicable surcharge and education cess). In terms of Section 115JAA of the IT Act, a company is eligible to claim credit for any tax paid for any assessment year commencing on or after April 1, 2006 against income tax liabilities incurred in subsequent years.

Minority Interest. Our consolidated financial statements for the fiscal years 2007, 2006, 2005 and 2004 include the financial results of Medvarsity, our 84.99% owned subsidiary, under Accounting Standard 21. Our minority interest relates to the 15.01% of equity shares of Medvarsity not owned by us. We sold the equity shares of Medvarsity held by us on January 1, 2007, to an affiliate, for a purchase price of Rs. 36.55 million, and, as such will not be required to recognize such charge for periods subsequent to the fiscal year 2007.

Six Months Ended September 30, 2007 Compared to Six Months Ended September 30, 2006

Our results of operations for the period ended September 30, 2007 were particularly affected by the following factors:

- financial results of Zavata, Inc. from its date of acquisition on August 29, 2007;
- the increase in income generated from revenue cycle management services and growth of our IT operations businesses;
- the increase in total expenditure due to increase in volume of operations and personnel expenses including due to one time pay-outs to former employees of Zavata, Inc. subsequent to its acquisition;
- increase in financial expenses due to interest payments on long term borrowings incurred in connection with the acquisition of Zavata, Inc.; and
- amortization of loan commitment fees.

Total Income. Our total income increased by 110.9% to Rs. 1,039.48 million for the six months ended September 30, 2007, from Rs. 492.86 million for the six months ended September 30, 2006, primarily due to an increase in income from operations. Our total income also includes Rs. 232.41 million income from Zavata, Inc. since August 29, 2007, which is the date of completion of its acquisition by us. It also includes revenue of Armanti Financial for a period of six months as compared to two months in September 2006.

Income from Operations. Our income from operations increased by 122.3% to Rs. 1,034.66 million for the six months ended September 30, 2007, from Rs. 465.38 million for the six months ended September 30, 2006, primarily due to increase in overseas income subsequent to the acquisition of Zavata, Inc. It also includes revenue of Armanti Financial for a period of six months as compared to two months in September 2006. Pricing for our products and services was generally stable during such periods.

Other Income. Our other income decreased by 82.44% to Rs. 4.82 million for the six months ended September 30, 2007 from Rs. 27.48 million for the six months ended September 30, 2006, primarily due to Rs. 24.04 million of bad debt recovery in the period ended September 30, 2006.

Total Expenditure. Our total expenditure increased by 132.1% to Rs. 1,180.24 million for the six months ended September 30, 2007 from Rs. 508.59 million for the six months ended September 30, 2006, primarily due to the growth of our business and operations. Our total expenditure as a percentage of total income increased to 113.5% for the six months ended September 30, 2007 as compared to 103.2% for the six months ended September 30, 2006.

Personnel Expenses. Our personnel expenses increased by 150.2% to Rs. 673.43 million six months ended September 30, 2007 from Rs. 269.14 million for the six months ended September 30, 2006, primarily due to one time pay outs of Rs. 76.85 million to employees of Zavata, Inc. at the time of acquisition by us, the growth of our business and operations resulting in an increase in the number of employees from 2,273 employees as of September 30, 2007 to 1,378 employees as of September 30, 2006, as well as due to salary revisions. We added 998 employees on August 29, 2007, as a result of the acquisition of Zavata, Inc., 290 employees on August 1, 2006, as a result of the acquisition of Armanti Financial, and 48 employees on September 1, 2006, as a result of the acquisition of Heritage Websolutions.

Operating and Other Expenses. Our operating and other expenses increased by 88.1% to Rs. 383.37 million for the six months ended September 30, 2007 from Rs. 203.83 million for the six months ended September 30, 2006, primarily due to increases in travel and conveyance costs of Rs. 23.0 million, communication expenses (including leasing of private circuits) of Rs. 20.36 million, rental payments of Rs. 15.56 million, legal and professional expenses of Rs. 49.47 million and foreign exchange loss of Rs. 18.24 million.

Depreciation and Amortization. Our depreciation costs increased by 88.2% to Rs. 49.22 million for the six months ended September 30, 2007 from Rs. 26.16 million for the six months ended September 30, 2006, primarily due to expansion of existing facility in Hyderabad as a result of the growth of our operations and increase in asset base pursuant to the acquisition of Zavata, Inc., Armanti Financial and Heritage Websolutions.

Financial Expenses. Our financial expenses increased by 646.8% to Rs. 61.43 million for the six months ended September 30, 2007 from Rs. 8.22 million for the six months ended September 30, 2006, primarily due to the increase in our average total outstanding indebtedness, including the debt of U.S.$ 145.0 million raised to partly fund the acquisition of Zavata, Inc. As of September 30, 2007, we had Rs. 5,077.00 million of term loan outstanding from this facility and paid interest charges of Rs. 55.33 million and bank charges of Rs. 4.81 million.

Miscellaneous Expenses Written Off. Our miscellaneous expenditure written off was Rs. 12.78 million for six months ended September 30, 2007 on account of amortization of deferred borrowings costs as compared to Rs. 1.24 million for six months ended September 30, 2006 which consisted of share issuance expenses.

Taxation. Our total tax expense increased by 84.7% to Rs. 10.06 million for the six months ended September 30, 2007 from Rs. 5.45 million for the six months ended September 30, 2006. The increase in our tax expense was due to the increase in incidence of fringe benefit tax in India and taxes in the United States.

Net Profit/(Loss), as Restated. Our restated net loss was Rs. 18.26 million for the six months ended September 30, 2006 as compared to restated net loss of Rs. 160.66 million for the six months ended September 30, 2007.

Fiscal Year 2007 Compared to Fiscal Year 2006

Our results of operations for the fiscal year 2007 were particularly affected by the following factors:

- acquisitions of Armanti Financial and Heritage Websolutions completed on August 1, 2006 and September 1, 2006, resulting in significant increases in income generated from provider services business and IT services business, respectively.
- increase in income generated from our existing operations, primarily revenue cycle management services and IT operations;
- the increase in total expenditure, particularly personnel expenses and operating and other expenses; and
- profit on sale of subsidiary Medvarsity.

Total Income. Our total income increased by 218.6% to Rs. 1,428.13 million for the fiscal year 2007, from Rs. 448.19 million for the fiscal year 2006 due to an increase in income from operations and sale of our equity interest in Medvarsity.

Income from Operations. Our income from operations increased by 211.5% to Rs. 1,365.98 million for the fiscal year 2007 from Rs. 438.57 million for the fiscal year 2006, primarily due to the acquisitions of Armanti Financial and Heritage Websolutions. Our income from operations also increased as a result of increase in income generated from our existing operations, primarily payer services business. The acquisition of Armanti Financial facilitated a substantial increase in our hospital and physician services clients, as well as a significant increase in income generated from hospital and physician services business, with revenue from Armanti Financial of Rs. 689.75 million for the fiscal year 2007. The acquisition of Heritage Websolutions provided for a significant increase in income generated from IT services business, with revenue from Heritage Websolutions of Rs. 56.11 million for the fiscal year 2007.

Other Income. Our other income increased to Rs. 62.15 million for the fiscal year 2007 from Rs. 9.62 million for the fiscal year 2006, primarily due to recovery of bad debts, profit from sale of subsidiary – Medvarsity as well as an increase in interest income generated from deposits. Our other income as a percentage of total income increased to 4.4% for the fiscal year 2007 as compared to 2.1% for the fiscal year 2006.

Total Expenditure. Our total expenditure increased by 209.2% to Rs. 1,332.97 million for the fiscal year 2007 from Rs. 431.16 million for the fiscal year 2006, primarily as a result of the acquisitions of Armanti Financial and Heritage Websolutions and the growth in our existing business and operations. Our total expenditure as a percentage of total income decreased to 93.4 % for the fiscal year 2007 as compared to 96.2% for the fiscal year 2006.

Personnel Expenses. Our personnel expenses increased by 251.0% to Rs. 735.14 million for the fiscal year 2007 from Rs. 209.46 million for the fiscal year 2006, primarily due to the growth of our business and operations resulting in an increase in the number of employees from 860 employees at March 31, 2006 to 1,418 employees at March 31, 2007. In addition, during fiscal year 2007, expense on account of stock options granted to employees was Rs. 3.16 million, which was not there in the fiscal year 2006.

Operating and Other Expenses. Our operations and other expenses increased by 190.2% to Rs. 502.50 million for the fiscal year 2007 from Rs. 173.15 million for the fiscal year 2006, primarily due to increase in rentals of Rs. 27.25 million, travel and conveyance costs of Rs. 28.28 million, communication expenses (including leasing of private circuits) of Rs. 54.47 millions, legal and professional expenses of Rs. 49.89 million and provision for doubtful debts of Rs. 36.12 million (including bad debts).

Depreciation and Amortization. Our depreciation costs increased by 58.3% to Rs. 64.12 million for the fiscal year 2007 from Rs. 40.50 million for the fiscal year 2006, primarily due to the increase in our asset base subsequent to acquisitions of Armanti Financial and Heritage Websolutions. The expansion of existing facilities and purchases of certain assets such as computer hardware and software also contributed to increase in the depreciation costs.

Financial Expenses. Our financial expenses increased by 574.7% to Rs. 31.22 million for the fiscal year 2007 from Rs. 4.63 million for the fiscal year 2006, primarily due to the increase in our average total outstanding indebtedness as a result of debt incurred to pay a portion of the purchase consideration for the acquisition of Armanti Financial.

Miscellaneous Expenses Written Off. Our miscellaneous expenditure written off was nil for the fiscal year 2007 as compared to a write-off of Rs. 3.42 million for the fiscal year 2006. Our miscellaneous expenditure written off for the fiscal year 2006 consisted of share issuance expenses. However, in the fiscal year 2007, this was adjusted against the share premium.

Taxation. Our total tax expense increased to Rs. 33.42 million for the fiscal year 2007 from Rs. 1.06 million for the fiscal year 2006, primarily as a result of the growth of our business and operations in the United States. We recorded current taxes of Rs. 49.25 million partially offset by deferred tax benefits of Rs. 18.97 million for the fiscal year 2007, as a result of increased business operations of Armanti Financial. Fiscal year 2006 had very limited tax exposure in the United States as there were only business and marketing activities in the United States and operations were conducted out of India, which were covered under tax holiday.

Prior period items. We did not have any prior period items for the fiscal year 2007 as compared to prior period items of Rs. 5.61 million for the fiscal year 2006. Our prior period items for the fiscal year 2006 consisted of short provision of staff incentives of Rs. 3.89 million and professional expenses of Rs. 1.15 million.

Net Profit/(Loss), as Restated. Our restated net profit increased by 180.7% to Rs. 66.82 million for the fiscal year 2007 from restated net profit of Rs. 23.81 million for the fiscal year 2006.

Fiscal Year 2006 Compared to Fiscal Year 2005

Our results of operations for the fiscal year 2006 were particularly affected by the following factors:

- the increases in income generated from hospital and physician services business, particularly revenue cycle management, and IT services business, particularly software development and implementation services provided outside of India;

- the increase in total expenditure, particularly personnel expenses and operating and other expenses, due to the growth of our business and salary revisions; and

- the increase in depreciation expense particularly due to expansion of our facility in Hyderabad and procurement of computers and equipment to meet to the requirements of enhanced operations.

Total Income. Our total income increased by 84.0% to Rs. 448.19 million for the fiscal year 2006 from Rs. 243.63 million for the fiscal year 2005, primarily due to an increase in income from operations.

Income from Operations. Our income from operations increased by 80.0% to Rs. 438.57 million for the fiscal year 2006 from Rs. 243.62 million for the fiscal year 2005. Pricing for our services was generally stable during such fiscal periods. As such, the increase in income from operations was primarily due to the growth of Rs. 224.0 million in overseas income, which was partially offset by a decrease income from domestic operations.

Other Income. Our other income increased by 290.4% to Rs. 9.62 million for the fiscal year 2006 from Rs. 2.47 million for the fiscal year 2005, primarily due to interest income generated from deposits and miscellaneous income. Our other income as a percentage of total income increased to 2.1% for the fiscal year 2006 as compared to 1.0% for the fiscal year 2005.

Total Expenditure. Our total expenditure increased by 63.2% to Rs. 431.16 million for the fiscal year 2006 from Rs. 264.23 million for the fiscal year 2005, primarily due to the growth of our business and operations resulting in an increase in the number of employees as well as salary revisions. Our total expenditure as a percentage of total income decreased to 96.2% for the fiscal year 2006 as compared to 108.5% for the fiscal year 2005.

Personnel Expenses. Our personnel expenses increased by 82.8% to Rs. 209.46 million for the fiscal year 2006 from Rs. 114.61 million for the fiscal year 2005, primarily due to the growth of our business and operations resulting in an increase in the number of employees from 473 employees at March 31, 2005 to 860 employees at March 31, 2006, as well as due to salary revisions.

Operating and Other Expenses. Our operating and other expenses increased by 34.3% to Rs. 173.15 million for the fiscal year 2006 from Rs. 128.96 million for the fiscal year 2005, primarily due to increases in rentals and maintenance expenses of Rs. 11.02 million, communication expenses (including leasing of private circuits) of Rs. 18.36 million, provision for bad and doubtful debts of Rs. 10.03 million, which was partially offset by a decrease in travel and conveyance costs by Rs. 11.92 million.

Depreciation and Amortization. Our depreciation costs increased by 235.5% to Rs. 40.50 million for the fiscal year 2006 from Rs. 12.07 million for the fiscal year 2005, primarily due to increase in our asset base and the change in depreciation policy and rates.

Financial Expenses. Our financial expenses decreased by 46.1% to Rs. 4.63 million for the fiscal year 2006 from Rs. 8.59 million for the fiscal year 2005, primarily due to the decrease in our total outstanding indebtedness resulting in a decrease in our total interest expense. We used a portion of the net proceeds from the sale of equity shares and cash generated from operations to repay part of our outstanding debt. The decrease in total interest expense consisted of a decrease in interest paid on term loans and other debt partially offset by an increase in interest paid on bank debt.

Miscellaneous Expenses Written Off. Our miscellaneous expenditure written off increased to Rs. 3.42 million for the fiscal year 2006 from Rs. 0.01 million for the fiscal year 2005. Miscellaneous expenses written off for the fiscal years 2006 and 2005 consisted of share issuance expenses.

Taxation. Our total tax expense reduced to Rs. 1.06 million for the fiscal year 2006 from Rs. 42.08 million for the fiscal year 2005. The significant decrease in our tax expense for the fiscal year 2006 was due to reversal of deferred tax benefit of Rs. 36.15 million in fiscal year 2005.

Prior period items. Our prior period items were Rs. 5.61 million for the fiscal year 2006 as compared to prior period income of Rs. 1.80 million for the fiscal year 2005. Our prior period items for the fiscal year 2006 consisted of staff incentives of Rs. 3.89 million and professional expenses of Rs. 1.15 million and prior period income for the fiscal year 2005 consisted of professional fees of Rs. 1.80 million.

Net Profit/(Loss), as Restated. Our restated net profit was Rs. 23.81 million for the fiscal year 2006 as compared to a net loss of Rs. 35.53 million for the fiscal year 2005.

Fiscal Year 2005 Compared to Fiscal Year 2004

Our results of operations for the fiscal year 2005 were particularly affected by the following factors:

- the increases in income generated from payer and IT services;
- the decrease in domestic income generated from consulting and other business;

- the increase in total expenditure, particularly personnel expenses and operations and other expenses, due to the growth of our business and salary revisions; and

- reversal of deferred tax benefit, which was recognised in earlier years.

Total Income. Our total income increased by 36.5% to Rs. 243.63 million for the fiscal year 2005 from Rs. 178.51 million for the fiscal year 2004, primarily due to an increase in income from operations.

Income from Operations. Our income from operations increased by 40.9% to Rs. 243.62 million for the fiscal year 2005 from Rs. 172.88 million for the fiscal year 2004, primarily due to increases in payer and IT services partially offset by decrease in domestic income generated from software development and implementation business. Pricing for our products and services was generally stable during such fiscal periods.

Other Income. Our other income decreased by 22.3% to Rs. 2.47 million for the fiscal year 2005 from Rs. 3.17 million for the fiscal year 2004, primarily due to the sale of our subsidiary, E-Med Life, in fiscal year 2004 which contributed Rs. 1.35 million.

Total Expenditure. Our total expenditure increased by 53.2% to Rs. 264.23 million for the fiscal year 2005 from Rs. 172.49 million for the fiscal year 2004, primarily due to the growth of our business and operations resulting in an increase in the number of employees as well as salary revisions. Our total expenditure as a percentage of total income increased to 108.5% for the fiscal year 2005 as compared to 96.6% for the fiscal year 2004.

Personnel Expenses. Our personnel expenses increased by 68.0% to Rs. 114.61 million for the fiscal year 2005 from Rs. 68.23 million for the fiscal year 2004, primarily due to the growth of our business and operations resulting in an increase in the number of employees from 321 employees at March 31, 2004 to 473 employees at March 31, 2005, as well as due to salary revisions.

Operating and Other Expenses. Our operating and other expenses increased by 45.9% to Rs. 128.96 million for the fiscal year 2005 from Rs. 88.41 million for the fiscal year 2004, primarily due to increases in business travel and conveyance costs of Rs. 22.74 million, communication expenses (including leasing of private circuits) of Rs. 5.75 million, rental, maintenance and hiring charges of Rs. 9.58 million, and advertisement and business promotional expenses of Rs. 3.16 million.

Depreciation and Amortization. Our depreciation costs increased by 14.5% to Rs. 12.07 million for the fiscal year 2005 from Rs. 10.54 million for the fiscal year 2004, primarily due to expansion of business and increase in asset base.

Financial Expenses. Our financial expenses increased by 61.8% to Rs. 8.59 million for the fiscal year 2005 from Rs. 5.30 million for the fiscal year 2004, primarily due to the increase in our total outstanding indebtedness resulting in an increase in our total interest expense. The increase in total indebtedness was as a result of growth of our business and operations. The increase in total interest expense consisted of an increase in interest paid on term loans and bank debt.

Taxation. Our total tax expense increased by 243.1% to Rs. 42.08 million for the fiscal year 2005 from Rs. 12.27 million for the fiscal year 2004, primarily due to the increase in current taxes in US and UK and reversal of deferred tax asset of Rs. 36.15 million of earlier years in fiscal year 2005. In the fiscal year 2004, the deferred tax benefit of subsidiary Medvarsity was Rs. 11.35 million.

Net Profit/(Loss), as Restated. Our restated net loss was Rs. 35.53 million for the fiscal year 2005 as compared to restated net loss of Rs. 5.40 million for the fiscal year 2004.

Financial Condition, Liquidity and Capital Resources

We broadly define liquidity as our ability to generate sufficient funds from both internal and external sources to meet our obligations and commitments. In addition, liquidity includes the ability to obtain appropriate equity and debt financing and loans and to convert into cash those assets that are no longer required to meet existing strategic and financial objectives. Therefore, liquidity cannot be considered separately from capital resources that consist of current or potentially available funds for use in achieving long-range business objectives and meeting debt service and other commitments.

We have historically financed our capital requirements primarily through funds generated from our operations, financing from banks and other financial institutions in the form of term loans and sales of equity. We generally fund our working capital and capital expenditure requirements through cash generated from operating activities. We have historically required significant amounts of capital to acquire businesses complementary to ours, such as Zavata, Inc. and Armanti Financial. We intend to continue to acquire businesses complementary to ours or enter into strategic initiatives, which may require significant amounts of capital. We believe that we will have sufficient capital resources from our operations, net proceeds of this Issue and other offerings of securities and other financings from banks and financial institutions to meet our capital requirements for at least the next 12 months.

Cash Flows

The table below summarizes our restated cash flows for the six months ended September 30, 2007 and September 30, 2006 and the fiscal years 2007, 2006, 2005 and 2004:

(Rs. in Millions)	Six Months Ended September 30, 2007	Fiscal Year 2007	Fiscal Year 2006	Fiscal Year 2005	Fiscal Year 2004
Net cash (used in)/generated from operating activities	(113.94)	301.27	**(58.73)**	**5.54**	**(10.03)**
Net cash (used in) investing activities	(6,275.87)	(660.23)	**(183.91)**	**(29.51)**	**(25.76)**
Net cash generated from financing activities	6,576.90	665.14	**245.25**	**27.22**	**35.72**
Net (decrease) / increase in cash and cash equivalents as of the end of the fiscal period	88.90	281.24	**2.62**	**3.51**	**(1.73)**

Cash and cash equivalents was Rs. 503.07 million as on September 30, 2007. Cash and cash equivalents increased to Rs. 304.66 million as of March 31, 2007 from Rs. 140.96 million as of March 31, 2006. Cash in form of bank deposits, current account deposits, margin money accounts and cash on hand represent our cash and cash equivalents.

Operating Activities

Net cash used in operating activities was Rs. 113.94 million for six months ended September 30, 2007, and consisted of restated net loss of Rs. 152.62 million before tax and prior period items, as adjusted for a number of non-cash items, primarily depreciation of Rs. 50.76 million, provision for doubtful debts of Rs. 30.87 million, and other items, primarily interest expense of Rs. 56.62 million, and amortization of loan commitment expenses of Rs. 12.78 million and changes in working capital, such as decrease in current liabilities of Rs. 31.42 million, increase in loans and advances Rs. 91.76 million and tax payments of Rs. 12.08 million.

Net cash generated from operating activities was Rs. 301.27 million for the fiscal year 2007, and consisted of net profit before tax and prior period items, as restated, of Rs. 103.32 million, as adjusted for a number of non-cash items, primarily depreciation of Rs. 62.87 million, provision for doubtful debts of Rs. 50.31 million, and other items, primarily interest expense of Rs. 28.15 million, profit on consolidation of sale of investment in subsidiary of Rs. 13.03 million, and changes in working capital, such as increase in current liabilities of Rs. 66.54 million and decrease in sundry debtors of Rs. 60.40 million, and income tax payment of Rs. 49.46 million.

Net cash used in operating activities was Rs. 58.73 million for the fiscal year 2006, and consisted of net profit before tax and prior period items, as restated, of Rs. 25.47 million, as adjusted for a number of non-cash items, primarily depreciation of Rs. 29.83 million and provision for doubtful debts of Rs. 15.05 million, and other items, primarily interest income of Rs. 7.5 million partially offset by interest expense of Rs. 3.75 million and changes in working capital, such as increases in sundry debtors of Rs. 92.84 million and loans and advances of Rs. 25.19 million and decrease in current liabilities of Rs. 10.67 million, and tax payment of Rs. 5.12 million.

Net cash generated from operating activities was Rs. 5.54 million for the fiscal year 2005, and consisted of net loss before tax and prior period items, as restated, of Rs. 29.89 million, as adjusted for a number of non-cash items, primarily depreciation of Rs. 16.00 million and provision for doubtful debts of Rs. 7.74 million, and other items, primarily interest expense of Rs. 7.48 million, and changes in working capital, such as increase in current liabilities of Rs. 16.27 million and increase in sundry debtors of Rs. 11.53 million, and income tax payment of Rs. 3.1 million.

Investing Activities

Net cash used in investing activities was Rs. 6,275.87 million for the six months ended September 30, 2007, primarily as a result of Rs. 5,981.60 million used for acquiring our equity interest in Zavata, Inc., Rs. 59.61 million paid to erstwhile partners of Armanti Financial as a part of purchase consideration and Rs. 128.77 million for procurement of fixed assets. In addition, Rs. 109.51 million were placed in deposits.

Net cash used in investing activities was Rs. 660.23 million for the fiscal year 2007, primarily as a result of Rs. 713.03 million used for acquisition of our equity interest in Armanti Financial and Heritage Websolutions, sale of stake in Medvarsity Rs. 17.33 million, Rs. 88.98 million for procurement of fixed assets and Rs. 117.55 million of encashment of deposits.

Net cash used in investing activities was Rs. 183.91 million for the fiscal year 2006, primarily used in the purchase of fixed assets of Rs. 68.70 million and Rs. 122.25 million were invested in deposits.

Net cash used in investing activities was Rs. 29.51 million for the fiscal year 2005, primarily used in purchase of fixed assets consisting for Rs. 29.74 million.

Financing Activities

Net cash generated from financing activities was Rs. 6,576.90 million for the six months ended September 30, 2007, primarily as a result of proceeds from long-term borrowings of Rs. 5,076.99 million partially offset by repayment of long term borrowing of Rs. 434.97 million, interest payment of Rs. 26.94 million and loan commitment fees of Rs. 210.91 million. It also includes proceeds from the issuance of share capital and receipt of share premium in the aggregate amount of Rs. 2,172.66 million.

Net cash generated from financing activities was Rs. 665.14 million for the fiscal year 2007, primarily as a result of proceeds from long-term borrowings in the aggregate amount of Rs. 414.05 million and proceeds from the issuance of share capital in the aggregate amount of Rs. 279.18 million partially offset by repayment of long term borrowings of Rs. 11.09 million and interest payment of Rs. 17.10 million.

Net cash generated from financing activities was Rs. 245.25 million for the fiscal year 2006, primarily as a result of proceeds from the issuance of share capital in the aggregate amount of Rs. 348.23 million partially offset by repayment of long-term borrowing of Rs. 76.11 million and short term borrowing net of Rs. 16.92 million and deferred revenue expenditure of Rs. 6.67 million.

Net cash generated from financing activities was Rs. 27.22 million for the fiscal year 2005, primarily as a result of proceeds from long term borrowings of Rs. 5.15 million and short-term borrowings, net, in the aggregate amount of Rs. 39.85 million partially offset by repayment of long-term borrowing of Rs. 9.97 million and interest payments of Rs. 7.82 million.

Capital Expenditures (on Accrual Basis)

Our capital expenditures for the six months ended September 30, 2007 and the fiscal years ended 2007, 2006 and 2005 was Rs. 473.14 million, Rs. 378.82 million, Rs. 64.27 million and Rs. 29.96 million, respectively, on capital expenditures. The capital expenditures for the six months ended September 30, 2007 consisted primarily of goodwill of Rs. 444.09 million on account of additonal consideration paid to erstwhile owners of Armanti Financial, Rs. 16.51 million of computer and computer equipments, Rs. 7.06 million of software and Rs. 3.61 million of furniture, fixtures and office equipment. In addition, our fixed assets increased by Rs. 5,863.11 million in the six months ended September 30, 2007 as compared to March 31, 2007, on account of acquisition of assets of Zavata, Inc.

The capital expenditures for the fiscal year 2007 consisted primarily of goodwill of Rs. 271.22 million onaccount of acquisition of business of Armanti Financial and Heritage Websolutions, Rs. 56.74 million of computer equipments, Rs. 9.81 million of furniture, fixtures and office equipments and Rs. 16.13 million of leasehold improvements. The capital expenditures for the fiscal year 2006 consisted primarily of Rs. 35.36 million for computer equipments, Rs. 11.81 million of furniture, fixtures and office equipments, Rs. 5.21 million of towards leasehold land and Rs. 11.30 million of leasehold improvements. The capital expenditures for the fiscal year 2005 consisted primarily of purchase of computer equipments of Rs. 21.68 million, Rs. 3.39 million of furniture, fixtures and office equipments and Rs. 1.99 million of leasehold improvements.

We expect our capital expenditure needs in fiscal year 2008 to be approximately Rs. 121.72 million. We expect to meet these capital expenditure needs from cash generated from operating activities and from the net proceeds of the Issue.

Indebtedness

As of September 30, 2007, we had Rs. 5,168.09 million of aggregate principal amount of indebtedness outstanding. The following table provides certain characteristics of our outstanding indebtedness as at September 30, 2007:

Type of Indebtedness	Amount Outstanding (as of September 30, 2007) (Rs. in Millions)	Total Amount of Credit Facility (Rs. in Millions)
Term Loan Facilities	4,967.50	5,364.90
Revolving Credit Facilities	109.50	397.40
Others (Finance Lease Obligations)	91.09	91.10

* The interest rates provided are the average interest rates for the six month period ending September 30, 2007.

The term loans as at September 30, 2007 is secured by assets of the Group. See "Objects of the Issue –Detailed Use of Issue Proceeds - Pre-payment of debt obtained for Zavata, Inc" on page 45.

Contractual Obligations and Commercial Commitments

Our purchase and other obligations include our capital expenditure obligations and other obligations and commitments, including for rental and finance lease payments. We define a purchase obligation as an arrangement to purchase goods or services that is enforceable and legally binding on us.

The following table summarizes our contractual obligations and commercial commitments as of September 30, 2007 and the effect such obligations and commitments are expected to have on our liquidity and cash flows in future periods.

Contractual Obligations	As of September 30, 2007	Less than 1 year	1-5 years	More than 5 years
				(Rs. in millions)
Long term debt	5,076.99	74.51	5002.48	-
Short term debt	-	-	-	-
Finance Leases including Finance Charges (1)	107.10	64.59	42.50	-
Operating Leases (2)	341.64	96.57	206.27	38.80
Purchase Consideration towards Acquired Entities (3)	10.60	809.29	185.45	Nil

(1) Certain leasehold improvements, computers and computer equipments, furniture and fixtures, vehicles and software have been obtained by us under finance lease arrangements. The finance lease terms vary from 18 to 72 months. There is no escalation clause in such lease agreements. Some leases though have purchase and renewal clauses.

(2) We have obtained office premises, vehicles and office equipment on non-cancellable operating leases. The operating lease terms vary from one to 10 years. There are no restrictions imposed by lease agreement and we do not have any sub-leases. Some of the leases have escalation and renewal clauses. We do not have purchase options in these agreements.

(3) The former shareholders of Armanti Financial sold their shareholding to us effective August 1, 2006. The terms of the securities purchase agreement dated July 31, 2006, as amended, required us to pay additional purchase consideration of up to US$ 15 million. We have determined the final additional consideration to be made is US$ 11.18 million and have made provision as goodwill in our financial statements. Other liabilities include payable of US$ 9.67 million to former shareholders of Armanti Financial.

There are no contractual obligations to the former shareholders of Heritage Websolutions. However, we have certain earn-out payments that we have agreed to make to the former shareholders of Zavata, Inc. and former employees of Zavata who are still employed with Zavata, Inc. These payments are payable in cash, based on whether the operations of Zavata, Inc. business achieves certain agreed-upon revenue and new client contract targets in the 12 months ended March 31, 2008. Such earn-out payments could be up to US$ 15.62 million.

Contingent Liabilities

As of September 30, 2007, our contingent liabilities comprised of the following

(i) In accordance with the notification issued by the Employee Provident Fund Office, the Company may be required to contribute provident fund on amounts paid towards encashment of leave by employees from its inception to April 30, 2005. However, no provision was recorded in the books of accounts as the Company's liability towards provident fund is presently not determinable.

(ii) Performance security/surety issued to Commissionerate of Health Medical Services & Medical Education, Health and Family Welfare Department, Government of Gujarat for Rs. 0.64 million by us. Bank guarantee issued to IBM Global India Private Limited for Rs. 2.26 million by Zavata India Private Limited. In terms of the bank guarantee, the banks have full recourse to us in case they are required to make any payment under any of these guarantees.

(iii) Appeal pending with Assistant Commissioner of Income Tax against Zavata India Private Limited in relation to the income tax assessment and related demand for the assessment year 2004-05 for an amount of Rs. 14.31 million and sales tax demand notice issued by Commercial Taxes Department of Hyderabad to us for an amount of Rs. 0.64 million.

Related Party Transactions

We have engaged in the past, and may engage in the future, in transactions with related parties, including our Subsidiaries, affiliates and certain key management members on an arm's lengths basis. Such transactions could be for provision of services, lease of assets or property (including intellectual property), sale or purchase of equity shares or entail incurrence of indebtedness. For details of our related party transactions, see Note 12 of Schedule 19 of our audited consolidated financial statements beginning on page 186.

Transfer Pricing

United States and Indian transfer-pricing regulations require that any international transaction involving associated enterprises be at an arm's-length price. Transactions among our subsidiaries, including AHSI, AFSI, Armanti Financial, AHSL and Zavata, Inc. may be considered such transactions. Accordingly, we determine the pricing among our associated enterprises on the basis of detailed functional and economic analysis involving benchmarking against transactions among entities that are not under common control. If the applicable income tax authorities review any of our tax returns and determine that the transfer price we applied was not appropriate, we may incur increased tax liability, including accrued interest and penalties.

Seasonality

Our results of operations do not generally exhibit seasonality. However, we may have variation in our financial results from fiscal period to fiscal period as a result of various factors, including those described under "Management's Discussion and Analysis of Financial Condition and Results of Operations – Factors Affecting Our Results of Operations" and "Risk Factors".

Impact of Inflation

Although India has experienced minor fluctuation in inflation rates in recent years, inflation has not had a material impact on our business and results of operations.

Off Balance Sheet Commitments and Arrangements

From time to time, in connection with import of computers, computer equipment and certain our equipment, we provide bank guarantees to the Government of India. As of September 30, 2007, Andhra Bank had provided

guarantees in the aggregate amount of Rs. 3.81 million to the Government of India, for which we pay bank charges to Andhra Bank. Andhra Bank has full recourse to us in case it is required to make any payment under any of its guarantees.
We do not have any off-balance sheet arrangements, derivative instruments, swap transactions or relationships with unconsolidated entities or financial partnerships that would have been established for the purpose of facilitating off-balance sheet transactions.

Quantitative and Qualitative Disclosures About Market Risk

Market risk is the risk of loss related to adverse changes in market prices, including interest rate risk, foreign currency exchange risk and commodities risk. We are exposed to foreign currency exchange risk and interest rate risk in the normal course of our business.

Risk Management Procedures

The objective of market risk management is to avoid excessive exposure of our income and equity to loss. We act, with respect to our foreign currency exchange rate risk, on the basis of advice from a third party advisor. We generally manage other market risk through our treasury operations.

Foreign Currency Exchange Rate Risk

Changes in currency exchange rates of United States dollars versus the Indian rupee could affect our results of operations. We generate a substantial majority of our income in United States dollars, but incur expenditures, and report our results, in Indian rupees. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Financial Condition, Liquidity and Capital Resources" on page 356.

We use foreign exchange forward contracts to mitigate the risk of changes in foreign exchange rates on account receivables and forecasted cash flows denominated in United States dollars and in United Kingdom pound sterling. The counterparty for these contracts is generally a bank. As of September 30, 2007, we held foreign exchange contracts of US$ 1.2 million. These foreign exchange contracts mature between 1 and 6 months, must be settled on the day of maturity and may be cancelled subject to the payment of any gains or losses in the difference between the contract exchange rate and the market exchange rate on the date of cancellation. We recorded gains of Rs. 0.65 million and Rs. 1.05 million for the six months ended September 30, 2007 and fiscal year 2007, respectively. We use these forward contracts only as a hedging mechanism and not for speculative purposes. We may not purchase adequate instruments to insulate ourselves from foreign exchange currency risks. The policies of the Reserve Bank of India may change from time to time, which may limit our ability to hedge our foreign currency exposures adequately. In addition, any such instruments may not perform adequately as a hedging mechanism. See "Risk Factors – Risks Associated with Our Business – Because substantially all of our income is denominated in foreign currencies and a portion of our expenses are denominated in Indian rupees, we face currency exchange risk" beginning on page XIX.

Interest Rate Risk

We currently have floating rate indebtedness and we also maintain deposits of cash and cash equivalents with banks and other financial institutions and thus are exposed to market risk as a result of changes in interest rates. As of September 30, 2007, Rs. 5,077 million of our indebtedness consisted of floating rate indebtedness. We have entered into interest rate swap agreements with Bank of India and Barclays Bank Plc to manage interest rate risk in relation to our floating rate indebtedness. See "Risk Factors – Risks Associated with Our Business" beginning on page X.

Credit Risk

We are exposed to credit risk on accounts receivables owed to us by our clients. If our clients do not pay us promptly, or at all, we may have to make provisions for or write-off such amounts. For the six months ended September 30, 2007 and the fiscal year 2007, we provided for bad and doubtful debt of Rs. 29.96 million and Rs. 51.17 million, respectively.

Significant Accounting Policies

The policies summarised below are considered by our management to be critical. Critical accounting policies are those accounting policies that we believe are most important to the portrayal of our results of operations and financial condition and/or require our most difficult, subjective or complex judgment. See Note 1 (a) to 1 (q) of Schedule 19 of our audited consolidated financial statements beginning on page 186 for a discussion of these critical accounting policies as well as our other accounting policies which we believe are significant.

Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The Company recognises revenue from the last billing date to the balance sheet date for work performed but not billed as unbilled revenues which are included in other current assets. See note 1 (i) of Schedule 19 of our audited consolidated financial statements beginning on page 186.

Foreign Currency Transactions

- Initial recognition: foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

- Conversion: foreign currency monetary items are reported using the closing rate. Non monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

- Exchange differences: exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise. Exchange differences arising in respect of fixed assets acquired from outside India are capitalized as part of fixed asset. Exchange differences on liability relating to fixed assets acquired within India arising out of transactions entered on or before March 31, 2004 are added to the cost of the asset in compliance with the Accounting Standard – 11.

- Forward exchange contracts: a gain or loss on forward exchange contracts is computed by multiplying the foreign currency amount of the forward exchange contract by the difference between the forward rate available at the reporting date for the remaining maturity of the contract and the contracted rate (or the forward rates last used to measure a gain or loss on that contract for an earlier year). The gain or loss so computed is recognized in our statement of profit and loss for the period. The premium or discount on the forward exchange contract is not recognized separately.

- Foreign branch: the financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of ours.

Foreign Currency Translations

Some of our client contracts are with our wholly-owned and Delaware incorporated subsidiary, AHSI. The Company has entered into a transitional services agreement with AHSI pursuant to which we provides services to AHSI and receives compensation for such services from AHSI. As a result, AHSI generally collects income from clients and pays expenses denominated in foreign currencies to us. It has the option to retain those in an EEFC account (foreign currency denominated) or an Indian-rupee-denominated account. We convert substantially all of our foreign currency to rupees to fund operations and expansion activities in India.

Effective for accounting periods commencing on or after April 1, 2004, the Institute of Chartered Accountants of India revised Accounting Standard – 11 titled "The Effects of Changes in Foreign Currency Rates" (the "Revised AS – 11"). The Revised AS – 11 requires that in accordance with the guidance provided thereunder, the reporting enterprises shall classify their foreign operations as "integral foreign operations" or "non-integral foreign operations." Based on the analysis of the following factors we have designated our overseas subsidiary, AHSI as our "non-integral foreign operations".

Taxation

Tax expense consists of current, deferred and fringe benefit taxes as well as taxes paid for prior fiscal years. Tax on income for the current period and fringe benefit tax is determined on the basis of estimated taxable income and tax credit, if any, computed in accordance with the provisions of applicable law as applicable to us.

Deferred tax arises mainly due to the current year timing differences between accounting income and the estimated taxable income and reversal of timing differences of earlier years and is quantified using the tax rates and laws enacted or substantively enacted as on the balance sheet date. Deferred tax assets and deferred tax liabilities across various countries of our operation are not set off against each other as we do not have a legal right to do so. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If we have carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognized only if there is virtual certainty that such deferred tax assets can be realized against future taxable profits. Unrecognized deferred tax assets of earlier years are reassessed and recognized to the extent that it has become reasonably or virtually certain that future taxable income will be available against which such deferred tax assets can be realized.

Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation and impairment losses. Cost comprises the purchase price and any cost attributable to bringing the asset to its working condition for its intended use.

Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal or external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

Depreciation

Depreciation is provided at the rates calculated using the straight-line method, based on the estimated useful life of the asset, except as provided below:

- leasehold improvements are amortized over the shorter of lease period and estimated useful life;
- acquired goodwill, other than as a result of consolidation, is amortized over two years; and
- library books are fully depreciated in the year of purchase.

Individual assets costing up to or less than Rs. 5,000 (excluding those included under leasehold improvements) are fully depreciated in the year of purchase.

Retirement and Other Employee Benefits

– Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of each period.

– Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the period when the contributions to the fund are due.

– Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation made at each Balance Sheet date.

– Actuarial gains/losses are recognised in the Profit and Loss Account as they arise.

Future Relationship between Costs and Income

Other than as described in the sections "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Draft Red Herring Prospectus, to our knowledge there are no known factors which will have a material adverse impact on our operation and finances.

Competitive Conditions

We expect competition in our industry from existing and potential competitors to intensify. For details, please refer to the discussions of our competition in the sections "Risk Factors" and "Our Business" in this Draft Red Herring Prospectus.

Significant Developments after September 30, 2007 that may affect our future results of operations

Except as stated elsewhere in this Draft Red Herring Prospectus, to our knowledge no circumstances have arisen since the date of the last financial statements as disclosed in this Draft Red Herring Prospectus which materially and adversely affects or is likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

Significant Dependence on a Single or Few Customers

For details, please refer to the sections "Risk Factors" and "Our Business" in this Draft Red Herring Prospectus.

Inflation

In recent years, although India has experienced fluctuation in inflation rates, inflation has not had a material impact on our business and results of operations.

Unusual or Infrequent Events or Transactions

Except as described in this Draft Red Herring Prospectus, there have been no events or transactions to our knowledge which may be described as "unusual" or "infrequent".

Known trends or uncertainties

Other than as described in the sections "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Draft Red Herring Prospectus, to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on our revenues or income from continuing operations.

SECTION VI – LEGAL AND REGULATORY INFORMATION

OUTSTANDING LITIGATION AND DEFAULTS

Except as stated below there are no outstanding litigation, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company, the Directors, the Promoters, the Promoter Group and our Subsidiaries and there are no defaults, non payment of statutory dues, overdues to banks/financial institutions/small scale undertaking(s), defaults against banks/financial institutions/small scale undertaking(s), defaults in dues payable to holders of any debentures, bonds or fixed deposits or arrears on preference shares issued by the Company, the Directors, the Promoters, the Promoter Group companies and the Subsidiaries, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic/civil/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) other than unclaimed liabilities of the Company, the Directors, the Promoters, the Promoter Group and the Subsidiaries and no disciplinary action has been taken by SEBI or any stock exchanges against the Company, the Directors, the Promoters, the Promoter Group and our Subsidiaries that would result in a material adverse effect on our consolidated business taken as a whole.

For details of contingent liabilities of our Company and our Subsidiaries, please refer to the financial statements of the Company and our Subsidiaries beginning on page 186.

Cases against the Company

Nil

Cases filed by the Company

Employment Disputes

1. The Company (plaintiff) has filed a civil suit (O.S. no. 6232 of 2007) before the Junior Civil Judge, City Civil Court at Hyderabad against Ms. Feona Earl (defendant) under Order VII Rule 1 and 2 read with section 26 of the Code of Civil Procedure Code, 1908. The defendant approached the plaintiff company seeking employment, consequently through appointment letter dated March 1, 2007 the defendant was appointed as a product trainer with an initial period of six months on probation. The defendant executed a service agreement dated March 5, 2007 accepting all the terms and conditions of work and agreed to work for a minimum period of 12 months from the date of appointment with the plaintiff company. During the course of employment, the defendant stopped attending office and was absent without proper authorization from the plaintiff company. The plaintiff company through letter dated April 19, 2007 informed the defendant that her act of unauthorized absence from office was in violation of the service agreement. Hence, the plaintiff is claiming an amount of Rs.60,214 with an interest of 12% per annum as liquidated damages for breach of the service agreement. The Court has ordered to issue fresh summons and the matter is now posted for hearing on March 20, 2008.

2. The Company (plaintiff) has filed a civil suit (O.S. no. 6230 of 2007) before the Junior Civil Judge, City Civil Court at Hyderabad against Mr. D. Chandrasheker (defendant) under Order VII Rule 1 and 2 read with section 26 of the Code of Civil Procedure Code, 1908. The defendant approached the plaintiff company seeking employment, consequently through appointment letter dated October 16, 2006 the defendant was appointed as a product trainer with an initial period of six months on probation. The defendant executed a service agreement dated October 16, 2006 accepting all the terms and conditions of work and agreed to work for a minimum period of 12 months from the date of appointment with the plaintiff company. During the course of employment, the defendant stopped attending office and was absent without proper authorization from the plaintiff company. The plaintiff company through letter dated April 19, 2007 informed the defendant that his act of unauthorized absence from office was in violation of the service agreement. Hence, the plaintiff is claiming an amount of Rs.60,000 with an interest of 12% per annum as liquidated damages for breach of the service agreement. The matter was decided *ex parte* on February 28, 2008 and the decree is awaited.

3. The Company (plaintiff) has filed a civil suit (O.S. no. 6231 of 2007) before the Junior Civil Judge, City Civil Court at Hyderabad against Mr. Mohammed Abdulhai Siddiqui (defendant) under Order VII

Rule 1 and 2 read with section 26 of the Code of Civil Procedure Code, 1908. The defendant approached the plaintiff company seeking employment, consequently through appointment letter dated April 13, 2007 the defendant was appointed as a product trainer with an initial period of six months on probation. The defendant executed a service agreement dated April 16, 2007 accepting all the terms and conditions of work and agreed to work for a minimum period of 12 months from the date of appointment with the plaintiff company. During the course of employment, the defendant stopped attending office and was absent without proper authorization from the plaintiff company. The plaintiff company through letter dated June 22, 2007 informed the defendant that his act of unauthorized absence from office was in violation of the service agreement. Hence, the plaintiff is claiming an amount of Rs.60,088 with an interest of 12% per annum as liquidated damages for breach of the service agreement. The matter was decided *ex parte* on February 28, 2008 and the decree is awaited.

4. The Company (plaintiff) has filed a civil suit (O.S. no. 6224 of 2007) before the Junior Civil Judge, City Civil Court at Hyderabad against Mr. V. Vamsi Mohan (defendant) under Order VII Rule 1 and 2 read with section 26 of the Code of Civil Procedure Code, 1908. The defendant approached the plaintiff company seeking employment, consequently through appointment letter dated August 29, 2006 the defendant was appointed as a product trainer with an initial period of six months on probation. The defendant executed a service agreement dated September 4, 2006 accepting all the terms and conditions of work and agreed to work for a minimum period of 12 months from the date of appointment with the plaintiff company. During the course of employment, the defendant stopped attending office and was absent without proper authorization from the plaintiff company. The plaintiff company through letter dated February 8, 2007 informed the defendant that his act of unauthorized absence from office was in violation of the service agreement. Hence, the plaintiff is claiming an amount of Rs.60,000 with an interest of 12% per annum as liquidated damages for breach of the service agreement. The matter is now posted for hearing on March 19, 2008.

5. The Company (plaintiff) has filed a civil suit (O.S. no. 6229 of 2007) before the Junior Civil Judge, City Civil Court at Hyderabad against Mr. Mirza Iqtedar Baig (defendant) under Order VII Rule 1 and 2 read with section 26 of the Code of Civil Procedure Code, 1908. The defendant approached the plaintiff company seeking employment, consequently through appointment letter dated January 5, 2007 the defendant was appointed as a product trainer with an initial period of six months on probation. The defendant executed a service agreement dated January 5, 2007 accepting all the terms and conditions of work and agreed to work for a minimum period of 12 months from the date of appointment with the plaintiff company. During the course of employment, the defendant stopped attending office and was absent without proper authorization from the plaintiff company. The plaintiff company through letter dated February 28, 2007 informed the defendant that his act of unauthorized absence from office was in violation of the service agreement. Hence, the plaintiff is claiming an amount of Rs.60,242 with an interest of 12% per annum as liquidated damages for breach of the service agreement. The Court has ordered to issue fresh summons and the matter is now posted for hearing on April 10, 2008.

6. The Company (plaintiff) has filed a civil suit (O.S. no. 6221 of 2007) before the Junior Civil Judge, City Civil Court at Hyderabad against Mr. H. Naga Srinivas Rao (defendant) under Order VII Rule 1 and 2 read with section 26 of the Code of Civil Procedure Code, 1908. The defendant approached the plaintiff company seeking employment, consequently through appointment letter dated October 16, 2006 the defendant was appointed as a product trainer with an initial period of six months on probation. The defendant executed a service agreement dated October 16, 2006 accepting all the terms and conditions of work and agreed to work for a minimum period of 12 months from the date of appointment with the plaintiff company. During the course of employment, the defendant stopped attending office and was absent without proper authorization from the plaintiff company. The plaintiff company through letter dated March 26, 2007 informed the defendant that his act of unauthorized absence from office was in violation of the service agreement. Hence, the plaintiff is claiming an amount of Rs.60,000 with an interest of 12% per annum as liquidated damages for breach of the service agreement. The matter is now posted for hearing on April 23, 2008.

7. The Company (plaintiff) has filed a civil suit (O.S. no. 6225 of 2007) before the Junior Civil Judge, City Civil Court at Hyderabad against Mr. K. Srinivas (defendant) under Order VII Rule 1 and 2 read with section 26 of the Code of Civil Procedure Code, 1908. The defendant approached the plaintiff company seeking employment, consequently through appointment letter dated February 10, 2006 the defendant was appointed as a medical coder with an initial period of six months on probation. The defendant executed a service agreement dated February 13, 2006 accepting all the terms and conditions

of work and agreed to work for a minimum period of 12 months from the date of appointment with the plaintiff company. During the course of employment, the defendant stopped attending office and was absent without proper authorization from the plaintiff company. The plaintiff company through letter dated January 17, 2007 informed the defendant that his act of unauthorized absence from office was in violation of the service agreement. Hence, the plaintiff is claiming an amount of Rs.60,000 with an interest of 12% per annum as liquidated damages for breach of the service agreement. The matter is now posted for hearing on March 19, 2008.

8. The Company (plaintiff) has filed a civil suit (O.S. no. 6226 of 2007) before the Junior Civil Judge, City Civil Court at Hyderabad against Mr. Syed Mohsin Zaidi (defendant) under Order VII Rule 1 and 2 read with section 26 of the Code of Civil Procedure Code, 1908. The defendant approached the plaintiff company seeking employment, consequently through appointment letter dated December 28, 2006 the defendant was appointed as a product trainer with an initial period of six months on probation. The defendant executed a service agreement dated January 2, 2007 accepting all the terms and conditions of work and agreed to work for a minimum period of 12 months from the date of appointment with the plaintiff company. During the course of employment, the defendant stopped attending office and was absent without proper authorization from the plaintiff company. The plaintiff company through letter dated February 9, 2007 informed the defendant that his act of unauthorized absence from office was in violation of the service agreement. Hence, the plaintiff is claiming an amount of Rs.60,000 with an interest of 12% per annum as liquidated damages for breach of the service agreement. The matter is now posted for hearing on March 26, 2008.

9. The Company (plaintiff) has filed a civil suit (O.S. no. 6233 of 2007) before the Junior Civil Judge, City Civil Court at Hyderabad against Mr. Rahul Kedia (defendant) under Order VII Rule 1 and 2 read with section 26 of the Code of Civil Procedure Code, 1908. The defendant approached the plaintiff company seeking employment, consequently through appointment letter dated December 21, 2006 the defendant was appointed as a product trainer with an initial period of six months on probation. The defendant executed a service agreement dated January 8, 2007 accepting all the terms and conditions of work and agreed to work for a minimum period of 12 months from the date of appointment with the plaintiff company. During the course of employment, the defendant stopped attending office and was absent without proper authorization from the plaintiff company. The plaintiff company through letter dated April 10, 2007 informed the defendant that his act of unauthorized absence from office was in violation of the service agreement. Hence, the plaintiff is claiming an amount of Rs.60,230 with an interest of 12% per annum as liquidated damages for breach of the service agreement. The Court has ordered to issue fresh summons and the matter is now posted for hearing on April 3, 2008.

10. The Company (plaintiff) has filed a civil suit (O.S. no. 6222 of 2007) before the Junior Civil Judge, City Civil Court at Hyderabad against Mr. Ch. Ram Kumar (defendant) under Order VII Rule 1 and 2 read with section 26 of the Code of Civil Procedure Code, 1908. The defendant approached the plaintiff company seeking employment, consequently through appointment letter dated December 30, 2006 the defendant was appointed as an executive with an initial period of six months on probation. The defendant executed a service agreement dated January 2, 2007 accepting all the terms and conditions of work and agreed to work for a minimum period of 12 months from the date of appointment with the plaintiff company. During the course of employment, the defendant stopped attending office and was absent without proper authorization from the plaintiff company. The plaintiff company through letter dated May 29, 2007 informed the defendant that his act of unauthorized absence from office was in violation of the service agreement. Hence, the plaintiff is claiming an amount of Rs.60,000 with an interest of 12% per annum as liquidated damages for breach of the service agreement. The matter is now posted for hearing on April 23, 2008.

11. The Company (plaintiff) has filed a civil suit (O.S. no. 6227 of 2007) before the Junior Civil Judge, City Civil Court at Hyderabad against Mr. Sameer Siddiqui (defendant) under Order VII Rule 1 and 2 read with section 26 of the Code of Civil Procedure Code, 1908. The defendant approached the plaintiff company seeking employment, consequently through appointment letter dated March 5, 2007 the defendant was appointed as a product trainer with an initial period of six months on probation. The defendant executed a service agreement dated March 5, 2007 accepting all the terms and conditions of work and agreed to work for a minimum period of 12 months from the date of appointment with the plaintiff company. During the course of employment, the defendant stopped attending office and was absent without proper authorization from the plaintiff company. The plaintiff company through letter dated May 15, 2007 informed the defendant that his act of unauthorized absence from office was in

violation of the service agreement. Hence, the plaintiff is claiming an amount of Rs.60,120 with an interest of 12% per annum as liquidated damages for breach of the service agreement. The matter is now posted for hearing on April 23, 2008.

12. The Company (plaintiff) has filed a civil suit (O.S. no. 6223 of 2007) before the Junior Civil Judge, City Civil Court at Hyderabad against Mr. Nooruddin Syed (defendant) under Order VII Rule 1 and 2 read with section 26 of the Code of Civil Procedure Code, 1908. The defendant approached the plaintiff company seeking employment, consequently through appointment letter dated January 29, 2007 the defendant was appointed as a product trainer with an initial period of six months on probation. The defendant executed a service agreement dated January 29, 2007 accepting all the terms and conditions of work and agreed to work for a minimum period of 12 months from the date of appointment with the plaintiff company. During the course of employment, the defendant stopped attending office and was absent without proper authorization from the plaintiff company. The plaintiff company through letter dated March 26, 2007 informed the defendant that his act of unauthorized absence from office was in violation of the service agreement. Hence, the plaintiff is claiming an amount of Rs.60,120 with an interest of 12% per annum as liquidated damages for breach of the service agreement. The matter is now posted for hearing on April 23, 2008.

13. The Company (plaintiff) has filed a civil suit (O.S. no. 6228 of 2007) before the Junior Civil Judge, City Civil Court at Hyderabad against Mr. Sudhakar Reddy (defendant) under Order VII Rule 1 and 2 read with section 26 of the Code of Civil Procedure Code, 1908. The defendant approached the plaintiff company seeking employment, consequently through appointment letter dated October 16, 2006 the defendant was appointed as a product trainer with an initial period of six months on probation. The defendant executed a service agreement dated October 16, 2006 accepting all the terms and conditions of work and agreed to work for a minimum period of 12 months from the date of appointment with the plaintiff company. During the course of employment, the defendant stopped attending office and was absent without proper authorization from the plaintiff company. The plaintiff company through letter dated February 14, 2007 informed the defendant that his act of unauthorized absence from office was in violation of the service agreement. Hence, the plaintiff is claiming an amount of Rs.60,120 with an interest of 12% per annum as liquidated damages for breach of the service agreement. The matter is now posted for hearing on April 3, 2008.

Tax Litigation filed by the Company

1. The Company filed an appeal before the Income Tax Appellate Tribunal, Chennai (Appeal No. ITA No. 2650/ Mds/2005) against an order passed by the Commissioner of Income Tax (Appeals) III, Chennai. The Assistant Commissioner of Income Tax, Company Circle I (1), Chennai passed the said order on March 7, 2005 disallowing the classification of certain expenditure aggregating to Rs. 6,750,000 incurred on software cost as 'capital' for the assessment year 2002-2003. The Company appealed against this order to the Commissioner of Income Tax (Appeals) III, Chennai who confirmed the said assessment order on September 23, 2005. Thereafter, the Company preferred the said appeal praying for setting aside the said order. Meanwhile the Assistant Commissioner of Income Tax Company Circle-I(1), Chennai on March 1, 2006 revised the assessment order dated March 7, 2005 for 2002-2003 to a sum of Rs. 4,888,585 on account of certain errors apparent from the records that were committed during the computation of the income.

2. For the assessment year 2001-02, the Company has filed its return of income disclosing a loss of Rs. 80,373,948. The total loss comprised of a business loss of Rs.75,853,149 and unabsorbed depreciation of Rs. 4,520,799. However, the Company by mistake disclosed its business income as "Nil" in Form-1 and the same was adopted by assessing officer. Aggrieved by the same and to enable the Company to carry forwards the business loss of Rs.75,853,149 and unabsorbed depreciation of Rs.4,520,799, a rectification petition was filed on April 10, 2007, which was rejected by the assessing officer through an order dated March 20, 2007. Against such order, the Company has preferred an appeal (Appeal No. GIR No. Ax6-487/2001-02) on April 10, 2007 before the Commissioner of Income Tax Appeals (III), Chennai and is awaiting a hearing in this matter.

3. For the assessment year 2003-04, the Company filed a return stating a loss of Rs.5,081,607 which was re-determined by the assessing officer to be at Rs. 4,254,203. In computing the assessment the assessing officer disallowed certain claims of the Company including for deduction towards the depreciation and sundry advances written off. Aggrieved by this order the Company filed this present

appeal on February 17, 2006 before the Commissioner of Income Tax (A) – II, Hyderabad. The appeal has been heard and the final decision is awaited.

4. For the assessment year 2003-2004, the assessment officer disallowed certain deductions claimed by the Company under Section 10A of the I.T. Act was denied on the grounds that the Company has a net taxable loss for the year 2004-2005 and enhancing the revenue earned by the Company from AHSI by Rs. 8,896,190 consequent to the determination of the arm's length price of such revenues by the transfer pricing officer. The assessing officer passed an order dated December 29, 2006 determining the taxable income as 'Nil' and aggrieved by this order, the Company on January 19, 2007 filed the present appeal (Appeal No. 0758/06-07) before the Commissioner of Income Tax Appeals – II and the next date of hearing is March 21, 2007.

Notices Issued Against the Company

1. The Company entered into a Service Request-cum-Agreement dated September 15, 2005 with Singapore Telecommunications Limited for International Private Leased Circuit service. Thereafter, an invoice for USD 26,312.44 was raised on the Company on September 14, 2006. The Company has not remitted the said amount and through e-mails dated November 19, 2007 and December 6, 2007, Mr. Bruce Hopcus, ABC-Amega (on behalf of Singapore Telecommunications Limited) requested the Company to make a payment of USD 27,101.81 and to resolve the matter. The Company through an e-mail dated December 12, 2007 informed Mr. Hopcus that they are willing to resolve the matter amicably and that they would revert. The matter is pending settlement.

Cases involving our Subsidiaries

Cases filed by or against Apollo Health Street, Inc.

<u>Notices Issued or Received</u>

1. The Heart Center of Indiana, LLC (The Heart Center) has issued a notice on December 17, 2007 to one Mr. John P. Dougherty, Senior Counsel, Siemens Medical Solutions Health Services alleging a breach of the master customer agreement dated March 15, 2002 between Siemens One, Inc. (Siemens) and itself. The notice states that Siemens has breached its contractual obligations by off-shoring its business office and patient access to Apollo Health Street, Inc. without the prior permission of The Heart Center. The notice also alleges violation of certain provisions of the said agreement including in relation to insurance verification, incorrect entry of data or failure to enter data and failure to meet certain accounts receivable targets. The Heart Center has requested a discussion regarding each of these failures and violations. The said notice has been forwarded by Mr. Dougherty to AHSI through his notice dated December 20, 2007 and records that AHSI was providing services to The Heart Center as Siemens' sub–contractor, in accordance with the terms of a certain Siemens/ Integreo asset purchase agreement dated August 24, 2005 (APA). The said notice from Mr. Dougherty further states that The Heart Center has been in discussions with AHSI on the issues being raised by them and has further requested for AHSI's response to the said notice from The Heart Center to Mr. Dougherty. Mr. Dougherty has also intimated that this notice from him be treated as a notice under the APA for indemnification. Through its letter dated January 18, 2008 to Mr. Dougherty, AHSI has, amongst other responses, refuted the alleged breach of its contractual obligations.

Cases filed by or against Armanti Financial Services, Inc.

<u>Notices Issued or Received</u>

1 AFSI served an indemnification claim notice on December 21, 2007 on Mr. Satish Sanan (as a stockholder representative of the selling shareholders of Zavata, Inc.) for damages of USD 1,490,050 under the Zavata Merger Agreement. The claim is based on the allegation of non-disclosure of certain information (in relation to the termination of certain customer contracts above USD 100,000) mandated by the Zavata Merger Agreement, a misrepresentation thereto by Mr. Sanan and a consequent breach of the Zavata Merger Agreement. The said notice also states that AFSI reserves its rights to further damages for such breach. Mr. Satish Sanan disputed the said claim through letter dated January 7, 2008. In response to the same, AHSI indicated by its letter dated February 1, 2008 that a suit would be filed by it, if the claim was not resolved by or after March 9, 2008. Subsequently, Mr. Satish Sanan responded by letter dated February 8, 2008 whereby, amongst other contentions, he further disagreed with AFSI's

assertion and denied knowledge for the said termination of customer contracts. The matter is pending settlement. Thereafter, AFSI has through its letter dated March 5, 2008 has reiterated its position and stated that Mr. Sanan is in breach of the Zavata Merger Agreement.

Cases filed by or against Armanti Financial Services, LLC

1. Armanti Financial filed a suit against one of its former employees, Mr. Hector Torres. Armanti Financial had granted a loan of USD 3,000 to Mr. Hector Torres and at the time of his resignation, Mr. Torres had repaid only USD 1,500 of the said loan. Based on the said suit for recovery, a decree was passed against Mr. Hector Torres for an amount of USD 1,293.22. On July 24, 2007, Armanti Financial submitted an application to garnish the wages of Mr. Torres at Novartis and the same was assigned by the court to a Court Officer for service upon Novartis. The Court Officer intimated AFSI that Mr. Torres was not employed with Novartis and thereafter, AFSI served an information subpoena by certified and ordinary mail upon Mr. Torres. Upon no response thereto from Mr. Torres, Court passed an order on February 1, 2008 finding him in violation of AFSI's rights and it was directed that Mr. Torres appear before the court by February 11, 2008. In the meanwhile, it has been ascertained that Mr. Torres is working at Best Buy and a wage garnishment letter has been served on Best Buy.

2. Passaic Beth Israel Regional Medical Center (PBI), one Armanti Financial's RCMS clients, filed for bankruptcy in July 2006. As there was a pending receivable amount of approximately USD 1,014,093 in pre-petion bankruptcy, Armanti Financial had filed an unsecured creditor's claim for attempted recovery of the said amount. On December 18, 2007, the bankruptcy court issued an order approving the Disclosure Statement for Joint Plan of Orderly Liquidation filed for the liquidation of PBI.

3. Barnert, an RCM service vendor, filed for bankruptcy in August 2007. Armanti Financial has a pending amount of approximately USD 1,082,644 in pre-petition bankruptcy and hence Armanti Financial has filed an unsecured creditor's claim for attempted recovery of the pre-petition amount.

Cases filed by or against Zavata, Inc.

1. Passaic Beth Israel Regional Medical Center (PBI), one of Zavata, Inc.'s RCMS clients, filed for bankruptcy in July 2006. As there was a pending receivable amount of approximately USD 852,452 in pre-petion bankruptcy, Zavata, Inc. had filed an unsecured creditor's claim for attempted recovery of the said amount. PBI filed for rejection of the contract with Zavata, Inc. (under which the amount was pending) on February 14, 2007. On December 18, 2007, the bankruptcy court issued an order approving the Disclosure Statement for Joint Plan of Orderly Liquidation filed for the liquidation of PBI.

2. Ms. Beatrice Smith, a former employee (the plaintiff) filed an age and disability discrimination suit on May 16, 2007 in United States District Court, Eastern District of Pennsylvania. The factual background is that the employment of the plaintiff was terminated in November 2005 pursuant to a company-wide reduction in force and thereafter, the plaintiff filed a charge of age and disability discrimination with the Equal Employment Opportunity Commission which was rejected. Thereafter, she filed a suit with the aforesaid court claiming that that she was terminated because she was ages 58 years and as she had been out on disability leave for several months. The matter is pending settlement between the plaintiff and Zavata, Inc.

<u>Notices Issued or Received</u>

1. Wheeling Hospitals has issued a notice of termination dated October 16, 2007 to Zavata, Inc. pursuant to a certain Master Business Process Outsourcing Agreement for Revenue Cycle Managed Services. The notice states that Zavata, Inc. has failed to deliver services for three or more consecutive months as per the benchmark performance metrics specified in the Statement of Work executed under the aforementioned agreement. Additionally, Wheeling Hospitals has also provided a list of material concerns and issues that were reportedly brought to the notice of the representatives of Zavata, Inc. (along with non-compliance of the said benchmark performance metrics) since the inception of the said agreement, which include issues in relation to business office site management, governmental patient account follow-up services, patient access services and payment/ remittance processing and reconciliations. Wheeling Hospitals has further stated that if the said defaults are not cured, then the aforementioned agreement and statement of work will be terminated.

2. Health Payment Systems Inc. (HPS) has issued a notice dated September 5, 2007 to Zavata, Inc.. pursuant to a Master Business Process Outsourcing Agreement dated July 31, 2006. The notice states that as per the said agreement Zavata, Inc. agreed to design and develop a software solution to manage processing of payments and collections of receivables from clients of HPS. On a preliminary review of the software by HPS, HPS claimed that the software did not comply with the terms of the said agreement and consequently, HPS has issued this notice for material breach and termination of the Agreement. The said notice also alleges fraud and misrepresentation on the part of Zavata, Inc. on account of inducing HPS to enter into the said agreement. Zavata, Inc. has refuted these claims through its response dated September 28, 2007 and indicated that it would like to settle this matter amicably.

3. Century City has through a notice dated July 30, 2007 informed Zavata, Inc. that it is under financial distress and that it has further requested all its unsecured vendors (representing 90% of its obligations) to reduce the amount owed to them by Century City. Century City has stated that if it fails to secure sufficient releases from its creditors, it may file for bankruptcy and has provided Zavata, Inc. with a settlement agreement plan setting out certain two options for a settlement payment of which one has been opted for. The net amount receivable from Century City against is USD 128,143.58. The matter is pending settlement.

4. Following the income tax proceedings against Zavata India Private Limited, details of which have been set out in the section titled "Outstanding Litigation and Defaults- Cases involving our Subsidiaries" on page 369, Zavata, Inc. and Global STI Knowledge Mauritius Limited, on January 12, 2007, issued notices on January 12, 2007 to Mrs. D. Manjula and Mr. Ravi Kalla. These persons were the shareholders from whom the shares of Zavata India Private Limited had been acquired by Global STI Knowledge Mauritius Limited pursuant to a share acquisition agreement dated February 11, 2005. The notice claimed a sum of Rs. 14,313,423, costs incurred defending the tax assessment and indemnification in the event that the tax proceeding against Zavata India Private Limited is determined adversely. Mrs. D. Manjula and Mr. Ravi Kalla, by their letter dated February 8, 2007 denied any indemnification liability. Zavata, Inc., through its letter dated February 16, 2007 disagreed with the same. The matter is pending and no formal legal proceedings have been initated.

5. Zavata, Inc. served an indemnification claim on March 4, 2008 on Mr. Satish Sanan (as a stockholder representative of the selling stockholders of Zavata, Inc.) for damages relating to the claim by Health Payment Systems Inc (HPS). The claim is based on the failure to disclose the breaches of the contract raised by HPS prior to the closing date under the Zavata Merger Agreement. The matter is pending and no formal legal proceedings have been initated.

Cases filed by or against Accordis, Inc.

Notices Issued or Received

1. The City of Chicago Department of Revenue (CDOR), a former customer sent a notice on March 14, 2007 stating that CDOR was entitled to an off-set against fees to be paid for certain returned items pursuant to the terms and conditions of the Professional Services Agreement dated May 1, 2000 with Health Receivables Management, LLC. CDOR claimed that these amounts were due as a result of its self-reporting to the Office of Inspector General for claims overbilled during time periods prior to the Company's acquisition of Accordis, Inc. and hence, the corresponding contingency fees paid to Accordis, Inc. for the overbilled claim should be refunded. The matter is pending settlement.

Cases filed by or against Zavata India Private Limited

1. In its return for the assessment year 2004-05, the company debited an amount of Rs. 945,747 to its profit and loss account towards internet charges attributable to the delivery of software outside India. However, the assessing officer excluded the same from the export turnover for computation of deduction under Section 10A of the I.T. Act. Further, it was observed from the transfer pricing report furnished by the company during the assessment proceedings that profits earned from the transactions with Zavata, Inc., which was an associate enterprise, were substantially higher than the ordinary profits expected to arise from such transactions. Thereafter, the assessing officer increased the total income of the company by Rs. 29,934,750 which resulted in an additional demand of Rs. 14,313,423 (including interest). The Income Tax Department initiated penalty proceedings against the Company under separately for concealing the particulars of its income and for furnishing inaccurate particulars of such

income. On January 22, 2007, the Company filed its reply to the notice issued on December 28, 2006 under Section 271(1)(c) of the I.T. Act and submitted that it had not willfully concealed its income nor furnished inaccurate particulars of its income. Further on January 25, 2007, the company prayed for a stay on the demand of tax until the disposal of the appeal by the Commissioner of Income Tax (Appeals), Hyderabad, which has been rejected.

Cases involving our Promoters

Apollo Hospitals Enterprise Limited

Contingent Liabilities as of March 31, 2007

S.No	Particulars		Amount (Rs. in millions)
a.	Claims against the company not acknowledged as debts		432.17
b.	Estimated amount of contracts remaining to be executed on capital account not provided for on account of the expansion cum diversification programme of the company		3,040.32
c.	Exports obligation to be fulfilled in the next eight years on availing of concessional excise duty on imports under 5% EPCG scheme to the extent of eight times the duty saved, amounts to		138.49
	The amount of duty saved during the year was		17.31
d.	The estimated customs duty guarantees given by the company in favour of the Assistant Collector of Customs, pending receipt of customs duty exemption certificates amounts to		99.70
	This is subject to the result of writ petition pending in the Madras High Court with respect to the Chennai Hospital division		73.71
	Application has been made for duty exemption certificates by the Pharmaceutical division, which is pending with the Government. The estimated customs duty is		14.83
	The Hyderabad division has executed bonds in favour of the President of India to the extent of pending its application for receipt of customs duty exemption certificates from the Government		11.16
e i.	Letters of credit opened by various banks in favour of foreign suppliers for consumables, spares, medicines and medical equipments amounts to		16.00
ii.	Bank Guarantees		106.22
iii.	Corporate Guarantees		
	On behalf of	in favour of	
	Apollo Hospitals International Limited	HDFC	555.50
		IDBI	50.00
		IDFC	157.50
	Total		**763.00**
f i.	Additional liability, for payment of sales tax on work orders pursuant to court proceedings between contractors and the State Governments amounts to (in the case of Chennai division)		0.21
ii.	In respect of the claim for sales tax made by the Commercial Tax Department for the various assessment years, the matter is under contest in the case of Pharmacy division		1.23

Cases filed against AHEL

Writ Petition

1. Based on an article titled "Poor mans heart rending story – official apathy cuts infants life short" in The Hindu daily newspaper dated January 20, 2004, the High Court of Madras has voluntarily initiated a writ petition (WP No. 1332 of 2004) against the District Collector, Ranga Reddy District, the Mandal Revenue Office Malkajgiri, Apollo Hospital, Jubilee Hills, Secretary to the Government of Andhra Pradesh and another (respondents). Under the said writ petition, the High Court has directed the respondents to produce a detailed explanation relating to the death of the daughter of Mr. Moin Pasha due to lack of medical aid. The newspaper article stated that Mr. Moin Pasha had approached Apollo Hospital, Jubilee Hills for the treatment of his 20 month old daughter. However, the child died due to the fact that the treatment advised by the doctors was amounting to Rs.150,000 which he could not afford. The High Court has directed the

respondents to submit an explanation as to why medical or financial aid was not provided to the deceased. The matter is currently pending for hearing.

2. A writ petition (WP 757/104) between the Regional Provident Fund Commissioner and the Apollo Hospitals, Bilaspur and its Chief Executive Officer is currently pending before the High Court of Orissa. The said writ petition relates to non-remittance of provident fund for trainees amounting to a total financial liability of Rs. 1,013,791 (along with any additional penalty) for the said hospitals. The said complaint was initiated in March 1, 2004 and the next date of hearing is yet to be received from the High Court.

3. A writ petition (WP 2470 /02) between Mr. Dhan Singh and the Apollo Hospitals, Bilaspur and its Chief Executive Officer is currently pending before the High Court of Orissa. The said writ petition relates to illegal custody and detention of patient for non-payment of bills. The compensation sought is Rs. 2,000,000. The said complaint was initiated in November 18, 2002. The next date of hearing is yet to be received from the High Court.

4. Mr. Arun Kumar Patnaik (petitioner) has filed a writ petition (WP No. 1226/02) before the High Court of Orissa against Apollo Hospitals, Bilaspur and its Managing Director for suspending the petitioner from service. The petitioner has claimed for a compensation of Rs. 400,000 .The matter is currently pending for hearing.

5. Mr. Krishna Kumar Dubey has filed a writ petition (WP No. 1728/01) before the High Court of Orissa against the Managing Director, Apollo Hospitals, Bilaspur for non-employment of local people at the said hospital. The matter is currently pending for hearing.

Medical Negligence Cases

1. Mrs. Sheela Hirba Naik Gaunekar (Petitioner) filed a petition before the National Consumer Disputes Redressal Commission, New Delhi (No. 103 of 1997) against Apollo Hospital, AHEL and another alleging deficiency in service rendered by the doctors of Apollo Hospital who carried out angioplasty operation on the Petitioner's husband resulting in his death. The Petitioner claimed a sum of Rs. 7,000,000 as compensation. The National Consumer Disputes Redressal Commission, New Delhi passed an order partially allowing the petition and directing a payment of Rs. 200,000 as compensation for deficiency of service during post-operative care with an interest at 6% per annum from the date of the complaint till realization. Both parties on appeal (C.A.No. 3625 of 2005) and (C.A.No. 4408 of 2005) respectively, before the Supreme Court of India against the said order. The matter is currently pending for hearing.

2. Mr. R. Ramakrishnan (Plaintiff) filed a petition (O.S.No. 644 of 2003) before the Sub-Court, Thrissur against Apollo Hospital, AHEL, and three others alleging that negligent treatment was rendered to him by the doctor at Apollo Hospital who performed a spinal surgery on the plaintiff. The plaintiff claims that the surgery resulted in several physical disorders and therefore the plaintiff is claiming a sum of Rs. 4,385,000 with an interest of 18% per annum towards compensation for physical and mental agony. The written statement has been submitted by AHEL and the matter is posted to March 16, 2008.

3. Mr. TJ Thomas (Complainant) filed a consumer complaint (O.P.No. 31 of 2001) before the State Consumer Disputes Redressal Forum, Chennai against Apollo Hospital, AHEL and one another alleging that negligent treatment was rendered to his daughter who underwent spinal surgery at Apollo Hospital and subsequently passed away. The Complainant alleges that his daughter's condition deteriorated due to lack of adequate medical attention, deficiency in service and medical negligence. The Complainant is claiming a sum of Rs. 2,025,000 as compensation for the death of his daughter and for the mental agony. The written statement has been submitted by AHEL and the matter is posted to March 26, 2008.

4. Mrs. Vasanthi Thirumurthy (Plaintiff) filed a suit (O.S.No. 236 of 2002) in the High Court of Madras against Apollo Hospital, AHEL and one another alleging medical negligence. The plaintiff underwent a knee-replacement surgery at Apollo Hospital and alleges that because of improper surgery and low degree of care, she was permanently disabled. The plaintiff is claiming a sum of Rs. 1,366,400 towards damages with interest at 24% per annum until the date of realization. The written statement has been submitted by AHEL and the matter is posted to March 23, 2008.

5. Mr. V. Rajasundar (Complainant) filed a complaint (No. 19 of 2002) before the State Consumer Disputes Redressal Commission, Chennai against Apollo Hospital, AHEL and two others alleging deficiency in

service rendered by the doctors at Apollo Hospital to the Complainant's father. The Complainant is claiming a sum of Rs. 2,000,000 as compensation for such deficiency of service. The matter is posted to March 17, 2008.

6. Ms. K. Geeta Devi (Complainant) filed a complaint (No. 93 of 2001) before the State Consumer Disputes Redressal Commission, Chennai against Apollo Hospital, AHEL alleging medical negligence. The Complainant suffered burn injuries and was admitted to Apollo Hospital. The Complainant alleges that due to the negligent treatment given to her, her right leg got septic and had to be amputated. The complainant is claiming a sum of Rs. 2,000,000 towards compensation. AHEL filed its written statements and the matter is posted to March 20, 2008.

7. Mr. Thiru Kingston David (Complainant) filed a complaint (O.P.No. 62 of 2001) before the State Consumer Disputes Redressal Commission, Chennai against Apollo Hospital, AHEL and three others alleging deficiency of service. The Complainant was admitted to Apollo Hospital for certain accidental injuries and AHEL conducted an emergency surgery. The Complainant is claiming a sum of Rs. 1,000,000 for deficiency in service rendered by Apollo Hospital. AHEL filed its written statements and the matter is posted to March 29, 2008.

8. Mrs. G. Mariammal (Complainant) filed a complaint (O.P.No. 66 of 2002) before the State Consumer Disputes Redressal Forum, Chennai against Apollo Hospital, AHEL alleging medical negligence and improper diagnosis resulting in the death of her son. The complainant is claiming a sum of Rs. 1,950,000 towards damages for deficiency in service and mental agony. AHEL filed its written statement and the mater is posted to March 29, 2008.

9. Mr. KC Raju (Complainant) along with his two daughters filed a complaint (O.P.No.127 of 2003) before the District Consumer Disputes Redressal Forum, Chennai against Apollo Hospital, AHEL and 19 other parties alleging negligence in treatment resulting in the death of his wife. The complainant is therefore claiming a sum of Rs. 1,950,000 towards refund of the medical expenses, compensation for deficiency of service, medical negligence and mental agony. AHEL and the other parties have filed their written statements and the mater is posted to April 2, 2008.

10. Mr. Mallisetty Vijaya Kumar (Complainant) along with his children filed a complaint (O.P.No.357 of 2004) before the District Consumer Disputes Redressal Forum, Chennai against Apollo Hospital, AHEL and 11 others alleging medical negligence in treating his wife resulting in her death. The complainant's wife was admitted to Apollo Hospital for removal of an ovarian cyst. The complainant alleges that there was no need for such an operation and further that Apollo Hospital was negligent in giving sufficient pre-operative care in the intensive care unit resulting in the patient's death. The complainant is therefore claiming a sum of Rs. 1,920,000 as compensation. Apollo Hospital/ AHEL and the other parties have filed their written statements and the mater is posted to March 19, 2008.

11. Mr. Narasingh Padhi and another (Complainants) filed a complaint (O.P.No. 25 of 2004) before the State Consumer Disputes Redressal Commission, Chennai against Apollo Hospital, AHEL and 12 others alleging medical negligence in treating the complainant's son. The complainant's son underwent hemorroidectomy operation at Apollo Hospital. The complainant alleges that due to negligent administration of general anesthesia, the patient suffered brain death and subsequently died. The complainant is claiming a sum of Rs. 9,600,000 as compensation for mental agony and death of the complainant's son. Apollo Hospital/ AHEL and the other parties have filed their written statements and the mater is posted to March 16, 2008.

12. Mrs. T. Jeyadevi (Complainant) filed a complaint (O.P.No.37 of 2004) before the State Consumer Disputes Redressal Commission, Chennai against Lion L.M.Vyas Memorial General Surgical Clinic (1st Defendant), Apollo Hospital, AHEL and another. The complainant alleges that her husband was admitted to the 1st Defendant for an appendicitis surgery and because of gross negligence of the anesthetist the complainant's husband developed serious complications. The complainant's husband was then shifted to Apollo Hospital. The complainant alleges that Apollo Hospital was liable for gross misconduct as it proceeded to collect money for medical treatment although the complainant's husband was dead by then. The complainant is therefore claiming a sum of Rs. 2,545,000 as compensation towards negligent and deficient services and also towards reimbursement of medical expenses. Apollo Hospital/ AHEL filed its written statements and the mater is posted to April 25, 2008.

13. Mr. N. Buhari (Complainant) filed a complaint (O.P.No.686 of 2004) before the District Consumer Disputes Redressal Forum, Chennai against Apollo Hospital, AHEL and another alleging deficiency in service. The complainant was admitted for treatment of intertrochanteric fracture of left femur and facial lacerations caused due to an accident. The complainant alleges that the treatment was improperly administered resulting in recurrence of the problem. The complainant is claiming a sum of Rs. 1,000,000 with interest at 24% per annum for the physical and mental agony. Apollo Hospital/ AHEL filed its written statements and the mater is posted to March 24, 2008.

14. Mrs. Xavier Devika (Complainant) along with her two sons filed a complainant (O.P.No. 21 of 2005) before the State Consumer Disputes Redressal Commission, Chennai against Apollo Hospital, AHEL and two others. The complainant's husband who was highly diabetic underwent heart surgery at Apollo Hospital. The complainant alleges that Apollo Hospital failed to take proper care necessary for a diabetic patient which led to severe complications and resulted in the death of the complainant's husband. The complainant is claiming a sum of Rs. 10,000,000 towards compensation. Apollo Hospital/ AHEL filed its written statements and the mater is posted to April 2, 2008.

15. Mr. T. Jayaraman (Complainant) filed a complaint (O.P.No. 204 of 2005) before the District Consumer Disputes Redressal Forum, Chennai against Apollo Hospital and AHEL alleging wrong diagnosis and treatment of the complainant's wife resulting in her death. The complainant is claiming a sum of Rs. 1,700,000 as compensation towards deficiency in service. Apollo Hospital/ AHEL filed its written statements and the mater is posted to March 24, 2008.

16. Mr. KN Chandrasekaran (Complainant) filed a complaint (O.P.No. 12 of 2005) before the State Consumer Disputes Redressal Commission, Chennai against Apollo Hospital and AHEL alleging deficiency in service and medical negligence in treating the complainant's father. The complainant's father was admitted to Apollo Hospital for the follow-up treatment of a neurological disorder. The complainant alleges that timely treatment was not administered resulting in the death of his father. The complainant is claiming a sum of Rs. 4,425,000 towards compensation for mental agony, loss of life, deficiency of services and refund of medical expenses. Apollo Hospital/ AHEL filed its written statements and the matter is posted to April 9, 2008.

17. Mr. S. Baskaran (Complainant) filed a complaint (C.C.No.327 of 2005) before the District Consumer Disputes Redressal Forum, Chennai against Apollo Hospital, AHEL and another alleging deficiency of service. The complainant underwent a surgery in Apollo Hospital wherein a metal plate was imported in his right hand to enable him to function properly. Because of the poor quality of the metal plate, the complainant had to undergo the surgery twice without much use as the problem persisted. The complainant alleges that because of the improper treatment, the complainant's employment suffered for four years and consequently the complainant had to undergo psychiatric treatment. The complainant is claiming a sum of Rs. 1,000,000 as compensation for the physical and mental agony suffered by the complainant. Apollo Hospital/ AHEL filed its written statements on December 29, 2005. Apollo Hospital/ AHEL also filed a civil miscellaneous petition praying for dismissal of the complaint alleging that it was time barred. The matter is now posted to March 27, 2008.

18. Mr. Ajit Baran Ghosh (Complainant) filed a complaint (No. 18 of 1995) before the State Commission, Assam, Consumer's Disputes Redressal at Guwahati against Apollo Hospital, AHEL and two others alleging medical negligence. The complainant underwent a surgery for removal of a tumor. The complainant alleges that the surgery was done in a negligent manner causing damage to his facial nerve thereby resulting in permanent disfiguration. The complainant further alleges that he was wrongly diagnosed for cancer thereby causing severe mental agony. The complainant is therefore claiming a sum of Rs. 1,740,758 as compensation for permanent disfiguration, mental agony and reimbursement of medical expenses. Apollo Hospital/ AHEL filed its written statements. The matter is now posted to April 15, 2008.

19. Mr. D. Thyagarajan (Plaintiff) filed a suit (No. 969 of 2005) before the High Court of Madras against Apollo Hospital, AHEL and another alleging improper treatment. The plaintiff alleges that he was treated with steroids although he had high sugar levels because of which he suffered pericariditis and was permanently disabled. The plaintiff is therefore claiming a sum of Rs. 3,800,000 as compensation for the damages suffered due to Apollo Hospital's medical negligence. Apollo Hospital/ AHEL is yet to file its written statements in the matter. The matter is now posted to March 25, 2008.

20. R. Mini (complainant) filed a complaint (O.P.No. 369 of 2003) before the Consumer Disputes Redressal Forum, Thiruvananthapuram against Apollo First Med Hospitals, Apollo Clinic, AHEL and two others alleging medical negligence against Apollo First Med Hospitals. The complainant underwent a surgery for ectopic pregnancy at Apollo First Med Hospitals and the complainant alleges that the doctor very negligently left a foreign body in her abdomen which caused infection to her fallopian tube and intestine. The complainant is claiming a sum of Rs. 1,150,000 as compensation for the mental agony and monetary loss sustained. AHEL along with the other defendants filed their written statements and the matter is posted to April 21, 2008.

21. Mrs. Maheswari (Complainant) along with three others filed a complaint (O.P.No.299 of 2004) before the District Consumer Disputes Redressal Forum, Chennai against Apollo Speciality Hospitals and AHEL alleging deficiency of services rendered by the doctors at Apollo Speciality Hospitals in treating her husband resulting in his death. The complainant is claiming a sum of Rs. 2,000,000 as compensation. Apollo Speciality Hospitals/ AHEL filed its written statements and the matter is posted to March 25, 2008.

22. Ms. M. Shanti (Complainant) filed a complaint (O.P.No. 34 of 2005) before the State Consumer Disputes Redressal Commission against Apollo Speciality Hospitals, AHEL and another alleging deficiency of service as her ailment continued to persist inspite of the corrective surgery done at Apollo Speciality Hospitals. The complainant is therefore claiming a sum of Rs. 5,000,000 towards reimbursement of medical bills, mental agony and loss due to incapacity to carry out normal work. Apollo Speciality Hospitals/ AHEL filed its written statements and the matter is posted to March 27, 2008.

23. Mr. Kalyanaraman and another (Complainant) filed a complaint (O.P.No.262 of 1999) before the State Consumer Disputes Redressal Commission, Chennai against Apollo Hospital, AHEL and two others alleging medical negligence. The complainant was undergoing treatment in Apollo Hospital for moderate colitis. The complainant alleges that due to the negligence of the doctors at Apollo Hospital and wrong diagnosis, he had to undergo a total proctoloctomy. The complainant is claiming a sum of Rs. 1,450,000 towards reimbursement of medical expenses and towards compensation for permanent damage caused to him. Apollo Hospital/ AHEL filed its written statements and the matter is posted to April 13, 2008.

24. Mrs. Neelam Balaji (Complainant) filed a complaint (C.D.No. 78 of 2006) before the District Consumer Disputes Redressal Forum-II, Tirupati against Apollo Hospital, AHEL, RUSH Hospital and another. The complainant's wife underwent a surgery at RUSH Hospital for removal of her uterus. The surgery was unsuccessful and the complainant's wife went into coma. The Complainant then shifted her to Apollo Hospital. The complainant alleges that although his wife was dead before she was admitted to Apollo Hospital, the doctors at Apollo Hospital did not pronounce her dead and had admitted her on the pretext of conducting some medical examinations. The complainant is claiming a sum of Rs, 2,000,000 jointly and severally from Apollo Hospital and RUSH Hospital. Apollo Hospital/ AHEL filed its written statements and the matter is posted to March 27, 2008.

25. Mr. MJ Jaseem Mohamed (Complainant) filed a complaint (C.C.No.390 of 2006) before the District Consumer Disputes Redressal Forum, Chennai against Apollo Hospital, AHEL, Dr. Mehta's Hospital and another alleging deficiency in service and unfair trade practice. The complainant's son was treated at Dr. Mehta's Hospital before he was admitted to Apollo Hospital for complicated malaria. The complainant alleges that Apollo Hospital failed to conduct the necessary tests. The complainant is claiming a sum of Rs. 110,000 for causing the death of his son due to medical negligence and towards mental agony. Apollo Hospital/ AHEL filed its written statements and the matter is posted to March 28, 2008.

26. Mr. MS Pandian (Complainant) filed a complaint (C.C.No. 492 of 2006) before the District Consumer Redressal Forum, Chennai against Apollo Hospital, AHEL and another alleging medical negligence and deficiency of service. The complainant's daughter was admitted to the critical care unit of Apollo Hospital. The complainant alleges that they were not informed of the treatment methods or the exact condition of the patient's health and have not administered proper treatment to his daughter resulting in her death. The complainant is claiming a sum of Rs. 1,769,090 as compensation. Apollo Hospital/ AHEL filed its written statements and the matter is posted to March 27, 2008.

27. Mrs. Zakira (Complainant) filed a complaint (O.P.No.122 of 2006) before the Consumer Disputes Redressal Forum, Chennai against Apollo Tondiarpet Hospital, AHEL, Dr. Prathap C. Reddy in his capacity as Chairman to AHEL and three others alleging deficiency of service. The complainant underwent hysterectomy at Apollo Tondiarpet Hospital. The complainant alleges that the operation was performed

negligently thereby requiring a second corrective surgery. The complainant is claiming a sum of Rs. 1,277,000 as compensation towards mental agony and reimbursement of expenses. Apollo Tondiarpet Hospital/ AHEL filed its written statements and the matter is posted to March 27, 2008.

28. Mr. Prabhakaran (Complainant) filed a complaint (C.C.No.86 of 2006) before the District Consumer Disputes Redressal Forum, Chennai against Apollo Tondiarpet Hospital, AHEL and another alleging deficiency of service. The complainant was admitted to Apollo Tondiarpet Hospital for food poisoning. The complainant alleges that Apollo Tondiarpet Hospital negligently treated the complainant by not disclosing or identifying the treatment or the disease from which the patient was suffering from. The complainant is claiming a compensation of Rs. 1,737,000 as compensation. Apollo Tondiarpet Hospital / AHEL filed its written statements and the matter is posted to April 29, 2008.

29. Mrs. Madhavi (Complainant) along with three others filed a complaint (O.P.No.104 of 2000) before the State Consumer Disputes Redressal Commission, Chennai against Apollo Speciality Hospital, AHEL and another alleging medical negligence and deficiency of service. The complainant's husband was suffering from severe back pain and was initially admitted to Apollo Speciality Hospital where it was alleged that proper treatment was not given to the patient. The complainant's husband later died and the complainant is therefore claiming a sum of Rs. 1,600,000 as compensation for deficiency of service. Apollo Speciality Hospital/ AHEL filed its written statements and the matter is posted on March 20, 2008.

30. Mr. M. Anand (Complainant) filed a complaint (O.P.No.38 of 2005) before the State Consumer Disputes Redressal Commission, Chennai against Apollo Speciality Hospital, AHEL and three others alleging improper treatment. The complainant was admitted to Apollo Speciality Hospital for a surgery as he was diagnosed with primary hyperhidrosis. The complainant alleges that the doctors have made him to believe that a surgery was performed when no such surgery was conducted on him. The complainant is therefore claiming a sum of Rs. 2,110,500 as compensation. Apollo Speciality Hospital/ AHEL filed its written statements and the matter is posted to April 15, 2008.

31. Mrs. Kulanthaiammal (Complainant) filed a complaint (C.C.No. 576 of 2005) before the District Consumer Disputes Redressal Forum, Chennai against a Apollo Speciality Hospital, AHEL and another. The complainant was admitted to Apollo Speciality Hospital to undergo an operation to remove a brain tumor. The complainant also had to undergo radio therapy post operation. The complainant alleges that the doctors negligently and with ulterior motive did not remove the entire tumor when they performed the surgery and thereby subjecting the complainant to severe mental and physical agony. The complainant is therefore claiming a sum of Rs. 1,947,600 as compensation. Apollo Speciality Hospital/ AHEL filed its written statements and the matter is posted to March 17, 2008.

32. Mr. GS Chakraborty (Complainant) along with his daughter filed a complaint (No. 301 of 2001) before the National Consumer Dispute Redressal Commission, New Delhi against Apollo Speciality Hospital, AHEL and four others alleging negligence and deficiency of service. The complainant's wife underwent treatment for breast cancer at Apollo Speciality Hospital. The complainant alleges that the doctors at Apollo Speciality Hospital were negligent in giving a high dosage of chemotherapy resulting in the death of the complainant's wife. The complainant is claiming a sum of Rs. 6,015,000 as compensation. Apollo Speciality Hospital/ AHEL filed its written statements and the matter is posted to May 4, 2008.

33. Mrs. Harimani Dash (Complainant) along with her four sons filed a complaint (C.D.No.16 of 1999) before the District Consumer Disputes Redressal Commission, Cuttack against Apollo Hospital, AHEL and seven others alleging negligence and deficiency of service. The complainant's husband was admitted to Apollo Hospital where he was treated for postulate gland ailment. The complainant alleges that Apollo Hospital was negligent in prescribing an expired pace maker resulting in the death of her husband. The complainant is claiming a sum of Rs. 1,667,692 as compensation for implanting an expired pace maker resulting in his death. Apollo Hospital/ AHEL filed its preliminary objections and the matter is listed on March 16, 2008.

34. Mr. Tamil Mani (Complainant) filed a complaint (O.P.No.20 of 2005) before the State Consumer Disputes Redressal Forum, Chennai against Apollo Hospital, AHEL and two others alleging medical negligence and deficiency in the service rendered by the doctor at Apollo Hospital. The Complainant was admitted to Apollo Hospital after meeting with an accident and was treated by a doctor at Apollo Hospital and underwent a surgery at Apollo Hospital which the complainant alleges was not conducted properly thereby disabling him permanently. The complainant is claiming a sum of Rs. 2,150,000 with interest at 24% per

annum as compensation towards the medical expenses, mental agony and loss of future work opportunities. Apollo Hospital/ AHEL filed its written statements and the matter is posted to March 18, 2008.

35. Lt. Col. Sanjeev Shukla, Mrs. Latika Shukla and Master Varun (petitioners) have filed a petition (O. P No. 29/1999) before the National Consumer Dispute Redressal Commission, New Delhi (NCDRC) against AHEL (represented by Managing Director), Apollo Emergency Hospital, Hyderguda, Hyderabad and certain doctors of Apollo Hospitals (respondents). The petitioner has stated that the doctors of Apollo Hospitals had been grossly negligent while providing medical services to Master Parananjay Shukla (the minor son of Lt. Col. Sanjeev Shukla) which resulted in the death of Master Parananjay Shukla. The petitioners have stated that the patient died due to improper post operative medical care by the doctors of Apollo Hospitals and have claimed a compensation of Rs.3,349,000 for the said deficiency of service. The matter is posted to April 3, 2008.

36. Mr. B. Mahindar Reddy (appellant) has filed an appeal (F.A No. 748 of 2003) against Apollo Hospitals, Jubilee Hills (represented by Managing Director) and Dr. D. Raja Reddy before the NCDRC alleging deficiency in medical services rendered by the respondent hospitals. This appeal was filed against an order passed by the Andhra Pradesh State Consumer Dispute Redressal Commission, Hyderabad in the consumer dispute (C.D No. 73 of 1997) filed by the appellant. In the consumer complaint, the appellant has stated that subsequent to a minor accident on July 4, 1996, the appellant had complained of loss of power in limbs. Subsequently, he was checked by Dr. D. Raja Reddy and admitted to Apollo Hospital Jubilee Hills for further treatment. The appellant alleges that the treatment provided to him was improper and has resulted in the appellant being paralyzed for life. Hence, the appellant had claimed a compensation of Rs. 2,000,000 in his original petition. The matter is posted to July 24, 2008.

37. Mr. Shiv Kant Dixit (appellant) has filed an appeal (C. A. No. 7332 of 2004) through his wife Mrs. Meera Dixit against an order of the NCDRC in a consumer complaint (No. 161 of 1997) dated July 30, 1997 made by the appellant against Apollo Hospitals, Hyderabad and certain others (respondents). In the said consumer complaint, the appellant had stated that he had undergone triple bypass surgery at the hospital and after the said surgery he had suffered a massive cardiac arrest. Further, he has stated that he was revived from the said cardiac arrest with external massage and DC shock and during the same he was not given oxygen. Due to the lack of oxygen supply to the brain he has suffered severe brain stroke which led to paralysis. He has further mentioned that even though he has consulted several hospitals, his condition has not improved and hence, he had sought compensation of Rs. 5,000,000 with 24 % interest and costs. The NCDRC had not entertained his complaint and hence the appellant has filed the said appeal. The matter is pending hearing.

38. Mr. K. Sai Reddy (appellant) has filed an appeal (F. A. No. 11 of 2004 in C.D. No. 110/1998) before the NCRDC against the Apollo Hospitals, Hyderabad and one of its doctors wherein he has appealed against the order dated October 13, 2003 of the Andhra Pradesh State Consumer Dispute Redressal Commission. The appellant has stated that the State Consumer Dispute Redressal Commission had failed to take note of the fact that the doctor in concern had incorrectly diagnosed the appellant and required him to undertake medication worth Rs. 150,000. Further, the State Consumer Dispute Redressal Commission had failed to take note of the evidence produced before it and the appellant was awarded only Rs. 30,000 with interest at 12% per annum from the date of the filing of the complaint till realization with no costs. The appellant has filed the appeal for enhancement of compensation awarded to him. The appellant had requested for a compensation equal to Rs.1,800,000 with costs of Rs.10,000 in his original petition. The case is currently pending before the NCRDC and the next date of hearing is yet to be fixed by the NCRDC.

39. Mrs. Madhu Agarwal (complainant) has filed a consumer dispute (C.D. No. 18 of 2005) against AHEL (represented by its Managing Director), Dr. Pradeep Singh, Dr. J. Janardhan Rao before the Andhra Pradesh State Consumer Dispute Redressal Commission alleging medical negligence in services rendered by Dr. Pradeep Singh and Dr. J. Janardhan Rao, the doctors of Apollo Hospitals, Jubilee Hills, which resulted in paralysis of the right side of the face of the complainant. The complainant had been admitted to Apollo Hospital, Jubilee Hills due to excessive ear pain and was advised to undertake an operation on her right ear. The complainant has mentioned that the operation was not performed properly due to which the right side of the face of the complainant was paralysed. Hence, the complainant has claimed compensation of an amount of Rs.2,500,000. The matter is currently pending for hearing.

40. Mrs. D. Shailaja (complainant) has filed a petition (C.C No. 822 of 2007) against Dr. Suguna Reddy and AHEL (represented by its Managing Director) before the Andhra Pradesh State Consumer Dispute Redressal Commission. The complainant has claimed gross medical negligence in the services rendered by

the doctors of Apollo Hospital which resulted in serious medical complications for her after delivery of her second child. The relevant facts are that petitioner was admitted to Apollo Hospitals, Vikrampuri for the delivery of her second child and post delivery she developed certain medical complications which eventually led to the removal of her uterus. She has claimed that she had suffered physical and mental pain and was required to get herself extra treatment on a regular basis at other hospitals. Hence this petition was filed for a compensation for a total amount of Rs. 1,000,000. The matter is currently pending for hearing.

41. Mr. N. Ramulu (appellant) has filed an appeal (F.A. No. 79 of 2005) before the Andhra Pradesh State Consumer Dispute Redressal Commission against order passed in by the District Consumer Disputes Redressal Forum at Ranga Reddy. Under the original complaint (C.DNo. 99 of 2004), was filed against AHEL (represented by its Managing Director) and Dr. Vanjana Reddy (together referred to as the respondents). The relevant facts are that appellant was admitted to Apollo Hospital Jubilee Hills on August 28, 2003 for symptoms of vomiting, giddiness and severe headaches. The necessary treatment was rendered by Dr. Saleem of Apollo Hospital Jubilee Hills and it is stated by the appellant that these medical services rendered were done in a careless and negligent manner. As a result of these deficient services, the appellant has stated that he has suffered physical and mental agony and hence filed for compensation for an amount of Rs.1,158,000. The District Consumer Disputes Redressal Forum at Ranga Reddy had passed an order in favour of the repondents stating that this was not as appropriate case for medical negligence. The matter is currently pending for hearing.

42. Mr. E. Balabai, Mr. E. Gopinath, Ms. E. Madhu and Mr. E. Sharat Babu (appellants) have filed an appeal (F.A No. 655 of 2006) before the Andhra Pradesh State Consumer Dispute Redressal Commission against order passed by the district forum. The appellants had filed a consumer complaint (C.D No. 533 of 2003) against AHEL (represented by Managing Director), Dr. Somasekhar and Dr. Raja Gopal (respondents) for medical negligence. The relevant facts are that the Mr. E. Eswarji (deceased) was suffering with hypertension and certain kidney related ailments and on the advice of Dr. Somasekhar and Dr. Raja Gopal of Apollo Hospitals, Jubilee Hills underwent an operation. The appellants have stated that during the said operation, both the kidneys of the deceased were removed and thereafter he was kept under dialyses on a regular basis. Subsequently, the condition of the deceased worsened and he died on April 23, 2003. Hence, a petition for medical negligence was filed against AHEL and the appellant had sought compensation for an amount of Rs. 1,500,000. The district forum had held in favour of the respondents and hence the appeal. The matter has been posted to July 29, 2008 for further hearing.

43. Mrs. Rashmi Mahapatra (complainant) has a filed a consumer dispute (C.D. No.103/2002) before the Orissa State Consumer Dispute Redressal Commission, Cuttack against the Apollo Jubilee Hills and Apollo Consultation Centre, Bhubaneshwar. In the complaint, the complainant has stated that subsequent to an accident, her son had died at the Apollo Jubilee Hills hospital. However, the hospital refused to handover the dead body to her and her husband until the payment of Rs. 426,000. She has stated that she was unable to make such a huge payment at such short notice. However, she had given the contacts of her husband (a Retired Chief Engineer, Orissa) and had promised to make payments at a later date. However, the body was released only upon payment. Hence, she has filed the consumer dispute complaint and she has claimed for: (a) refund of medical bills of Rs. 335,451;(b) compensation for life her son for an amount of Rs. 1,200,000; (c) compensation of Rs 2,00000; and (d) additional costs Rs. 5,000. The next date of hearing is to be fixed by the Orissa State Consumer Dispute Redressal Commission.

44. Dr. Dipti Rath (complainant) has a filed a consumer dispute (C.D No.163/2007) before the Orissa State Consumer Dispute Redressal Commission, Cuttack against the Apollo Hospitals, Jubilee Hills and Apollo Information Centre, Bhubaneshwar. In the complaint, the complainant has stated that due to medical negligence of the doctors at the Apollo Hospitals, she has lost her left kidney. Therefore, she has prayed before the Orissa State Consumer Dispute Redressal Commission that she be awarded compensation of Rs. 2,479, 000. The case was posted for hearing on March 26, 2008.

45. Mrs. V. Jayalaxmi and her sons (complainants) have jointly filed a consumer dispute (C.D No. 699/2005) before the District Consumer Dispute Redressal Commission, Hyderabad against the Apollo Hospitals, Vikrampuri, Apollo Hospitals, Jubilee Hills and certain doctors of the Apollo Hospitals. In the complaint, the complainants have stated that due to the medical negligence of the doctors at the Apollo Hospitals has resulted in the death of Mr. V. Krishna Murthy (the late husband of Mrs. V. Jayalaxmi). The complaint states that the patient was administered drugs and tests were conducted negligently which resulted in the patient reaching a coma stage. Further, for delay in payment of bills for short durations, the respondent hospital interrupted administration of medical care. Eventually, the patient died and hence the complainants

have filed for medical negligence. The complainants have prayed for: (a) compensation of Rs. 1,500,000; (b) reimbursement of hospital bills of Rs. 160,000; (c) reimbursement of other expenses of Rs. 80,000; and (d) costs of Rs.10,000. The case was posted for hearing on March 18, 2008.

46. Dr. Bommakanti Saikrishna (complainant) has a filed a consumer dispute (C.D No.926/2005) before the Consumer Dispute Redressal Forum-I, Hyderabad against the Apollo Emergency Hospitals, Hyderabad(respondent). In the complaint, the complainant has stated that the complainant had a hip fracture which was corrected through hip screws which were to be eventually removed. After the complainant underwent a surgery for the removal of the hip screws at the respondent hospital, the complainant developed severe infections, bedsore and certain other complaints including kidney failure. He has stated that this was due to negligent and improper manner in which medical care was administered by the respondent hospital staff. Therefore, the complainant has prayed for compensation of Rs. 1,025,000 for general damages, Rs. 500,000 for special damages caused due to loss of medical practice by the complainant and his wife for 3 months and any additional costs. The case was posted for hearing on March 25, 2008.

47. Mr. Sirassapa (complainant) has a filed a consumer dispute case (C.C No.960/2006) before the Consumer Dispute Redressal Forum III, Nampally against the Apollo Hospitals Jubilee Hills, Hyderabad and one of its doctors. In the complaint, the complainant has stated that due to the medical negligence of the doctor and improper diagnosis, the complainant's wife has died. Therefore, the complainant has prayed for: (a) compensation of Rs. 1,000,000 along with an interest of 24% per annum from the date of the death of the deceased; (b) compensation of Rs. 500,000 towards untold mental and physical tension; (c) reimbursement of medical expenses; and (d) an amount of Rs. 5,000 towards costs and legal expenses. The case was posted for hearing on March 25, 2008.

48. Mr. C. Jayapal (complainant) has filed a consumer dispute case (C.D No. 614 of 2006) before the District Consumer Forum – III at Hyderabad against Dr. Prathap C. Reddy, Medical Superintendent Apollo Hospital Jubilee Hills and one of the doctors of Apollo Hospital Jubilee Hills, Dr. Sharmila. The complainant has stated that gross medical negligence in services of the doctors of Apollo Hospital resulted in the death of the father of the complainant, Mr. YA Chenna Reddy. The relevant facts are that the deceased had met with an accident due to which he suffered from intracebral bleeding and he was admitted to Apollo Hospital for treatment. After being discharged, the deceased developed difficulties in breathing and was again admitted for treatment at the Apollo Hospital. While the deceased was in the intensive care unit, he developed bedsore and certain other medical complications and he died. The complainant has stated that the death of his father was due to the negligence of the Apollo Hospital staff and has filed for medical negligence. He has claimed a compensation of Rs. 2,000,000 with interest at the rate of 24% per annum. The matter is posted to March 19, 2008.

49. Mrs. V. Seeniammal (on behalf of minor Harshini) (complainant) has initiated a complaint (M.P 236/06 in CC No. 78/04) on March 25, 2004 against Apollo Hospitals, Madurai (respondent) for medical negligence before the District Consumer Dispute Redressal Forum, Madurai. It was stated that the patient was admitted with abdominal pain and diarrhea. However, various tests were performed on the patient at various hospitals of Apollo Hospitals. However, the relatives of the patient were not informed of the seriousness of the illness and subsequently the patient suffered from cardio-respiratory arrest and went into a coma stage. Hence, a complaint has been filed for medical negligence and a compensation of Rs. 2,000,000 has been sought from the respondent. This case was adjourned to March 20, 2008.

50. Mrs. Katherbeevi (complainant) has initiated a complaint (CC No. 295/04) against Apollo Hospitals, Madurai (respondent) for medical negligence before the District Consumer Dispute Redressal Forum, Madurai. It was stated that the patient was admitted with pain in right hypochondriac region and various tests including laproscopic surgery were conducted. However, post treatment, the patient suffered from duedonal perforation and hence the complaint has been filed and a compensation of Rs. 1,552,995 along with reimbursement of the litigation cost and an interest at the rate of 12% per annum from the date of the petition till realization has been sought. This case was adjourned to March 26, 2008.

51. Mrs. Parimalam (complainant) has initiated a complaint (CPA OP 30/06) against Apollo Hospitals, Madurai (respondent) for medical negligence before the District Consumer Dispute Redressal Forum, Madurai. The complaint states that the after a kidney transplantation on the patient, it was noticed that a small swelling had developed at the bottom of the operated area. Eventually, it was realized that the doctors had wrongly done a hernia operation on the patient. The complainant has sought a compensation of Rs. 1,000,000 with

24% interest along with a request for repayment of the bill amount of Rs. 27,000, additional compensation of Rs. 100,000 for physical and mental suffering and costs for petition. The complainant is now required to file an amended copy of the complaint. This case is adjourned to March 27, 2008.

52. Mrs. Uma (complainant) has initiated a complaint (CC 157/06) on August 7, 2006 against Apollo Hospitals, Madurai and certain others including the Managing Director, Apollo Hospitals, Chennai (respondents) for medical negligence before the District Consumer Dispute Redressal Forum, Madurai. The complaint states that the patient was incorrectly diagnosed and had to undertake a wrong surgery at the respondent hospital. The complainant has sought a compensation of Rs. 1,110,000. The complainant is now required to file an amended copy of the complaint. This case is adjourned to April 28, 2008.

53. Mr. T. Maharajan (complainant) has initiated a complaint (CC 240/06) on December 28, 2006 against Apollo Hospitals, Madurai and certain others including the Managing Director, Apollo Hospitals, Chennai (respondents) for medical negligence before the District Consumer Dispute Redressal Forum, Madurai. The complainant and his family had met with an accident and after treatment at a local hospital, the complainant and his family were admitted to the said Apollo Hospital. During the said accident, complainant had suffered fractures which were improperly treated at the Apollo Hospitals due to which he had to undergo operations at other hospitals. The complainant has sought a compensation of Rs. 1,125,000 along with the litigation costs. The complainant is now required to file an amended copy of the complaint. The hospital is required to file a proof affidavit and case is adjourned to March 28, 2008.

54. Mr. Kasi (complainant) has initiated a complaint (CC 64/07) on May 9, 2007 against Apollo Hospitals, Madurai (respondent) before the District Consumer Dispute Redressal Forum, Theni. The complainant has mentioned that the patient suffered from fever, body and joint pain and had undertaken treatment from the doctors of certain local hospitals. In one of the said local hospital, the patient was given an injection after which the patient suffered from septicemia. She was eventually referred to the doctors of Apollo Hospitals. A case has been filed for the negligence of the local hospitals and Apollo Hospitals have also been made a party. The complainant has sought a compensation of Rs. 1,530,000. The complainant is now required to file an amended copy of the complaint. The complaint has been allowed *ex parte* and the decree is awaited.

55. Mr. PR Anand Kumar (complainant) has initiated a complaint (CC 331/07) on January 23, 2007 before the District Consumer Dispute Redressal Forum, Madurai against Apollo Hospitals, Madurai and certain others including the Managing Director, Apollo Hospitals, Chennai (respondents). The complainant had stated that he had complaints of heaviness in chest and after medical examination, the complainant was diagnosed with a case of recent inferior wall myocardial infarction. The complainant was eventually discharged after being directed to undertake an operation. Subsequently, the complainant was taken up for the prescribed surgery which was not completed since it was found that the complainant was suffering from certain conditions which would make it unfit to continue. Hence, the complainant states that he has suffered additional expenses due to the careless of the doctors. The complainant has sought a compensation of Rs. 1,530,000 along with costs. This case is adjourned to April 3, 2008.

56. Mr. Karan Singh has filed a consumer complaint (No. 34/06) on September 29, .2006 before the District Consumer Disputes Redressal Forum, Korba against the Apollo Hospitals, Bilaspur, Apollo Hospitals Enterprises Limted and its Chief Executive Officer-cum-DMS for medical negligence during dental procedure conducted at the Apollo Hospitals, Bilaspur. The complainant has claimed compensation Rs. 1,200,000 with an interest of 12% per annum from the date of complaint. The next hearing is posted on April, 26, 2008.

57. Mr. RB Shrivastava has filed a consumer complaint (No. 16 / 2006) on November 25, 2006 before the State Consumer Disputes Redressal Forum at Bilaspur against the Apollo Hospitals, Bilaspur, Apollo Hospitals Enterprises Limited and its Chief Executive Officer cum DMS for medical negligence during treatment of diffused triple vessel coronary artery disease. The complainant has claimed compensation of Rs. 4,164,758 with interest at the rate of 9% per annum. The next hearing is posted on March 14, 2008.

58. Mr. T. George has filed a consumer complaint (No. 02 /05) on October 10, 2005 before the State Consumer Disputes Redressal Forum at Bilaspur against the Apollo Hospitals, Bilaspur, Apollo Hospitals Enterprises Limted and its Chief Executive Officer-cum-DMS for wrongful insertion of Ryle's Tube into the complainant's body. The complainant has claimed compensation of 2,900,000 with interest of 12% per annum from the date of complaint. The next hearing is posted on March, 14, 2008.

Tax Litigation

1. For the assessment year 1989-1990, the assessing officer disallowed AHEL's claim for the deduction of Rs. 4,163,858. On appeal, the Income Tax Appellate Tribunal, Chennai allowed the claim. The Income Tax department preferred an appeal against the said order before the Madras High Court. The appeal has not been yet been posted for hearing.

2. The Income Tax department issued a notice under Section 148 of the Income Tax Act on AHEL assessment of income purported to have escaped the assessment, for the assessment year 2000-2001. The Madras High court quashed the notice, in its order on the writ petition filed by the company. The department has filed a writ appeal before Madras High Court. The appeal has not been yet been posted for hearing.

Others

1. Mr. MC Jayasingh (petitioner) has filed a civil suit (C.S No.562 of 2007 in O.A No.786, 787, 788 and 789 of 2007) before the High Court of Madras against Apollo Hospital Jubilee Hills, AHEL (represented by its Managing Director), Cancer Institute, Chennai and another (respondents). The petitioner through the original applications filed before the High Court has prayed for the following: (a) that pending the disposal of the suit, the High Court pass an order for interim injunction restraining the respondents from infringing Patent No.196333, Patent No.198872 and Patent No.198869 in any manner; and (b) that pending the disposal of the suit, the High Court pass an order for interim injunction restraining the respondents in any manner from infringing Design No. 191946, Design No.189140 and Design No.204684. The background to this case is that the petitioner is in the field of precocious engineering and has incorporated a company by the name of Eagle Osteon Techonologies which develops limb saving devices like artificial substitute or replacements for different parts of the body. The company has obtained valid and registered patents under the Patents Act, 1970 and designs under the Designs Act, 2000 for certain technology and design. It is submitted by the petitioner that the respondents have been making improper use of the patented technology without obtaining the permission of the petitioner.

Claims below Rs. 1,000,000

The following matters are pending against AHEL involving claims amounting to less than Rs. 1,000,000:

S.No	Nature of the suit/ complaint	Complainant/ Plaintiff	Suit No	Forum	Claim amount (In Rs.)	Status
1.	Medical Negligence	Mr. R. Dhanapal	259/2002	District Consumer Disputes Redressal Forum, Chennai	500,000	Posted to April 9, 2008
2.	Medical Negligence	Ms. Rekha	1099/2004	District Consumer Disputes Redressal Forum, Trissur	950,000	Posted to March 25, 2008
3.	Medical Negligence	Mr. Uttam Chand Gothi	287/2004	District Consumer Disputes Redressal Forum, Chennai	232,189	The matter is posted to March 19, 2008
4.	Medical Negligence	Mr. Gajendra Singh	162/2003	District Legal Service Authority, Dholpur, Rajasthan	800,000	Posted to March 16, 2008
5.	Medical Negligence	Mr. A. Keshavan Embrandiry	688/2004	District Consumer Disputes	100,000	The matter is posted to March 18,

S.No	Nature of the suit/ complaint	Complainant/ Plaintiff	Suit No	Forum	Claim amount (In Rs.)	Status
				Redressal Forum, Chennai		2008
6.	Medical Negligence	Dr. S. Bafna	341/2004	State Consumer Disputes Redressal Commission, Chennai	10,200	The matter is posted to March 27, 2008
7.	Medical Negligence	Dr. Premila Narasimhan	813/2004	District Consumer Disputes Redressal Forum, Chennai	125,000	The matter is posted to March 16, 2008
8.	Medical Negligence	Mr. Atul Kumar Das	95/2004	District Forum, Kamrup, Guwahati	260,000	The matter is posted to March 24, 2008
9.	Medical Negligence	Mr. D. Sivakumar	14/2005	District Forum, Vilupuram	900,000	The matter is posted to March 24, 2008
10.	Medical Negligence	Mr. Raju	475/2005	District Consumer Disputes Redressal Forum, Chennai	700,000	The matter is posted to April 28, 2008
11.	Medical Negligence	Mrs. Rao Prameela Rao	Revision Petition No. 3978/06	NCDRC	450,000	The matter is pending for hearing.
12.	Medical Negligence	Mr. SJ Jagadev	38/2006	District Consumer Disputes Redressal Forum, Chennai	Nil	The matter is posted to April 2, 2008.
13.	Medical Negligence	Dr. S. Bafna	255/2006	State Consumer Disputes Redressal Commission, Chennai	252,800	The matter is posted to March 27, 2008
14.	Medical Negligence	Mr. Sanjay Golechha	17/2006	District Consumer Disputes Redressal Forum, Siliguri	100,000	The matter has been posted to May 30, 2008
15.	Medical Negligence	Mr. KS Ramalingam	136/ 2005	District Consumer Disputes Redressal Forum, Chennai	92,034	The matter is posted to March 27, 2009.
16.	Medical Negligence	Mr. AR Veerapandian	89/2004	District Consumer Disputes Redressal Forum, Chennai	207,500	The matter has been posted to April 9, 2008.
17.	Medical	Mrs. G. Bharti	250 of 2006	District	740,000	The matter is

S.No	Nature of the suit/ complaint	Complainant/ Plaintiff	Suit No	Forum	Claim amount (In Rs.)	Status
	Negligence			Consumer Disputes Redressal Forum, Hyderabad		posted to March 25, 2008
18.	Medical Negligence	Mrs. G. Krishnaveni	1032 of 2007	District Consumer Disputes Redressal Forum - II, Hyderabad	375,000	The next date of hearing is yet to be fixed.
19.	Medical Negligence	Mr. ASK Anjaneyulu	226 of 2006	East Godavari District Consumer Redressal Court	36,311	The next date of hearing is yet to be fixed.
20.	Medical Negligence	Mr. Simanchala Devata	61 of 2006	District Consumer Dispute Redressal Forum, Berhampur (Ganjam), Orissa, India	440,701	The next date of hearing is yet to be fixed.
21.	Medical Negligence	Mr. Nagorao	204 of 2007	District Consumer Dispute Redressal Forum at Nanded, Maharashtra	605,000	The next date of hearing is yet to be fixed.
22.	Medical Negligence	Mr. Chandrashekhar Gupta	177 of 2007	Consumer Dispute Redressal Forum, Bilaspur, Chattisgarh	613,000	The next date of hearing is yet to be fixed.
23.	Medical Negligence	Mr. NR Reddy and Mediciti Hospitals	334 of 2006 in F.A.No.836 of 2003	National Consumer Dispute Redressal Commission, New Delhi (NCRDC)	500,000	The next date of hearing is yet to be fixed.
24.	Medical Negligence	Mr. KS Sastry	57 of 2008 in C.D. No. 122 of 2001	NCRDC	400,000	The next date of hearing is yet to be fixed.
25.	Medical Negligence	Mr. TS Anand Kumar	130/2004 in C.D. No. 67 of 2001	Karnataka State Consumer Dispute Redressal Commission	498,500	The next date of hearing is yet to be fixed.
26.	Medical Negligence	Mr. K. Hussain	753/2007 in C.D.No.436/2005	Andhra Pradesh State Consumer Dispute Redressal Commission	688,991	The appeal is posted for hearing on April 21, 2008.
27.	Medical Negligence	Mr. A. Rajendra Kumar	846/2007 in C.D No. 311/1997	Andhra Pradesh	50,000	An interim stay was

S.No	Nature of the suit/ complaint	Complainant/ Plaintiff	Suit No	Forum	Claim amount (In Rs.)	Status
				State Consumer Dispute Redressal Commission		passed for deposit of additional money to admit the appeal. The said amount has been paid by the respondent and the case is posted for hearing.
28.	Medical Negligence	Mr. M. Sathyanarayana and Mrs. Dhanalakshmi	1783 of 2007 in C.C No. 1082 of 2005	Andhra Pradesh State Consumer Dispute Redressal Commission	850,000	The matter is posted to be heard on July 29,2008.
29.	Medical Negligence	Mr. Bhawani Shankar Malpani	900 of 2007	District Consumer Disputes Redressal Forum – I, Hyderabad	911, 215	The next date of hearing is yet to be fixed.
30.	Medical Negligence	Mr.K. Ramesh Babu	310/02	The District Consumer Dispute Redressal Forum (DCDRF)	495, 000	This case was deferred for arguments.
31.	Medical Negligence	Mr. Nithivanan	50/05	The DCDRF (Madurai)	65,000	The parties have to file written arguments. This case was adjourned to April 24, 2008.
32.	Medical Negligence	Mr. Murugaperumal	120/05	The DCDRF (Madurai)	97,000	This case was adjourned to April 24, 2008.
33.	Medical Negligence	Mrs.Rajalakshmi	122/05	The DCDRF (Madurai)	55,000	This case was adjourned to April 24, 2008.
34.	Medical Negligence	Mr. A. Santanamuthu	137/05	The DCDRF (Madurai)	990,000	This matter is pending for hearing.
35.	Medical Negligence	Mr. D. Mayandi	09/ 06	The DCDRF (Madurai)	189,887	This matter is pending for hearing.
36.	Medical Negligence	Mrs. Yesammal	38/06	The DCDRF (Madurai)	117,960	This matter is pending for hearing.
37.	Medical Negligence	Nivetha	MP 104/07 in 202/06	The DCDRF (Madurai)	150,000	This matter is pending for hearing.
38.	Medical Negligence	Mrs. P Vanaja Devi	219/06	The DCDRF (Madurai)	500,000	This matter is pending for hearing.
39.	Medical Negligence	Ms. Pandiammal	61/07	The DCDRF (Madurai)	585,000	This case was adjourned to

S.No	Nature of the suit/ complaint	Complainant/ Plaintiff	Suit No	Forum	Claim amount (In Rs.)	Status
						April 28, 2008
40.	Medical Negligence	Mr. Marugdass Gandhi	46/07	The DCDRF (Madurai)	36,760	This matter is pending for hearing.
41.	Medical Negligence	Mr. K. Arumugasamy	225/07	The DCDRF (Madurai)	212,690	This matter is pending for hearing.
42.	Medical Negligence	Mr. R. Mukopadhyay	292/2005	State Consumer Forum at Bilaspur	300,000	Next hearing on April 23, 2008
43.	Medical Negligence	Mr. Chandrasekhar Gupta	177/07	State Consumer Forum at Bilaspur	613,000	Next hearing on April 18, 2008
44.	Medical Negligence	Mr. Bijendra Singh	No. 217 / 05	State Consumer Disputes Redressal Forum at Bilaspur	940,965	The next date of hearing is yet to be fixed.
45.	Medical Negligence	Kamakshi Hospitals and Mr. Sukresh	R. P No 3760 of 2007 in 1484/07	NCDRC	800,000	The matter is pending for hearing on April 4, 2008.
46.	Miscellaneous – (Rejection of claims for medical bills)	Ms. Sushma Shrivas	52/06	State Consumer Forum at Bilaspur	82,916.52	This matter is pending for hearing.
47.	Miscellaneous (Misrepresentation as an accredited institution)	Mr.Rajarathinavelu	CPA OP 02/06	The DCDRF (Madurai)	75, 000	This matter is pending for hearing.

<u>Cases filed by AHEL</u>

Tax Claims

1. For the assessment year 1995-1996, the assessing officer passed an order reducing the loss to be carried forward from Rs.10,449,460 to Rs.672,950 under section 143 (3) read with section 263 of the Income Tax Act. AHEL's claim for deduction of Rs.11,173,086 incurred towards software expenditure was not accepted by the Income Tax department. The said order of the assessing officer was also confirmed by the Commissioner of Income Tax (Appeals). AHEL has filed appeals against the order of the Commissioner of Income Tax under Section 263 of the I.T. Act and the order of Commissioner of Income Tax (Appeals) confirming the order of the Assessing Officer. The appeal filed against the order under Section 263 is yet to be posted for hearing. The other appeal was posted for hearing on January 23, 2008 and the tribunal directed that the case be blocked for three months for further posting.

2. For the assessment year 1996-1997, the assessing officer passed an assessment order raising a demand of Rs.1,541,113 under Section 143(3) read with section 147 of the Income Tax Act. AHEL's claim for deduction of Rs.2,059,882 incurred towards software expenditure was not accepted by the Income Tax department. The order of the assessing officer was also confirmed by the Commissioner of Income Tax (Appeals). AHEL filed an appeal before the Income Tax Appellate Tribunal against the said order. The appeal is pending for hearing.

3. For the assessment year 1996-1997, an assessment order was passed by the assessing officer, under section 143 (3) read with section 147 of the Income Tax Act, raising a demand of Rs.4,007,952, on Indian Hospital Corporation Limited, a company amalgamated with AHEL. AHEL's claims for deduction of Rs.3,207,354 incurred towards software expenditure and Rs.810,350 incurred towards

deduction under section 80(O) were not accepted to the department. On appeal by AHEL, the Commissioner of Income Tax Appeals, allowed the claim for deduction under section 80(O) and confirmed the disallowance of software expenditure. The company filed an appeal before the Income Tax Appellate Tribunal against the said order of the Commissioner of Income Tax, (Appeals) confirming the disallowance of software expenditure and the Income Tax department appealed against the allowance of claim for deduction under section 80(O). AHEL also filed a cross objection against the department's appeal, before the Income Tax Appellate Tribunal. Chennai. The appeals and cross objection are pending for hearing.

4. The department has issued a notice under Section 148 to AHEL for assessment of the income that was purported to have escaped the assessment, for the assessment year 1997-98. AHEL filed a writ petition before the Madras High Court, praying for quashing the notice. The Madras High Court, stayed further proceedings and petition is pending before the court.

5. For the assessment year 1997-1998, the assessing officer passed an assessment order under section 143 (3) read with section 147 of the Income Tax Act, raising a demand of Rs.8,145,007, on Indian Hospital Corporation Limited, a company amalgamated with AHEL. AHEL's claims for deduction for the provident fund, depreciation on wind mill, deduction under section 80(M) and 80(O), deduction of lease equalization charges were not accepted by the Income Tax department. On appeal by AHEL, the claims for deduction for depreciation on windmill and expenditure towards provident fund were allowed. AHEL preferred an appeal before the Income Tax appellate Tribunal, Chennai. The Income Tax department has also reopened the assessment and disallowed the claim for deduction of Rs.5,610,320 incurred towards software expenditure by AHEL. The disallowance was also confirmed by the Commissioner of Income Tax Appeals. AHEL preferred a further appeal against the same, before the Income Tax Appellate Tribunal. The appeal is pending for further hearing.

6. For the assessment year 1998-1999, the assessing officer passed an assessment order under section 143 (3) read with section 147 of the Income Tax Act, raising a demand of Rs.6,741,530, on Indian Hospital Corporation Limited, a company amalgamated with AHEL. AHEL's claims for deduction of lease equalization charge and expenditure on professional charges were not accepted by the Income Tax department. Further, the department also reduced the claim for exemption under section 10(33) of the Income Tax Act. The Commissioner of Income Tax (Appeals) gave relief in part towards the claim for exemption under Section 10(33) and confirmed the rest. AHEL preferred an appeal before the Income Tax appellate Tribunal, Chennai. The appeal was posted for hearing on January 23, 2008 and the tribunal directed that the case be blocked for three months for further posting.

7. For the assessment year 1999-2000, the assessing officer passed an assessment order under section 143 (3) read with section 147 of the Income Tax Act, raising a demand of Rs.24,531,417, on Indian Hospital Corporation Limited, a company amalgamated with AHEL. AHEL's claims for deduction of lease equalisation charge, expenditure on professional charges and loss on sale of assets were not accepted by the Income Tax department. Further, the department also reduced the claim for exemption under section 10(33) of the Income Tax Act. The commissioner of Income Tax (Appeals) gave relief in part towards the claim for exemption under section 10(33) and allowed the claim on lease equalisation charge and confirmed the rest. AHEL preferred an appeal before the Income Tax appellate Tribunal, Chennai and the Income Tax department also preferred an appeal against the allowance of claim for lease equalisation charge. AHEL also filed a cross objection against the department's appeal. The final orders are awaited.

8. For the assessment year 1999-2000, the assessing officer passed an order under section 154 raising a demand of Rs.18,695,193 on AHEL. AHEL's claim for set off of credit of a minimum alternate tax paid in earlier year was not accepted by the Department. The Commissioner of Income Tax confirmed the order of assessing officer. On appeal by AHEL, the Income Tax appellate tribunal allowed the appeal. The department has preferred the further appeal before the High Court at Madras. The case is to be posted for hearing.

9. For the assessment year 2000-2001, the assessing officer passed an assessment order under Section 143(3) read with section 147 of the Income Tax Act, raising a demand of Rs.6,976,647. AHEL's claim for set off of credit for the minimum alternate tax paid in earlier years was not accepted by the Income Tax department. The commissioner of Income Tax (Appeals) confirmed the order of the assessing officer. AHEL preferred an appeal before the Income Tax appellate Tribunal, Chennai. The appeal is

pending for orders.

10. For the assessment year 2003-2004, the assessing officer passed an assessment order under section 143 (3) of the Income Tax Act, raising a demand of Rs.98,780,902 on AHEL. AHEL's claims for deduction of lease equalisation charge, expenditure on software implementation, revenue expenditure on lease hold premises were not accepted by the Income Tax department. Further the unabsorbed loss pertaining to Deccan Hospital Corporation Limited, a company amalgamated with AHEL, which was allowed to be set off in the assessment year 2000-2001, was added back as income. The Commissioner of Income Tax (Appeals) allowed the appeal in part, confirming the disallowances on lease equalisation charge, expenditure on software implementation and revenue expenditure on lease hold premises. The issue on addition of unabsorbed depreciation was allowed. The appeals are posted for hearing on March 20, 2008.

11. For the assessment year 2004-2005, the assessing officer passed an assessment order under section 143 (3) of the Income Tax Act, raising a demand of Rs.32,706,170 on AHEL. AHEL's claims for deduction of interest, expenditure on software implements, revenue expenditure on lease hold premises, sales tax paid were not accepted by the Income Tax department. Further the claim exemption under Section 10(33) of the Income Tax Act was also reduced. An addition towards prior period expenditure, which was also not claimed as expenditure was also added back. AHEL preferred an appeal before the Commissioner of Income Tax (Appeals) against the said assessment order. The appeal is pending for hearing.

12. For the assessment year 2004-2005, the assessing officer passed an assessment order under Section 143 (3) of the Income Tax Act, raising a demand of Rs.32,706,170 on AHEL. AHEL's claims for deduction of interest, expenditure on software implements, revenue expenditure on lease hold premises, sales tax paid were not accepted by the Income Tax department. Further the claim exemption under Section 10(33) of the Income Tax Act was also reduced. An addition towards prior period expenditure, which was also not claimed as expenditure was also added back. AHEL preferred an appeal before the Commissioner of Income Tax (Appeals) against the said assessment order. The matter is pending for hearing.

Claims below Rs. 1,000,000

The following matters, filed by AHEL, involve claims amounting to less than Rs. 1,000,000:

Sl. No.	Nature of the suit	Name of Party	Suit No	Forum	Claim amount (In Rs.)	Status
(i)	Money recovery claims	Mr. KC Rajan	4342/2004	City Civil Court, Chennai	96,436.42	The matter is posted to March 26, 2008
(ii)	Money recovery claims	Mr. TS Radhakrishnan	5765/2004	City Civil Court, Chennai	281,201.00	The matter is posted to March 26, 2008
(iii)	Money recovery claims	Mr. Sheik Mohamed	6339/2004	City Civil Court, Chennai	259,040.00	The matter is posted to March 27, 2008
(iv)	Money recovery claims	Mr. Raman	Not allotted -	City Civil Court, Chennai	179,475.75	The matter is posted to March 27, 2008
(v)	Money recovery claims	Mr. Omar Sait	3790/2007	City Civil Court, Chennai	705,322.00	The matter is posted to March 16, 2008
(vi)	Money Recovery Suit	Ms. Dolly Ravi Panch	Principal Civil Judge, Mysore	OS No 697/06	75,885	The matter is pending on April 4, 2008.
(vii)	Section 138 of the Negotiable Instruments Act	Mr. A. Mohammad Faisi	3381/2001	XVIII Metropolitan Magistrate,	511,392	The matter is posted to March 30,

Sl. No.	Nature of the suit	Name of Party	Suit No	Forum	Claim amount (In Rs.)	Status
				Saidapet		2008
(viii)	Section 138 of the Negotiable Instruments Act	Mr. C. Dhanasekaran	4752/2001	XVIII Metropolitan Magistrate, Saidapet	55,000	The matter is posted to April 28, 2008
(ix)	Section 138 of the Negotiable Instruments Act	Mr. Sajanand Agarwal	2296/2003	XVIII Metropolitan Magistrate, Saidapet	100,000	The matter is posted to April 3, 2008.
(x)	Section 138 of the Negotiable Instruments Act	Mr. Sajanand Agarwal	2299/2003	XVIII Metropolitan Magistrate, Saidapet	866,317	The matter is posted to April 9, 2008.
(xi)	Section 138 of the Negotiable Instruments Act	Mr. Nasser Bai	8479/2002	XVIII Metropolitan Magistrate, Saidapet	75,000	The matter is posted to April 30, 2008
(xii)	Section 138 of the Negotiable Instruments Act	Mr. Madhavan	9860/2003	XVIII Metropolitan Magistrate, Saidapet	423,631	The matter is posted to March 26, 2008
(xiii)	Section 138 of the Negotiable Instruments Act	Mr. N. Ganesan	6056/2003	XVIII Metropolitan Magistrate, Saidapet	372,459	The matter is posted to March 26, 2008
(xiv)	Section 138 of the Negotiable Instruments Act	Mr. V. Ramanujum	8370/2002	XVIII Metropolitan Magistrate, Saidapet	50,000	The matter is posted to March 27, 2008
(xv)	Section 138 of the Negotiable Instruments Act	Mr. V. Ramanujum	2295/2003	XVIII Metropolitan Magistrate, Saidapet	242,847	The matter is posted to May 2, 2008
(xvi)	Section 138 of the Negotiable Instruments Act	Mr. D. Kanniappan	180/2004	XVIII Metropolitan Magistrate, Saidapet	568,695	The matter is posted to March 25, 2008
(xvii)	Section 138 of the Negotiable Instruments Act	Mr. P. Palanivel	3828/2004	XVIII Metropolitan Magistrate, Saidapet	12,342	The matter is posted to March 16, 2008
(xviii)	Section 138 of the Negotiable Instruments Act	Mr. M. Zainulabi Deen	7868 of 2004	XVIII Metropolitan Magistrate, Saidapet	85,598	The matter is posted to May 9, 2008
(xix)	Section 138 of the Negotiable Instruments Act	Mr. S. Lalith	7867 of 2004	XVIII Metropolitan Magistrate, Saidapet	59,811	The matter is posted to May 9, 2008
(xx)	Section 138 of the Negotiable	Mr. GV Subba Reddy	Not allotted	XVIII Metropolitan	140,000	The matter is posted to April

Sl. No.	Nature of the suit	Name of Party	Suit No	Forum	Claim amount (In Rs.)	Status
	Instruments Act			Magistrate, Saidapet		6, 2008
(xxi)	Section 138 of the Negotiable Instruments Act	Mr. Sudesh Shetty	Not allotted	XVIII Metropolitan Magistrate, Saidapet	112,814	The matter is posted to April 6, 2008
(xxii)	Section 138 of the Negotiable Instruments Act	Mr. N. Baskaran	Not allotted	XVIII Metropolitan Magistrate, Saidapet	173,387	The matter is posted to April 2, 2008
(xxiii)	Section 138 of the Negotiable Instruments Act	Ms. Mumtaj Begum	3381 of 2001	XVIII Metropolitan Magistrate, Saidapet	207,427	The matter is posted to April 9, 2008
(xxiv)	Section 138 of the Negotiable Instruments Act	Mr. Sekar	Not allotted	XVIII Metropolitan Magistrate, Saidapet	74,029	The matter is posted to April 2, 2008
(xxv)	Section 138 of the Negotiable Instruments Act	T. Periasamy	Not allotted	XVIII Metropolitan Magistrate, Saidapet	105,598	The matter is posted to April 6, 2008
(xxvi)	Section 138 of the Negotiable Instruments Act	Mr. KR Kannan	Not allotted	XVIII Metropolitan Magistrate, Saidapet	75,000	The matter is posted to April 28, 2008
(xxvii)	Section 138 of the Negotiable Instruments Act	Mr. Ramesh sivaraman	Not allotted	XVIII Metropolitan Magistrate, Saidapet	67,326	The matter is posted to March 27, 2008
(xxviii)	Section 138 of the Negotiable Instruments Act	Mr. R. Sandhya	Not allotted	XVIII Metropolitan Magistrate, Saidapet	274,432	The matter is posted to April 16, 2008
(xxix)	Money recovery suit	Mr. Babajakruddivi	O.S No 9550/07	Additional City Civil Judge	217,000	The matter is posted to March 28, 2008

Cases filed by or against Dr. Prathap C. Reddy

Medical Negligence Cases

1. Mr. R. Ramakrishnan (Plaintiff) filed a petition (O.S.No. 644 of 2003) before the Sub-Court, Thrissur against Apollo Hospital, AHEL, and Dr. Prathap C. Reddy in his capacity as the Chairman of AHEL. Please see "Outstanding Litigation and Defaults- Cases involving our Promoters- Cases filed against AHEL" on page 372.

2. Ms. Harimani Dash (Complainant) along with her four sons filed a complaint (C.D.No.16 of 1999) before the District Consumer Disputes Redressal Commission, Cuttack against Apollo Hospital, AHEL and Dr. Prathap C. Reddy in his capacity as the Chaiman of AHEL. Please see "Outstanding Litigation and Defaults - Cases involving our Promoters - Cases filed against AHEL" on page 372.

3. Mr. V. Rajasundar (Complainant) filed a complaint (No. 19 of 2002) before the State Consumer Disputes Redressal Commission, Chennai against Apollo Hospital, AHEL and Dr. Prathap C. Reddy in his capacity as the Chaiman of AHEL. Please see "Outstanding Litigation and Defaults - Cases involving our Promoters - Cases filed against AHEL" on page 372.

4. Mr. KC Raju (Complainant) along with his two daughters filed a complaint (O.P.No.127 of 2003) before the District Consumer Disputes Redressal Forum, Chennai against Apollo Hospital, AHEL and Dr. Prathap C. Reddy in his capacity as the Chaiman of AHEL. Please see "Outstanding Litigation and Defaults - Cases involving our Promoters - Cases filed against AHEL" on page 372.

5. Tamil Mani (Complainant) filed a complaint (O.P.No.20 of 2005) before the State Consumer Disputes Redressal Forum, Chennai against Apollo Hospital, AHEL and Dr. Prathap C. Reddy in his capacity as the Chaiman of AHEL. Please see "Outstanding Litigation and Defaults - Cases involving our Promoters - Cases filed against AHEL" on page 372.

6. Xavier Devika (Complainant) along with her two sons filed a complainant (O.P.No. 21 of 2005) before the State Consumer Disputes Redressal Commission, Chennai against Apollo Hospital, AHEL and Dr. Prathap C. Reddy in his capacity as the Chairman of AHEL. Please see "Outstanding Litigation and Defaults - Cases involving our Promoters - Cases filed against AHEL" on page 372.

7. Mr. T. Jayaraman (Complainant) filed a complaint (O.P.No. 204 of 2005) before the District Consumer Disputes Redressal Forum, Chennai against Apollo Hospital, AHEL and Dr. Prathap C. Reddy in his capacity as the Chairman of AHEL. Please see "Outstanding Litigation and Defaults - Cases involving our Promoters - Cases filed against AHEL" on page 372.

8. Mr. KN Chandrasekaran (Complainant) filed a complaint (O.P.No. 12 of 2005) before the State Consumer Disputes Redressal Commission, Chennai against Apollo Hospital, AHEL and Dr. Prathap C. Reddy in his capacity as the Chairman of AHEL. Please see "Outstanding Litigation and Defaults - Cases involving our Promoters - Cases filed against AHEL" on page 372.

9. Kalyanaraman and another (Complainant) filed a complaint (O.P.No.262 of 1999) before the State Consumer Disputes Redressal Commission, Chennai against Apollo Hospital, AHEL and Dr. Prathap C. Reddy in his capacity as the Chairman of AHEL. Please see "Outstanding Litigation and Defaults - Cases involving our Promoters - Cases filed against AHEL" on page 372.

10. Mrs. Madhavi (Complainant) along with three others filed a complaint (O.P.No.104 of 2000) before the State Consumer Disputes Redressal Commission, Chennai against Apollo Speciality Hospital, AHEL and Dr. Prathap C. Reddy in his capacity as the Chairman of AHEL. Please see "Outstanding Litigation and Defaults - Cases involving our Promoters- Cases filed against AHEL" on page 372.

11. Ms. M. Shanti (Complainant) filed a complaint (O.P.No. 34 of 2005) before the State Consumer Disputes Redressal Commission against Apollo Speciality Hospitals, AHEL and Dr. Prathap C. Reddy in his capacity as the Chairman of AHEL. Please see "Outstanding Litigation and Defaults - Cases involving our Promoters- Cases filed against AHEL" on page 372.

12. Mr. M. Anand (Complainant) filed a complaint (O.P.No.38 of 2005) before the State Consumer Disputes Redressal Commission, Chennai against Apollo Speciality Hospital, AHEL and Dr. Prathap C. Reddy in his capacity as the Chairman of AHEL. Please see "Outstanding Litigation and Defaults - Cases involving our Promoters- Cases filed against AHEL" on page 372.

13. Mrs. Kulanthaiammal (Complainant) filed a complaint (C.C.No. 576 of 2005) before the District Consumer Disputes Redressal Forum, Chennai against Apollo Speciality Hospital, AHEL and Dr. Prathap C. Reddy in his capacity as the Chairman of AHEL. Please see "Outstanding Litigation and Defaults - Cases involving our Promoters- Cases filed against AHEL" on page 372.

14. Mrs. Zakira (Complainant) filed a complaint (O.P.No.122 of 2006) before the Consumer Disputes Redressal Forum, Chennai against Apollo Tondiarpet Hospital, AHEL, Dr. Prathap C. Reddy in his capacity as Chairman to AHEL and three others. Please see "Outstanding Litigation and Defaults - Cases involving our Promoters- Cases filed against AHEL" on page 372.

15. Mr. C. Jayapal (complainant) has filed a consumer dispute case (C.D No. 614 of 2006) before the District Consumer Forum – III at Hyderabad against Dr. Prathap C. Reddy in his capacity as Chairman to AHEL and Medical Superintendent Apollo Hospital Jubilee Hills and one of the doctors of Apollo Hospital Jubilee Hills, Dr. Sharmila. Please see "Outstanding Litigation and Defaults - Cases involving our Promoters- Cases filed against AHEL" on page 372.

16. Mr. KC Sharma (complainant) has filed a complaint (No.66 of 1999) before the State Consumer Disputes Redressal Commission, New Delhi against Indraprastha Apollo Hospital, IMCL, Dr. Prathap C. Reddy and certain others. Please see "Outstanding Litigation and Defaults - Cases involving the entities forming part of our Promoter Group - Cases filed by or against IMCL" on page 402.

17. Professor DC Saxena through his legal representatives (complainant) filed a complaint (No.373 of 1999) before the SCDRC against Indraprastha Apollo Hospital, Dr. Prathap C. Reddy and IMCL. Please see "Outstanding Litigation and Defaults - Cases involving the entities forming part of our Promoter Group - Cases filed by or against IMCL" on page 402.

18. Nirmal Kumar Jain and another (complainants) have filed a complaint before the NCDRC against Indraprastha Apollo Hospitals, Dr. Prathap C. Reddy and others seeking a compensation of Rs. 3.055 million. Please see "Outstanding Litigation and Defaults - Cases involving the entities forming part of our Promoter Group - Cases filed by or against IMCL" on page 402.

19. Dr. Indu Sharma (complainant) filed a complaint (No. 104 of 2002) before the NCDRC against Indraprastha Apollo Hospitals, Dr. Prathap C. Reddy and others. Please see "Outstanding Litigation and Defaults - Cases involving the entities forming part of our Promoter Group - Cases filed by or against IMCL" on page 402.

20. In addition to the above cases, the following cases with claims below Rs. 1,000,000 have also been filed against Dr. Prathap C. Reddy:

    (i). Four other consumer complaints (Nos.: 259/2002, 162/2003, 813/2004 and 475/2005) have been filed against Dr. Prathap C. Reddy in his capacity as the Chairman of AHEL with claims below Rs. 1,000,000. For details of these cases, please see "Outstanding Litigation and Defaults - Cases involving our Promoters- Cases filed against AHEL" on page 372.

    (ii). One consumer complaint (No. 33 of 2000) has been filed against Dr. Prathap C. Reddy in his capacity as the Vice-Chairman of IMCL. For details of these cases, please see "Outstanding Litigation and Defaults - Cases involving the entities forming part of our Promoter Group - Cases filed by or against IMCL" on page 402.

Cases filed by or against Mrs. Sangita Reddy

Two consumer complaints for medical negligence (900 of 2007 and 130/2004 in C.D. No. 67 of 2001) have been filed against Mrs. Sangita Reddy with claims below Rs. 1,000,000. For details of these cases, please see "Outstanding Litigation and Defaults - Cases involving our Promoters - Cases filed against AHEL – Claims below Rs. 1,000,000" on page 388.

Cases involving the entities forming part of our Promoter Group

Apollo Gleneagles Hospital Limited

<u>Contingent Liabilities as of March 31, 2007</u>

S.No	Particulars	Amount (Rs. in millions)
	Claims (to the extent ascertainable) not acknowledged as debts	
i.	Certain parties have lodged claim for compensation and ownership right on the leasehold land allotted to the Company by Government of West Bengal. Some of the parties have claimed compensation. Other parties have claimed ownership right on certain portion of the land allotted to the Company by the government of West Bengal. The Company has disputed the aforesaid cases at appropriate forums, including one at the High Court where a stay has been granted by the	50.00

S.No	Particulars	Amount (Rs. in millions)
	division bench against the judgement given by the single bench. The Company has been advised that the claims for compensation and right of ownership made are not tenable.	
ii.	On account of deductions from suppliers bill for poor quality of work and termination of contract. The claims made are not tenable.	1.73
iii.	The Employee State Insurance Authorities had treated the Hospital as covered under ESI Act with effect from 2nd October, 1997 and demanded contributions for the period 1997 to 1999.	3.16*
	The Company has filed writ petition before the Supreme Court against said order of ESI authorities and obtained a stay on the matter.	
	The Company has been legally advised that the claims are not tenable.	

* includes amounts up to March 31, 2007.

Cases filed by or against Apollo Gleneagles Hospital Limited

Consumer Claims

1. Mrs. Snehalatha Das (Complainant) filed a consumer complaint (S.C. case no. 27/0 of 2005) before the State Consumer Disputes Redressal Commission, West Bengal, against AGHL and Dr. Mahesh K. Goenka (opposite parties) claiming a sum of Rs. 2,010,500 as compensation for medical negligence. The opposite parties treated the complainant's son, aged 32 years, for liver cirrhosis and it was alleged that the opposite parties did not use reasonable degree of care and had caused the death of the patient. The matter has been posted to April 9, 2008.

2. Mr. Biman Ghosh (Complainant) filed a consumer complaint (S.C .case no. 33/0 of 2005) before the State Consumer Disputes Redressal Commission, West Bengal, against AGHL and Dr. Aftab Khan (Opposite parties) claiming a sum of Rs. 4,872,649.69 towards reimbursement of medical bills and for physical and mental suffering and as compensation for harassing the complainant's family. The complainant underwent an angioplasty in AGHL's hospital. The complainant states that the whole operation is required to be captured on video and is required to be handed over for the patient's future use. The complainant filed this present complaint alleging deficiency of service and unfair trade practice as the opposite parties allegedly failed to capture the operation on video and deliver the same to the patient. The matter has been posted to March 26, 2008. .

3. Mr. Santi Kumar Sarkar (Complainant) filed a consumer complaint (S.C. case no. 32/0 of 2005) before the State Consumer Disputes Redressal Commission, West Bengal, against AGHL alleging unfair trade practice. The complainant is claiming a sum of Rs. 2,605,000 towards physical and mental harassment and towards refund of the medical fees paid by the complainant. The matter has been posted to April 23, 2008.

Money Recovery Claims

1. Datex Ohmeda (India) Private Limited (Plaintiff) filed a suit (Suit No. 311 of 2000) before the High Court of Calcutta against Duncan Gleneagles Hospitals Limited (the name was later changed to Apollo Gleneagles Hospital Limited) (Defendant) for the recovery of a sum of Rs. 1,576,000. The defendant placed an order for pipe medical gases system against which the plaintiff raised certain bills from time to time. The defendant withheld the payment as a portion of the work was due to be carried out. Further, the defendant cancelled the work order by its letter dated June 12, 2000. The plaintiff is claiming that while executing the work at the defendant's site, the plaintiff brought certain goods/ material worth Rs. 30,000, which were stolen from the defendant's site. The plaintiff is therefore, claiming a sum of Rs. 1,576,000 against loss of profit, loss of goodwill, loss due to theft of goods from the defendant's custody and towards interest payable. In the alternative, the plaintiff is claiming a sum of Rs. 100,780.94 towards damages for loss of goods.

2. Ms. Daisy Mantosh (Plaintiff) initiated a suit (No. 101 of 1998) in the Court of the Assistant District Judge, Sealdah, against Duncan Glenagles Hospital Limited (the name was later changed to Apollo Gleneagles Hospital Limited), Orient Beverages Limited and the State of West Bengal (Defendants) for declaration, recovery of possession, mesne profits and injunction. The plaintiff claims that the defendants have illegally occupied certain premises belonging to the plaintiff and has therefore filed this suit claiming a sum of Rs. 10 million from Duncan Glenagles Hospital Limited for illegal use and occupation of the suit premises. The matter is pending for hearing.

Apollo Health and Lifestyle Limited

Cases filed by or against Apollo Health and Lifestyle Limited

The company was assessed under Section 4 of the Delhi Sales Tax on Right to Use Goods Act, 2002 for the period of September 15, 2004 to March 31, 2005. The total turnover tax at the rate of 4% was found to be Rs.14,574,314 upon which a tax of the amount of Rs. 582,973 and a penalty of Rs.10,000 was assessed thereby resulting in a total demand created of Rs.592,973. Aggrieved by this assessment, the company filed an appeal before the First Appellate Authority. The First Appellate Authority through order dated July 12, 2007 passed an order directing the company to deposit a sum of Rs.300,000 as a condition precedent to entertain the appeal. Hereafter, the company filed another application (no.116/ATVAT/07-08) before the authority under the Appellate Tribunal which held on September 3, 2007 that the earlier order of the First Appellate Authority would be modified to the extent that the company would have to deposit a sum of Rs.200,000 within a period of 30 days and the matter however would continue to be heard by the First Appellate Authority.

Apollo Hospitals International Limited

Cases filed by or against Apollo Hospitals International Limited

Medical Negligence

Mr. Kalidas G. Patel filed a consumer complaint (No. 11 of 2006) before the Gujarat Consumer Dispute Redressal Commission, Ahmedabad against AHIL claiming a sum of Rs. 5,000,000 as compensation for the burns suffered due to the alleged negligence of the doctors who operated on him. AHIL had made an application to enjoin ICICI Lombard in the said case. The matter has been posted to April 24, 2008.

The following matters are pending against AHIL involving claims amounting to less than Rs. 1,000,000:

S.No	Nature of the suit/ complaint	Complainant/ Plaintiff	Suit/ Complaint No	Forum	Claim amount (In Rs. Million)	Next Date of Hearing
1	Motor Vehicle Accident case	Mr. Kalubhai S. Chu. Koli and Mrs. Savitaben K. Chu. Koli	MACT of 2005	Motor Accidents Claims Tribunal, Surendranagar	NIL	April 19, 2008
2	Labour case	Mr. Jitendra H. Patel	No. 864 of 2005	Labour Court at Ahmedabad	0.10	April 3, 2008
3	Labour case	Mr. Jignesh B. Patel	No. 981 of 2005	Labour Court at Ahmedabad	0.10	April 16, 2008
4	Labour case	Mr. Jaimin Vyas	No. 863 of 2005	Labour Court at Ahmedabad	0.10	March 17, 2008
5	Labour case	Mr. Jitendra Suthar	No. 862 of 2005	Labour Court at Ahmedabad	0.10	March 17, 2008
6	Labour case	Mr. Deepak Rajput	No. 17 of 2006	Labour Court at Ahmedabad	Not ascertained	The matter is pending for hearing.
7	Labour case	Mr. Ajit Vaghela	No. 297 of 2006	Labour Court at Ahmedabad	0.03	March 25, 2008
8	Money recovery claim	Mr. Pramod Kumar K. Parida	No. 1044 of 2004	Labour Court at Ahmedabad	0.02	May 23, 2008
9	Money recovery claim	Mr. Vikram Shetty	No. 1045 of 2004	Labour Court at Ahmedabad	0.02	April 16, 2008
10	Money recovery claim	Mr. Narayandas J. Das	No. 1046 of 2004	Labour Court at Ahmedabad	0.02	April 16, 2008
11	Consumer Protection	Mr. Hemachandrasekhar Shelat	No. 1007 of 2007	Consumer Court at Ahmedabad	Not ascertained	March 25, 2008

S.No	Nature of the suit/ complaint	Complainant/ Plaintiff	Suit/ Complaint No	Forum	Claim amount (In Rs. Million)	Next Date of Hearing
12	Labour	Shitala Labour Union, Ahmedabad	IT-D No. 144/06	Industrial Tribunal, Ahmedabad	-	This matter is pending for hearing.

Apollo Sindhoori Capital Investments Limited

Contingent Liabilities as of March 31, 2007

S.No	Particulars	Amount (Rs. in millions)
1.	Contingent Liability not provided for on account of:	
(a)	Bank Guarantee furnished in favour of NSE & IL & FS	275.00
(b)	Disputed Claim of SEBI towards turnover fees contested before Securities Appellate Tribunal	26.10
(c)	Claims against the company not acknowledged as debts	7.17

Cases filed by or against Apollo Sindhoori Capital Investments Limited

Matter relating to Payment of Fees of Stock Exchange

1. ASCIL had filed a writ petition (W.P.No. 9973 of 2005) before the High Court of Madras against the SEBI and the NSE (Respondents). The relevant background is that ASCIL was initially registered as a stockbroker with SEBI under registration number INB 230825534. In January 1999, ASCIL proposed to transfer its stock broking business to another group company Om Sindhoori Capital Investments Limited and had accordingly applied for registration as a stockbroker with a new number. However, Dr. Prathap C. Reddy wrote to SEBI indicating that Om Sindhoori Capital Investments Limited would merge with ASCIL and therefore, the said application by ASCIL be ignored. Thereafter, Om Sindhoori Capital Investments Limited merged with ASCIL and ASCIL continued to carry on the business of stockbroking. Please see "Our Promoters- Promoter Group- Bodies Corporate- Apollo Sindhoori Capital Investments Limited" on page 131 for details of the merger.

   On September 3, 2004, NSE issued a provisional turnover liability statement under the SEBI (Interest Liability Regularisation) Scheme 2004, calling upon ASCIL to pay fees of Rs. 2.36 million. The provisional turnover liability statement showed two registration numbers in relation to ASCIL. ASCIL through its letter dated September 10, 2004 pointed out the difference in the registration numbers and asked for adjustment of the excess amount under one registration against the other registration number and re-calculate the interest payable. ASCIL on November 10, 2004 paid a sum of Rs. 1.90 million towards the registration fee an interest thereon as per the provisional turnover liability statement. On November 11, 2004, NSE issued the final turnover liability statement determining the fee payable by ASCIL at Rs. 18.10 million and interest payable at Rs. 2.03 million. Upon enquiries, ASCIL found that it was registered afresh on March 23, 1999 under a new registration number. ASCIL contended that this fresh registration was not communicated to them and therefore contested the fresh registration and the registration fee computed based on the fresh registration. Meanwhile, NSE, on March 15, 2005, issued an order calling upon ASCIL to pay a sum of Rs. 16.5 million towards registration fee and Rs. 9.56 million towards interest. The order also threatened to take coercive action against ASCIL by de-activating the computer terminals through which ASCIL carries on its stockbroking business. ASCIL is therefore praying for a stay of the said order and issue a writ of certiorari to call for the records pertaining to the said order and quash the same as illegal. In the meantime, ASCIL has made an application to NSE seeking approval to change its shareholding pattern. NSE through its letter date December 7, 2006 required ASCIL to provide a bank guarantee against the pending fees payable to SEBI and to re-submit the application after the payment of fees. The matter went on appeal (appeal no.59 of 2007) before the Securities Appellate Tribunal and through order dated July 10, 2007 the appeal was rejected and the fee liability statement was upheld and a time period of six weeks was granted to ASCIL to deposit the said amount. Thereafter, an appeal was preferred against such order of the Securities Appellate Tribunal and the Supreme Court granted an interim stay against the operation of this order.

Matters Relating to Securities

1. ASCIL (Petitioner) filed original petition (O.P. no.362 of 2002) before the High Court of Madras against Mr. A. Nagaraja, Mr. K. Kailasam Natrajan and NSE (Respondents). This petition was to set aside the award dated September 13, 2002 passed by Mr. K. Kailasam Natrajan, the sole arbitrator. The relevant background is that the petitioner was approached by Mr. A. Nagaraja for trading in shares at the Bangalore branch in 1999. However, the first respondent deposited base capital but not the margin money (as prescribed by the relevant bye-laws of the NSE) and commenced trading activity with the petitioner. This situation led to certain financial dues from the first respondent's side towards the petitioner amounting to Rs.241,650 and refusal to deliver 300 shares by the petitioner side to the first respondent. The matter was referred for arbitration and the arbitrator concluded against the petitioner. Against this award, the petitioner filed this petition in the High Court of Madras (O.P. No.564 of 2006)0020on June 20, 2007. The court decided on the matter and set aside the award on the ground that the arbitrator had failed to understand the provisions of the Bye-Laws of the NSE but the claim was time barred. The current status of the matter is that ASCIL has obtained a stay.

2. ASCIL (Petitioner) has filed a petition (O.P. no. 844 of 2005) against Mr. C. Kumarswamy, Mr. S. Subramanian, Mr. D. Bhaskar, Mr. C. Rangamani (Respondents) before the High Court of Madras. The relevant background to this petition is that Mr. C. Kumarswamy approached the petitioner for purchase and sale of securities through the NSE and entered into a Member and Constituent Agreement on May 13, 2004. Hereafter, Mr. C. Kumarswamy traded in all segments of the NSE through the petitioner's branch at Tripur from 2004 onwards. As per the NSE bye-laws, rules and regulations the petitioner was required to maintain sufficient margins with the NSE. Clause 10 of the Member and Constituent Agreement authorized the petitioner to sell the shares of Mr. C. Kumarswamy to be able to maintain such margin if Mr. C. Kumarswamy failed to maintain sufficient margin. On January 5, 2005, many of the petitioner's clients including Mr. C. Kumarswamy failed to maintain the sufficient margin with the NSE due to which, NSE deactivated the petitioner's computer terminals for a period of nine minutes. The petitioner exercised its powers under Clause 10 of the Member and Constituent Agreement and sold certain pending orders of Mr. C. Kumarswamy. Aggrieved by this sale, Mr. C. Kumarswamy instituted the arbitration proceedings (Arbitration Claim No. AM CH 09/2005 NSE) before the NSE claiming an amount of Rs. 3,00,000 from the petitioner. The arbitration tribunal passed an award dated October 31, 2005 allowing the claim of Mr. C. Kumarswamy to the extent of Rs.3,097,000 together with an interest at 18% per annum. This petition has been filed against such order and the case has been listed.

3. ASCIL (Petitioner) has filed a petition (O.P. no. 585 of 2006) against Mr. AW Yunus, Mr. MV Badrinath and NSE (Respondents) before the High Court of Madras. The relevant background to this petition is that Mr. AW Yunus approached the petitioner for purchase and sale of securities through the NSE and entered into a Member and Constituent Agreement with on March 19, 2005. Hereafter, Mr. AW Yunus traded in all segments of the NSE through the petitioner's branch at Gandhipuram – Coimbatore from April 2005 onwards. Mr. AW Yunus claimed that during the period from June 3, 2005 to June 30, 2005, the petitioner traded orders contrary to his instructions, quantified his claims against the petitioner at Rs.488,381 and submitted the same for arbitration (Arbitration Claim No. AM NoF&O/C-0004/2006) under the bye-laws of NSE. The arbitral tribunal passed an award dated August 7, 2006 allowing the claim of Mr. AW Yunus to the extent of Rs.246,241 together with 18% interest per annum. This petition has been filed against such order and the case has been listed.

4. Mr. P. Rajeshwari (Plaintiff) has filed a civil suit (O.S. No. 483 of 2004) against ASCIL, NSE, Munoth Financial Services and SEBI (Defendants) Limited before the Senior Civil Judge at Vijayawada. The relevant background to this petition is that Mr. P. Rajeshwari opened a trading account bearing no.JP-45 in Vijayawada branch of ASCIL during November 1998. To enable Mr. P. Rajeshwari to trade from its Vijayawada branch of ASCIL, a sum of Rs. 10,000 was collected as security deposit, with a promise to repay the said amount with the interest at the rate of 18% per annum. Mr. Rajeshwari expressed dissatisfaction with the services provided and decided to close his account and claim damages to the extent of Rs. 938,391 with an interest of 18% per annum for the inappropriate services. The case has been listed for hearing.

5. Mr. M. Padmanabha Kamath (petitioner) has filed an application (A.C. no. 56 of 2001) against ASCIL (respondent) before the District Judge of D. K. District at Mangalore, Dakshina Kannada District Court. The application is to set aside the award of the arbitral tribunal (No.CHO26/2000) dated March 21, 2001. The relevant background is that the petitioner had purchased 515 shares of Penta Media Graphics through the respondent from March 8, 2000 to March 14, 2000 by adjusting the earlier sale

proceeds of 480 shares of DSQ and the balance amount was paid by him by cheque. Other than this transaction, the petitioner had also purchased 50 shares of Silverline Industries against the sale of 70 shares of Proctor & Gamble. There was an alleged delay and the petitioner has filed a suit for a total sum of Rs.10,11,992 together with interest. The matter was placed before an arbitral tribunal, which through its award (no. CHO26/2000) dated March 21, 2001 ruled in favour of the respondent and this case has been filed against this award. The case has been listed for hearing.

6. Mr. Sarju Prasad Mandal (petitioner) has filed a civil suit (no.13 of 2006) against ASCIL (respondent) before the Consumer Forum at Durg for a total claim amount of Rs.1,607,397. The relevant background is that the petitioner traded from one of the respondent's client's account and thereafter, raised an investor grievance with NSE, BSE and SEBI. The petitioner was instructed by NSE and BSE to file an arbitration appeal for this matter but such arbitration appeal was not filed and instead a case this case has been filed with the consumer forum. The matter is currently pending for enquiry.

Other Matters

1. Om Sindhoori Capital Investments Limited, prior to being merged with ASCIL, (Plaintiff) filed a plaint (Civil Suit no. 269 of 1999) against Mr. N. Sundar, Mr. P. Karthikeyan and Mr. P. Azhagam (Defendants) before the High Court of Madras. The relevant background relating to this petition is that Mr. N. Sundar and Mr. P. Azhagam entered into an agreement with the Plaintiff on September 12, 1994 under which the Plaintiff agreed to arrange a loan of Rs. 400,000 for the defendants for a period of 12 months at an interest rate of 22% per annum payable quarterly. On September 12, 1994 the Plaintiff advanced to the defendant a sum of Rs. 400,000 and the defendant executed a demand promissory note in favour of the plaintiff promising to repay the loan amount jointly and severally together with the interest. Since then Mr. N. Sundar and Mr. P. Azhagam have not repaid the loan amount this plaint was filed by the petitioner for a total sum of Rs. 1,055,953. The case has been listed for hearing.

2. ASCIL (petitioner) has filed civil insolvency petition (I.P. no. 96 of 2002) against Mr. MS Nagarajan (respondent) before the High Court of Madras under the Presidency Towns Insolvency Act, 1909 for the non-payment of dues for purchase or sale of shares and stocks in the NSE. The petitioner preferred an arbitration claim before the arbitral tribunal constituted and approved by the NSE, which passed an award on December 15, 1998 directing the respondent to pay Rs.11,01,465 along with interest at the rate of 18% per annum. Thereafter, the plaintiff sent a legal notice dated February 4, 2002 both by registered post with acknowledgement due and also under certificate of postings to the respondent calling upon the respondent to discharge his liability but the same was not complied with. Thereafter, the plaintiff filed a suit for the respondent being declared as an insolvent. The case has been listed for hearing.

3. ASCIL (plaintiff) has filed a civil suit (C.S. no. 552 of 2003) on June 18, 2002 against Mr. AN Sridhar, Mr. S. Raju, Mrs. S. Jayalakshmi Amman and Mr. P. Jayaraman before the High Court of Madras. The said suit was filed to recover a sum of Rs.1,358,600 from these individuals who had stood as guarantors in relation to a lease agreement between the plaintiff and Goldline Metal Private Limited. The matter is listed for final hearing.

4. Om Sindhoori Capital Investments Limited, prior to being merged with ASCIL (plaintiff) filed a civil suit (C.S. no. 438 of 2003) against Mr. M. Arunachalam, Mr. P. Subramani, Ms. S. Shanti and Ms. S. Saraswathi (defendant) before the High Court of Madras. The Plaintiff has filed this suit for recovery for a sum of Rs.1,570,000 with subsequent interest at the rate of 24% per annum and to enforce the equitable mortgage of certain property mortgaged by the defendants in favour of plaintiff. The case has been listed for hearing.

5. Mr. MS Subramanyam and Mrs. Bhooma Subramanyam (appellants) have filed a civil appeal (C.M.P. no.1217 of 2005 in O.S. 1084 of 1998) against Om Sindhoori Capital Investments Limited (respondents) before the V Additional City Civil Court, Chennai for the recovery of Rs.218,135 together with interest at 24% per annum on the basis that the respondent had extended a loan facility to the appellants for a sum of Rs.255,000. The trial court through judgment and order dated April 30, 2001 in O.S. no. 1084 of 1998 held in favour of the respondent. Aggrieved by this decision of the court, this appeal has been filed and the case has been listed for hearing.

6. Om Sindhoori Capital Investments Limited, prior to being merged with ASCIL (plaintiff) has filed certain civil suits (no. 3470 of 2000, no. 812 of 2000, no. 3469 of 2000, no. 3427 of 2000, no. 814 of 2000 and no.

811 of 2000) before the High Court of Madras against Pioneer Metal, a registered partnership firm (defendant) before the High Court of Madras for the payment of dues of certain machinery leased by it. Whilst the plaintiff initiated steps for arbitration and by a legal relevant notices requested the defendant to do the same, there was no response from the defendant. Therefore, the plaintiff has filed this suit seeking interim injunction restraining the respondent from transferring and alienating the leased machinery. The case has been listed for hearing.

7. ASCIL (plaintiff) has filed an arbitration claim against Joans Woodhead and Sons (India) Limited (defendant) before the arbitral tribunal at Chennai for a total claim amount of Rs.4,830,000. The relevant facts are that Om Sindhoori Capital Investments Limited had entered into a lease agreement with the defendant. Om Sindhoori Capital Investments Limited amalgamated with ASCIL by an order of the High Court of Madras dated March 13, 2001 and therefore succeeded to the rights of Om Sindhoori Capital Investments Limited under the lease agreement. Subsequently, certain disputes arose with regards to payment of amounts due from the defendant to the plaintiff and arbitration proceedings under the lease agreement were initiated by both parties. Both parties to the dispute have appointed their respective arbitrators and the appointed arbitrators now have to appoint the presiding arbitrator for the arbitration proceedings to commence.

Apollo Sindoori Hotels Limited

<u>Contingent Liabilities as of March 31, 2007</u>

S.No	Particulars	Amount (Rs. in millions)
1.	Claims against the company not acknowledged as debt	3.55
2.	Guarantees given by banks in respect of which company has given counter guarantee	0.70

<u>Cases filed by or against Apollo Sindoori Hotels Limited</u>

Claims below Rs. 1,000,000

The following matters are pending against Apollo Sindoori Hotels involving claims amounting to less than Rs. 1,000,000:

S.No	Nature of the suit/ complaint	Complainant/ Plaintiff	Suit No	Forum	Claim amount (In Rs.)	Status
1.	Labour case	Mr. Vinod D. Vaghela	No. 1126 of 2005	Labour Court at Ahmedabad	-	Apollo Sindoori Hotels filed its written statements and the matter is posted to March 23, 2008
2.	Labour case	Mr. Pravin Vaghela	No. 1416 of 2004	Labour Court at Ahmedabad	-	Apollo Sindoori Hotels filed its written statements and the matter is posted to April 22, 2008
3.	Labour case	Mr. Gautam Vaghela	No. 982 of 2005	Labour Court at Ahmedabad	-	Apollo Sindoori Hotels filed its written statements and the matter is posted to March 19, 2008
4.	Labour case	Mr. Kanu	No. 1223	Labour Court at	-	Apollo

S.No	Nature of the suit/ complaint	Complainant/ Plaintiff	Suit No	Forum	Claim amount (In Rs.)	Status
		Ramsji Parmar	of 2005	Ahmedabad		Sindoori Hotels filed its written statements and the matter is posted to May 6, 2008
5.	Labour case	Mr. Umesh C. Pandey	No. 1144 of 2005	Labour Court at Ahmedabad	-	Apollo Sindoori Hotels filed its written statements and the matter is posted to March 26, 2008
6.	Labour case	Mr. Bipin V. Rathod	No. 483 of 2005	Labour Court at Ahmedabad	-	Apollo Sindoori Hotels filed its written statements and the matter is posted to March 19, 2008
7.	Labour case	Mr. Tinu S. Vankar	No. 868 of 2005	Labour Court at Ahmedabad	-	Apollo Sindoori Hotels filed its written statements and the matter is posted to March 19, 2008
8.	Labour case	Mr. Rakesh Bhai Natwar Vania	No. 881 of 2006	Labour Court at Ahmedabad	-	Apollo Sindoori Hotels filed its written statements and the matter is posted to March 19, 2008
9.	Labour case	Mr. Parmar Mukesh Pujabhai	No. 868 of 2006	Labour Court at Ahmedabad	-	Apollo Sindoori Hotels filed its written statements and the matter is posted to March 19, 2008
10.	Labour case	Mrs. Nirmalaben Shirmali	No. 1242 of 2007	Labour Court at Ahmedabad	-	Sindoori Hotels filed its written statements and the matter is posted to March 24, 2008
11.	Labour case	Mr. Vijay Vaghela	No.1020 of 2007	Labour Court at Ahmedabad	-	Sindoori Hotels filed its written statements and the matter is

S.No	Nature of the suit/ complaint	Complainant/ Plaintiff	Suit No	Forum	Claim amount (In Rs.)	Status
						posted to March 22, 2008
12.	Labour case	Mr. Vijay Vaghela	No. 1232 of 2007	Labour Court at Ahmedabad	-	Sindoori Hotels filed its written statements and the matter is posted to March 22, 2008
13.	Labour Case	M/s Shitla Labour	No.142 of 2007	Industrial Tribunal at Kalol, Gujarat, India	-	Transfer to court at Kalol, Gujarat, India
14.	Labour Case	M/s Shitla Labour	No.144 of 2006	Industrial Tribunal at Kalol, Gujarat, India	-	Transfer to court at Kalol, Gujarat, India

Apollo Health Resources Limited

Contingent Liabilities as of March 31, 2007

S.No	Particulars	Amount (Rs. in millions)
1.	Bank Guarantees	1.00

Samudra Healthcare Enterprises Limited

Contingent Liabilities as of March 31, 2007

S.No	Particulars	Amount (Rs. in millions)
1.	Claims against the Hospital not acknowledged as Debts	0.50

Tax Litigation

For the assessment year 2005-06, the assessing officer had denied certain disallowances claimed by the company pertaining to its share capital. The company appealed against the same on January 23, 2008 and the matter is pending before the Commisioner of Income Tax, Appeals. The amount involved in the said matter is Rs. 3,410,000 and the matter has not yet been posted for hearing.

Claims Amounting to Less than Rs. 1,000,000

The following matters are pending against Samudra Healthcare involving claims amounting to less than Rs. 1,000,000:

S.No	Nature of the suit/ complaint	Complainant/ Plaintiff	Suit No	Forum	Claim amount (In Rs.)	Status
1.	Medical Negligence	Medisetty Annapurna and Others	CD 91/2006	District Consumer Forum	500,000	The matter is pending for hearing.

Family Health Plan Limited

Contingent Liabilities as of March 31, 2007

S.No	Particulars	Amount (Rs. in millions

1.	Bank guarantees issued by UTI Bank Limited favour the Insurance Companies and hospitals.	17.26

Cases filed by or against Family Health Plan Limited

FHPL received a show cause notice on November 17, 2006 from the Office of the Commissioner of Customs and Central Excise, Hyderabad II - Commissionerate for the payment of service tax for the services provided under the class - insurance auxiliary services for an amount of Rs.1,580,570 for the financial years 2002-03 to 2005-06. FHPL remitted the said amount and requested for a personal hearing with the Commissioner for requesting him not to levy any penalties in the said matter. The said hearing occurred on August 22, 2007 and FHPL is awaiting final adjudication orders.

Imperial Hospital & Research Centre Limited

Contingent Liabilities as of March 31, 2007

S.No	Particulars	Amount (Rs. in millions)
1.	Estimated amount of unexecuted capital contracts (net of advances and deposits)	49.50
2.	Outstanding guarantees and counter guarantees to various banks, in respect of Bank Guarantees given by those banks in favour of customs authorities against the import of capital assets under EPCG Scheme	60.00

The company has imported fixed assets under the EPCG Scheme under an obligation to earn revenues in foreign currency to the extent of "eight" times the duty saved. The total amount of duty saved during the year was Rs.60.00 Millions and the export obligation on the part of the Company is Rs. 480.00 Millions.

Cases filed by or against IHRCL

The Emaculate Conception Church (plaintiff) has filed a suit before the City Civil Court (OS No. 2964/94) against the grant of land in favour of Dr. Syed Nissar for establishing the Imperial Cancer Hospital, Bangalore. In August, 1991, the total value consideration for the said land was Rs. 1,001,000. The plaintiff had previously filed a writ petition (W.P No. 25353/91) before the Karnataka High Court in relation to the same. However, the same had been dismissed by the High Court and hence the church has filed the aforesaid suit before the City Civil Court. The City Civil Court has passed an injunction order against the Imperial Cancer Hospital, Bangalore through an OS 554/07. However, the IX Additional City Civil Judge, Bangalore has passed an order vacating the stay through MFA No. 5385/07 dated April 10, 2007. An appeal against the said order of the Additional City Civil Judge, Bangalore is presently pending before the High Court of Karnataka for final hearing.

Claims by or against IHRCL under Rs. 1,000,000

S.No	Nature of the suit/ complaint	Complainant/ Plaintiff	Suit No	Forum	Claim amount (In Rs.)	Status
1.	Money recovery suit	Mr. Babajakruddivi	O.S No 9550/07	Additional City Civil Judge	217,000	The matter is posted to March 28, 2008

Indraprastha Medical Corporation Limited

Contingent Liabilities as of March 31, 2007

S.No	Particulars	Amount (Rs. in millions)
1.	Claims against the company not acknowledged as debt and interest thereon. This represents suits filed against the company and the consultant doctors. Based on the facts and circumstances, possibility of any of the claims resulting in a loss to the company is remote. Notwithstanding above, the company is adequately insured to mitigate	405.13

S.No	Particulars	Amount (Rs. in millions)
	the possibility of any loss.	
2.	Letters of credit / Bank guarantees outstanding on account of stores / spares and medical equipment amounting to	31.99
3	In respect of Income Tax cases pending before Income Tax appellate authorities amounting to	10.20

Cases filed by or against IMCL

Litigation against IMCL

Criminal Cases

1. Mr. Satish Kumar Batra (Complainant) filed a complaint (No. 514 of 2001) in the court of Additional Chief Metropolitan Magistrate, New Delhi against Indraprastha Apollo Hospital, IMCL and three others. The complainant alleges that sternal wires were left in his body negligently in the course of bypass surgery and were not removed even when he was specifically admitted for their removal and had paid for the same. The complainant alleges cheating, forgery of documents and grievous hurt on the part of Indraprastha Apollo Hospital under Section 328, 336 to 338, 417, 418, 420, 465, 468, 471, 120-B and 34 of the IPC. The complainant prays that the accused be summoned, tried and punished for the above mentioned offences. The court by its order dated November 5, 2004 dismissed the complaint in default against which the legal representative of the complainant has preferred a revision petition before the District court and the matter is listed for hearing on March 15, 2008.

2. A criminal complaint (Cr. Comp. No. 495/1 of 2007) was filed before the Metropolitan Magistrate, New Delhi under Sections 304, 304A, 34 of the IPC by Mr. Tej Singh, the grandfather of a patient, who had undergone treatment in the hospital. The patient, Master Aditya Pal, was admitted to the hospital after suffering laser burns during a procedure in the hospital following and thereafter, he was moved to the Intensive Care Unit. However, patient had cardiac arrest from which he could not be revived. In defence, a petition under Section 482 of the Criminal Procedure Code, 1973 was filed before the High Court of Delhi for quashing of orders dated March 2, 2007 and March 17, 2007 passed by the Metropolitan Magistrate and an interim stay has been obtained. The next date of hearing is April 28, 2008.

Medical Negligence Cases

1. Lt. Col. K.A. Bhandula (complainant) and another filed a complaint (No. 95 of 1998) before the National Consumer Disputes Redressal Commission, New Delhi (NCDRC) against Indraprastha Apollo Hospital, IMCL and certain others including its Chairman. The complainant underwent a biopsy surgery at Indraprastha Apollo Hospital and it is stated in the complaint that the tests were conducted improperly and hence, the patient was not diagnosed properly. The complainant was actually suffering from cancer and since the tests had failed to diagnose the same, the cancer had advanced and led to a major surgery. The complainant has alleged deficiency in medical services and has prayed for a sum Rs. 7.59 million as compensation. Indraprastha Apollo Hospital/ IMCL filed its written statement and the matter has been posted for hearing on March 25, 2008.

2. Mr. SP Jain and others (complainants) filed a complaint (No. 99 of 1998) before the NCDRC against Indraprastha Apollo Hospital, IMCL and one another stating negligence and deficiency in services leading to the death of Mr. SP Jain's wife. The complainants have submitted that Indraprastha Apollo Hospital was negligent in not allowing the privately trained nurses, who were qualified to understand the patient's body language, to remain with the patient. It is further stated that the patient was neither put on suction nor on ventilator as required. The complainants are praying for a sum of Rs. 10 million as compensation towards medical negligence and deficiency in service resulting in the death of the patient. The matter was listed for hearing on March 24, 2008.

3. Mrs. Sudesh Kumari Tokas and others (complainants) filed a complaint (No. 73 of 1999) before the NCDRC against Indraprastha Apollo Hospital, IMCL and certain others alleging deficiency in the service provided by the doctors at Indraprastha Apollo Hospital. The complainants have stated that the doctors were negligent while performing dialysis on Mrs. Sudesh Kumari Tokas's husband resulting in severe infection of the patient's hand. It is stated that the patient was administered pain killers by the duty doctors in spite of clear instructions against it and it adversely affected the patient resulting in his

death. The complainants are claiming a sum of Rs. 5 million as compensation towards deficiency in services. Indraprastha Apollo Hospital/ IMCL filed their written arguments and the matter is posted to April 30, 2008 for further orders.

4. Mr. KC Sharma (complainant) filed a complaint (No.66 of 1999) before the State Consumer Disputes Redressal Commission, New Delhi (SCDRC) against Indraprastha Apollo Hospital, IMCL, Dr. Prathap C. Reddy and certain others. The complainant underwent a knee replacement surgery at Indraprastha Apollo Hospital, which he alleges was faulty resulting in post-operative infection. The complainant has further stated that the administration of antibiotics and the pain killers resulted in undesirable effects on his body. The complainant is therefore praying for a sum of Rs. 1.75 million as damages. Indraprastha Apollo Hospital/ IMCL filed their written arguments and the matter is posted to April, 10 2008 for further directions.

5. Mrs. Sumita Watsya (complainant) filed a complaint (No. 186 of 1999) before the NCDRC against Indraprastha Apollo Hospital, IMCL and others. The complainant has stated that the doctors at Indraprastha Apollo Hospital failed to diagnose the ailment of her husband who was admitted with lever problem. It is further alleged that there was no one to look after him when his condition deteriorated in the hospital leading to his untimely death. The complainant is claiming a sum of Rs. 2 million as compensation towards the alleged negligence and deficiency in services. Indraprastha Apollo Hospital/ IMCL filed their written arguments and the matter is posted to April 9, 2008 for further directions.

6. Mrs. Usha Seth (complainant) has filed a complaint (No.161 of 1999) before the SCDRC against Indraprastha Apollo Hospital, IMCL represented by its Managing Director. The complainant has stated that the x-rays and other medical tests were conducted on her husband much later than required and no proper medical attendant was available when her husband was admitted in the intensive care unit. It is further stated that the negligence of the medical staff at the hospital resulted in the death of her husband. The complainant is claiming a sum of Rs. 1.9 million as compensation for the alleged deficiency in services. Indraprastha Apollo Hospital/ IMCL filed their written arguments. The next date of hearing in the matter is April 22, 2008.

7. Professor DC Saxena through his legal representatives (complainant) filed a complaint (No.373 of 1999) before the SCDRC against Indraprastha Apollo Hospital, Dr. Prathap C. Reddy and IMCL. The complainant was operated upon on the patella (left knee cap) at the Indraprastha Apollo Hospital and has stated that subsequent to the operation his vocal chords had been damaged and he has suffered from loss of hearing and abnormal increase in weight. Further, he has mentioned that his recovery was inordinately delayed. The complainant alleges that Indraprastha Apollo Hospital was negligent in operating on his knee and that due to the gross negligence of Indraprastha Apollo Hospital the complainant has suffered irreversible loss of hearing and has become a permanent patient of hyper-thyroid. The complainant is claiming for a sum of Rs. 1.43 million as damages. Indraprastha Apollo Hospital/IMCL filed their written arguments and the matter is pending for hearing.

8. Mrs. Shabanam Bano (complainant) filed a complaint (No.299 of 1999) before the NCDRC against Indraprastha Apollo Hospital, IMCL and certain others. The complainant's husband was operated upon for the change of heart valve in Indraprastha Apollo Hospital and he died subsequently due to heart failure. It is stated that the hospital was negligent in not doing an angiography before the operation. The complainant has alleged deficiency in services and is claiming for a sum of Rs. 2.5 million towards compensation. Indraprastha Apollo Hospital/ IMCL have filed their written submissions and the date of hearing is awaited.

9. Mrs. Sarojini Kathuria (complainant) filed a complaint (No.222 of 1999) before the SCDRC against Indraprastha Apollo Hospital, IMCL and certain others. The complainant who was admitted in Indraprastha Apollo Hospital for the replacement of mitral valve has stated that the same was not performed as shown by the echo-cardiogram report dated November 4, 1998 of Indraprastha Apollo Hospital. The complainant has claimed for gross negligence and deficiency in services on the part of Indraprastha Apollo Hospital and is claiming for a sum of Rs. 1.48 million as compensation. Indraprastha Apollo Hospital/ IMCL filed their written arguments and the matter is posted for hearing.

10. Mr. GG Garg and certain others (complainants) have jointly filed a complaint (No.265 of 2000) before the SCDRC against Indraprastha Apollo Hospital, IMCL and another. Mr. GG. Garg's wife underwent

an operation at Indraprastha Apollo Hospital for the replacement of her damaged food pipe. She was further operated upon at a later date after which she slipped into coma resulting in her death. It is stated that the doctor who operated upon the patient had inadequate expertise and experience and the same was done only for monetary benefit. The complainants have claimed a sum of Rs. 1.37 million as compensation towards refund of medical expenses and damages for mental agony. Indraprastha Apollo Hospital/ IMCL filed their written arguments and the matter is posted for hearing on July 10, 2008.

11. Mr. Motilal Kanan (complainant) filed a complaint (No.70 of 2000) before the State Consumer Disputes Redressal Commission, Patna against Indraprastha Apollo Hospital, IMCL and others. The complainant's son had met with a road accident and was referred to Indraprastha Apollo Hospital by a Patna based doctor. The complainant has alleged that the hospital was negligent in providing proper treatment for his son and has prayed for damages to the tune of Rs. 2 million. Indraprastha Apollo Hospital/ IMCL filed their written arguments.

12. Mr. Satish Kumar Batra and others (complainants) have filed a complaint (No.60 of 2001) before the NCDRC against Indraprastha Apollo Hospital, IMCL and others stating that there has been a deficiency in service. One of the complainants, Mr. Satish Kumar Batra was operated upon twice at Indraprastha Apollo Hospital.It is stated that the first operation was performed under unhygienic conditions and infected wires were introduced in his body. Further, the second operation was performed without taking propercare and caution. It is further alleged that he was wrongly diagnosed with tuberculosis. The complainants are claiming a sum of Rs. 5 million as compensation. Indraprastha Apollo Hospital/ IMCL filed their written arguments.

13. Mrs. Divya Sharma (complainant) filed a complaint (No.61 of 2001) before the NCDRC against Indraprastha Apollo Hospital, IMCL and certain others. The complainant unsuccessfully underwent kidney transplantation at Indraprastha Apollo Hospital resulting in subsequent removal of the kidney. The complainant states that Indraprastha Apollo Hospital was grossly negligent in not matching the tissue of the complainant with that of the donor after blood transfusion on the complainant. The complainant is claiming a sum of Rs. 10 million as compensation. Indraprastha Apollo Hospital/ IMCL filed their written arguments and the matter is to be posted for hearing.

14. Mr. Pramod Sharma (complainant) the kidney donor in the above case has also filed a complaint (No. 62 of 2001) before the NCDRC against Indraprastha Apollo Hospital, IMCL and others alleging negligence and deficiency in services while performing transplantation of his kidney. It is stated that the transplantation was unsuccessful and affected his perfectly healthy kidney. Mr. Pramod Sharma has prayed for compensation to the tune of Rs. 4 million. Indraprastha Apollo Hospital/ IMCL filed their written arguments and the matter is to be posted for hearing.

15. Mr. Sajjan Kumar Chaudhary (complainant) filed a complaint (No.166 of 2001) before the NCDRC against Indraprastha Apollo Hospital, IMCL and certain others. The complainant's wife underwent renal transplantation at Indraprastha Apollo Hospital resulting in her death. It is stated that the transplantation was done in spite of the deceased's imperfect medical reports. The complainant has alleged that some of the deceased's enzymes were at higher than admissible range and the transplantation was done without stabilising it. The complainant is claiming a sum of Rs. 5.7 million as compensation towards the aforementioned negligence and carelessness. Indraprastha Apollo Hospital/ IMCL filed their written arguments. The next date of hearing is awaited from the NCDRC.

16. Dr. V. Kishore (complainant) and another filed a complaint (No.198 of 2002) before the NCDRC against Indraprastha Apollo Hospital, IMCL and certain others. The complainant claims that his daughter was negligently treated by a certain other hospital after which she was admitted at Indraprastha Apollo Hospital on July 22, 2001. The complainant's daughter was diagnosed with massive intra cranial extension of the fungal mass and was operated upon on July 27, 2001. However, she expired on August 2, 2001. The complainant is claiming a sum of Rs. 1.64 million as compensation for the said negligence and carelessness. Indraprastha Apollo Hospital/ IMCL filed their written arguments. The next date of hearing is awaited from the NCDRC.

17. Mr. Sanjoy Mitra (complainant) filed a complaint (No. 232 of 2002) before the NCDRC against Indraprastha Apollo Hospital and one another. The complainant's father was operated upon for the replacement of aortic and mitral valves of the heart along with coronary artery bypass surgery on February 27, 2002 at Indraprastha Apollo Hospital. However, he died on March 31, 2002. The

complainant has stated that the surgery was done without assessing the patient's health at the pre-operative stage and that there was lack of coordination among the specialists looking after his father. The complainant has prayed for a direction to Indraprastha Apollo Hospital to refrain from representing its services as world class and has also prayed for compensation and costs amounting to Rs. 1.48 million. Indraprastha Apollo Hospital/ IMCL filed their written arguments and the matter is posted for hearing April 11, 2008.

18. Mrs. Kalawati Devi and others (complainants) filed a complaint (No. 200 of 2002) before the SCDRC against the Director, Indraprastha Apollo Hospital and others. The complainants have stated that Mrs. Kalawati Devi's husband was suffering from cancer and was admitted to Indraprastha Apollo Hospital even though the said hospital did not have the necessary facilities for cancer treatment. The patient was later admitted to Rajiv Gandhi Cancer Hospital and Research Centre where he died. The complainants have stated that the inordinate delay at Indraprastha Apollo Hospital led to her husband's death. The complainants are claiming a sum of Rs. 1.34 million as compensation for the negligence and deficiency in services. Indraprastha Apollo Hospital/ IMCL filed their written arguments and the matter is posted for hearing on April 8, 2008.

19. Mrs. Shrabani Brahmachary (complainant) filed a complaint (No. 719 of 2003) before the District Consumer Disputes Redressal Forum, New Delhi (DCDRC) against the Director, Indraprastha Apollo Hospital and one another. The complainant alleges that a certain dermatologist at Indraprastha Apollo Hospital prescribed some medicine for her skin problems, without cautioning her that it could lead to fetal deformation. The complainant claims to have taken two dosages of the prescribed medicine and has stated that it has aggravated her skin problem and has rendered her unfit for bearing a child. The complainant is claiming a sum of Rs. 1.95 million as compensation. Indraprastha Apollo Hospital/ IMCL filed their written arguments.

20. Mrs. Sharda Tyagi and others (complainants) have filed a complaint (No. 76/2004/3936) before the SCDRC against Indraprastha Apollo Hospital and one another. The complainants have alleged that the husband of Mrs. Sharda Tyagi was suffering from Motor Neuron Disease for which there was no available cure or treatment. It is submitted by the complainants that a certain consultant doctor at Indraprastha Apollo Hospital concluded that the patient was not suffering from the aforementioned disease but from Guillane Barre Syndrome which was curable. The patient was admitted to Indraprastha Apollo Hospital on November 10, 2002. The complainants have stated that the patient's condition deteriorated due to the negligent treatment at Indraprastha Apollo Hospital. The complainants are claiming a sum of Rs. 7.5 million as compensation. Indraprastha Apollo Hospital/ IMCL filed their written arguments and the matter is posted to July 7, 2008 for further hearing.

21. Dr. Prem Prakash Chaturvedi (complainant) filed a complaint (No. 96 of 2005) before the SCDRC against Indraprastha Apollo Hospital and others. The complainant underwent a coronary artery bypass surgery at Indraprastha Apollo Hospital. It is stated that soon after the operation, black patches appeared on his toe and fingertips that were much later diagnosed to be dry gangrene. The complainant alleges that he was held back at Indraprastha Apollo Hospital with the false assurance that the gangrene would be completely cured and that due to the negligence of the doctors at Indraprastha Apollo Hospital he had to go undergo amputation of the affected parts. The complainant is claiming a sum of Rs. 4.77 million as compensation. Indraprastha Apollo Hospital/ IMCL filed their written arguments and the matter is posted to July 28, 2008 for further hearing.

22. Mrs. Shahjahan Begum (complainant) filed a complaint (No. 690 of 2004) before the DCDRC against Indraprastha Apollo Hospital and another. The complainant was admitted to Indraprastha Apollo Hospital for laminectomy and she claims that post operation she developed severe neuralgia resulting in the removal of sacral screw. The complainant submits that even after removal of the aforesaid screw she experienced burning sensation on her feet and severe neuralgia pain on her right foot. The complainant later got the screws removed at some other hospital. The complainant has alleged that there was no need for inserting the said screws in the first place and has alleged negligence and deficiency in service on the part of Indraprastha Apollo Hospital. The complainant is claiming for a sum of Rs. 1.24 million as compensation. Indraprastha Apollo Hospital/ IMCL filed their written arguments and the matter is posted to April 17, 2008 for further hearing.

23. Mrs. Ritu Saini (complainant) filed a complaint (No. 70 of 2004) before the SCDRC against Indraprastha Apollo Hospital and another. The complainant's husband was admitted in Indraprastha

Apollo Hospital on June 16, 2003 in drowsy condition and died next day. The complainant has alleged negligence on the part of the hospital's staff to be the primary cause of her husband's death and has claimed for damages of Rs. 5 million. Indraprastha Apollo Hospital/ IMCL filed their written arguments and the matter is posted to April 25, 2008 for further hearing.

24. Mr. Sujit Kumar (complainant) filed a complaint (No. 208 of 2004) before the DCDRC against Indraprastha Apollo Hospital and certain others. The complainant was diagnosed with osteomyelitis for which decompression of right femur was done on February 12, 2002. The complainant has alleged that his surgery was performed with total lack of skill and care. It is further stated by the complainant that the necessary post-operative procedure and care was not adhered. The complainant is claiming a sum of Rs. 1.29 million as compensation. Indraprastha Apollo Hospital/ IMCL filed their written arguments and the matter is posted to August 8, 2008 for further hearing.

25. Mr. Deepak Gupta and certain others (complainants) filed a complaint (No. 46 of 2006) before the NCDRC against Indraprastha Apollo Hospital and certain others. The father of one of the complainants. Mr. Deepak Gupta was admitted to Indraprastha Apollo Hospital for an excision surgery of the pituitary tumour. It is alleged that he was prescribed voveran medicine without enquiring if the patient had a history of Malena or GI bleed (blood in the stool). The patient was admitted for the second time to Indraprastha Apollo Hospital because of lower GI bleed and was tested positive for Hepatitis C. It is alleged that the patient developed the Hepatitis C infection at Indraprastha Apollo Hospital. The complainants have stated that there has been negligence on the part of Indraprastha Apollo Hospital and have claimed for compensation of Rs. 10.89 million. Indraprastha Apollo Hospital/ IMCL filed their written arguments.

26. Mr. Rishi Kant Bhatnagar and another (complainants) filed a complaint (No. 457 of 2006) before the DCDRC against Indraprastha Apollo Hospital. The complainant alleges that his father who was admitted in the high dependency ward of the cardiology department at Indraprastha Apollo Hospital fell from his hospital bed and sustained serious head injuries that led to his death. The complainant has stated that the negligence and deficiency in services on the part of the hospital and has claimed compensation to the tune of Rs. 1.10 million. Indraprastha Apollo Hospital/ IMCL filed their written arguments and the matter is posted to April 3, 2008 for hearing.

27. Mrs. Pushpa Pathak (complainant) filed a complaint (No. 177 of 2006) before the District Consumer Disputes Redressal Forum,Bareilly against Indraprastha Apollo Hospital and certain others. The complainant was admitted to Indraprastha Apollo Hospital for treatment of sudden onset breathlessness associated with cough. The investigations revealed that she was suffering from LMCA Ostial Tight Stenosis. The complainant states that she was not suffering from that particular disease and that the hospital misled her by giving a wrong report. The complainant is praying for a sum of Rs. 1.82 million as compensation. Indraprastha Apollo Hospital/ IMCL filed their written arguments and the matter is posted for hearing.

28. Mr. Anil Kumar (complainant) filed a complaint (No. C-02 of 2006) before the SCDRC against Indraprastha Apollo Hospital. The complainant's son met with a road accident and was admitted at Indraprastha Apollo Hospital on November 25, 2001, where he died on December 18, 2001 due to septicaemia with leucopoenia. The complainant states that his son was responding positively to the treatment at Indraprastha Apollo Hospital but died due to poor post operative management and intensive care conditions at Indraprastha Apollo Hospital. The complainant is claiming a sum of Rs. 8.45 million as compensation for the alleged negligence and deficiency in services. Indraprastha Apollo Hospital/ IMCL filed their written arguments and the matter is posted to July 31, 2008 for hearing.

29. Mr. Jitender Kumar Singh (complainant) filed a complaint (No. 684 of 2006) before the DCDRC against Indraprastha Apollo Hospital and certain others. Indraprastha Apollo Hospital/ IMCL is yet to receive a copy of the complaint and hence the exact nature of allegation is not known. The matter is posted to May 01, 2008 for hearing.

30. Mrs. Ritika Jain (complainant) filed a complaint (No.166 of 2006) before the SCDRC against Jeevan Hospital and certain others including Indraprastha Apollo Hospital. The complainant's husband was operated upon for appendicitis at Jeevan Hospital on July 22, 2006 and was subsequently shifted to Indraprastha Apollo Hospital. The complainant alleges that her husband met with an unnatural death after the surgery. It is stated that Indraprastha Apollo Hospital failed to detect a hole in the ileum of the

deceased and negligently attributed the same to tuberculosis without conducting a biopsy. The complainant is claiming a sum of Rs. 9.5 million as compensation. Indraprastha Apollo Hospital/ IMCL filed their written arguments and the matter is posted to August 19, 2008 for further hearing.

31. Mrs. Manju Khurana and certain others (complainants) have filed a complaint (No. 77 of 1998) before the NCDRC against Indraprastha Apollo Hospital, IMCL and another. The complainants have stated that the husband of Mrs. Manju Khurana was administered wrong medicines without proper diagnosis leading to his untimely death. Further, it has been stated that the negligence and deficiency in service on the part of Indraprastha Apollo Hospital. The complainants are claiming a sum of Rs. 50 million as compensation. Indraprastha Apollo Hospital/ IMCL filed their written arguments and the matter is pending for hearing.

32. Mr. Ankur Kashyap and certain others (complainants) have filed a complaint (No. 273 of 1998) before the NCDRC against Indraprastha Apollo Hospital, IMCL and another. The complainants have stated that the patient was advised radiotherapy on the basis of a wrong biopsy report which deteriorated his condition and he had to be shifted to All India Institute of Medical Sciences for further treatment. The complainants are claiming compensation to the tune of Rs. 3,400, 000. Indraprastha Apollo Hospital/ IMCL filed their written arguments and the matter is posted to May 30, 2008 for further hearing.

33. Mrs. Kalyani Ranjan and another (complainants) filed a complaint (No. 74 of 1999) before the NCDRC against Indraprastha Apollo Hospital, IMCL and another alleging negligence and lack of reasonable medical care. The complainants have stated that the patient was shifted to a private room instead of being shifted to the intensive care unit after undergoing neuro-surgery and was not examined by any doctor from the neuro-surgery team which ultimately led to his death. The complainants are claiming a sum of Rs. 33.4 million as compensation. Indraprastha Apollo Hospital/ IMCL filed their written arguments and the matter is posted to May 1, 2008.

34. Mrs. Gurmail Kaur and another (complainants) filed a complaint (No. 90 of 2001) before the SCDRC against Indraprastha Apollo Hospital, IMCL and another stating that the hospital was negligent and deficient in service. One of the complainants had undergone a knee replacement surgery. It is stated that during the course of the surgery, the artificial right knee installed in the first operation was removed without the consent of the patient. The complainants have further alleged that the respondents did not make the requisite investigations of the infection while prescribing the post surgery treatment thereby causing permanent disability to her right leg. The complainants are claiming a sum of Rs. 1.6 million as compensation. Indraprastha Apollo Hospital/ IMCL filed their written arguments and the matter is posted to May 1, 2008.

35. Mr. Narain Lal Dhakar (complainant) filed a complaint (No. 361 of 1999) before the NCDRC against Indraprastha Apollo Hospital, IMCL and certain others. It is stated that Indraprastha Apollo Hospital claimed to cure all infections by Alizarov Process of treatment. The complainant visited the hospital for his infection and alleges that there was sustained carelessness and non-disclosure of ailment and treatment, insufficient knowledge in the proclaimed specialization, and intentional suppression of facts. The complainant is claiming a sum of Rs. 7.74 million as compensation. Indraprastha Apollo Hospital/ IMCL filed their written arguments and the matter is posted to April 11, 2008 for further hearing.

36. Mr. SN Verma and others (complainants) have filed a complaint (No. 59 of 2000) before the NCDRC against Indraprastha Apollo Hospital, IMCL and another. It is stated that the complications leading to the collapse of the deceased occurred in TMT chamber, where no qualified doctors were present. The complainants have stated gross negligence and deficient in service provided by the doctors at Indraprastha Apollo Hospital. The complainants are claiming a sum of Rs. 2.8 million as compensation. Indraprastha Apollo Hospital/ IMCL filed their written arguments and the matter is posted for hearing.

37. Mr. Basudeo Prasad Maheswari (complainant) filed a complaint (No. 201 of 2000) before the NCDRC against Indraprastha Apollo Hospitals, IMCL and another. The complainant has stated that the doctors at the Indraprastha Apollo Hospitals did not perform proper diagnosis or tests such as angiography to evaluate the condition of his heart. The complainant further states that the doctors at Indraprastha Apollo Hospitals gave him wrong medical advice and wrong line of treatment due to which the he suffered two massive heart attacks and had to undergo further treatment and surgery from Escorts Heart

Institute. The complainant is therefore claiming a sum of Rs. 2.8 million as compensation for the said gross negligence and deficiency in services. Indraprastha Apollo Hospital/ IMCL filed their written arguments and the matter is posted to April 2, 2008 for further hearing.

38. Mrs. Anjana Jain and others (complainants) filed a complaint (No. 391 of 2000) before the NCDRC against Indraprastha Apollo Hospitals, IMCL and another. The complainant's husband was admitted to Indraprastha Apollo Hospitals to undergo an open-heart surgery. The complainant has stated that the hospital failed to conduct proper tests including angioplasty before performing the surgery resulting in the death of Mrs. Anjana Jain's husband. The complainants are claiming a sum of Rs. 5.14 million as compensation towards the alleged deficiency and negligence in medical services. Indraprastha Apollo Hospital/ IMCL filed their written arguments and the matter is posted for further hearing.

39. Mr. DK. Mukhopadhyay (complainant) filed a complaint (No. 124 of 2001) before the State Consumer Dispute Redressal Commission, Maharashtra against Indraprastha Apollo Hospital, IMCL and others. The complainant has stated that Indraprastha Apollo Hospital was negligent in not properly diagnosing the ailment and had carelessly conducted laparoscopic surgery of the renal cyst on the deceased, without consulting any oncologist. The complainant is claiming a sum of Rs. 1.70 million as compensation towards the deficiency and negligence in medical services. Indraprastha Apollo Hospital/ IMCL filed their written arguments and the matter is adjourned till further notice.

40. Mr. Syed Monis Ahmed (complainant) filed a complaint (No. 121 of 2000) before the SCDRC against Indraprastha Apollo Hospital, IMCL and others. The complainant has stated that Dr. Lokesh Kumar, a plastic surgeon at Indraprastha Apollo Hospital, was not competent to handle maxilo-facial fractures which should have been treated by a maxilo-facial Surgeon. The complainant has stated that he was provided wrong treatment which led to the permanent disfigurement of his face on the left side. The complainant is claiming a sum of Rs. 1.52 million as compensation towards medical negligence and deficiency in services. Indraprastha Apollo Hospital/ IMCL filed their written arguments and the matter is posted to July 21, 2008 for hearing.

41. Mrs. Jyoti Chopra (complainant) filed a complaint (No. 372 of 2001) before the NCDRC against Indraprastha Apollo Hospital, IMCL and others. The complainant has stated that Indraprastha Apollo Hospital had administered wrong treatment and conducted several tests including dialysis which caused more complications to the patient resulting in his death. It is stated that the untimely death of the deceased was due to the callousness and negligent action of Indraprastha Apollo Hospital. The complainant has claimed compensation of Rs. 23.5 million. Indraprastha Apollo Hospital/ IMCL filed their written arguments the date of hearing is not fixed.

42. Mrs. Renu Singh (complainant) filed a complaint (No. 199 of 2001) before the SCDRC against Indraprastha Apollo Hospitals and one another. The complainant has stated that the consultant doctor at Indraprastha Apollo Hospitals agreed to perform a laser surgery to treat the complainant's skin problem. The complainant however claims that the surgery was done in some other clinic and that it was not the laser surgery which was prescribed. The complainant is therefore accusing the consultant doctor of fraud with the active or passive connivance of Indraprastha Apollo Hospitals. The complainant is claiming a sum of Rs. 1.92 million as compensation. Indraprastha Apollo Hospital/ IMCL filed their written arguments and the matter is posted to May 30, 2008 for hearing.

43. Mrs. Bhuri Devi (complainant) filed a complaint (No.187 of 2001) before the State Commission Redressal Forum, Lucknow against Indraprastha Apollo Hospitals and others. The complainant alleges that the hospital failed to administer proper treatment to the patient leading to the affected organ becoming septic which resulted in the death of the patient. The complainant is claiming a sum of Rs. 1.95 million as compensation. Indraprastha Apollo Hospital/ IMCL filed their written arguments and the matter is posted for hearing.

44. Dr. Indu Sharma (complainant) filed a complaint (No. 104 of 2002) before the NCDRC against Indraprastha Apollo Hospitals, Dr. Prathap C. Reddy and others. The complainant has stated that the medical negligence and improper treatment on the part of Indraprastha Apollo Hospitals has resulted in her daughter suffering brain damage at birth due to which the child is not expected to survive. The complainant is claiming a sum of Rs. 25.52 million as compensation. Indraprastha Apollo Hospital/ IMCL filed their written arguments and the matter is posted to March 14, 2008 for hearing.

45. Mrs. Meena Raheja and others (complainants) have filed a complaint (No. 321 of 2002) before the NCDRC against Indraprastha Apollo Hospital and others. The complainants have stated that the concerned doctor at Indraprastha Apollo Hospital failed to attend to the patient and left him in the hands of unqualified persons. It is further stated that he connived with certain other doctors of Indraprastha Apollo Hospital and created false records declaring that the deceased was brought dead to Indraprastha Apollo Hospital. The complainants are claiming a sum of Rs. 18.53 million as compensation. Indraprastha Apollo Hospital/ IMCL filed their written arguments and the date of hearing is to be received.

46. Mr. R.P. Unniyal (complainant) had filed a complaint (No. 422 of 2002) before the NCDRC against Indraprastha Apollo Hospital, IMCL and others. The complainant has stated that the concerned doctors at Indraprastha Apollo Hospital were well aware that the ilieum of the deceased had been ruptured. However, they delayed conducting loop iliostomy which led to the death of the deceased. The complainant has further alleged that the rash and negligent operating procedures of the respondents caused unwarranted perforations and injuries to the uterus as well as the intestine of the deceased. The complainant is claiming a sum of Rs. 2.83 million as compensation. Indraprastha Apollo Hospital/ IMCL filed their written arguments and the date of hearing is to be received.

47. Mr. Mohammed Ajmal (complainant) filed a complaint (No. 368 of 1998) before the SCDRC against Indraprastha Apollo Hospital, IMCL and others. The complainant has stated that Indraprastha Apollo Hospital overcharged him and that he was operated upon surgically without being informed of the same. He has stated that he had to suffer immensely for a period of nearly 20 days due to the aforementioned surgery. The complainant is therefore claiming a sum of Rs. 1.5 million as compensation. Indraprastha Apollo Hospital/ IMCL filed their written arguments and matter has been reserved for orders.

48. Mrs. Pushpa Sharma (complainant) filed a complaint (No. 42 of 2005) before the District Consumer Redressal Forum, New Delhi (DCDRC) against Indraprastha Apollo Hospitals, IMCL and another. The complainant has mentioned that her husband died due to gross medical negligence of the doctors at Indraprastha Apollo Hospitals. The complainant has further stated that the concerned doctors at Indraprastha Apollo Hospitals acted negligently by conducting a premature liver biopsy which led to severe sub capsular hepatic blood collection and hemothorax. The complainant is claiming a sum of Rs. 1.6 million as compensation. Indraprastha Apollo Hospital/ IMCL filed their written arguments and the matter is posted to May 2, 2008 for hearing.

49. Ms. Veena Abrol (complainant) filed a complaint (No. 1488 of 2005) before the DCDRC against Indraprastha Apollo Hospitals, IMCL and another. The complainant has mentioned that that the Indraprastha Apollo Hospitals had falsely represented that the services provided by it are of a particular standard. She has stated that she was referred to the hospital with a case of receding gums. However, she was wrongly diagnosed as suffering from tooth decay. She has stated that x-ray was taken before starting the chiseling operation which resulted in the complainant losing two healthy teeth in the upper jaw. The complainant is claiming a sum of Rs. 1.45 million as compensation. Indraprastha Apollo Hospital/ IMCL filed their written arguments and the matter is listed for further directions.

50. Mr. Rajeev Kumar Sharma and others (complainants) have jointly filed a complaint (No. 278 of 2005) before the DCDRC against Indraprastha Apollo Hospitals and others. They have stated that deceased was admitted to Indraprastha Apollo Hospitals but she did not respond to the treatment and developed septicaemia at the hospital. The complainants have mentioned that the deceased developed septicemia due to the lack of proper, timely and expert treatment. The complainants are claiming a sum of Rs. 1.3 million as compensation. Indraprastha Apollo Hospital/ IMCL filed their written submissions and the matter is posted for hearing.

51. Dr. Kumkumlata Das and another (complainants) filed a complaint (No. 211 of 2006) before the NCDRC against Indraprastha Apollo Hospital, IMCL and others. It is stated in the complaint that the deceased who had undergone coronary artery bypass grafting was again admitted to the hospital within four days of his discharge for due to low blood pressure and sodium platelet count. It is alleged that Indraprastha Apollo Hospital concealed the deteriorating health condition of the deceased and despite the rapid fall of platelet count, the hospital did not conduct platelet transmission or any dengue cerology test. The complainant is claiming a sum of Rs. 25.83 million as compensation. Indraprastha Apollo Hospital/ IMCL filed their written arguments and the matter is posted for hearing.

52. Mrs. Kamlesh Lamba (complainant) filed a complaint (No. 15 of 2005) before the SCDRC against Indraprastha Apollo Hospital, IMCL and others. It is stated that the doctors at Indraprastha Apollo Hospital were negligent and careless in treating the deceased. It is alleged that the concerned doctors at Indraprastha Apollo Hospital operated upon the deceased despite the fact that the deceased had septicemia and depressed fracture of skull. The complainant further alleges that the repeated operations on the brain performed by the concerned doctors at Indraprastha Apollo Hospital led to the untimely death of the deceased. The complainant is claiming a sum of Rs. 9.05 million as compensation. Indraprastha Apollo Hospital/ IMCL filed their written arguments and the matter is posted to August 18, 2008 for hearing.

53. Mrs. Neelam Sharma and others (complainants) have filed a complaint (No. 80 of 2005) before the SCDRC against Indraprastha Apollo Hospital, IMCL and another. The complainants have stated that the deceased was admitted to Indraprastha Apollo Hospital for open biopsy of spine for abdominal cancerous mass. It is stated that the doctors of the Indraprastha Apollo Hospital did not take any adequate precaution while operating upon the deceased and this led to the bleeding of venous blood which deteriorated the condition of the deceased. The complainants have stated that this careless and negligence act led to the untimely death of the deceased and are claiming a sum of Rs. 5 million as compensation. Indraprastha Apollo Hospital/ IMCL filed their written arguments and the matter is posted to July 10, 2008 for hearing.

54. Mr. Zafar Raza Khan and others (complainants) filed a complaint (No. 448 of 2006) before the District Consumer Dispute Redressal Commission Forum against Indraprastha Apollo Hospital, IMCL and others. One of the complainants, Mr. Zafar Raza Khan underwent an operation at Indraprastha Apollo Hospital for removal of the gall bladder. The complainants have stated that the operation was performed without taking adequate precautions and ensuring daily monitoring of the patient. Further, the complainants have mentioned that Indraprastha Apollo Hospital was negligent in providing medical services and are claiming a sum of Rs. 2.43 million as compensation. Indraprastha Apollo Hospital/ IMCL filed their written arguments. The next date of hearing in the matter is May 21, 2008.

55. Mrs. Hally Sharma and others (complainants) have filed a complaint (No. 691 of 2006) before the DCDRC against Indraprastha Apollo Hospital. The deceased on developing some heart problem was admitted to Indraprastha Apollo Hospital. The complainants have mentioned that despite briefing the doctors of Indraprastha Apollo Hospitals that the deceased had a history of heart problems the deceased was admitted in the intensive care unit of gastro and liver instead of the cardiology department. The complainants have mentioned that there was a delay of seven to eleven hours before performing necessary tests resulting in the deterioration of the deceased. The complainants are claiming a sum of Rs. 1.95 million as compensation towards the alleged negligence. Indraprastha Apollo Hospital/ IMCL filed their written arguments and the matter is posted to May 21, 2008 for hearing.

56. Mrs. Pooja Prashar and others (complainants) filed a complaint (No. 212 of 2006) before the NCDRC against Indraprastha Apollo Hospital and others. The deceased had approached Indraprastha Apollo Hospital for a second opinion regarding SOL on right lobe of liver. The complainants have stated that Indraprastha Apollo Hospital without any independent scientific tests rebutted all the earlier reports and opinions against surgery and fixed the surgery of SOL for December 17, 2004 without the informed consent of the patient. The complainants are claiming a sum of Rs. 12.82 million as compensation for the alleged gross medical negligence and recklessness resulting in the death of the deceased. Indraprastha Apollo Hospital/ IMCL filed their written arguments and the matter is posted to March 28, 2008 for hearing.

57. Ms. Indra Singhal and others (complainants) have filed a case against Indraprastha Apollo Hospitals and others to which an appeal has before the NCDRC with an original claim of Rs. 8.6 million (In the complaint it is stated that the patient was admitted in the aforementioned hospital with history of diverticular disease of colon and diabetes mellitus and had died despite the treatment provided. The complainants in their complaint filed before the SCDRC have stated that the patient lost his life due to the gross negligence and dereliction of duties by the hospital staff. At the stage of admission hearing, the SCDRC had observed that even if the allegations are proved against the opposite parties the compensation would not cross Rs. 2,000,000 and hence have transferred the complaint to the concerned District Forum which has the appropriate pecuniary jurisdiction. Aggrieved by the order of the State Commission, the complainants have filed an appeal before the NCDRC. The NCDRC has also directed

the matter to be remanded back to the District Forum. No further notice has been received in the matter for the next date of hearing.

58. Ms. Shilpi Chaurasia (complainant) have filed a complaint before the District Consumer Disputes Redressal Forum, Sagar with a claim of Rs. 1.5 million against the Indraprastha Apollo Hospitals and others. In this matter, a 25-year-old female was admitted to the hospital with a history of an accident and trauma on the left knee and greater toe for which she was treated at a hospital in Nagpur. She was operated in the Indraprastha Apollo Hospital and discharged in a satisfactory condition. The complainant has alleged that the surgeon had not perform the surgery properly and despite the aforesaid surgery she has not recovered from her previous ailment and she had to take further treatment from some other hospital. The matter is pending for hearing.

59. Mr. Raj Karan Singh (complainant) has filed a complaint (No. 343 of 2007) before the DCDRC for a claim of Rs. 1.8 million against the Indraprastha Apollo Hospitals In this matter, a 24 years old female patient was brought to the hospital for dialysis with complaints of severe breathlessness, frothing from the mouth along with hemotysis. The patient was undergoing dialysis treatment from the hospital on a regular basis. During the said process of dialysis the patient had a cardio pulmonary arrest for which she was immediately attended by a team of doctors. After her revival she was shifted to the intensive care unit for further treatment and management. The patient died of kidney failure (ESRV) and hypoxic encephalopathy. The complainant had alleged that due to the negligence of the respondent hospital, the complainant had lost his daughter. The next date of hearing in the matter is May 22, 2008.

60. Lt. Col. Balbir Singh(complainant) has filed a complaint against Indraprastha Apollo Hospitals before the DCDRC (No. 418 / 2007) seeking a compensation of Rs.1.2 million before the In this matter, a 60 year old retired serviceman non-diabetic and normotensive was admitted to the hospital with complaints of palpitations, chest pain, anxiety and burning sensation in lower limbs for last two years and got admitted to the hospital for further evaluation and treatment. In view of the investigation reports, no active intervention was advised and the patient was discharged in a stable condition. The complainant had alleged that his health has deteriorated after the treatment at the hospitals and some of the test reports during his stay in the hospital appears fudgy, false and inconclusive. The next date of hearing in the matter is yet to be intimated by the District Consumer Disputes Redressal Forum.

61. Mr. Rajeev Bhaskar (complainant) has filed a complaint before the before the DCDRC (No. 587/2007) against Indraprastha Apollo Hospitals and others. In this matter, Indraprastha Apollo Hospital has been made a party along with M/s United India Insurance Company and Family Health Plan Limited because the claim of the complainant with respect to his bill under the mediclaim policy was rejected. The complainant was admitted in the hospital for the treatment and a bill amounting to Rs. 102,133 was raised by the hospital. The hospital has been made a party because the complainant had to pay the bill of the hospital from his own pocket. There is no other allegation against the hospital. The next date of hearing in the matter is yet to be intimated by the Consumer Disputes Redressal Forum.

62. Mr. Subhash Chandra Srivastava (complainant) had filed a complaint (No. 211/2007) before the District Consumer Disputes Redressal Forum, Noida against Indraprastha Apollo Hospitals. The complainant had in its complaint sought a compensation of Rs. 1.96 million. In this matter, a 62-year-old female with a history of diabetes mellitus, coronary artery disease and CABG (twice) was presented to the hospital with difficulty in breathing and swelling over abdomen and feet with decrease in urinary output for 15 days. The patient was treated by the doctors of the hospital and the patient died after a marked deterioration in all her organ functions. The complainant had mentioned that hospital and consultants are guilty of gross medical negligence. The matter is pending for hearing.

63. Mr. Nirmal Nanglia (complainant) had filed a complaint (No. 627/2007) before the DCDRC against Indraprastha Apollo Hospitals and certain others seeking a compensation of Rs. 2.175 million. In this matter, a notice has been received from the District Forum without the copy of the complaint annexed to the notice. The copy of the complaint will be obtained from the District Consumer Disputes Redressal Forum. The matter is pending for hearing.

64. Mr. Tej Pal Singh (complainant) had filed a complaint (No. 07/162) before the SCDRC against Indraprastha Apollo Hospitals and certain others seeking a compensation of Rs. 5 million. The complaint pertains to an 8 year old boy Master Aditya Pal, who had suffered laser burns during a

procedure in the hospital. The patient had cardiac arrest from which he could not be revived inspite of all resuscitative measures. The matter is pending for hearing.

65. Nirmal Kumar Jain and another (complainants) have filed a complaint before the NCDRC against Indraprastha Apollo Hospitals, Dr. Prathap C. Reddy and others seeking a compensation of Rs. 3.055 million. In this matter, a 16 year old female was admitted to the hospital with complaints of neck pain, dizziness and vomiting. The patient was obese since childhood and had symptoms of general weakness. She was diagnosed as a case of Meningoencephalitis. She died at the hospital and the one of the complainants, the father of the patient has filed a complaint before the NCDRC. The NCDRC has awarded a lump sum compensation of Rs. 0.175 million to the complainant. However, the complainant has filed for further review of the said order with the NCDRC which is pending for adjudication and the next date of hearing is March 28, 2008.

66. Mr. Manoj Kumar Jain has filed a complaint (No. 592/2006) before the DCDRC against Indraprastha Apollo Hospitals and certain others. In this matter a notice has been received from the District Consumer Disputes Redressal Forum without a copy of the complaint annexed to the notice. The copy of the complaint will be obtained from the District Consumer Disputes Redressal Forum on the next date of hearing which is scheduled to be on April 17, 2008.

67. Mr. Suchin Gupta (complainant) has filed a complaint (No. 144/1999) before the NCDRC against the Indraprastha Apollo Hospitals and certain others. In this matter, a notice has been received from the NCDRC without the copy of the complaint annexed to the notice. The copy of the complaint is yet to be received from the NCDRC on the next date of hearing. The next date of hearing in the matter is March 28, 2008.

Public Interest Litigation

1. All India Lawyers Union (Delhi-Unit) (petitioner) filed a writ petition (W. P. No. 5410 of 1997) in the High Court of Delhi against the Government of Delhi ("GoD") and the Management of Indraprastha Apollo Hospital (respondents). The petitioner claims that pursuant to an agreement between GoD and IMCL, IMCL was allotted certain lands at a nominal rate for setting up Indraprastha Apollo Hospital. It is alleged that as per the terms of the aforementioned agreement Indraprastha Apollo Hospital was obliged to set up 200 free beds in the out-patient department for free treatment of poor patients. However, eventually a dispute has arisen between Indraprastha Apollo Hospital and GoD wherein the aforementioned hospitals have stated that free treatment does not include free medicines and consumables. The petitioner has stated that the controversy between the respondents has rendered the free beds in the out-patient department useless for poor citizens. Further, due to the said controversy, poor people have not been visiting the Indraprastha Apollo Hospital for the fear of being charged for medicines and consumables. The petition futher states that the said action of the respondents is adversely affecting the fundamental and other constitutional rights of the poor people. The petitioner has prayed for a direction to the respondents to ensure free medical treatment and medicines to poor patients at Indraprastha Apollo Hospital and also for a direction to GoD to take action against Indraprastha Apollo Hospital in the event it is not in compliance with the agreement under which it was granted land at a nominal price. The writ petition is currently pending before the High Court.

Labour Cases

1. The Apollo Hospital Employees Union has filed a suit before the High Court, New Delhi (CWP 31/2001) against IMCL for suspension of a section of the employees. IMCL has stated that these employees had indulged in unlawful and violent activities and gone on illegal and unjustified strike in the year 1997. Further, subsequent to conducting domestic enquires against the chargesheeted employees, the charges were found proved and services of said workmen were dismissed. The dismissal of 36 workmen was challenged by the union and the matter was referred by the Labour Department to the Labour Court. The same is in its initial stages and is fixed for filing of the claim by the opposite party. The next date of hearing in the matter is May 29, 2008 for further proceedings. Further, the suit before the High Court is scheduled to be heard on August 6, 2008.

2. The Apollo Hospital Employee Union had filed a claim challenging termination of 161 trainees in the Industrial Tribunal in the year 1998. Both the parties have adduced their evidence and cross

examination by the opposite parties have also been completed. The case is now reserved for award. The next date of hearing in the matter is March 28, 2008.

3. The Employees State Insurance Corporation, New Delhi had issued a notice dated November 11, 2004 to IMCL covering certain departments of the hospital under the provision of the Employees State Insurance Act,1948 in response to which IMCL filed a detailed reply through a letter dated January 7, 2005 denying the applicability of Employees State Insurance Act,1948. Thereafter, the Employees State Insurance Corporation issued a fresh notice dated April 29, 2005 covering entire hospital under the provision of said legislation on the basis of a decision by the Supreme Court. By the said notice IMCL was directed to ensure compliance immediately failing which the recovery action under Section 45(2) of the Employees State Insurance Act, 1948 is to be initiated. Subsequently an application under Section 75(1) (g) of Employees State Insurance Act, 1948 was filed before the District Judge praying quashing of the above mentioned notices, staying their operation and recovery process and determining the applicability of the provision of Act to the establishment. The matter is now fixed for hearing on October 10, 2008.

4. The following are certain other labour cases filed by individuals against IMCL:

S.No	Nature of the suit/ complaint	Complainant/ Plaintiff	Complaint Number	Forum	Claim amount (In Rs. Million)	Status
1.	Labour Dispute	Ms. Mary Kutty Kurian	ID No.942/1998	Labour Court, Delhi	Not ascertained	Termination for refusal to work night shifts challenged and with The matter is now in the argument stage and the next date of hearing is March 25, 2008
2.	Labour Dispute	Mrs. Daya Shankar Mishra	Civil suit No. 1153/2006	Civil Court,Delhi	Not ascertained	Refusal of claim under group insurance policy and next date of hearing is May 7, 2008
3.	Labour Dispute	Mr. WA Khan	C.S. No 1142/2000	Labour Court,Delhi	Not ascertained	Termination after a fact-finding enquiry revealed involvement in misappropriation, which was challenged. The next date of hearing is May 20, 2008
4.	Labour Dispute	Mr. OP Saini	ID No. 922/01	Labour Court	Not ascertained	Assistant Manager alleging forced resignation and demanding reinstatement. The next date of hearing is April 10, 2008
5.	Labour Dispute	Mr. Mohammed Rashid	ID No. 50/2007	Labour Court	Not ascertained	Termination after an enquiry revealed attempt to outrage modesty of a female attendant. Cjhallenged termination and next date of hearing is March 20, 2008
6.	Labour Dispute	Mr. Ajay Bhatia	CWP No. 3216/99	High Court	Not ascertained	Termination for absenteeism and suit filed challenging the same and demanding reinstatement. The next date of hearing is July 8, 2008

Litigation by IMCL

Writ Petition

IMCL has filed a writ petition before the High Court of Delhi against National Highways Authority of India (NHAI) and certain others. IMCL has filed this writ petition against the findings of a Court Commissioner who was appointed based on the directions of the High Court in a writ petition filed by Kalyan Sanstha Social Welfare. The report of the said Court Commisioner stated that the hospital boundary wall on the front side had encroached into the NHAI land and was not within the allotted 15 acres of land which had been given it on lease. The writ petition is currently pending before the High Court and the date of next hearing is April 8, 2008.

Money Recovery Case

IMCL (petitioner) has filed a suit (No. 424 of 2004) before the Additional District Judge against Tehri Hydro Development Corporation Limited for the recovery of Rs. 2 million. The suit is currently posted for cross examination of the witness of the petitioner. The matter is to be heard on April 10, 2008.

Tax Claims

1. For the financial year 2004-2005, the Assistant Commissioner of Income Tax treated IMCL as an assessee under default under Section 201(1) of the Income Tax Act, 1961 for alleged failure to deduct tax at source from amounts handed over to consultant doctors in respect of out patient department collections during 2004-2005. The Assistant Commissioner of Income Tax held that the payments made to consultant doctors were for services rendered in the out patient department chambers and, therefore, tax was required to be deducted there from under Section 194J of the Income Tax Act, 1961. IMCL was required to pay interest under section 201(1A) of the Income Tax Act, 1961 to the extent of Rs.1,084,187. IMCL appealed to the Commissioner of Income Tax (Appeals), New Delhi and the matter is still pending with Commissioner of Income Tax (Appeals).

2. IMCL filed an application for determination of a question of law under Section 84 of the Delhi Value Added Act 2004 (VAT) before the Commissioner, Trade and Taxes, Delhi (CTT) regarding the applicability of VAT to hospitals, among other aspects, in respect of medicines and consumables administered by the hospitals in the course of medical treatment to its patients. The CTT has through its order dated March 17, 2006 held that VAT would be applicable to hospitals in respect of the aforesaid. IMCL preferred an appeal to VAT Tribunal against the aforesaid order of the CTT. The date for hearing the appeal is not yet fixed.

Other Claims below Rs, 1,000,000

S.No	Nature of the suit/ complaint	Name of Party	Complaint/ Suit Number	Forum	Claim amount (In Rs. Million)	Status
1.	Medical Negligence	Mr. Naresh Gupta	457 of 2004	District Consumer Disputes Redressal Forum, New Delhi (DCDRC)	0.21	The matter is pending for hearing.
2.	Medical Negligence	Mr. Harish Chadha	250 of 2005	DCDRC	Suitable compensation without specifying the amount	Indraprastha Apollo Hospital/ IMCL filed their written arguments and the matter is posted on March 21, 2008.
3.	Medical Negligence	Mrs. Laxmi Agrawal	563 of 2003	National Consumer Disputes Redressal Commission, New Delhi (NCDRC)	No relief was claimed against IMCL	The complainant had filed appeal before NCDRC against the order of State Commission Bhopal. The next date of hearing in the matter is May 29, 2008
4.	Medical Negligence	Mr. Ambuj Jain	Appeal No. 07/458 in 739 of 2004	State Consumer Disputes Redressal Commission, New Delhi (SCDRC)	0.58	Indraprastha Apollo Hospitals filed an application for deletion of its name from the array of parties as it has wrongly been impleaded in the complaint. The matter is decided in favour of the complainant. The case has been appealed before State Consumer Redressal Forum
5.	Medical Negligence	Mr. Arjun Dass Girdhar	24 of 2006	State Consumer Disputes Redressal Commission, Haryana	No relief was claimed against IMCL	Indraprastha Apollo Hospital/ IMCL filed their written arguments.
6.	Medical Negligence	Mr. Rohit Kumar	1707 of 1997	DCDRC	0.12	Indraprastha Apollo Hospital/ IMCL filed their written arguments and the next date of hearing has not been fixed as yet.

S.No	Nature of the suit/ complaint	Name of Party	Complaint/ Suit Number	Forum	Claim amount (In Rs. Million)	Status
7.	Medical Negligence	Mr. Rajiv Gandotra	36 of 1998	State Consumer Disputes Redressal Commission, Haryana	0.59	Indraprastha Apollo Hospital/ IMCL filed their written arguments and matter has been reserved for orders.
8.	Medical Negligence	Mr. Salman Khan	181 of 2004	DCDRC	0.89	Indraprastha Apollo Hospital/ IMCL filed their written arguments and the next date of hearing is April 3, 2008.
9.	Medical Negligence	Mr. RS Rohilla	2882 of 1998	DCDRC	0.52	Indraprastha Apollo Hospital/ IMCL filed their written arguments and the next date of hearing is April 7, 2008.
10.	Medical Negligence	Mr. Rajinder Kumar Mohata	469 of 1998	DCDRC	0.30	Indraprastha Apollo Hospital/ IMCL filed their written arguments and the next date of hearing has not been fixed as yet.
11.	Medical Negligence	Ms. Shashi Bala	387 of 1999	State Consumer Disputes Redressal Commission, Chandigarh	0.50	This is the appeal preferred against the order of District Forum, Faridabad. IMCL has been impleaded as a proforma party and the matter is pending for hearing.
12.	Medical Negligence	Mr. Pradeep Gupta	33 of 2000	Consumer District Forum, Lalitpur, U.P.	0.28	Pleadings completed. The decree is awaited.
13.	Medical Negligence	Ms. Aradhana Gaur	306 of 2000	SCDRC	0.70	Indraprastha Apollo Hospital/ IMCL filed their written arguments and the next date of hearing is May 16, 2008 for hearing.
14.	Medical Negligence	Mr. Kamlesh Verma	228 of 2001	SCDRC	0.95	Indraprastha Apollo Hospital/ IMCL filed their written arguments and the next date of hearing is July 2, 2008.
15.	Medical Negligence	Mr. Kirat Pal Singh	279 of 2001	SCDRC	0.57	Indraprastha Apollo Hospital/ IMCL filed their written arguments and the matter is posted to April 3, 2008 for hearing.
16.	Medical Negligence	Mr. VB Leyland	1688 of 2002	DCDRC	0.30	Indraprastha Apollo Hospital/ IMCL filed their written arguments and the next date of hearing is June 23, 2008 for hearing.
17.	Medical Negligence	Mr. Vinod Prakash Thapliyal	121 of 2001	Uttranchal State Commission	No claim has been made against IMCL.	Dismissed by District Commission. Appealed to Uttranchal State Commission and IMCL filed its reply to the appeal before the State Commission.
18.	Medical Negligence	Mr. Syed Askari	528 of 2003	DCDRC	0.50	Indraprastha Apollo Hospital/ IMCL filed their written arguments and the next date of hearing is June 4, 2008 for hearing.
19.	Medical Negligence	Ms. Vandana Mehta	572 of 2004	DCDRC	0.45	Indraprastha Apollo Hospital/ IMCL filed their written arguments and the matter is pending for hearing.
20.	Medical Negligence	Mr. Rajesh	297 of 2004	DCDRC	0.70	Indraprastha Apollo Hospital/ IMCL filed their written arguments and the matter is dismissed in default for hearing.
21.	Medical Negligence	Mr. Hargobind	1736 of 2004	DCDRC	0.08	Indraprastha Apollo Hospital/ IMCL filed their written

S.No	Nature of the suit/ complaint	Name of Party	Complaint/ Suit Number	Forum	Claim amount (In Rs. Million)	Status
		Bhatia				arguments and the matter is posted to May 6, 2008 for hearing.
22.	Medical Negligence	Mr. Ajay Kumar Sharma	1450 of 2004	DCDRC	0.48	Indraprastha Apollo Hospital/ IMCL filed their written arguments and the matter is posted to April 25, 2008 for hearing.
23.	Medical Negligence	Mr. Bichitra Naik	Revision Petiton 4/ 2008 in 89 of 2003	State Commission, Cuttack	0.51	IMCL preferred an appeal against the interim order of District Forum before the State Commission, Cuttack directing attendance of senior official for cross-examination. The matter is pending for hearing.
24.	Medical Negligence	Ms. Sandra Canedo	1273 of 2005	DCDRC	0.15	Indraprastha Apollo Hospital/ IMCL filed their written statement in the matter but there is no appearance on behalf of the complainant despite service of notice from the Forum.
25.	Medical Negligence	Ms. Ritu Raj Mehrotra	24 of 2007	District Consumer Disputes Redressal Forum, Allahabad	0.8	The reply in the matter has been filed. The date of next hearing on the matter is yet to be intimated by the District Consumer Disputes Redressal Forum
26.	Medical Negligence	Mr. Anil Kapoor	557 of 2006	DCDRC	0.7	The reply has been filed in the matter. The next date of hearing in the matter is April 17, 2008 for filing of rejoinder by the complainant.
27.	Medical Negligence	Mr. Ashok Kumar Gupta	1987 of 2007	DCDRC	0.2	The next date of hearing in the matter is March 20, 2008 for filing of reply by the opposite parties.
28.	Medical Negligence	Mr. Anand Mohan Jain	730 of 2007	DCDRC	0.1	The reply has been filed in the matter. The matter is pending for hearing.
29.	Medical Negligence	Ms. Sarika Chaurasia	392 of 2007	Consumer Disputes Redressal Forum, Noida	0.9	The matter is pending for hearing.
30.	Money Recovery Claim under Section 138, Negotiable Instruments Act	IMCL	-	Metropolitan Magistrate, Patiala House Court, New Delhi	0.05	Case filed against Ms. Lalita Prasad Sharma and the matter is pending for hearing.
31.	Money Recovery Claim under Section 138, Negotiable Instruments Act	IMCL	-	Metropolitan Magistrate, Patiala House Court, New Delhi	0.21	Case filed against Mr. Anil Kapoor and the matter is pending for hearing.
32.	Money Recovery Claim	IMCL	503 of 2006	Senior Civil Judge, Delhi	0.25	Case filed against Air Force Group Insurance Society and Mr. Rajeeb Dutta and suit is posted for filing of evidence of the petitioner.
33.	Money Recovery Claim	IMCL	86 of 2006	Senior Civil Judge, Delhi	0.25	Case filed against Tehri Hydro Development Corporation Limited and suit is posted for cross examination. The next date of hearing is April 1, 2008.

Contingent Liabilities as of March 31, 2007

S.No	Particulars	Amount (Rs. in millions)
1.	For the assessment year 2000-01 before the Commisioner of Income Tax	7.12
2.	For the assessment year 2002-03 before the Commisioner of Income Tax	13.06
3.	For the assessment year 2004-05 before the Commisioner of Income Tax	1.98
	Total	**22.16**

Cases filed by or against PCR Investments Limited

The Income Tax department raised a claim for Rs.7.12 million for the assessment year 2000-01, Rs.13.06 million for the assessment year 2002-03 and Rs.1.98 million for the assessment year 2003-04, which aggregates to Rs. 22.16 million. Whilst PCR Investments has made final payment in full, it has appealed against the same.

PPN Power Generating Company Private Limited

Contingent Liabilities as of March 31, 2007

S.No	Particulars	Amount (Rs. in millions)
1.	In respect of Guarantees given by Banks on behalf of the company to the Customs Department in respect of assessments completed on a provisional basis	137.70
2.	In respect of Letter of Credits issued by the Bankers	519.10
3.	Claims against the company Not Acknowledged as Debts - Income Tax - Income Tax (Transfer Pricing)	 19.40* Not Quantified**

* The claim of Rs. 19.4 million related to the Financial Year 2003-2004 and is under appeal with the Commissioner of Income Tax (Appeals). Whilst the company disputes the claim, an amount of Rs. 2.00 million has been paid under protest in this regard.

** The Additional Commissioner of Income Tax, whilst accepting that the International Transactions are at Arm's Length Price for the Assessment Year (AY) 2003-2004 relevant to the Previous Year (PY) 2002-2003, had vide his Order dated 16 March 2006 recommended penalty proceedings u/s. 271 AA of the Income Tax (IT) Act, 1961 against the company for alleged non-maintenance of necessary Transfer Pricing documents as required under the IT Act read with Rule 10D of the IT Rules. Whilst the penalty proceedings have been initiated by the department, the penalty amount was not quantified as at March 31, 2006. During the current year, the company year, the company has received an Order in its favour for AY 2003-2004 as per which no penalty is leviable on the company before the CIT (A). The company has during the current year received a similar Order dated 17 November 2006 from the Transfer Pricing Officer recommending penalty proceedings u/s. 271AA of the IT Act for AY 2004-2005 relevant to the PY 2003-2004. The Assessing Officer has not yet raised any demand on the company in this regard.

Cases filed by or against PPN Power Generating Company Private Limited

1. The company had entered into a power purchase agreement (PPA) dated January 3, 1997 with the Tamil Nadu Electricity Board (TNEB). Certain shareholders of the company, being PPN (Mauritius) Company and PSEG PPN Energy Company, United States had requested the company to initiate arbitration proceedings under the said PPA on account of certain dues there-under remaining outstanding. However, the board of directors resolved against the same. Notwithstanding this, these shareholders wrote to the ICC, Paris for initiation of the arbitration proceedings set out in the said PPA in the name of the company. Against the same, the company filed a Special Leave Petition (Special Leave Petition (Civil) No.23169 of 2004) on October 27, 2004 before the Supreme Court to prevent these minority shareholders from proceeding in arbitration and obtained a stay. Apollo Infrastructure Projects Finance Company Private Limited, a shareholder of the company was also named as a proforma respondent in the said Special Leave Petition filed by the company.

2. The company had entered into a power purchase agreement (PPA) dated January 3, 1997 with the Tamil Nadu Electricity Board (TNEB) as per the terms of which the capital cost of the project are to be ascertained by the TNEB. The company filed a writ petition (W.P. No.34130 of 2007) in the High Court of Madras on October 30, 2007 seeking directions to Tamil Nadu Electricity Board to determine the completed capital cost of the project. The matter has been admitted for hearing.

3. A claim of Rs. 19.4 million related to the financial year 2003-2004 and is under appeal with the Commissioner of Income Tax (Appeals). Whilst the company disputes the claim, an amount of Rs. 2.00 million has been paid under protest in this regard.

4. The Additional Commissioner of Income Tax, whilst accepting certain international transactions at arm's length price for the assessment year 2003-2004 relevant to the previous year 2002-2003, had vide his Order dated 16 March 2006 recommended penalty proceedings under Section 271AA of the I.T. Act, 1961 against the company for alleged non-maintenance of necessary Transfer Pricing documents as required under the I.T. Act read with relevant rules. Whilst the penalty proceedings have been initiated by the department, the penalty amount was not quantified as at March 31, 2006. During the current year, the company year, the company has received an order in its favour for assessment year 2003-2004 as per which no penalty is leviable on the company before the CIT (A). The company has during the current year received a similar Order dated November 17, 2006 from the Transfer Pricing Officer recommending penalty proceedings under Section 271AA of the I.T. Act for assessment year 2004-2005 relevant to the previous financial year 2003-2004. The Assessing Officer has not yet raised any demand on the company in this regard.

Kiddy Concepts Private Limited

Contingent Liabilities as of March 31, 2007

S.No	Particulars	Amount (Rs. in millions)
1.	The estimated liability towards customs duty guarantees given by the Company in favour of Asst. Collector of Customs pending settlement of claim in Court	0.81

Apollo Sindhoori Commodities Trading Limited

Contingent Liabilities as of March 31, 2007

S.No	Particulars	Amount (Rs. in millions)
1.	Bank Guarantee furnished in favour of MCX & NCDEX	35.00

Deccan Digital Networks Private Limited

Contingent Liabilities as of December 31, 2006)

S.No	Particulars	Amount (Rs. in millions)
1.	Arears of dividends on Cumulative Preference Shares	12.88
2.	Counter Guarantees given to various financial institutions in respect of guarantee limits availed by Aircel Limited	0.41

Apollo Infrastructure Projects Finance Company Private Limited

Cases filed by or against Apollo Infrastructure Projects Finance Company Private Limited

Tax Claims

Financial Year	Assessment Year	Date of Filing	Status of Assessment
1998-99	1999-2000	December 31, 1999	Assessing Officer and CIT Appeals disallowed the claim of deduction of Rs.660,000 under Section 35D of The IT Act. The company has gone on appeal there-against.
2001-02	2002-03	October 31, 2002	Assessing Officer disallowed the expenditure claimed of Rs. 65,280,719. On appeal, CIT Appeals reduced the disallowance to Rs. 1,292,414. Department has gone on appeal there-against.
2002-03	2003-04	December 1, 2003	Assessing Officer disallowed the expenditure of Rs. 73,340,000. On company's appeal, CIT Appeal reduced the disallowance of Rs.1,466,800. Department has gone on appeal there against.
2004-05	2005-06	October 31, 2005	Assessing Officer disallowed the expenses claimed of Rs.97,859,000. Company has gone on appeal against the same.

Miscellaneous

1. PPN Power Generating Company Private Limited (PPN) had entered into a power purchase agreement (PPA) dated January 3, 1997 with the Tamil Nadu Electricity Board (TNEB). Certain shareholders of PPN, being PPN (Mauritius) Company and PSEG PPN Energy Company, United States had requested PPN to initiate arbitration proceedings under the said PPA on account of certain dues there-under remaining outstanding. However, the board of directors resolved against the same. Notwithstanding this, these shareholders wrote to the ICC, Paris for initiation of the arbitration proceedings set out in the said PPA in the name of the company. Against the same, PPN filed a Special Leave Petition (Special Leave Petition (Civil) No.23169 of 2004) on October 27, 2004 before the Supreme Court to prevent these minority shareholders from proceeding in arbitration and obtained a stay. Apollo Infrastructure Projects Finance Company Private Limited, a shareholder of PPN was also named as a proforma respondent in the said Special Leave Petition.

Cases involving our Directors

Cases filed by or against Dr. Prathap C. Reddy

Please refer to the section "Outstanding Litigation and Defaults - Cases involving our Promoters - Cases filed by or against Dr. Prathap C. Reddy" on page 390.

Cases filed by or against Mrs. Sangita Reddy

Please refer to the section "Outstanding Litigation and Defaults - Cases involving our Promoters - Cases filed by or against Mrs. Sangita Reddy" on page 392.

Past cases involving companies forming part of our promoter group

Except as disclosed in the Draft Red Herring Prospectus, there are no cases involving any of our Promoters or any of the companies forming part of the promoter group which involve a violation of any statutory regulations, criminal offence or in which penalties have been imposed by the relevant authorities.

Details of amounts owed to small scale undertakings, if any

Our Company does not owe any amounts to any small scale undertaking.

Material Developments

Except as stated above, in the opinion of the Board of our Company, there have not arisen, since the date of the last audited financial statements disclosed in this Draft Red Herring Prospectus, any circumstances that materially or adversely affect or are likely to affect our profitability on a consolidated basis or the value of our consolidated assets or our ability to pay our material liabilities within the next twelve months.

GOVERNMENT LICENSES AND APPROVALS

In view of the approvals listed below, we can undertake this Issue and our current business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to undertake the Issue or continue our business activities. Unless otherwise stated, these approvals are all valid as of the date of this Draft Red Herring Prospectus.

We have received the necessary consents, licenses, permissions and approvals from the Government and various governmental agencies required for our present business and except as mentioned below; no further approvals are required for carrying on our present business.

Incorporation Details

1. Certificate of incorporation (No. 18-43316 of 1992-93) dated October 8, 1999 under the Companies Act.

2. Certificate of commencement of business dated December 13, 1999 under the Companies Act.

3. Fresh certificate of incorporation consequent on change of name dated May 26, 2005 recording the change in name of the Company from “Apollo Health Street Limited” to “Apollo Health Street Private Limited”.

4. Fresh certificate of incorporation consequent on change of name dated January 25, 2007 recording the change in name of the Company from “Apollo Health Street Private Limited” to “Apollo Health Street Limited”.

Approvals for the Issue

1. Approval from the National Stock Exchange dated [•].

2. Approval from the Bombay Stock Exchange dated [•].

Approvals to carry on our Business

A. Industrial /Tax/Labor

1. Letter dated May 6, 2002 from the Commisionerate of Income Tax, Chennai allotting AADCA4278N as the PAN to “Apollo Health Street Limited”.

2. Letter dated February 1, 2007 from the Company to the Commissioner of Income Tax notifying the conversion of the Company from private to public and consequently changed its name to ‘Apollo Health Street Limited’.

3. Certificate of Importer Exporter Code dated January 13, 2003 issued by the Zonal Joint Director General of Foreign Trade, Chennai allotting 0402025610 as the Import Export Code Number to “Apollo Health Street Limited”.

4. Letter dated February 1, 2007 from the Company to the Joint Director General of Foreign Trade notifying the conversion of the Company from private to public and consequently changed its name to ‘Apollo Health Street Limited’.

5. Central Excise Registration Certificate dated April 10, 2003 issued by the Deputy Commissioner, Central Excise, Hyderabad E- Division under Rule 9 of the Central Excise Rules, 2002 recording that “Apollo Health Street Limited” is registered for operating an Export Oriented Unit from its Corporate Office and the registration number in this regard is AADCA4278N ST00

6. Letter dated February 1, 2007 from the Company to the Central Excise (Service Tax Cell) notifying the conversion of the Company from private to public and consequently changed its name to ‘Apollo Health Street Limited’.

7. Private Bonded Warehouse License number 19/2003 dated March 27, 2003 issued by the Deputy Commissioner of Customs and Central Excise, Hyderabad E- Division to "Apollo Health Street Limited" recording that the first floor of the Corporate Office is registered as a private bonded warehouse for the storage of imported goods without the payment of duty. The license was valid up to July 31, 2009.

8. By a letter dated February 26, 2004, the Deputy Commissioner of Customs and Central Excise, Hyderabad E-Division granted approval to "Apollo Health Street Limited" to include certain additional areas on the first and the second floors of the Corporate Office within the area of the aforesaid private bonded warehouse.

9. By a letter dated December 1, 2005, the Assistant Commissioner of Customs and Central Excise, Hyderabad E- Division granted approval to "Apollo Health Street Limited" to include certain additional areas on the ground floor and the third floor of the Corporate Office within the area of the aforesaid private bonded warehouse. Further, by a letter dated June 7, 2006, the Assistant Commissioner of Customs and Central Excise, Hyderabad E- Division granted approval to "Apollo Health Street Limited" to include certain additional areas on the fourth floor of the Corporate Office within the area of the aforesaid private bonded warehouse.

10. Certificate of Registration dated December 5, 2001 issued by the Superintendent, Central Excise, Hyderabad (Service Tax Cell) under Section 69 of the Finance Act, 1994 recording that "Apollo Health Street Limited" is registered under the Service Tax Rules, 1994 with the registration number OID/Hyd.III/19/2001 (Stax) for the payment of service tax on the provision of services pertaining to online information and database access from its Corporate Office.

11. Letter dated March 25, 2003 from the Office of the Depute Commissioner of Customs and Central Excise, Hyderabad, assigning the Company STC number AADCA4278NST001.

12. Certificate of Registration from the Commercial tax Department dated August 21, 2001 issued by the Assistant Commercial Tax Officer, J. H. Circle, Hyderabad bearing RC. No. PJIT/10/1/2821/2001-02. The business of the Company as stated in the said certificate is trading in health care products. This certificate is valid from August 20, 2001 onwards until cancelled.

13. Letter dated February 1, 2007 from the Company to the Commercial Tax officer notifying the conversion of the Company from private to public and consequently changed its name to 'Apollo Health Street Limited'.

14. Certificate of Registration dated November 11, 2000 issued under the Andhra Pradesh State Tax on Professions, Trades, Callings and Employments Act, 1987 vide Rule 3(2) bearing registration number PJT/10/1/R/1311/2000-01 issued by the Profession Tax Officer.

15. Certificate of enrollment dated November 11, 2000 issued under the Andhra Pradesh State Tax on Professions, Trades, Callings and Employments Act, 1987 vide Rule 4(4) bearing registration number PJT/10/1/E/2703/2000-01 issued by the Profession Tax Officer.

16. Letter dated February 1, 2007 from the Company to the Profession Tax Officer notifying the conversion of the Company from private to public and consequently changed its name to 'Apollo Health Street Limited.'

17. Registration with the Employee State Insurance Corporation through a letter dated January 23, 2003 thereby allotting code no. 52-21900-90 to the Company.

18. Letter dated February 1, 2007 from the Company to the Regional Commissioner, Employee State Insurance Corporation notifying the conversion of the Company from private to public and consequently changed its name to 'Apollo Health Street Limited.'

19. Renewal of Certificate of Registration dated November 28, 2007 issued by the Inspector and Deputy Commissioner of Labour, Hyderabad under the AP Shops and Commercial Establishments Act, 1988

bearing registration number DCL/HYD/22/2002. This registration is valid for a period from January 1, 2008 to December 31, 2008.

20. Certificate of Registration granted under Section 7(2) of the Contract Labour (Regulation and Abolition) Act, 1970 dated November 1, 2004 issued by the Office of the Registering Officer and Deputy Commissioner of Labour, Hyderabad bearing registration number DCL/056/2004. The nature of business is specified in the certificate and the Contractor is Sruthi Enterprises who is employed for housekeeping services.

21. Letter dated October 20, 2004 from the Company to the Deputy Commissioner of Labour intimating the Deputy Commissioner that they have been complying with the Gratuity Act, 1972 and making relevant provisions in their books of accounts.

22. Letter dated February 1, 2007 from the Company to the Deputy Commissioner of Labour notifying notifying the conversion of the Company from private to public and consequently changed its name to 'Apollo Health Street Limited'.

23. Letter dated February 1, 2007 from the Company to the Regional Provident Fund Commissioner notifying the conversion of the Company from private to public and consequently changed its name to 'Apollo Health Street Limited'.

24. Letter dated May 2, 2003 from the Department of Telecommunications granting the approval to the Company to set up an international call centre at Hyderabad under the 'Other Service Provider' category as defined in the New Telecom Policy 1999. The registration number of the Company is 10-558/2003-OSP.

B. Trade Mark registrations

1. Certificate of registration of Trade Mark (No: 478921) dated December 3, 2005 (Trade Mark Application No: 1024652 dated July 10, 2001) from the GoI (Trade Marks Registry, Mumbai) registering the mark "Aashirwad" in the name of Apollo Health Street Limited under Class 9 in respect of computer software, hardware and accessories hereof, pre-recorded computer programs and computer media, magnetic and digital disk, tapes, documentation, sold as computer software units.

2. Certificate of registration of Trade Mark (No: 386817) dated June 13, 2005 (Trade Mark Application No: 965293 dated October 20, 2000) from the GoI (Trade Marks Registry, Mumbai) registering the mark "MEDVARSITY" in the name of Apollo Health Street Limited under Class 16 in respect of paper cardboard goods made from these materials not included in other classes: printed matter, book binding materials, photographs, stationery, adhesive for stationery or household purpose, artists material, paint brushes, typewriters and office requisites, institutional and teaching materials, packaging playing cards, printers, type, printing blocks and all other goods under class 16.

3. Certificate of registration of Trade Mark (No: 282251) dated December 23, 2003 (Trade Mark Application No: 965290 dated October 20, 2000) from the GoI (Trade Marks Registry, Mumbai) registering the mark "MeDVARSITY" in the name of Apollo Health Street Limited under Class 16 in respect of paper cardboard goods made from these materials not included in other classes: printed matter, book binding materials, photographs, stationery, adhesive for stationery or household purpose, artists material, paint brushes, typewriters and office requisites, institutional and teaching materials, packaging playing cards, printers, type, printing blocks and all other goods under class 16.

C. Approvals from the Reserve Bank of India

1. Letter dated July 14, 2003 bearing reference number EC.CO.OID302/19.01.347/2003-04 from the RBI allotting identification number HYWAZ20030183 to AHSI and recording an investment of US$150,000 in AHSI.

2. Letter dated February 1, 2001 from the RBI to the Company taking on record the issuance of 100,266 Equity Shares of Rs. 10 each at par to Capricon Logistics Limited, Mauritius on a repatriation basis.

3. Letter dated November 24, 2000 from the RBI to the Company taking on record the issuance of 121773 equity shares of Rs.10 each at a premium of Rs. 100 to White Park Securities Limited, Mauritius, on repatriation basis under registration No. FC.2000HYR7043.

4. Letter dated March 29, 2006 from the Company to RBI, Hyderabad, informing the RBI that the Company has under ESOP 1 it granted 68,000 options to employees of AHSI. Each option granted by the Company would be convertible to one Equity Share of the Company upon the exercise of such option as per the applicable terms and conditions.

5. Letter dated January 24, 2006 from RBI, Hyderabad to the Company allotting numbers from AC 535570-AC 535619 as SOFTEX Form numbers. These numbers are valid till December 31, 2006.

6. Letter dated October 5, 2005 from the Company to the RBI, Hyderabad informing the RBI about particulars of allotments of Equity Shares of the Company made to the applicants against investments received.

Investor	No. of Equity Shares allotted	Value of Equity Shares (In Rs.)	Date of Allotment
Maxwell	2,025,000 Equity Shares of Rs. 10 each	20,250,000	April 19, 2005
Eliza Holdings	2,025,000 Equity Shares of Rs. 10 each	20,250,000	April 19, 2005
Maxwell	1,247,121 CCPS	74, 827,260	July 11, 2005
Eliza Holdings	1,247,121 CCPS	74, 827,260	July 11, 2005
Maxwell	6,814,395 Class A Shares	68,143,950	July 11, 2005
Eliza Holdings	6,814,395 Class A Shares	68,143,950	July 11, 2005

7. Letter dated September 26, 2005 from the RBI to the Company requesting the Company to furnish dates of allotment of shares.

8. Letter dated August 23, 2005 bearing reference no. HY.FE.FID/295/14.04.302/2005-06 informing the Company that the RBI has taken on record the issuance of equity shares of Rs.10 each at par on repatriation basis under registration no. FC-2000 HYR 7043 for Maxwell (2,025,000) and Eliza Holdings (2,025,000) to Maxwell and Eliza Holdings, Mauritius on a repatriation basis.

9. Letter dated August 8, 2005 from the Company to RBI informing the RBI that the company has received investments from Maxwell and Eliza Holdings in to the share holding capital of the Company, on July 11, 2005. Filed along with this letter are the inflow report on the investment received from Maxwell (remittance of USD 32,78,028.43 which was received on July 11, 2005), Form FC-GPR for allotment of the Class A Shares to Maxwell and Eliza Holdings.

10. Letter dated June 15, 2004 from the RBI requesting the Company to resubmit its application for acquisition of immovable properties for the UK branch and to include details of the immovable property, specify the lease period, and that this application should be submitted by the authorized dealer and not the Company.

D. ***Approvals from the Software Technology Parks of India ("STPI")***

1. Letter dated April 27, 2000 from STPI Hyderabad to the Company granting it approval to set up a 100% EOU under the STP Scheme and to export computer software bearing approval number STPH/IMSC/2000-2001/743/783. As soon as commercial production starts the company should send intimation to this effect to the STPI office and SIA. Through a letter dated October 20, 2004 STPI has clarified that the approval is valid till October 19, 2007.

2. Letter dated February 7, 2007 from the Director, STPI to the Company notifying that STPI has no objection in permitting the change of name of the Company from Apollo Health Street Private Limited to Apollo Health Street Limited.

3. Letter dated February 2, 2003 from the STPI to the Company stating that the STPI has no objection to the company obtaining customs bonded warehouse license for the premises located at Apollo Health

Street Limited, Ground Floor to 2nd Floor, Apollo Hospitals Complex, Jubilee Hills, Hyderabad- 500 033.

4. No Objection Letter dated June 5, 2005 from the STPI to the Company stating that it has no objection in permitting change of name of the Company from "Apollo Health Street Limited" to "Apollo Health Street Private Limited". All other terms and conditions of the original approval vide STPH/IMSC/2000-2001/743/783 dated April 27, 2000 remain the same.

5. Letter dated March 25, 2004 from the Company requesting the STPI to grant it permission to do business in the domestic market. Although the Company is registered with the STPI as a 100% EOU, the Company has not made income out of the export sales due to recession and slump in the software market and so the Company requires to pursue indigenous sales at least for the preceding 3 years. The Company therefore requests the STPI to ratify the business operations done on the domestic front with retrospective effect for the earlier years and treat the same as deemed export turn over.

6. Letter dated November 21, 2005 by the STPI informing the Company that the license has been issued to the Company to carry on activities related to BPO Services in Health informatics decision support systems like payer services and provider services for medical services sector and IT software Development/implementation. The word "computer software" mentioned in the item of manufacture includes the ITES activities also.

7. Letter dated November 20, 2007 by Director, STPI Hyderabad to the Company granting renewal under the Foreign Trade Policy 2004-2009 for a period of five years with effect from October 20, 2007 to October 19, 2012. The renewal is for extension of 100% EOU license under the STP Scheme. All other terms and conditions of the original approval vide STPH/IMSC/2000-2001/743/783 dated April 27, 2000 remain the same.

E. Miscellaneous Approvals

Letter (no.12/490/2007-CL.VII) dated August 6, 2007 by Director, Ministry of Corporate Affairs, GoI to the Company granting approval of the Central Government under section 310, 198(4) and 309(3) of the Companies Act for payment of increased remuneration to Mrs. Sangita Reddy, Managing Director for the period from January 25, 2007 to March 31, 2011.

F. Pending Approvals

1. Application dated December 16, 2005 in the name of Apollo Health Street Private Limited for the registration of the logo appearing on the cover page of the Draft Red Herring Prospectus as a trademark under class 42 in respect of healthcare related IT and IT enabled services. The said application has been numbered as 1406719 by the Mumbai Trade Marks Registry.

2. Application dated December 20, 2005 by Apollo Health Street Private Limited to the Mumbai Trade Marks Registry for registration of "www.Apollohealthstreet.com" as a trademark under class 42.

3. Application dated August 2, 2001 by Apollo Health Street Limited to the Registrar of Trade Marks, Chennai, for registration of "emedscope" as a trademark under class 9 and under class 16.

4. Application dated February 13, 2001 by Apollo Health Street Limited to the Registrar of Trade Marks, Chennai, for registration of "My Patients" as a trademark under class 9 and under class 16.

5. Application dated February 13, 2001 by Apollo Health Street Limited to the Registrar of Trade Marks, Chennai, for registration of "I-My Patients" under as a trademark class 9 and under class 16.

6. Application dated November 9, 2000 by Apollo Health Street Limited to the Registrar of Trade Marks, Madras, for registration of "Apollo Life.com" as a trademark under class 9 and under class 16.

7. Application dated February 13, 2001 by Apollo Health Street Limited to the Registrar of Trade Marks, Chennai, for registration of "I-My Doctor" as a trademark under class 9 and under class 16.

OTHER REGULATORY AND STATUTORY INFORMATION

Authority for the Issue

Our Board of Directors authorised a fresh issue of up to 8,500,000 Equity Shares pursuant to a resolution passed at its meeting held on November 23, 2007. Our shareholders subsequently authorised the fresh issue of up to 8,500,000 Equity Shares by a resolution passed unanimously at the EGM of our Company held on December 21, 2007. Thereafter, on February 9, 2008, the Board of Directors approved the Issue of 6,500,000 Equity Shares. Further on February 9, 2008, the Board of Directors also approved and authorized this Draft Red Herring Prospectus and authorized the IPO Committee to take further actions in relation to the Issue.

The IPO Committee has authorized the Draft Red Herring Prospectus on March 15, 2008.

Prohibition by SEBI, RBI or Governmental Authorities

Neither we, nor our Directors or the Promoter or the Promoter Group Companies, or the directors of our Promoter or companies with which our Directors are associated with as directors or promoters, have been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Neither we nor our Directors, associates, Promoters, Promoter Group companies or relatives of our Promoters have been detained as wilful defaulters by the RBI or Government authorities. Except as disclosed in the section "Outstanding Litigation and Material Developments" on page 365 and hereunder, there are no violations of securities laws committed by any them in the past or pending against them.

Apollo Sindhoori Capital Investments Limited

SEBI had issued a show-cause notice dated October 14, 2003 to ASCIL under the provisions of SEBI (Procedure for Holding Enquiry by Enquiry Officer and Imposing Penalty) Regulations, 2002 for a certain complaint that it had received from one of the clients of ASCIL alleging misappropriation of funds. SEBI had conducted an inspection of the books of accounts, documents and records of the Vizag branch of ASCIL and also appointed an enquiry officer under the SEBI (Stockbrokers and Sub Brokers) Regulations, 1992 to enquire into probable contraventions by ASCIL. Thereafter, the said show-cause notice was issued to ASCIL. Subsequently ASCIL proposed to settle the matter with SEBI and through a letter dated November 5, 2007 (bearing reference no. EFD/DRA-III/VRP/AA/107924/2007), SEBI agreed to the same, subject to certain conditions, including a payment of Rs. 500,000 by ASCIL within 15 days of the said letter and withdrawal of a writ petition (W.P.No. 31065 of 2003) that was filed by ASCIL against the said show-cause notice. The said payment was made by ASCIL on November 12, 2007 and the writ petition was withdrawn on November 20, 2007.

Eligibility for the Issue

We are eligible for the Issue as per Clause 2.2.2 of the SEBI Guidelines as explained under Clause 2.2.2 of the SEBI Guidelines states as follows:

"*2.2.2 An unlisted company not complying with any of the conditions specified in Clause 2.2.1 may make an initial public offering (IPO) of equity shares or any other security which may be converted into or exchanged with equity shares at a later date, only if it meets both the conditions (a) and (b) given below:*

(a) (i) The issue is made through the book-building process, with at least 50% of the issue size being allotted to the Qualified Institutional Buyers (QIBs), failing which the full subscription monies shall be refunded.

OR

(a)(ii) The "project" has at least 15% participation by Financial Institutions/ Scheduled Commercial Banks, of which at least 10% comes from the appraiser(s). In addition to this, at least 10% of the issue size shall be allotted to QIBs, failing which the full subscription monies shall be refunded

AND

(b) (i) The minimum post-issue face value capital of the company shall be Rs. 10 crores.

OR

(b) (ii) There shall be a compulsory market-making for at least 2 years from the date of listing of the shares , subject to the following:

(a) Market makers undertake to offer buy and sell quotes for a minimum depth of 300 shares;

(b) Market makers undertake to ensure that the bid-ask spread (difference between quotations for sale and purchase) for their quotes shall not at any time exceed 10%)

(c) The inventory of the market makers on each of such stock exchanges, as of the date of allotment of securities, shall be at least 5% of the proposed issue of the company.)"

We are an unlisted company not complying with the conditions specified in Clause 2.2.1 of the SEBI Guidelines and are therefore required to meet both the conditions detailed in clause 2.2.2(a) and clause 2.2.2(b) of the SEBI Guidelines.

1. We are complying with Clause 2.2.2(a)(i) of the SEBI Guidelines and at least 60% of the Net Issue is proposed to be Allotted to QIBs (in order to comply with the requirements of Rule 19(2)(b) of the SCRR) and in the event we fail to do so, the full subscription monies shall be refunded to the Bidders.

2. We are complying with the second proviso to Clause 11.3.5(i) of the SEBI Guidelines and Non-Institutional Bidders and Retail Individual Bidders will be allocated not less than 10% and 30% of the Net Issue respectively.

3. We are also complying with Clause 2.2.2(b)(i) of the SEBI Guidelines and the post-Issue face value capital of the Company shall be Rs. 315,110,750 which is more than the minimum requirement of Rs. 100 million.

Hence, we are eligible for the Issue under Clause 2.2.2 of the SEBI Guidelines.

Further, in accordance with Clause 2.2.2A of the SEBI Guidelines, we shall ensure that the number of prospective allottees to whom the Equity Shares will be Allotted will be not less than 1,000.

The Company is considering a Pre-IPO placement with certain investors ("Pre-IPO Placement"). The Pre-IPO placement is at the discretion of the Company. The Company will complete the issuance, if any, of such Equity Shares prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the Issue size offered to the public will be reduced to the extent of such Pre-IPO Placement, subject to a minimum Net Issue size of 10% of the post Issue capital being offered to the public.

Further, the Issue is subject to the fulfilment of the following conditions as required by Rule 19(2)(b) SCRR:

- 6,500,000 Equity Shares are being offered to the public in this Issue;
- The Issue size, which is the Issue Price multiplied by the number of Equity Shares offered to the public, is a minimum of Rs. 1,000 million; and
- The Issue is made through the Book Building method with allocation of 60% of the Net Issue size to QIBs as specified by SEBI.

Disclaimer Clause

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS

OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, ICICI SECURITIES LIMITED AND EDELWEISS CAPITAL LIMITED HAVE 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 AS FOR THE TIME BEING IN FORCE. 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 COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE 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 MANAGERS, ICICI SECURITIES LIMITED AND EDELWEISS CAPITAL LIMITED, HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED MARCH 18, 2008 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

"(I) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS, MORE PARTICULARLY REFERRED TO IN THE ANNEXURE, IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.

(II) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:

A) THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.

(III) BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.

(IV) WE HAVE SATISFIED OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.

(V) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF ITS SECURITIES AS PART OF PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF THE PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS

STATED IN THE DRAFT RED HERRING PROSPECTUS."

(VI) WE CERTIFY THAT CLAUSE 4.6 OF THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000, WHICH RELATES TO SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE CLAUSE HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.

(VII) WE UNDERTAKE THAT CLAUSES 4.9.1, 4.9.2, 4.9.3 AND 4.9.4 OF THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION AND SUBSCRIPTION FROM ALL FIRM ALLOTTEES WOULD BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE.

(VIII) WHERE THE REQUIREMENTS OF PROMOTERS' CONTRIBUTION IS NOT APPLICABLE TO THE ISSUER, WE CERTIFY THE REQUIREMENTS OF PROMOTERS' CONTRIBUTION UNDER CLAUSE 4.10 {SUB-CLAUSE (A), (B) OR (C), AS MAY BE APPLICABLE} ARE NOT APPLICABLE TO THE ISSUER – NOT APPLICABLE.

(IX) WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.

(X) WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 73(3) OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS/LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION - NOTED FOR COMPLIANCE.

(XI) WE CERTIFY THAT NO PAYMENT IN THE NATURE OF DISCOUNT, COMMISSION, ALLOWANCE OR OTHERWISE SHALL BE MADE BY THE ISSUER OR THE PROMOTERS, DIRECTLY OR INDIRECTLY, TO ANY PERSON WHO RECEIVES SECURITIES BY WAY OF FIRM ALLOTMENT IN THE ISSUE – NOT APPLICABLE.

(XII) WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE – NOT APPLICABLE AS THE ISSUE SIZE IS MORE THAN RS. 10 CRORES, HENCE UNDER SECTION 68B OF THE COMPANIES ACT, 1956, THE EQUITY SHARES ARE TO BE ISSUED IN DEMAT MODE ONLY.

(XIII) WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT PROSPECTUS/LETTER OF OFFER:

(A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE COMPANY AND

(B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME."

All legal requirements pertaining to the Issue will be complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of section 60B of the Companies Act. All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the RoC in terms of section 56, section 60 and section 60B of the Companies Act.

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 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 and any irregularities or lapses in the Prospectus.

Disclaimer from the Company and the BRLMs

Investors that bid in the Issue will be required to confirm and will be deemed to have represented to the Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company and will not offer, sell, pledge or transfer the Equity Shares of the Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company. The Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of the Company.

Our Company, our Directors and the BRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our web site, www.apollohealthstreet.com, would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the BRLMs and us and the Underwriting Agreement to be entered into between the Underwriters and us.

All information shall be made available by us and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centers or elsewhere.

Neither the Company nor the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Disclaimer in Respect of Jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India) and authorised to invest in shares, Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under the applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to permitted Non-Residents including Eligible NRIs, FIIs and eligible foreign investors. This Draft Red Herring Prospectus does not, however, constitute an invitation to subscribe to Equity Shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an Issue or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Chennai only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI for observations and SEBI has given its observations. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the U.S. 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 U.S. Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. 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 U.S. Securities Act in transactions exempt from the registration requirements of the U.S. Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the U.S. Securities Act.

Further, each Bidder, where required, will be required to agree in the CAN that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any so-called P-Notes or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Disclaimer clause of the BSE

As required, a copy of the Draft Red Herring Prospectus has been submitted to the BSE. BSE has given vide its letter dated [●], permission to us to use BSE's name in the Draft Red Herring Prospectus as one of the stock exchanges on which our securities are proposed to be listed. BSE has scrutinised the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to us. BSE does not in any manner:

1. Warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; or

2. Warrant that this Company's securities will be listed or will continue to be listed on BSE; or

3. Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed to mean that the Draft Red Herring Prospectus has been cleared or approved by BSE. Every Person who desires to apply for or otherwise acquires any securities of 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 NSE

As required, a copy of the Draft Red Herring Prospectus has been submitted to NSE. NSE has given in its letter dated [●], permission to us to use NSE's name in the Red Herring Prospectus as one of the stock exchanges on which our securities are proposed to be listed, The NSE has scrutinised the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to us. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed to mean that the Draft Red Herring Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; nor does it warrant that our 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 the Company, its promoters, its management or any scheme or project of this Company.

Every Person who desires to apply for or otherwise acquires any of our securities may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE whatsoever by reason of any loss which may be suffered by such Person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

A copy of this Draft Red Herring Prospectus has been filed with SEBI at SEBI Bhavan, G Block, 3rd Floor, Bandra Kurla Complex, Bandra (East), Mumbai 400 051.

A copy of the Red Herring Prospectus, along with the other documents required to be filed under Section 60B of the Companies Act, would be delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration with the RoC at the Office of the Registrar of Companies, Block No. 6, B Wing, 2nd Floor, Shastri Bhavan, No. 26 Haddows Road, Chennai – 600 034, Tamil Nadu, India.

Listing

Applications have been made to the BSE and NSE for permission to deal in and for an official quotation of our Equity Shares. [●] will be the Designated Stock Exchange.

If the permissions to deal in and for an official quotation of our Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Draft Red Herring Prospectus. If such money is not repaid within eight days after our Company become liable to repay it, i.e. from the date of refusal or within 70 days from the Bid/Issue Closing Date, whichever is earlier, then the Company, and every Director of the Company who is an officer in default shall, on and from such 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.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within seven working days of finalization of the basis of Allotment for the Issue.

Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the auditors, the legal advisors, the Bankers to the Issue; and (b) the Book Running Lead Manager, the Syndicate Member, the Escrow Collection Banks, IPO Grading Agency and the Registrar to the Issue to act in their respective capacities, have been obtained and would be filed along with a copy of the Red Herring Prospectus with the RoC as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of the Draft Red Herring Prospectus for registration with the RoC.

In accordance with the Companies Act, 1956 and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000, S.R. Batliboi & Associates, Chartered Accountants, the Company's Auditors have given their written consent to the inclusion of their reports in the form and context in which it appears in the Draft Red Herring Prospectus and such consent and reports have not been withdrawn up to the time of delivery of the Draft Red Herring Prospectus for registration with the RoC.

Expert Opinion

We have not obtained any expert opinions, except for the opinion of the IPO Grading Agency, which will be annexed with the Red Herring Prospectus.

Expenses of the Issue

The estimated Issue expenses are as under:

Expenses	(Rs. In Million)	% of total issue expenses	Expense breakdown*
			% of total issue size
Lead management fee and underwriting commissions		[•]	[•]
Advertising and Marketing expenses		[•]	[•]
Printing and stationery		[•]	[•]
Others (Registrars fee, legal fee, listing fee etc.)		[•]	[•]

* will be incorporated after finalization of Issue Price

The total expenses of the Issue are estimated to be approximately Rs. [•] million. The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. All expenses with respect to the Issue would be borne by the Company.

Fees Payable to the BRLMs

The total fees payable to the Book Running Lead Managers will be as per the engagement letters with ICICI Securities and Edelweiss, bith dated March 14, 2008 and the memorandum of understanding dated March 17, 2008 between the Issuer and the BRLMs, a copy of which is available for inspection at our registered office.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue will be as per the memorandum of understanding between the Company and the Registrar, a copy of which is available for inspection at our registered office.

Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or Allotment advice by registered post.

Companies under the Same Management

Except as stated in the sections titled “Our Promoters - Promoter Group” and “History and Corporate Structure – Details of Our Subsidiaries” beginning on pages 120 and 93 respectively, there are no companies under the same management within the meaning of the erstwhile Section 370(1B) of the Companies Act.

Particulars Regarding Public or Rights Issues during the last five Years

There were no public or rights issues by the Company during the last five years.

Promise versus Performance

This is the first public Issue of the Company.

Outstanding Debentures or Bond Issues or Preference Shares

Our Company has no outstanding debentures or bonds or preference shares.

Issues otherwise than for cash

Our Company has not made any previous issues of shares otherwise than for cash except as stated in the section titled “Capital Structure-Notes to Capital Structure” on page 24.

Commission and Brokerage

Other than the proposed Pre-IPO Placement, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our inception.

Promise vis-à-vis performance

Issuer

Our Company has not undertaken any public issues of securities previously.

Listed ventures of Promoters

The listed ventures of our Promoters are Apollo Sindhoori Capital Investments Limited, Apollo Sindoori Hotels Limited and Indraprastha Medical Corporation Limited.

For further details, please refer to the sections titled "Our Promoter – Promoter Group - Apollo Sindhoori Capital Investments Limited – Promise v. Performance", "Our Promoter – Promoter Group - Apollo Sindoori Hotels Limited – Promise v. Performance" and "Our Promoter – Promoter Group - Indraprastha Medical Corporation Limited – Promise v. Performance" on pages 132, 134 and 139, respectively.

Stock Market Data for our Equity Shares

This being an initial public issue of our Company, the Equity Shares of our Company are not listed on any stock exchange.

Mechanism for Redressal of Investor Grievances

The agreement between the Registrar to the Issue and us will provide for retention of records with the Registrar to the Issue for a period of at least three years, subject to an agreement with the Company, from the last date of despatch of the letters of Allotment, demat credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances will be seven business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

We have appointed an Investors Grievance Committee pursuant a meeting of our Board on February 7, 2007 comprising of Mrs. Shobana Kamineni (Chairman), Mrs. Sangita Reddy and Mr.Ravendran Krishnasamy.

We have also appointed Mr. Y. Uday Chandra, the Company Secretary as the Compliance Officer for this Issue with effect from January 15, 2007.

Change in Statutory Auditors

The auditors of our Company are appointed (and reappointed) in accordance with provisions of the Companies Act and their remuneration, rights and duties are regulated by Sections 224 to 233 of the Companies Act.

There have been no changes of the statutory auditors in the last three years.

Capitalization of Reserves or Profits

Our Company has not capitalized its reserves or profits during the last five years, except as stated in the section titled "Capital Structure" on page 23.

Revaluation of Assets

The Company has not revalued its assets in the last five years.

Purchase of Property

Except as stated in this Draft Red Herring Prospectus, and save in respect of the property purchased or acquired or to be purchased or acquired in connection with the business or activities contemplated by the objects of the Issue, there is no property which has been purchased or acquired or is proposed to be purchased or acquired which is to be paid for wholly or partly from the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of this Draft Red Herring Prospectus, other than property, in respect of which:

(i) The contract for the purchase or acquisition was entered into in the ordinary course of business, nor was the contract entered into in contemplation of the Issue, nor is the issue contemplated in consequence of the contract; or

(ii) The amount of the purchase money is not material.

Except as stated in this Draft Red Herring Prospectus, the Company has not purchased any property in which any of its Promoter and/ or Directors, have any direct or indirect interest in any payment made thereunder.

Servicing Behavior

There has been no default in payment of statutory dues or of interest or principal in respect of our borrowings or deposits. Please see the notes to accounts to the financial statements beginning on page 186 for details of borrowings in our Company.

Interests of Directors

All of our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association, and to the extent of remuneration paid to them for services rendered as an officer or employee of our Company.

Our Directors may also be regarded as interested in the Equity Shares, if any, held by them or that may be subscribed by or allotted to the companies, firms, trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Issue. All of our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Except as stated in the section titled "Related Party Transactions" on page 184, and to the extent of shareholding in our Company, if any, our Directors do not have any other interest in our business. Further, please refer to the section titled "Our Promoter - Interests of Promoters and Common Pursuits" on page 119.

Except as stated in the section titled "Related Party Transactions" on page 184, our Directors have no interest in any property acquired by our Company within two years of the date of this Draft Red Herring Prospectus. Further, please refer to the section titled "Our Promoter - Interests of Promoters and Common Pursuits" on page 119.

Our Articles provide that our Directors and officers shall be indemnified against any liability incurred by them in defending any proceedings, whether civil or criminal, in which judgement is given in their favour or in which they are acquitted or discharged or in connection with any application under relevant provisions of the Companies Act in which relief is given to them by the relevant court.

Our Articles provide that where our Directors 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 cover affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors any loss in respect of such liability.

Pursuant to our ESOPs, certain of our Directors also received options for our Equity Shares. For further details, please refer to Note 21 to the section titled "Capital Structure – Notes to Capital Structure" on page 38.

Payment or benefit to officers of Our Company

Except for statutory benefits available upon termination of their employment in the Company or superannuation, no, officer of our Company is entitled to any benefit upon termination of his employment in our Company or superannuation.

SECTION VII – ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, the Company's Memorandum of Association and Articles of Association, the terms of the Draft Red Herring Prospectus, Red Herring Prospectus, Prospectus, Bid cum Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the Allotment advices and other documents/ certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to applicable laws, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the GoI, Stock Exchanges, RoC, RBI and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue

Our Board of Directors authorised a fresh issue of up to 8,500,000 Equity Shares pursuant to a resolution passed at its meeting held on November 23, 2007. Our shareholders subsequently authorised the fresh issue of up to 8,500,000 Equity Shares by a resolution passed unanimously at the EGM of our Company held on December 21, 2007. Thereafter, on February 9, 2008, the Board of Directors approved the Issue of 6,500,000 Equity Shares. Further on February 9, 2008, the Board of Directors also approved and authorized this Draft Red Herring Prospectus and authorized the IPO Committee to take further actions in relation to the Issue.

The IPO Committee has authorized the Draft Red Herring Prospectus on March 15, 2008.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Companies Act, the Company's Memorandum of Association and Articles of Association and shall rank pari-passu in all respects with the existing Equity Shares of the Company including rights in respect of dividends. The Person in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends and/or other corporate benefits, if any, declared by the Company after the date of Allotment.

Mode of Payment of Dividend

We shall pay dividends to our shareholders as per the provisions of the Companies Act.

Face Value and Issue Price

The face value of the Equity Shares is Rs. 10 each and the Issue Price is Rs. [•] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares.

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 Shareholder

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

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

For a detailed description of the main provisions of our Articles relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, please refer to the section titled "Main Provisions of Our Articles of Association" on page 467.

Market Lot and Trading Lot

As per the SEBI Guidelines, the trading of our Equity Shares shall only be in dematerialised form. Since trading of our Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Issue will be only in electronic form in multiples of 1 Equity Share subject to a minimum Allotment of [•] Equity Shares.

Where two or more persons are registered as the holders of the Equity Shares, they shall be deemed to hold the same as joint tenants with benefits of survivorship.

For details of allocation and Allotment, please refer to the section titled "Issue Procedure" beginning on page 441.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Chennai, Tamil Nadu, India.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale /transfer/alienation of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company.

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

a. To register himself or herself as the holder of the Equity Shares; or

b. To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, 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 moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialized form, there is no need to make a separate nomination with us. Nominations registered with respective depository participant of the applicant would prevail. If the investors require to change their nomination, they are requested to inform their respective depository participant.

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S of 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 may be offered and sold only (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulation S and the applicable laws

of the jurisdiction where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with applicable laws of such jurisdiction.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Net Issue, including devolvement of underwriters within 60 days from the Bid/Issue Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under Section 73 of the Companies Act.

Further in terms of Clause 2.2.2A of the SEBI Guidelines, we shall ensure that the number of prospective allottees to whom Equity Shares will be Allotted will not be less than 1,000.

Also, in terms of Rule 19(2) (b) of SCRR, if at least 60% of the Net Issue cannot be allocated to QIBs, all application money shall be refunded forthwith.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act") and may not be offered or sold within the United States or to, or for the account or benefit of, "US 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) within the United States to "qualified institutional buyers", in reliance on Rule 144A under the Securities Act, and (ii) outside the United States to non-US persons in offshore transactions in reliance on Regulation S under the Securities Act.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (the Securities Act) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Arrangement for disposal of Odd Lots

There are no arrangements for disposal of odd lots.

Restriction on transfer of shares

There are no restrictions on transfers and transmission of shares/ debentures and on their consolidation/ splitting except as provided in our Articles. See "Main Provisions of our Articles of Association" on page 467.

Application in Issue

Equity Shares being issued through this Draft Red Herring Prospectus can be applied for in the dematerialized form only.

Withdrawal of the Issue

The Company in consultation with the BRLMs reserves the right not to proceed with the Issue at anytime including after the Bid/Issue Opening Date, without assigning any reason thereof. Notwithstanding the foregoing, the Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which the Company shall apply for after Allotment and final RoC approval of the Prospectus, after it is filed with the Stock Exchanges. In terms of the SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

ISSUE STRUCTURE

The present Issue of 6,500,000 Equity Shares, at a price of Rs. [•] for cash aggregating Rs. [•] million is being made through the 100% Book Building Process. The Issue comprises a net Issue to the public of up to 6,300,000 Equity Shares of Rs. 10 each and a reservation for Eligible Employees of up to 200,000 Equity Shares of Rs. 10 each, at the Issue Price. The Issue would constitute 20.63% of the fully diluted post Issue paid up equity capital of the Company. The Net Issue would constitute 19.99% of the fully diluted post Issue paid up equity capital of the Company.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders	Employee Reservation Portion[@]
Number of Equity Shares*	At least 3,780,000 Equity Shares.	Not less than 630,000 Equity Shares or Net Issue less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 1,890,000 Equity Shares or Issue less allocation to QIB Bidders and Non-Institutional Bidders.	Up to 200,000 Equity Shares.
Percentage of Issue Size available for Allotment/ Allocation	At least 60% of Net Issue Size shall be allocated to QIBs. However, up to 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds only.	Up to 10% of Net Issue or Net Issue less allocation to QIB Bidders and Retail Individual Bidders.	Up to 30% of the Net Issue or Net Issue less allocation to QIB Bidders and Non Institutional Bidders.	Up to 200,000 Equity Shares.
Basis of Allotment/ Allocation if respective category is oversubscribed	Proportionate as follows: (a) 189,000 Equity Shares shall be allocated on a proportionate basis to Mutual Funds in the Mutual Funds Portion; (b) 3,591,000 Equity Shares shall be allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of [•] Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of [•] Equity Shares thereafter.	[•] Equity Shares.	[•] Equity Shares
Maximum Bid	Such number of Equity Shares not exceeding the Net Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the Net Issue subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 100,000.	[•] Equity Shares
Mode of Allotment	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.
Bid/Allotment Lot	[•] Equity Shares in multiples of [•] Equity Shares	[•] Equity Shares in multiples of [•] Equity Shares	[•] Equity Shares in multiples of [•] Equity Shares	[•] Equity Shares in multiples of [•] Equity Shares
Trading Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share

	QIBs	Non-Institutional Bidders	Retail Individual Bidders	Employee Reservation Portion@
Who can Apply **	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, FIIs registered with SEBI, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million in accordance with applicable law.	Resident Indian individuals, Eligible NRIs, HUF (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts.	Resident Indian individuals (including HUF's, NRI's) applying for Equity Shares such that the Bid Amount per individual Bidder does not exceed Rs. 100,000 in value.	All or any of the following: (a) a permanent employee of the Company and the Subsidiaries as of [•] and based working and present in India as on the date of submission of the Bid cum Application Form. (b) a director of the Company and the Subsidairies , except any Promoters or members of the Promoter group, whether a whole time Director part time Director or otherwise as of [•] and based and present in India as on the date of submission of the Bid cum Application Form.
Terms of Payment	QIB Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Member.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Member.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Member.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Member.
Margin Amount	At least 10% of Bid Amount	Full 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. In terms of Rule 19(2) (b) of the SCRR, this being an Issue for less than 25% of the post Issue capital, the Issue is being made through the 100% book building process with an allocation of at least 60% of the Net Issue size to Qualified Institutional Buyers, with a minimum of two million securities being offered to the public and the minimum Issue size being at least Rs. 1,000 million. Out of the 60% of the Net Issue allocated to Qualified Institutional Buyers on a proportionate basis, 5% shall be available for allocation to Mutual Funds, up to 10% of the Net Issue would be available for allocation to Non-Institutional Bidders and up to 30% of the Net Issue would be available for allocation to Retail Individual Bidders on a proportionate basis, subject to valid bids being received from them at or above the Issue Price. If at least 60% of the Net Issue cannot be allotted to QIBs, the entire application money will be refunded. Under-subscription, if any, in any category, except the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange.

** 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 the Employee Reservation Portion shall be added back to the Net Issue. Under-subscription in the Net Issue, if any, would be allowed to be met with spill over from any category or a combination of categories, at the discretion of the Company in consultation with the BRLMs. However, if at least 60% of the Issue cannot be allotted to QIBs, then the entire application money shall be refunded forthwith.

Withdrawal of the Issue

The Company in consultation with the BRLMs reserves the right not to proceed with the Issue at anytime including after the Bid/Issue Opening Date, without assigning any reason thereof. Notwithstanding the foregoing, the Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which the Company shall apply for after Allotment and final RoC approval of the Prospectus, after it is filed with the Stock Exchanges. In terms of the SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

Bidding/Issue Programme

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

Bids and any revision in Bids shall be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) during the Bidding/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 only between 10 a.m. and 1 p.m. (Indian Standard Time) and uploaded until (i) 5.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders where the Bid Amount is in excess of Rs. 100,000 and (ii) till such time as permitted by the NSE and the BSE, in case of Bids by Retail Individual Bidders, where the Bid Amount is up to Rs. 100,000. Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 1.00 p.m (Indian Standard Time) on the Bid/Issue Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids will only be accepted on working days, i.e., Monday to Friday (excluding any public holiday).

The 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 /Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding /Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the web sites of the BRLMs and at the terminals of the Syndicate.

ISSUE PROCEDURE

Book Building Procedure

In terms of Rule 19 (2)(b) of the SCRR, this is an Issue for less than 25% of the post–Issue capital of the Company, therefore, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue shall be allocated to Qualified Institutional Buyers on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 60% of the Net Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, not less than 10% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Net Issue 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. The Company is considering a Pre-IPO placement with certain investors ("Pre-IPO Placement"). The Pre-IPO Placement is at the discretion of the Company. The Company will complete the issuance, if any, of such Equity Shares prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the Issue size offered to the public will be reduced to the extent of such Pre-IPO Placement, subject to a minimum Issue size of 10% of the post Issue capital being offered to the public.

Bidders are required to submit their Bids through the Syndicate. Further, QIB Bids can be procured by and submitted only through the Syndicate Member. QIB bids cannot be submitted through brokers/ sub-agents except for Syndicate Member. In case of QIB Bidders, the Company in consultation with the BRLMs may reject Bids at the time of acceptance of Bid cum Application Form provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company will have a right to reject the Bids only on technical grounds.

Bid cum Application Form

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the 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 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 authorised our Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by 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 and Eligible NRIs applying on a non-repatriation basis	White
Non-residents including NRIs, FIIs, Foreign Venture Capital Fund registered with SEBI, Multilateral and Bilateral Development Financial Institution applying on repatriation basis	Blue
Eligible Employees	Pink

Who can Bid?

- Indian nationals resident in India who are majors, or in the names of their minor children as natural/ legal guardian, in single or joint names (not more than three);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids by HUFs would be considered at par with those from individuals;
- Companies, societies and corporate bodies registered under the applicable laws in India and authorised to invest in the equity shares;
- Mutual Funds registered with SEBI;

- Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Guidelines and regulations, as applicable;
- Venture Capital Funds registered with SEBI;
- Foreign Venture Capital Investors registered with SEBI;
- State Industrial Development Corporations;
- Trusts/ societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/ societies and who are authorised under their constitution to hold and invest in equity shares;
- Eligible NRIs on a repatriation basis or a non-repatriation basis subject to applicable laws;
- FII registered with SEBI, on a repatriation basis;
- Scientific and/ or Industrial Research Organisations authorised to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority, India;
- As permitted by the applicable laws, Provident Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
- Pension Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares; and
- Multilateral and Bilateral Development Financial Institutions.
- Persons otherwise eligible to invest under all applicable laws, rules, regulations and guidelines.

As per existing RBI regulations, OCBs are prohibited from investing in this Issue.

Note: The BRLMs and Syndicate Member shall not be entitled to participate to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLMs and Syndicate Member may subscribe for Equity Shares in the Issue, including in the QIB Portion and Non-Institutional Portion where the allocation is on a proportionate basis. Such bidding and subscription may be on their own account or on behalf of their clients.

The information below is given for the benefit of the Bidders. The Company, the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Bids by Mutual Funds

(a) 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 189,000 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. The bids made by Asset Management companies or Custodians of Mutual Funds should specifically state the name of concerned schemes for which Bids are made.

(b) As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company’s paid-up share capital carrying voting rights.

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.

Bids by NRIs

(a) Bid cum application forms have been made available for NRIs at our Registered Office, Corporate

Office, members of the Syndicate and Registrar to the Issue.

(b) NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (white in colour).

Bids by FIIs

(a) As per the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue issued capital 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 FII holding in our Company cannot exceed 24% of the total issued capital of our Company, with the approval of the Board of Directors and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as of date, no such resolution has been recommended to the shareholders of our Company for adoption

(b) 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.

Bids by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors

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, whilst the holding by any individual venture capital fund registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund, a Foreign Venture Capital Investor can invest its entire funds committed for investments into India in one company. Further, Venture Capital Funds and Foreign Venture Capital Investors can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer.

The above information is given for the benefit of the Bidders. The Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Bid Size

(a) **For Retail Individual Bidders:** The Bid must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Share thereafter, so as to ensure that the Bid Price payable by the Bidder does not exceed Rs. 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Price does not exceed Rs. 100,000. In case the Bid Price is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders portion. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

(b) **For Other Bidders (Non-Institutional Bidders and QIBs):** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of [•] Equity Shares thereafter. 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 and is required to pay QIB Margin upon submission of Bid.**

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off'.

(c) **For Employee Reservation Portion**: The Bid by each Eligible Employee has to be in multiples of [•] Equity Shares and the Bid by an Eligible Employee cannot exceed 200,000 Equity Shares.

(d) 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 the Red Herring Prospectus.

Information for the Bidders

(a) The Company will file the Red Herring Prospectus with the RoC at least 3 (three) days before the Bid/Issue Opening Date.

(b) The Company, the BRLMs shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with RoC and also publish the same in three widely circulated newspapers (one each in English, Hindi and Tamil). This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the format prescribed in Schedule XX–A of the SEBI DIP Guidelines, as amended vide SEBI Circular No. SEBI/ CFD/ DIL/ DIP/ 14/ 2005/ 25/ 1 dated January 25, 2005.

(c) The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.

(d) Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/ or the Bid cum Application Form can obtain the same from our Registered Office, Corporate Office or from any of the members of the Syndicate and should approach any of the BRLMs or Syndicate Member or their authorised agent(s) to register their bids.

(e) 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.

(f) 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.

(g) The Bidding/ Issue Period shall be for a minimum of three working days and not exceeding seven working days. In case the Price Band is revised, the revised Price Band and the Bidding/ Issue Period will be published in three national newspapers (one each in English and Hindi) and one Tamil newspaper and the Bidding/ Issue Period may be extended, if required, by an additional three days, subject to the total Bidding/ Issue Period not exceeding 10 working days.

(h) The Price Band has been fixed at Rs. [•] to Rs. [•] per Equity Share of Rs. 10 each, Rs. [•] being the lower end of the Price Band and Rs. [•] being the higher end of the Price Band. The Bidders can bid at any price with in the Price Band, in multiples of Re. 1 (One).

(i) The Company in consultation with the BRLMs reserve the right to revise the Price Band, during the Bidding Period, in accordance with SEBI Guidelines. The higher end of the Price Band should not be more than 20% of the lower end of the Price Band. Subject to compliance with the immediately preceding sentence, the lower end of the Price Band can move up or down to the extent of 20% of the lower end of the Price Band disclosed in the Red Herring Prospectus.

(j) Any revision in the Price Band and the revised, the Bidding/ Issue Period, will be widely disseminated by notification to BSE and NSE, by issuing a public notice in three widely circulated newspapers (one each in English and Hindi) and one Tamil newspaper, and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate Member.

(k) The Company in consultation with the BRLMs, can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.

Method and Process of Bidding

(a) Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph titled "Bids at Different Price Levels and Revision of Bids" on page 445 within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation/ Allotment and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.

(b) The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph titled "Bids at Different Price Levels and Revision of Bids" on page 445.

(c) The Members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.

(d) During the Bidding/ Issue Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/ investors who place orders through them and shall have the right to vet the Bids, subject to the terms of the Syndicate Agreement and the Red Herring Prospectus.

(e) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled "Terms of Payment and Payment into the Escrow Accounts" on page 451.

Bids at Different Price Levels and Revision of Bids

(a) The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may bid at Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB, Non-Institutional Bidders and such Bids shall be rejected.

(b) Retail Individual Bidders who bid at the Cut-Off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-Off Price shall deposit the Bid Price based on the higher end of the Price Band in the Escrow Account. In the event the Bid Price is higher than the subscription amount payable by the Retail Individual Bidders, who Bid at Cut off Price (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders, who Bid at Cut off Price, shall receive the refund of the excess amounts from the Escrow Account, or the Refund Account, as the case may be.

(c) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the higher end of the Revised Price Band (such that the total amount i.e., original Bid Price plus additional payment does not exceed Rs. 100,000, if such Bidder wants to continue to bid at Cut-off Price), with the Syndicate Member to whom the original Bid was submitted. In case the total amount (i.e., original Bid Price plus additional payment) exceeds Rs. 100,000 for Retail Individual Bidders the Bid will be considered for allocation under the Non-Institutional Portion in terms of the Red Herring Prospectus. If, however, such Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the higher end of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downwards for the purpose of Allotment, such that the no additional payment would be required from such Bidder and such Bidder is deemed to have approved such revised Bid at Cut-off Price or the Refund Account, as the case may be.

(d) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.

(e) In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain [•] Equity Shares irrespective of whether the Bid Price payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.

(f) During the Bidding/ Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.

(g) Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms.

(h) 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.

(i) 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.

(j) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Red Herring Prospectus. In case of QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft 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.

(k) 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.**

Bids and revisions of Bids must be:

- Made only in the prescribed Bid cum Application Form or Revision Form, as applicable.

- 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.

- For Retail Individual Bidders, the Bid must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Shares thereafter subject to a maximum Bid Amount of Rs. 100,000.

- For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Price exceeds Rs. 100,000 and in multiples of [•] Equity Shares thereafter. Bids cannot be made for more than the Issue Size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.

- NRIs for a Bid Price of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Price of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purposes of allocation; by other eligible Non Resident Bidders for a minimum of such number of Equity Shares and in multiples of [•] Equity Shares thereafter that the Bid Price exceeds Rs. 100,000.

- Bids by Non Residents, NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI on a repatriation basis shall be in the names of individuals, multilateral and bilateral development financial institutions or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

- Bid by each Eligible Employee has to be in multiples of [•] Equity Shares and the Bid by an Eligible Employee cannot exceed 200,000 Equity Shares.

(l) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).

(m) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Electronic Registration of Bids

(a) The Members of the Syndicate 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.

(b) The 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 Members of the Syndicate and their authorised agents during the Bidding/ Issue Period. Syndicate Member can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a half hourly basis. On the Bid/Issue Closing Date, the Members of the Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchanges. Bidders are cautioned that a high inflow of bids typically experienced on the last day of bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such Bids that could not be uploaded may not be considered for allocation.

(c) The aggregate demand and price for Bids registered on the electronic facilities of BSE and NSE will be uploaded on a half hourly basis, consolidated and displayed on-line at all bidding centres and the website of BSE and NSE. A graphical representation of consolidated demand and price would be made available at the bidding centres during the Bidding/ Issue Period.

(d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:

- Name of the investor (Investors should ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the depositary account is held. In case the Bid cum Application Form is submitted in joint names, investors should ensure that the depository account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form).
- Investor Category – Individual, Corporate, NRI, FII, or Mutual Fund etc.
- Numbers of Equity Shares bid for.

- Bid price.
- Bid cum Application Form number.
- Whether Margin Amount, as applicable, has been paid upon submission of Bid cum Application Form.
- Depository Participant Identification Number and Client Identification Number of the beneficiary account of the Bidder.

(e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated/ Allotment either by the members of the Syndicate or our Company.

(f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(g) In case of QIB Bidders, members of the syndicate also have the right to accept the bid or reject it. However, such rejection should be made at the time of receiving the bid and only after assigning a reason for such rejection in writing. In case on Non-Institutional Bidders and Retail Individual Bidders who Bid, Bids would not be rejected except for grounds listed on page 453.

(h) 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 our Company and/ or the BRLMs 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 the Company, our Promoter, our management or any scheme or project of our Company.

(i) It is also to be distinctly understood that the approval given by BSE and NSE should not in any way be deemed or construed that this Draft 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 Draft 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.

(j) Only bids that are uploaded on the online IPO system of the BSE and NSE shall be considered for allocation/ Allotment. In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of the BRLMs, as the case may be, based on the physical records of Bid cum Application Forms shall be final and binding on all concerned.

GENERAL INSTRUCTIONS

Do's:

1. Check if you are eligible to apply;

2. Read all the instructions carefully and complete the applicable Bid cum Application Form;

3. Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialised form only;

4. Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;

5. Ensure that you have been given a TRS for all your Bid options;

6. Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;

7. Each of the Bidders, should mention their Permanent Account Number (PAN) allotted under the I.T. Act;

8. Ensure that the Demographic Details (as defined hereinbelow) are updated, true and correct in all respects;

9. Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.

Don'ts:

1. Do not bid for lower than the minimum Bid size;

2. 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;

3. Do not bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;

4. Do not pay the Bid Price in cash, by money order or by postal order or by stockinvest;

5. Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;

6. Do not bid at Cut Off Price (for QIB Bidders and Non-Institutional Bidders);

7. 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;

8. Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

9. Do not submit the Bid without the QIB Margin Amount, in case of a Bid by a QIB.

10. Do not bid at Bid Amount exceeding Rs 1,00,000 for incase of a Bid by a Retail Individual Bidder.

Instructions for Completing the Bid cum Application Form

Bidders can obtain Bid cum Application Forms and/ or Revision Forms from the members of the Syndicate.

Bidder's Depository Account and Bank Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These Bank Account details would be used for giving refunds to the Bidders. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in despatch/ credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs or the Registrar or the Escrow Collection Banks nor the Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE

BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/ Allocation Advice and printing of Bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

In case of Bidders receiving refunds through electronic transfer of funds, delivery of refund orders/ allocation advice/ CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Company, the Registrar, Escrow Collection Bank(s) nor the BRLMs shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories, which matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

The Company in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/ CANs/ allocation advice/ refunds through electronic transfer of funds, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/ or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion into foreign currency.

As per the RBI regulations, OCBs are not permitted to participate in the Issue.

There is no reservation for Non Residents, NRIs, FIIs and foreign venture capital funds and all Non Residents, NRI, FII and foreign venture capital funds applicants will be treated on the same basis with other categories for the purpose of allocation.

Bids under Power of Attorney

a. 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 of Association and Articles of Association and/ or bye laws must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

b. 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, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

c. In case of Bids made pursuant to a power of attorney by Mutual Funds or Venture Capital Fund or Foreign Venture Captital Fund registered with SEBI,, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with the certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, the Company and the Selling Shareholders reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

d. 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, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

e. In case of Bids made by provident funds with minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

f. The Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application form, subject to such terms and conditions that the Company and the BRLMs may deem fit.

PAYMENT INSTRUCTIONS

Escrow Mechanism

The Company and the members of the Syndicate shall open Escrow Accounts with one or more 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 allocation in the Issue.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Bank (s) for and on behalf of the Bidders shall maintain the monies in the Escrow Account. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account shall be held for the benefit of the Bidders who are entitled to refunds. Payments of refund to the Bidders shall also be made from the Refund Account are per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Company, and the members of the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Accounts

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/ or on allocation/ Allotment as per the following terms.

- Each category of Bidders i.e., QIB Bidders, Non-Institutional Bidders Retail Individual Bidders and Employee Bidding under the Employee Reservation Portion, shall provide the applicable Margin Amount, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid cum Application Forms accompanied by cash shall not be accepted. The Margin Amount payable by each category of Bidders is mentioned under the section titled "Issue Structure" on page 438. 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.

- Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Price, any difference between the amount payable by the Bidder for Equity Shares allocated/ allotted at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of 2 (two) days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled.

- The payment instruments for payment into the Escrow Account should be drawn in favour of:

  (a) In case of Resident QIB Bidders: "Escrow Account – Apollo Health Street Public Issue – QIB Resident"
  (b) In case of non-resident QIB Bidders: "Escrow Account - Apollo Health Street Public Issue – QIB NR"
  (c) In case of Resident Bidders Retail and Non-Institutional Bidders: "Escrow Account - Apollo Health Street Public Issue – Resident"
  (d) In case of Non Resident Retail and Non-Institutional Bidders Bidders: "Escrow Account - Apollo Health Street Public Issue – NR"
  (e) In case of Eligible Employees: "Escrow Account - Apollo Health Street Public Issue – Employees"

- 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 Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.

- In case of Bids by FIIs, the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to Special Rupee Account.

- Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated\ will be refunded to the Bidder from the Refund Account.

- On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation/ Allotment to the Bidders.

- Payments should be made by cheque, or demand draft drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/ bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ Stockinvest/ Money Orders/ Postal orders will not be accepted.

Submission of Bid cum Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts equivalent to the Margin Amount shall be submitted to the members of the Syndicate at the time of submission of the Bid.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

Payment by Stockinvest

In terms of the Reserve Bank of India Circular No. DBOD No. FSC BC 42/ 24.47.00/ 2003-04 dated November 5, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through stockinvest would not be accepted in this Issue.

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. 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 the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

- All applications are electronically strung on first name, address (1^{st} line) and applicant's status. Further, these applications are electronically matched for common first name and address and if matched, these are checked manually for age, signature and father/ husband's name to determine if they are multiple applications.

- Applications which do not qualify as multiple applications as per above procedure are further checked for common DP ID/ beneficiary ID. In case of applications with common DP ID/ beneficiary ID, are manually checked to eliminate possibility of data entry error to determine if they are multiple applications.

- Applications which do not qualify as multiple applications as per above procedure are further checked for common PAN. All such matched applications with common PAN are manually checked to eliminate possibility of data capture error to determine if they are 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 Company reserves the right to reject, in our absolute discretion, all or any multiple Bids in any or all categories.

In cases where more than one investor has a common address, the Company may in its sole discretion, decide to review such applications in greater detail to ensure that such applicants' are not multiple applications. In such a situation, the Company will keep in abeyance the Allotment to such applicants pending the confirmation of the Know Your Customers norms by the depositories where such investors' depository accounts are maintained.

Permanent Account Number or PAN

The Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/ her Permanent Account Number (PAN) allotted under the I.T. Act. Applications without this information 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**.

GROUNDS FOR REJECTIONS

In case of QIB Bidders, the Company in consultation with the BRLMs may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders, Retail Individual Bidders and Eligible Employees who Bid, the Company have a right to reject Bids based on technical grounds.

Bidders are advised to note that Bids are liable to be rejected *inter alia* on the following technical grounds:

- Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for;
- Age of first Bidder not given;
- 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;
- Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN not stated;
- GIR number furnished instead of PAN;
- Bids for lower number of Equity Shares than specified for that category of investors;
- Bids at a price less than lower end of the Price Band;
- Bids at a price more than the higher end of the Price Band;
- Bids at Cut Off Price by Non-Institutional and QIB Bidders bidding in excess of Rs. 100,000
- Bids for number of Equity Shares which are not in multiples of [•] Equity Shares;
- Category not ticked;
- Multiple Bids as defined in this Draft Red Herring Prospectus;
- In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- Bids accompanied by Stockinvest/ money order/ postal order/ cash;
- Signature of sole and/ or joint Bidders missing;
- Bid cum Application Forms does not have the stamp of the BRLMs, or Syndicate Member;
- Bid cum Application Forms does not have Bidder's depository account details;
- Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms, Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depositary Participant's identity (DP ID) and the beneficiary's account number;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Bids in respect whereof the Bid cum Application Forms do not reach the Registrar prior to finalisation of the basis of Allotment;

- Bids where clear funds are not available in the Escrow Account as per the final certificate from the Escrow Collection Bank(s);
- Bids by QIBs not submitted through members of the Syndicate;
- Bids by OCBs;
- Bids by US persons other than "qualified institutional buyers" as defined in Rule 144A of the Securities Act or other than in reliance on Regulation S under the Securities Act; and
- Bids not duly signed by the sole/ joint Bidders;
- Bids by any persons outside India if not in compliance with applicable foreign and Indian laws.
- Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority.
- Bids or revisions thereof by QIB Bidders, Non-Institutional Bidders where the Bid Amount is in excess of Rs. 100,000, uploaded after 5.00 pm on the Bid/Issue Closing Date.
- Bids not uploaded on the electronic book shall be rejected.

Price Discovery and Allocation

(a) After the Bid/Issue Closing Date, the BRLMs will analyse the demand generated at various price levels.

(b) The Company in consultation with the BRLMs shall finalise the Issue Price.

(c) The allocation to QIBs will be at least 60% of the Net Issue (out of which 5% shall be reserved for Mutual Funds on proportionate basis) and allocation to Non-Institutional and Retail Individual Bidders will not be less than 10% and 30% of the Net Issue, respectively, on a proportionate basis, in a manner specified in the SEBI Guidelines and the Draft Red Herring Prospectus, in consultation with the Designated Stock Exchange, subject to valid bids being received at or above the Issue Price. The Company is considering a Pre-IPO placement with certain investors ("Pre-IPO Placement"). The Pre-IPO Placement is at the discretion of the Company. The Company will complete the issuance, if any, of such Equity Shares prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the Issue size offered to the public will be reduced to the extent of such Pre-IPO Placement, subject to a minimum Issue size of 10% of the post Issue capital being offered to the public.

(d) Under-subscription, if any, in the Non-Institutional category and the Retail Individual category would be met with spill over from any other category at the sole discretion of our Company in consultation with the BRLMs. However, if the aggregate demand by Mutual Funds is less than 189,000 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allotted proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB Portion has been met, undersubscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange.

(e) Under-subscription, if any, in the Employee Reservation Portion shall be added back to the Net Issue. Under-subscription in the Net Issue, if any, would be allowed to be met with spill over from any category or a combination of categories, at the discretion of the Company in consultation with the BRLMs. However, if at least 60% of the Issue cannot be allotted to QIBs, then the entire application money shall be refunded forthwith.

(f) Allocation to Eligible NRIs and FIIs applying on repatriation basis will be subject applicable law and the terms and conditions stipulated by the DIPP and RBI, while granting permission for allotment of Equity Shares to them in this Issue.

(g) Allocation to Non Residents, including Eligible NRIs, FIIs and FVCIs registered with SEBI, applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.

(h) The BRLMs, in consultation with us, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.

(i) The Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date without assigning any reasons whatsoever. In terms of the SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

(j) The details of Allotment shall be put on the website of the Registrar.

Signing of Underwriting Agreement and RoC Filing

1. The Company, the BRLMs and the Syndicate Member shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s) / Allotment to the Bidders.

2. After signing the Underwriting Agreement, the Company would update and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.

3. The Company will file a copy of the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

4. The Company will issue a statutory advertisement 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.

Issuance of CAN

1. Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLMs or Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated/ Allotted Equity Shares in the Issue. The approval of the basis of Allotment by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. However, investors should note that the Company shall ensure that the date of Allotment of the Equity Shares to all investors in this Issue shall be done on the same date.

2. The BRLMs or members of the Syndicate would dispatch a CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the entire Bid Amount into the Escrow Account at the time of bidding shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN.

3. Bidders who have been allocated/ Allotted Equity Shares and who have already paid the Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of his or her cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for the Allotment to such Bidder.

4. The Issuance of CAN is 'Subject to "Allotment Reconciliation and Revised CANs" as set forth herein.

Notice to QIBs: Allotment Reconciliation and Revised CANs

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bid applications received. Based on the electronic book, QIBs will be sent a CAN indicating the number of Equity Shares that may be Allotted to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the physical book prepared by the Registrar.

Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange and specified in the physical book. 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. It is not necessary that a revised CAN will be sent. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased Allotment of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Designated Date and Allotment of Equity Shares

(a) The Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, the Company would ensure the credit to the successful Bidders depository account. Allotment of the Equity Shares to the allottees shall be within two working days of the date of Allotment.

(b) In accordance with the SEBI Guidelines, Equity Shares will be issued, and Allotment shall be made only in the dematerialised form to the allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ Allotted to them pursuant to this Issue.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

"Any person who:

(a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

(b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,

shall be punishable with imprisonment for a term which may extend to five years."

Basis of Allotment

A. For Retail Individual Bidders

(a) 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.

(b) The Net 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.

(c) If the aggregate demand in this category is less than or equal to 1,890,000 Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.

(d) If the aggregate demand in this category is greater than 1,890,000 Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of [•]

Equity Shares. For the method of proportionate basis of Allotment, refer below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.

- The Net Issue size less Allotment to QIBs and Retail Portion shall be available for Allotment to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

- If the aggregate demand in this category is less than or equal to 630,000 Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.

- In case the aggregate demand in this category is greater than 630,000 Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of [•] Equity Shares. For the method of proportionate Basis of Allotment refer below.

C. For Employee Reservation Portion

- The Bid must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Shares thereafter. The allotment in the Employee Reservation Portion will be on a proportionate basis. Bidders under the Employee Reservation Portion applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may bid-at Cut off Price.

- The maximum Bid under the Employee Reservation Portion cannot exceed 200,000 Equity Shares.

- Bids received from the Eligible 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 Eligible Employees will be made at the Issue Price.

- If the aggregate demand in this category is less than or equal to 200,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.

- If the aggregate demand in this category is greater than 200,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of [•] Equity Shares and in multiple of [•] Equity Share thereafter. For the method of proportionate basis of allocation, refer below.

- Only Eligible Employees eligible to apply under Employee Reservation Portion.

D. For QIBs

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the QIB Bidders will be made at the Issue Price.

- The QIB Portion shall be available for Allotment to QIB Bidders who have bid in the Net Issue at a price that is equal to or greater than the Issue Price.

- Allotment shall be undertaken in the following manner:

    (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:

(i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.

(ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full Allotment to the extent of valid bids received above the Issue Price.

(iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for Allotment to all QIB Bidders as set out in (b) below;

(b) In the second instance Allotment to all QIBs shall be determined as follows:

(i) In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be Allotted Equity Shares on a proportionate basis for 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.

- The aggregate Allotment to QIB Bidders shall not be less than 3,780,000 Equity Shares.

Illustration of Allotment to QIBs and Mutual Funds ("MF")

A. Issue Details

Sr. No.	Particulars	Issue details
1	Issue size	200 million equity shares
2	Allocation to QIB (60%)	120 million equity shares
	Of which:	
	a. Allocation to MF (5%)	6 million equity shares
	b. Balance for all QIBs including MFs	114 million equity shares
3	No. of QIB applicants	10
4	No. of shares applied for	500 million equity shares

B. Details of QIB Bids

S.No	Type of QIB bidders#	No. of shares bid for (in million)
1	A1	50
2	A2	20
3	A3	130
4	A4	50
5	A5	50
6	MF1	40
7	MF2	40

S.No	Type of QIB bidders#	No. of shares bid for (in million)
8	MF3	80
9	MF4	20
10	MF5	20
	Total	**500**

 # A1-A5: (QIB bidders other than MFs), MF1-MF5 (QIB bidders which are Mutual Funds)

C. Details of Allotment to QIB Bidders/ Applicants

Number of equity shares in million

Type of QIB bidders	Shares bid for	Allocation of 6 million Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 114 million Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	**(II)**	**(III)**	**(IV)**	**(V)**
A1	50	0	11.40	0
A2	20	0	4.56	0
A3	130	0	29.64	0
A4	50	0	11.40	0
A5	50	0	11,40	0
MF1	40	1.2	9.12	10.32
MF2	40	1.2	9.12	10.32
MF3	80	2.4	18.24	20.64
MF4	20	0.6	4.56	5.16
MF5	20	0.6	4.56	5.16
	500	**6**	**114**	**51.64**

Please note:

1. The illustration presumes compliance with the requirements specified in this Draft Red Herring Prospectus in the section titled "Issue Structure" beginning on page 438.

2. Out of 120 million Equity Shares allocated to QIBs, 6 million (i.e. 5%) will be allocated on proportionate basis among 5 Mutual Fund applicants who applied for 200 shares in QIB category.

3. The balance 114 million Equity Shares (i.e. 120 - 6 (available for MFs)) will be allocated on proportionate basis among 10 QIB applicants who applied for 500 Equity Shares (including 5 MF applicants who applied for 200 Equity Shares).

4. The figures in the fourth column titled "Allocation of balance 114 million Equity Shares to QIBs proportionately" in the above illustration are arrived as under:

   - For QIBs other than Mutual Funds (A1 to A5)= No. of shares bid for (i.e. in column II) X 114 / 494
   - 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 114/494

- The numerator and denominator for arriving at allocation of 114 million shares to the 10 QIBs are reduced by 6 million shares, which have already been Allotted to Mutual Funds in the manner specified in column III of the table above.

Method of Proportionate Basis of Allotment in the Issue

In the event of the Issue being over-subscribed, the Company shall finalise the basis of Allotment in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs and the Registrar to the Issue shall be responsible for ensuring that the basis of Allotment is finalised in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

a) Bidders will be categorised according to the number of Equity Shares applied for.

b) The total number of Equity Shares to be Allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

c) Number of Equity Shares to be Allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.

d) In all Bids where the proportionate Allotment is less than [•] Equity Shares per Bidder, the Allotment shall be made as follows:

- Each successful Bidder shall be Allotted a minimum of [•] Equity Shares; and

- 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.

e) If the proportionate Allotment to a Bidder is a number that is more than [•] but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.

f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the Allotted shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Payment of Refund

Bidders must note that on the basis of name of the Bidders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Bid cum Application Form, the Registrar will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. Hence Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither the Company, the Registrar, Escrow Collection Bank(s), Bankers to the Issue nor the BRLMs shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

Mode of making refunds

The payment of refund, if any, would be done through various modes as given hereunder:

- ECS – Payment of refund would be done through ECS for applicants having an account at any of the having an account at any of the centres where such facility has been made available. 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 abovementioned centres, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS.

- Direct Credit – Applicants having bank accounts with the Refund Banker(s), as mentioned in the Bid cum Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.

- RTGS – Applicants having a bank account at any of the abovementioned centres and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid cum application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

- NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency, else payments of refunds will be made through any other modes as discussed in the section

- 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.

Letters of Allotment or Refund Orders

We shall give credit to the beneficiary account with depository participants within two working days from the date of the finalisation of basis of allocation. Applicants residing at centres where clearing houses are managed by the RBI, will get refunds through ECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS. We shall ensure despatch of refund orders, if any, of value up to Rs.1,500 by "Under Certificate of Posting", and shall dispatch refund orders above Rs.1,500, if any, by registered post or speed post at the sole or First Bidder's sole risk within 15 days of the Bid/Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be send a letter through ordinary post intimating them about the mode of credit of refund within 15 days of closure of Bid/Issue.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI DIP Guidelines, the Company further undertakes that:

- Allotment of Equity Shares will be made only in dematerialised form within 15 days from the Bid/Issue Closing Date;

- The Company shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if Allotment is not made, refund orders are not dispatched and/ or demat credits are not made to investors within the 15 day time prescribed above.

- The Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as an Escrow Collection Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Disposal of Applications and Application Moneys and Interest in Case of Delay

The Company ensures dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within two working days of date of Allotment of Equity Shares.

In case of applicants who receive refunds through ECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 15 days from the Bid/Issue Closing Date. A suitable communication shall be sent to the bidders receiving refunds through this mode within 15 days of Bid/Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within seven working days of Allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, the Company further undertakes that:

Allotment of Equity Shares shall be made only in dematerialised form within 15 (fifteen) days of the Bid/Issue Closing Date;

(a) Dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 15 (fifteen) days of the Bid/Issue Closing Date would be ensured; and

(b) The Company shall pay interest at 15% per annum for any delay beyond the 15 (fifteen)-day time period as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/ or demat credits are not made to investors within the 15 (fifteen)-day time prescribed above as per the guidelines issued by the GoI, Ministry of Finance pursuant to their letter No. F/ 8/ S/ 79 dated July 31, 1983, as amended by their letter No. F/ 14/ SE/ 85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Undertakings by our Company

We undertake the following:

1. That the complaints received in respect of this Issue shall be attended to by us expeditiously;

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 funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Issuer.

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 Bid/Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

5. That the certificates of the securities/ refund orders to the non-resident Indians shall be despatched within specified time; and

6. That no further issue of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

The Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Utilisation of Issue proceeds

Our Board of Directors certify that:

- All monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;

- Details of all monies utilised out of Issue shall be disclosed under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilised;

- Details of all monies utilised out of the funds received from Employee Reservation Portion shall be disclosed under an appropriate head in the balance sheet of the Company, indicating the purpose for which such monies have been utilised;

- Details of all unutilised monies out of the Issue, if any shall be disclosed under the appropriate head in the balance sheet indicating the form in which such unutilised monies have been invested;

- Details of all unutilized monies out of the funds received from the Employee Reservation Portion shall be disclosed under a separate head in the balance sheet of the Company, indicating the form in which such unutlilised monies have been kept;

- Our Company shall comply with the requirements of Clause 49 of the Listing Agreement in relation to the disclosure and monitoring of the utilization of the proceeds of the Issue.

Withdrawal of the Issue

The Company in consultation with the BRLMs reserves the right not to proceed with the Issue at anytime including after the Bid/Issue Opening Date, without assigning any reason thereof. Notwithstanding the foregoing, the Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which the Company shall apply for after Allotment and final RoC approval of the Prospectus, after it is filed with the Stock Exchanges. In terms of the SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

Equity Shares in Dematerialised Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Allotment of Equity Shares in this Issue shall be only in a de-materialised 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 the Company, the respective Depositories and the Registrar to the Issue:

a) Agreement dated December 28, 2007with NSDL, the Company and the Registrar to the Issue;

b) Agreement dated December 10, 2007 with CDSL, the Company and the Registrar to the Issue.

All Bidders can seek Allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the

Depository Participants of either NSDL or CDSL prior to making the Bid.

b) The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Bid cum Application Form or Revision Form.

c) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder

d) Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.

e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.

f) The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.

g) Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

h) The trading of the Equity Shares of the Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

i) Investors may note that, post Allotment in the Issue, they may convert dematerialized shares to physical certificates in compliance with the Articles of Association, the Depositories Act and the Companies Act. However, please take note of clause (h) above.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Investors can contact the Compliance Officer or the Registrar to the Issue 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 accounts, refund orders etc.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of GoI and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. As per current foreign investment policies, foreign investment in the IT/ITES sector falls under the RBI automatic approval route for FDI (including investment by NRIs) of up to 100 %.

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 the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

Transfers of equity shares previously required the prior approval of the FIPB. However, vide a RBI circular dated October 4, 2004 issued by the RBI, the transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment (FDI) Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (ii) the non-resident shareholding is within the sectoral limits under the FDI policy, and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/ RBI.

Subscription by foreign investors (NRIs/ FIIs)

There is no reservation for Non Residents, NRIs, FIIs, foreign venture capital funds, multi-lateral and bilateral development financial institutions and any other foreign investor. All Non Residents, NRIs, FIIs and foreign venture capital funds, multi-lateral and bilateral development financial institutions and any other foreign investor applicants will be treated on the same basis with other categories for the purpose of allocation.

As per existing regulations, OCBs cannot participate in the Issue.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act") and may not be offered or sold within the United States or to, or for the account or benefit of, "US 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) within the United States to "qualified institutional buyers", in reliance on Rule 144A under the Securities Act, and (ii) outside the United States to non-US persons in offshore transactions in reliance on Regulation S under the Securities Act.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (the Securities Act) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Bidders. The Company, the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION VIII - MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

1. (a) The Regulations contained in Table 'A' in Schedule 1 of the Companies Act, 1956, shall be deemed to be incorporated in these Articles and to apply to the Company, in so far as they are not inconsistent with the provisions contained in these Articles.

3. *Authorised Share Capital*

The authorized share capital of the Company shall be such amount as is given, in Clause [V] of the Memorandum of Association.

4. *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 Board of 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 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. Without prejudice to the generality of the forgoing, the Directors shall also be empowered to issue Shares for the purposes of granting stock options to its permanent employees under the terms and conditions of the SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 or any other applicable law, as amended from time to time. 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.

5. *Consideration for Allotment:*

The Board of Directors may allot and issue shares of the Company as payment or part payment for any property purchased by the Company or in respect of goods sold or transferred or machinery or appliances supplied or for services rendered to the Company in or about the formation of the Company or the acquisition and or in the conduct of its business; and any shares which may be so allotted may be issued as fully/partly paid up shares and if so issued shall be deemed as fully/partly paid up shares.

6. *Restriction on Allotment*

a. The Directors shall in making the allotments duly observe the provision of the Act;

b. The amount payable on application on each share shall not be less than 5% of the nominal value of the share; and

c. Nothing therein contained shall prevent the Directors from issuing fully paid up shares either on payment of the entire nominal value thereof in cash or in satisfaction of any outstanding debt or obligation of the Company

7. *Increase of Capital*

The Company at its General Meeting may, from time to time, by an Ordinary Resolution increase the capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. The new shares shall be issued on such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe, and in particular, such shares may be issued with a preferential or qualified right to dividends, and in the distribution of assets of the Company and with a right of voting at General Meeting of the Company in conformity with Section 87 of the Companies Act 1956. Whenever the capital of the Company has been increased under the provisions of the Articles, the Directors shall comply with the provisions of Section 97 of the Act.

8. *Reduction of Capital*

The Company may, subject to the provisions of Sections 78, 80, 100 to 105 (both inclusive) and other applicable provisions of the Act from time to time, by Special Resolution reduce its capital and any Capital Redemption Reserve Account or Share Premium Account in any manner for the time being authorized by law, and in particular, the capital may be paid off on the footing that it may be called up again or otherwise.

9. *Sub-division and Consolidation of Shares:*

Subject to the provisions of Section 94 of the Act, the Company in General Meeting, may by an ordinary resolution from time to time:

(a) Divide, sub-divide or consolidate its shares, or any of them, and the resolution whereby any share is sub-divided, may determine that as between the holders of the shares resulting from such sub-division one or more of such shares have some preference of special advantage as regards dividend capital or otherwise as compared with the others

(b) Cancel shares which at the date of such general meeting have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

10. *New capital part of the existing capital:*

Except so far as otherwise provided by the conditions of the 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.

11. *Power to issue Shares with differential voting rights:*

The Company shall have the power to issue Shares with such differential rights as to dividend, voting or otherwise, subject to the compliance with requirements as provided for in the Companies (Issue of Share Capital with Differential Voting Rights) Rules, 2001, or any other law as may be applicable.

12. *Power to issue preference shares:*

Subject to the provisions of Section 80 of the Act, the Company shall have the powers to issue preference shares which are liable to be redeemed and the resolution authorizing such issue shall prescribe the manner, terms and conditions of such redemption.

13. *Further Issue of Shares:*

(1) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares, either out of unissued capital or out of increased share capital, then

a) 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 circumstances admit, to the capital paid up on those share at that date.

b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of offer within which the offer, if not accepted will be deemed to have been declined.

c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right, Provided That the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.

d) After the 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 may dispose of them in such manner and to such person(s) as they may think, in their sole discretion, fit and beneficial to the Company.

(2) Notwithstanding anything contained in sub-clause (1) thereof the further shares aforesaid may be offered to any persons {whether or not those persons include the persons referred to in clause (a) of sub- clause (1) hereof) in any manner whatsoever.

(a) If a special resolution to that effect is passed by the Company in General Meeting, or

(b) 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 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.

(3) Nothing in sub-clause (c) of (1) hereof shall be deemed:

(a) To extend the time within which the offer should be accepted; or

(b) To authorize 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.

(4) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company:

(a) To convert such debentures or loans into shares in the Company; or

(b) 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

(i) In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debentures or raising of the loans.

14. Rights to convert loans into capital

Notwithstanding anything contained in sub-clauses(s) above, but subject, however, to Section 81(3) of the Act, the Company may increase its subscribed capital on exercise of an option attached to the debentures or loans raised by the Company to convert such debentures or loans into shares or to subscribe for shares in the Company.

15. Allotment on application to be acceptance of shares:

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 purpose of these articles, be a Member.

16. *Returns on allotments to be made or Restrictions on Allotment*

The Board shall observe the restrictions as regards allotment of shares to the public contained in Section 69 and 70 of the Act, and as regards return on allotments, the Directors shall comply with Section 75 of the Act.

17. *Money due on shares to be a debt to the Company:*

The money (if any) which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise in respect of any shares allotted by them, shall immediately on the inscription of the name of allottee in the Register of Members as the name of the holder of such shares become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

18. *Members or heirs to pay unpaid amounts:*

Every Member or his heir's executors or administrators shall pay to the Company the portion of the capital represented by his share or shares which may, for the time being remain unpaid thereon, in such amounts, at such time or times and in such manner, as the Board shall from time to time, in accordance with the Company's regulations require or fix for the payment thereof.

19. *a)* *Every Member entitled to certificate for his shares:*

(i) Every member or allottee of shares shall be entitled, without payment, to receive one or more certificates specifying the name of the person in whose favour it is issued, the shares to which it relates, and the amount paid thereon. Such certificates shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of fractional coupon of requisite value, save in case of issue of share certificates against letters of acceptance of or renunciation or in cases of issues of bonus shares.

(ii) Every such certificate shall be issued under the seal of the Company, which shall be affixed in the presence of (1) two Directors or persons acting on behalf of the Directors under duly registered powers of attorney; and (2) the Secretary or some other persons appointed by the Board for the purpose and the two Directors or their attorneys and the secretary or other persons shall sign the Share Certificate, provided that if the composition of the Board permits, atleast one of the aforesaid two Directors shall be a person other than a Managing or Whole-time Director.

(iii) Particulars of every share certificate issued shall be entered in the Registrar of Members against the name of the person to whom it has been issued, indicating date of issue.

b) *Joint ownership of shares:*

Any two or more joint allottees of shares shall be treated as a single member for the purposes of this article and any share certificate, which may be the subject of joint ownership, may be delivered to any one of such joint owners on behalf of all of them. The Company shall comply with the provisions of Section 113 of the Act.

c) *Director to sign Share Certificates:*

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 materials use for the purpose.

d) *Issue of new certificate in place of one defaced, lost or destroyed or Renewal of Certificates*

If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. 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.

The provision of these Articles shall mutatis mutandis apply to debentures of the Company.

e) *Renewal of Share Certificate:*

When a new share certificate has been issued in pursuance of clause(d) of this article, it shall state on the face of it and against the stub or counterfoil to the effect that it is issued in lieu of share certificate No………….. sub-divided/replaced on consolidation of shares.

f) When a new certificate has been issued in pursuance of clause (d) of this Article, it shall state on the face of it against the stub or counterfoil to the effect that it is duplicate issued in lieu of share certificate No……. The word 'Duplicate' shall be stamped or punched in bold letters across the face of the share certificate and when a new certificate has been issued in pursuance of clauses (c), (d), (e) and (f) of this Article, particulars of every such share certificate shall be entered in a Register of Renewed and Duplicate Certificates indicating against it ,the names of the persons to whom the certificate is issued, the number and the necessary changes indicated in the Register of Members by suitable cross references in the "remarks" column.

g) All blank forms, share certificates shall be printed only on the authority of a resolution duly passed by the Board.

20. *Rules to issue share certificates:*

The rules under "The Companies (Issue of Share Certificate) Rules, 1960 shall be complied with in the issue, reissue, renewal of share certificates and the format sealing and signing of the certificates and records of the certificates issued shall be maintained in accordance with the said rules. The Company shall keep ready share certificates for delivery within 2 months after allotment.

21. *Responsibilities to maintain records:*

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 maintenance, preservation and safe custody of all books and documents relating to the issue of share certificates.

22. *Rights of Joint Holders*

If any share stands in the names 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 meeting and the transfer of the shares be deemed the sole holder thereof but the joint holders of share shall be severally as well as jointly liable for payment of all installments and calls due in respect of such share and for all incidents thereof according to the Company's regulations.

22. *Limitation Of Time For Issue Of Certificates*

Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of app1ication of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe or approve provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate to one of several joint holders shall be sufficient delivery to all such holders.

23. *Commission for placing shares, debentures, etc:*

a) Subject to the provisions of the Act, the Company may at any time pay a commission to any person for subscribing or agreeing to subscribe (whether absolutely of conditionally) for any shares, debentures, or debenture-stock of the Company or underwriting or procuring or agreeing to procure subscriptions (whether absolute or conditional) for shares, debentures or debenture-stock of the Company

b) The Company may also, in any issue, pay such brokerage as may be lawful.

24. *Company's lien on shares /debentures*

The Company shall have a first and paramount lien upon all the shares /debentures (other than fully paid up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at fixed time in respect of such shares/debentures, and no equitable interest in any shares shall be created except upon the footing and condition that this Articles is to have full effect and such lien shall extend to all dividends and interest from time to time declared in respect of such shares/debentures. Unless otherwise agreed, the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from provisions of this clause.

25. *Enforcing lien by sale:*

For the purpose of enforcing such lien, the Board may sell the shares subject thereto in such manner as they think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and may 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 have served on such member or his representative 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.

26. *Application of sale proceeds:*

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 lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

27. *Board to have right to make calls on shares*

The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by 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 each member shall pay the amount of every call so made on him to the person or persons and the member(s) and place(s) appointed by the Board. A call may be made payable by installments.

Provided that the Board shall not give the option or right to call on shares to any person except with the sanction of the Company in General Meeting.

28. *Notice for call:*

Fourteen days notice in writing of any call shall be given by the Company specifying the date, time and places of payment and the person or persons to whom such call be paid.

29. *Call when made:*

The Board of Directors may, when making a call by resolution, determine the date on which such call shall be deemed to have been made not being earlier than the date of resolution making such call, and thereupon the call shall deemed to have been made on the date so determined and if no such date is so determined a call shall be deemed to have been made at the date when the resolution authorizing such call was passed at the meeting of the Board.

30. *Liability of joint holders for a call:*

The joint-holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

31. *Board to extend time to pay call:*

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 to all or any of the members The Board may be fairly entitled to grant such extension, but no member shall be entitled to such extension, save as a matter of grace and favour.

32. *Calls to carry Interest*:

If a 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 5% per annum or such lower rate as shall from time to time be fixed by the Board but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member.

33. *Dues deemed to be calls:*

Any sum, which as per the terms of issue of a share becomes payable on allotment or at a fixed date whether on account of the nominal value of the share or by way of premium, shall for the purposes of the Articles be deemed to be a call duly made and payable on the date on which by the terms of issue the same may become payable and in case of non payment all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

34. *Proof of dues in respect of share*

On any trial or hearing of any action or suit brought by the Company against any member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares it shall be sufficient to prove (i) that the name of the members in respect of whose shares the money is sought to be recovered appears entered in the Register of Members as the holder, at or subsequent to the date on which the money sought to be recovered is alleged to have become due on the shares, (ii) that the resolution making the call is duly recorded in the minute book, and that notice of such call was duly given to the member or his representatives pursuance of these Articles, and (iii) it shall not be necessary to prove the appointment of the Directors who made such call, nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive of the debt.

35. Partial payment not to preclude forfeiture:

Neither a judgment nor a decree in favour of the Company, for call or other moneys due in respect of any share nor any part payment or satisfaction thereunder, nor the receipt by the Company of a portion of any money which shall, from time to time be due from any member to the Company in respect of his shares either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money shall preclude the Company from thereafter proceeding to enforce forfeiture of such shares as hereinafter provided.

36. Payment in anticipation of call may carry interest

(a) The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

(b) The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment become presently payable.

(c) The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.

37. Board to have right to forfeit shares:

If any member fails to pay any call or installment of a call or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may at any time thereafter during such time as the call or installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

38. Notice for forfeiture of shares:

(a) The notice shall name a further day (not earlier than the expiration of fourteen days from the date of notice) and place or places on which such call or installment and such interest thereon (at such rate as the Directors shall determine from the day on which such call or installment ought to have been paid) and expenses as aforesaid, are to be paid.

(b) The notice shall also state that in the event of the non-payment at or before the time the call was made or installment is payable the shares will be liable to be forfeited.

39. Effect of forfeiture

If the requirements of any such notice as aforesaid were not complied with, every or any share in respect of which such notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited share and not actually paid before the forfeiture.

40. Notice of forfeiture:

When any share shall have been so forfeited, notice of the forfeiture shall be given to the member on whose name it stood immediately prior to the forfeiture and any entry of the forfeiture with the date thereof, shall forthwith be made in the Register of Member, 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.

41. *Forfeited share to be the property of the Company:*

Any share so forfeited shall be deemed to be the property of the Company and may be sold, re-allocated 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.

42. *Member to be liable even after forfeiture:*

Any member whose shares have been forfeited shall, notwithstanding the forfeiture be liable to pay and shall forthwith pay to the Company on demand all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture together with the interest thereon from time to time of the forfeiture until payment at such rates as the Board may determine and the Board may enforce the payment thereof, if it thinks fit.

43. *Claims against the Company to extinguish on forfeiture:*

The forfeiture of a share involves extinction, at the time of the forfeiture of all interest in and all claims and demands against the Company, in respect of the shares and all other rights incidental to the share, except only such of those rights as by these Articles expressly saved.

44. *Evidence of forfeiture:*

A duly verified declaration in writing that the declarant is a Director or Secretary of the Company, and that a share in the Company has been duly forfeited in accordance with these Articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares**.**

45. *Effecting sale of shares***:**

Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinafter given, the Board may appoint some person to execute an instrument of transfer of the shares sold, cause the purchaser's name to be entered in the register in respect of the share 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.

46. *Certificate of forfeited shares to be void:*

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 relevant 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 have no effect and the Directors shall be entitled to issue a new certificate or certificates in respect of the said shares to the person or persons entitled thereto.

47. *Board entitled to cancel forfeiture:*

The Board may at any time before any share so forfeited shall have them sold, re-allotted or otherwise disposed of, cancel the forfeiture thereof upon such conditions at it thinks fit.

48. *Register of Transfers*

The Company shall keep a "Register of Transfers" and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any shares.

49. *Endorsement of Transfer:*

In respect of any transfer of shares registered in accordance with the provisions of these Articles, the Board may, at their discretion, direct an endorsement of the transfer and the name of the transferee and other particulars on the existing share certificate and authorize any Director or officer of the Company to authenticate such endorsement on behalf of the Company or direct the issue of a fresh share certificate, in lieu of and in cancellation of the existing certificate in the name of the transferee.

50. *Instrument of Transfer:*

The instrument of transfer of any share shall be in writing and all the provisions of Section 108 of the Act, and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof. The Company shall use a common form of transfer in all cases.

51. *Executive transfer instrument:*

Every such instrument of transfer shall be executed both by the transferor and the transferee and the transferor shall be deemed to remain holder of the shares until the name of the transferee is entered in the register of members in respect thereof. The instrument of transfer shall be in respect same class of shares and should be in the form prescribed under the Act.

52. *Closing Register of transfers and of Members:*

The Board shall be empowered, on giving not less than seven days notice by advertisement in a newspaper circulating in the district in which the registered office of the Company is situated, to close the transfer books, the register of members, the 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 each year as it may seem expedient.

53. *Directors may refuse to register transfer:*

Subject to the provisions of Section 111A, these Articles and other applicable provisions of the Act or any other law for the time being in force the Board may refuse whether in pursuance of any power of the company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a Member in or debentures of the Company. The Company shall within one month from the date on which the instrument of transfer or intimation of such transmission, as the case may be, was delivered to the Company, send to the transferee and transferor notice of the refusal to register such transfer, giving reasons for such refusal. Provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever, except when the Company has a lien on the shares.

54. *Transfer of partly paid shares:*

Where in the case of partly paid shares, an application for registration is to be made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 110 of the Act.

55. *Survivor of joint holders recognized:*

In case of the death of any one or more persons named in the Register of Members as the joint-holders of any shares, the survivors shall be the only person recognized by the Company as having any title to or interest in such share but nothing therein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person.

56. *Title to shares of deceased members:*

The executors or administrators or holders of a Succession Certificate or the legal representatives of a deceased member (not being one or two joint holders) shall be the only person recognized by the Company as having any title to the shares registered in the name of such member, and the Company shall be bound to recognize such executors or administrators or holders of a Succession Certificate or the legal representatives shall have first obtained Probate holders or Letter of Administration or Succession Certificate as the case may be, from a duly constituted Court in the Union of India., Provided that in any case where the Board in its absolute discretion, thinks fit, the Board may dispense with the production of Probate or Letter of Administration or Succession Certificate, upon such terms as to indemnity or otherwise as the Board in its absolute discretion may think necessary and 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

57. Transfers not permitted:

No share shall in any circumstances be transferred to any infant, insolvent or person of unsound mind, except fully paid shares through a legal guardian.

58. Transmission of shares:

Subject to the provisions of these presents , any person becoming entitled to shares in consequence of the death, lunacy , bankruptcy or insolvency of any members, or by any lawful means other than by a transfer in accordance with these Articles may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence as the Board thinks sufficient, that he sustains the character in respect of which he proposes to act under this Articles, or of his title, either be registering 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, if such person shall elect to have his nominee registered, he shall testify that election by executing in favour of his nominee an instrument of transfer in accordance with the provision herein contained and until he does so he shall not be freed from any liability in respect of the shares.

59. Rights on Transmission:

A person entitled to a share by transmission shall, subject to the Directors right to 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 share.

60. Instrument of transfer to be stamped:

Every instrument of transfer shall be presented to the Company duly stamped for registration, accompanied by such evidence as the Board may require to prove the title of the transferor his right to transfer the shares and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board.

61. Share Certificates to be surrendered:

Before the registration of a transfer, the certificate or certificates of the share or shares to be transferred must be delivered to the Company along with (save as provided in Section 108) properly stamped and executed instrument of transfer.

62. No fee on Transfer or Transmission:

No fee shall be charged for registration of transfers, transmission, Probate, Succession Certificate and Letters of Administration, Certificate of Death or Marriage, Power of Attorney or similar other documents.

63. Company not liable to notice of equitable rights:

The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the register of members) to the prejudice of persons having or claiming any equitable rights, title or interest in the said shares, notwithstanding that the Company may have had notice of such equitable rights referred thereto in any books of the Company and the Company shall not be bound by or required to regard or attend to or give effect to any notice which may be given to it of any equitable rights, title or interest or be under any liability whatsoever for refusing or neglecting to do so, though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the board shall so think fit.

64. *Dematerialisation of Securities :*

(ii) *Company to Recognize Interest in Dematerialized Securities Under The Depositories Act, 1996.*

Either the Company or the investor may exercise an option to issue, de-link, hold the securities (including shares) with a depository in Electronic form and the certificates in respect thereof shall be dematerialized, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereto shall be governed by the provisions of the Depositories Act, 1996 as amended from time to time or any statutory modification(s) thereto or re-enactment thereof.

(iii) *Dematerialisation/Re-Materialisation Of Securities:*

Notwithstanding anything to the contrary or inconsistent contained in these Articles, the Company shall be entitled to dematerialize its existing securities, re-materialize its securities held in Depositories and/or offer its fresh securities in the de-materialized form pursuant to the Depositories Act, 1996 and the rules framed there under, if any.

(iv) *Option To Receive Security Certificate Or Hold Securities With Depository:*

Every person subscribing to or holding securities of the Company shall have the option to receive the security certificate or hold securities with a Depository. Where a person opts to hold a security with the Depository, the Company shall intimate such Depository of the details of allotment of the security and on receipt of such information, the Depository shall enter in its record, the name of the allottees as the beneficial owner of that security.

(v) *Securities In Electronic Form:*

All securities held by a Depository shall be dematerialized and held in electronic form. No certificate shall be issued for the securities held by the Depository. Nothing contained in Section 153, 153A, 153B, 187 B, 187 C and 372 of the Act, shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners.

(vi) Beneficial Owner Deemed As Absolute Owner:

Except as ordered by the Court of competent jurisdiction or by law required, the Company shall be entitled to treat the person whose name appears on the register of members as the holders of any share or whose name appears as the beneficial owner of the shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognize any benami, Trust Equity, equitable contingent, future, partial interest, other claim to or interest in respect of such shares or (except only as by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has expressed or implied notice thereof but the Board shall at their sole discretion register any share in the joint names of any two or more persons or the survivor or survivors of them.

(vii) Rights Of Depositories And Beneficial Owners:

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.

Save as otherwise provided above, the Depository is the registered owner of the securities, and shall not have any voting rights or any other rights in respect of the securities held by it.

Every person holding securities of the Company and whose name is entered as a 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

(viii) Register And Index Of Beneficial Owners:

The Company shall cause to be kept a Register and Index of members with details of shares and debentures held in materialized and dematerialized forms in any media as may be permitted by law including any form of electronic media.

The Register and Index of beneficial owners maintained by a Depository under the Depositories Act, 1996 shall be deemed to be a Register and Index of members for the purposes of this Act. The Company shall have the power to keep in any state or country outside India a Branch register of Members resident in that State or Country.

(ix) Cancellation Of Certificates Upon Surrender By Person:

Upon receipt of certificate of securities on surrender by a person who has entered into an agreement with the Depository through a participant, the Company shall cancel such certificates and shall substitute in its record, the name of the depository as the Registered owner in respect of the said securities and shall also inform the Depository accordingly.

(x) Service Of Documents:

Notwithstanding anything contained in the Act, or these Articles, to the contrary, where securities are held in a depository, the record of the beneficial ownership may be served by such depository on the Company by means of hard copies or through electronic mode or by delivery of floppies or discs.

(xi) Allotment Of Securities:

Where the securities are dealt within a Depository, the Company shall intimate the details of allotment of relevant securities to the Depository on allotment of such securities.

(xii) Transfer Of Securities:

The Company shall keep a Register of Transfers and shall have recorded therein fairly and distinctly, particulars of every transfer or transmission of any share held in material form. Nothing contained in these Articles shall apply to transfer of securities held in depository.

(xiii) Distinctive Number Of Securities Held In A Depository

The shares in the capital shall be numbered progressively according to their several denominations, provided, however that the provisions relating to progressive numbering shall not apply to the share of the Company which are in dematerialized form. Except in the manner provided under these Articles, no share shall be sub-divided. Every forfeited or surrendered share be held in material form shall continue to bear the number by which the same was originally distinguished.

(xiv) Provisions Of Articles To Apply To Shares Held In Depository:

Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares held in physical form subject to the provisions of the Depository Act, 1996.

(xv) Depository To Furnish Information :

Every Depository shall furnish to the Company information about the transfer of securities in the name of the beneficial owner at such intervals and in such manner as may be specified by laws and the Company in that behalf.

(xvi) Option To Opt Out In Respect Of Any Such Security:

If a beneficial owner seeks to opt out of a Depository in respect of any security, he shall inform the Depository accordingly. The Depository shall on receipt of such information make appropriate entries in its records and shall inform the Company. The Company shall within 30 (thirty) days of the receipt of intimation from a Depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial owner or the transferee as the case may be.

(xvii) Overriding Effect Of This Article:

Provisions of the Articles will have full effect and force not withstanding anything to the contrary or inconsistent contained in any other Articles of these presents.

65. Nomination Facility:

(I) Every holder of shares, or holder of debentures of the Company may at any time, nominate, in the prescribed manner a person to whom his shares in or debentures of the Company shall rest in the event of his death.

(II) Where the shares in or debentures of the Company or held by more than one person jointly, the joint holders may together nominate in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company shall rest in the event of death of all the joint holders.

(III) Notwithstanding any thing contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise in respect of such shares in or debentures of the Company where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in or debentures of the Company, the nominee shall, on the death of the shareholder or debentures holder of the Company or as the case may be on the death of the joint holders become entitled to all the rights in the shares or debentures of the Company or as the case may be all the joint holders in relation to such shares in or debenture of the Company to the exclusion of all the other persons, unless the nomination is varied or cancelled in the prescribed manner.

(IV) Where the nominee is a minor it shall be lawful for the holder of shares or debentures, to make the nomination and to appoint in the prescribed manner any person to become entitled to shares in or debentures of the Company in the event of his death in the event of minority of the nominee.

Any person who becomes a nominee by virtue of the provisions of Section 109 A upon the production of such evidence as may be required by the Board and subject as hereinafter provided elect either

a) To be registered himself as holder of the shares or debentures as the case may be , or

b) To make such transfer of the share or debenture as the case may be, as the deceased shareholder or debenture holder, as the case may be could have made.

If the person being a nominee, so becoming entitled, elects to be registered himself as a holder of the share or debenture as the case may be, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with a Death Certificate of the deceased share holder or debenture holder as the case may be.

All the limitations, restrictions and provisions of this Act, relating to the right to transfer and registration of transfer of shares or debentures shall be applicable to any such notice or transfer as aforesaid as if the death of the member had not occurred and the notice or transfer where a transfer is signed by that shareholder or debenture holder, as the case may be.

A person being a nominee, becoming entitled to a share or debenture by reason of the death of the holder shall be entitled to same dividends and other advantages to which he would be entitled if he were the registered holder of the share or debenture, except that he shall not, before being registered a member in respect of his share of debenture, be entitled in respect of it to exercise any right conferred by membership in relation to the meetings of the Company.

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture and if the notice is not complied with within 90 days, the Board may thereafter withhold payments of all dividends, bonus, or other monies payable in respect of the share or debenture, until the requirements of the notice have been complied with.

A Depository may in terms of Section 58 A at any time, make a nomination and above provisions shall as far as may be, apply to such nomination.

66. *Buy back of shares:*

The Company shall be entitled to purchase its own shares or other securities, subject to such limits, upon such terms and conditions and subject to such approvals as required under Section 77 A and other applicable provisions of the Act, The Securities and Exchange Board of India Act, 1992 and the Securities and Exchange Board of India (Buy Back of Securities) Regulations 1998 and any amendments, modification(s), repromulgation (s) or re- enactment(s) thereof.

67. *Copies of Memorandum and Articles to be sent to Members*

Copies of the Memorandum and Articles of Association of the Company and other documents referred to in Section 39 of the Act shall be sent by the Company to every member at his request within seven days of the request on payment of such sum as may be prescribed.

68. *Rights to issue share warrants:*

(a) The Company may issue share warrants subject to, and in accordance with provisions of Section 114 and 115 of the Act .

(b) The Board may, in its discretion, with respect to any share which is fully paid up on application in writing signed by the person registered as holder of the share, and authenticated by such evidence (if any) as the Board may from time to time require as to the identity of the person signing the application, and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require having been paid, issue a warrant.

69. *Rights of warrant holders*:

(a) The bearer of the share warrant may at any time deposit the warrant at the office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right to signing a requisition, for calling a meeting of the Company, and of attending, and voting and exercising other privileges of a member at any meeting held after the expiry of two clear days from time of the deposit, as if his name were inserted in the Register or Members as the holder of the shares included in the deposited warrant.

(b) Not more than one person shall be recognized as the depositor of the share warrant.

(c) The Company shall, on two days written notice, return the deposited share warrant to the depositor.

70. (a) Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling a meeting of the Company, or attend, or vote or exercise any other privileges of a member at a meeting of the Company, or be entitled to receive any notice from the Company.

(b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the shares included in the warrant, and he shall be member of the Company.

71. Board to make rules:

The Board may, from time to time, make rules as to the terms on which it shall think fit, a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

72. Rights to convert shares into stock & vice-versa:

The Company in General Meeting may, by an Ordinary Resolution, convert any fully paid-up shares into stock and when any shares shall have been converted into stock the several holders of such stock, may henceforth transfer their respective interest therein, or any part of such interest in the same manner and subject to the same Regulations as, and subject to which shares from which the stock arise might have been transferred, if no such conversion had taken place. The Company may, by an Ordinary Resolution reconvert any stock into fully paid up shares of any denomination. Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so however such minimum shall not exceed the nominal amount of shares from which the stock arose.

73. Rights of stock holders:

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 those privileges or advantages.

74. Annual General Meetings:

The Company shall, in addition to any other meetings hold a General Meeting which shall be called as its Annual General Meeting, at the intervals and in accordance with the provisions of the Act.

75. Extraordinary General Meetings:

The Board may, whenever it thinks fit, convene an Extraordinary General Meeting at such date, time and at such place as it deems fit, subject to such directions if any, given by the Board.

76. Extraordinary Meetings on requisition:

The Board shall on, the requisition of members convene an Extraordinary General Meeting of the Company in the circumstances and in the manner provided under Section 169 of the Act.

77. Notice for General Meetings:

All General Meetings shall be convened by giving not less than twenty- one days notice excluding the day on which the notice is served or deemed to be served (i.e. on expiry of 48 hours after the letter containing the same is posted) and the date of the meeting, specifying the place and hour of the meeting and in case of any special business proposed to be transacted, the nature of that business shall be given in the manner mentioned in Section 173 of the Act. Notice shall be given to all the share-holders and to such persons as are under Act and/or these Articles entitled to receive such notice from the Company but any accidental omission to give notice to or non-receipt of the notice by any member shall not invalidate the proceedings of any General Meeting.

78. Shorter Notice admissible:

With the consent of all the members entitled to vote, at an Annual General Meeting or with the consent of the members holding 95 percent of such part of the paid-up share capital of the Company as gives a right to vote thereat, any general meeting may be convened by giving a shorter notice than twenty one days.

79. Special and Ordinary Business:

(a) All business shall be deemed special that is transacted at an Extraordinary General Meeting and also that is transacted at an Annual General Meeting with the exception of sanctioning of dividend, the consideration of the accounts, balance sheet and the reports of the Directors and Auditors, the election of Directors in place of those retiring by rotation and the appointment of and the fixing up of the remuneration of the auditors.

(b) In case of special business as aforesaid, an explanatory statement as required under Section 173 of the Act shall be annexed to the notice of the meeting.

80. Quorum for General Meeting:

Five members or such other number of members as the law for the time being in force prescribes, shall be entitled to be personally present shall be quorum for a General Meeting and no business shall be transacted at any General Meeting unless the requisite quorum is present at the commencement of the meeting.

81. Time for quorum and adjournment:

If within half an hour from the time appointed for a meeting a quorum is not present, the meeting, if called upon the requisition of members, shall be dissolved and in any other case, it shall stand adjourned to the same day in the next week at the same time and place and if at the adjourned meeting also a quorum is not present within half an hour from the time appointed for the meeting, the members present shall be quorum.

82. Chairman of General Meeting

The Chairman, if any, of the Board of Directors shall preside as Chairman at every General Meeting of the Company.

83. Election of Chairman:

If there is no such Chairman or if at any meeting he is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as Chairman, the members present shall choose another Director as Chairman and if no Director be present or if all the Directors decline to take the chair then the members present shall choose someone of their number to be the Chairman.

84. Adjournment of Meeting:

The Chairman may, with the consent given in the meeting at which a quorum is present (and shall if so directed by the meeting) adjourn that 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. When the meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as nearly as may be in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of adjournment of the business to be transacted at an adjourned meeting.

85. Voting at Meeting:

At any General Meeting, a resolution put to the vote at the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) is demanded in accordance with the provisions of Section 179 of the Act. Unless a poll is so demanded, a declaration by the Chairman that the resolution had, on a show of hands been carried unanimously or by a particular majority or lost and an entry to that effect in the book of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against that resolution.

86. Decision by poll:

If a poll is duly demanded, it shall be taken in such manner as the Chairman directs and the results of the poll shall be deemed to be the decision of the meeting on the resolution in respect of which the poll was demanded.

87. *Casting vote of Chairman:*

In case of equal votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or a casting vote in addition to the vote or votes to which he may be entitled to as a member.

88. *Poll to be immediate:*

(a) A poll demanded on the election of Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time not later than forty eight hours from the time of demand as the Chairman of the meeting directs.

(b) A demand for a poll shall not prevent the continuance of a Meeting of the transaction of any business other than that on which a poll has been demanded. The demand for a poll may be withdrawn.

89. *Voting rights of Members:*

a) On a show of hands every member holding equity shares and present in person shall have one vote.

b) On a poll, every member holding equity shares therein shall have voting rights in proportion to his shares of the paid up equity share capital.

c) On a poll, a member having more than one vote, or his proxy or other persons entitled to vote for him need not use all his votes in the same way.

90. *Voting by joint-holders:*

In the case of joint-holders the vote of the first named of such joint holders who tender a vote whether in person or by proxy shall be accepted to the exclusion of the votes of other joint holders.

91. *No right to vote unless calls are paid:*

No member shall be entitled to vote at any General Meeting unless all calls or other sums presently payable by him have been paid, or in regard to which the Company has lien and has exercised any right of lien.

92. *Proxy:*

On a poll, votes may be given either personally or by proxy.

93. *Instrument of proxy:*

The instrument appointing a proxy shall be in writing under the hand of appointer or of his attorney duly authorized in writing or if appointed by a Corporation either under its common seal or under the hand of its attorney duly authorized in writing. Any person whether or not he is a member of the Company may be appointed as a proxy.

The instrument appointing a proxy and Power of Attorney or other authority (if any) under which it is signed must be deposited at the registered office of the Company not less than forty eight hours prior to the time fixed for holding the meeting at which the person named in the instrument proposed to vote, or, in case of a poll, not less than twenty four hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

94. The form of proxy shall be two way proxy as given in Schedule IX of the Act enabling the share holder to vote for/against any resolution.

95. *Validity of proxy:*

A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death of or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed or the shares in respect of revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

96. *Corporate Members:*

Any corporation which is a member of the Company may, by resolution of its Board of Director or other governing body, authorize such person as it thinks fit to act as its representative at any meeting of the Company and the said person so authorized shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could have exercised if it were an individual member of the Company.

97. *Number of Directors:*

Unless otherwise determined by General Meeting, the number of Directors shall not be less than three and not more than twelve, including all kinds of Directors.

98. *Share qualification not necessary:*

Any person whether a member of the Company or not may be appointed as Director and no qualification by way of holding shares shall be required of any Director.

99. *Director's power to fill-up casual vacancy:*

Any casual vacancy occurring in the Board of Directors may be filled up by the Directors, and the person so appointed shall hold office upto the date, upto which Director in whose place he is appointed would have office if it has not been vacated as aforesaid

100. *Additional Directors:*

The Board of Directors shall have power at any time and from time to time to appoint one or more persons as Additional Directors provided that the number of Directors and Additional Directors together shall not exceed the maximum number fixed. An additional Director so appointed shall hold office upto the date of the next Annual general Meeting of the Company and shall be eligible for re-election by the Company at that Meeting.

101. *Alternate Directors:*

The Board of Directors may appoint an Alternate Director to act for a Director (hereinafter called the original Director) during the absence of the original Director for a period of not less than 3 months form the state in which the meetings of the Board are ordinarily held. An Alternate Director so appointed shall vacate office if and when the original Director return to the state in which the meetings of the Board are ordinarily held. If the terms of the office of the original Director is determined before he so returns to the state aforesaid any provision for the automatic reappointment of retiring Director in default of another appointment shall apply to the original and not to the Alternate Director.

102. *Remuneration of Directors:*

Every Director other than the Managing Director and the Whole-time Director shall be paid a sitting fee not exceeding such sum as may be prescribed by the Act or the Central Government from time to time for each meeting of the Board of Directors or any Committee thereof attended by him and shall be paid in addition thereto all traveling, hotel and other expenses properly incurred by him in attending and returning from the meetings of the Board of Directors or any committee thereof or General Meeting of the Company or in connection with business of the Company to and from any place.

103. *Remuneration for extra services:*

If any Director, being willing, shall be called upon to perform extra services or to make any special exertions in going or residing away from the town in which the Registered Office of the Company may be situated for any purposes of the Company or in giving any special attention to the business of the Company or as member of the Board, then subject to the provisions of the Act the Board may remunerate the Director so doing either by a fixed sum, or by a percentage of profits or otherwise and such remuneration, may be either in addition to our in substitution for any other remuneration to which he may be entitled.

104. *Continuing Director may act:*

The continuing Directors may act notwithstanding any vacancy in the Board but if the number is reduced below three, the continuing Directors or Director may act for the purpose of increasing the number of Directors to three or for summoning a general meeting of the Company but for no other purpose.

105. *Vacation of office of Director:*

The Office of a Director shall be deemed to have been vacated under the circumstances enumerated under Section 283 of the Act.

106. *Equal power to Director:*

Except as otherwise provided in these Articles all the Directors of the Company shall have in all matters equal rights and privileges and be subject to equal obligations and duties in respect of the affairs of the Company.

107 *One-third of Directors to retire every year:*

At the Annual General Meeting of the Company to be held in every year, one third of such of the Directors as are liable to retire by rotation for time being, or, if their number is not three or a multiple of three then the number nearest to one third shall retire from office, and they will be eligible for re-election. Provided nevertheless that the Managing Director or Whole time Director, appointed or the Directors appointed as a Debenture Director and Special Director under Articles hereto shall not retire by rotation under this Article nor shall they be included in calculating the total number of Directors of whom one third shall retire from office under this Article.

108 *Retiring Directors eligible for re-election:*

A retiring Director shall be eligible for re-election and the Company, at the Annual General Meeting at which a Director retires in the manner aforesaid may fill up the vacated office by electing a person thereto.

109 *Which Director to retire:*

The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lots.

110 *Retiring Director to remain in office till successors appointed*

Subject to the provisions of the Act, if at any meeting at which an election of Directors ought to take place, the place of the vacating Director(s) is not filled up and the meeting has not expressly resolved not to fill up the vacancy and not to appoint the retiring director, 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 public holiday at the same time and place, and if at the adjourned meeting the place of the returning Director(s) is not filled up and the meeting has also not expressly resolved not to fill up the vacancy, then the retiring Director(s) or such of them as have not had their places filled up shall be deemed to have been reappointed at the adjourned Meeting

111 *Increase or reduction in the number of Directors:*

Subject to the provisions of Section 252, 255, 259, the Company in General Meeting may by Ordinary Resolution increase or reduce the number of its Directors.

112 *Power to remove Director by ordinary resolution:*

Subject to the provisions of the Act, the Company may by an ordinary resolution in General Meeting remove any Director before the expiration of his period of office and may, by an ordinary resolution, appoint another person instead; the person so appointed shall be subject to retirement at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected as Director.

113 *Right of persons other than retiring Directors to stand for Directorship:*

A person not being a retiring Director shall be eligible for appointment to the office of a Director at any General Meeting if he or some other member intending to propose him as a Director not less than 14 days before the meeting has left at the office of the Company, a notice in writing under his hand signifying his candidature for the office of the Director or the intention of such member to propose him as a candidate for that office as the case may be, along with the prescribed deposit amount which shall be refunded to such person or as the case may be, to such member if the person succeeds in getting elected as Directors.

114 Subject to the provisions of Section 297, 299, 300, 302 and 314 of the Act , the Directors shall not be disqualified by reason of his or their office as such from contracting with the Company either as vendor, purchaser, lender, agent, broker, lessor or otherwise nor shall any such contract, or arrangement entered into by or on behalf of the Company with such Director or with any Company or partnership in which he shall be a member or otherwise interested be avoided nor shall any Director so contracting or being such member or so interested be liable to account to the Company for any profit realized by such contract or arrangement by reason only of such Director holding that office or of fiduciary relation thereby established but the nature of the interest must be disclosed by him or them at the meeting of Directors at which the contract or arrangement is determined if the interest then exists or in any other case at the first meeting of the Directors after the acquisition of the interest.

115 *Directors not liable for retirement:*

The Company in General Meeting may, when appointing a person as a Director declare that his continued presence on the Board of Directors is of advantage to the Company and that his office as Director shall not be liable to be determined by retirement by rotation for such period until the happening of any event of contingency set out in the said resolution.

116 *Director for subsidiary Company:*

Directors of this Company may be or become a Director of any Company promoted by this Company or in which it may be interested as Vendor, Shareholder or otherwise and no such Director shall be accountable for any benefits received as a Director or member of such Company.

117 *Meetings of the Board:*

(a) The Board of Directors shall meet at least once in every three calendar months for the dispatch of business, adjourn and otherwise regulate its meetings and proceedings as it thinks fit provided that at least four such meetings shall be held in every year.

(b) The Managing Director may, at any time summon a meeting of the Board and the Managing Director or a Secretary or a person authorised in this behalf on the requisition of Director shall at any time summon a meeting of the Board. Notice in writing of every meeting of the Board shall be given to every Director for the time being in India, and at his usual address in India to every other Director.

118 *Quorum:*

The quorum for a meeting of the Board shall be one-third of its total strength (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 is equal to or exceeds two-thirds of total strength, the number of 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, The total strength of the Board shall mean the number of Directors actually holding office as Directors on the date of the resolution or meeting, that is to say, the total strength of Board after deducting there from the number of Directors, if any, whose places are vacant at the time.

119 *Questions how decided:*

(a) Save as otherwise expressly provided in the Act, 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 by or under the Regulations of the Company for the time being vested in or exercisable by the Directors generally and all questions arising at any meeting of the Board shall be decided by a majority of the Board.

(b) In case of an equality of votes, the Chairman shall have second or casting vote in addition to his vote as Director.

120 *Right of continuing Directors when there is no quorum:*

The continuing Directors may act notwithstanding any vacancy in the Board but if and so long as their number is reduced below three, the continuing Directors or Director may act for the purpose of increasing the number of Directors to three or of summoning a General Meeting of the Company but for no other purpose.

121 *Election of Chairman of Board:*

(i). The Board may elect a Chairman of its meeting and determine the period for which he is to hold office.

(ii). If no such Chairman is elected or at any meeting the Chairman is not present within five minutes after the time appointed for holding the meeting the Directors present may choose one among themselves to b the Chairman of the Meeting.

122 *Delegation of Powers:*

(a) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such members of its body as it thinks fit.

(b) Any committee so formed shall, in the exercise of the power so delegated conform to any regulations that may be imposed on it by the Board.

123 *Election of Chairman of Committee:*

a) If the Chairman of the Board is a member of the Committee, he shall preside over all meetings of the Committee, if the Chairman is not a member thereof, the committee may elect a Chairman of its meeting. If no such Chairman is elected or if at any meeting the Chairman is not present within five minutes after the time appointed for holding the meeting, the members present may choose one among themselves to be the Chairman of the Meeting.

b) The quorum of a committee may be fixed by the Board of Directors. ..

124 *Questions how determined:*

a) A committee may meet and adjourn as it thinks proper.

b) Questions arising at any meeting of a committee shall be determined by the sole member of the committee or by a majority of votes as the members present as the case may be and in case of an equality of vote the Chairman shall have a second or casting vote, in addition to his vote as a member of the committee.

125 *Validity of acts done by Board or a Committee:*

All acts done by any meeting of the Board, of a committee thereof, or by any person acting as a Director shall notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such Directors or of any person acting as aforesaid or that they or any of them were disqualified be as valid as if even such Director or such person has been duly appointed and was qualified to be a Director.

126 *Resolution by Circulation:*

Save as otherwise expressly provided in the Act, a resolution in writing 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 of the meeting of the Board or the Committee, as the case may be and to all other Directors or members at their usual address in India and approved by such of the Directors as are then in India or by a majority of such of them as are entitled to vote at the resolution shall be valid and effectual as it had been a resolution duly passed at a meeting of he Board or committee duly convened and held.

127 a) The Board of Directors may from time to time but with such consent of the Company in General Meeting as may be required under the Act raise any moneys or sums of money for the purpose of the Company provided that the moneys to be borrowed by the Company apart from temporary loans obtained from the Company's bankers in the ordinary course of business shall not, without the sanction of the Company at a General Meeting, 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 specifies purpose and in particular, but subject to the provisions of Section 292 of the Act, the Board may from time to time at their discretion raise or borrow or secure the payment of any such sum of money for the purpose of the Company, by the issue of debentures, perpetual or otherwise, including debenture convertible into shares of this or any other Company or perpetual annuities and to secure any such money so borrowed, raised or received mortgage, pledge or charge the whole or any part of the property, assets or revenue of the Company present or future, including its uncalled capital by special assignment or otherwise or to transfer or convey the same absolutely or in trust and to give the lenders powers of sale and other powers as may be expedient and to purchase, redeem or pay off any such securities.

Provided that every resolution passed by the Company in General Meeting in relation to the exercise of the power to borrow as stated shall specify the total amount upto which moneys may be borrowed by the Board Directors.

b) The Directors may by resolution at a meeting of the Board delegate the above power to borrow money otherwise than on debentures to a committee of Directors or the Managing Director, if any, within the limits prescribed.

c) Subject to provisions of the above sub-clause, the Directors may, from time to time, at their discretion, raise or borrow or secure the repayment of any sum or sums of money for the purposes of the Company, at such time and in such manner and upon such terms and conditions in all respects as they think, fit and in particular, by promissory notes or by receiving deposits and advances with or without security or by the issue of bonds, perpetual or redeemable debentures (both present and future) including its uncalled capital for the time being or by mortgaging or charging or pledging any lands, buildings, goods or other property and securities of the Company, or by such other means as they may seem expedient.

d) To the extent permitted under the applicable law and subject to compliance with the requirements thereof, the Directors shall be empowered to grant loans to such entities at such terms as they may deem to be appropriate and the same shall be in the interests of the Company.

128 *Assignment of debentures:*

Such debentures, debenture-stock, bonds or other securities may be assignable free from any equities between the Company and the person to whom the same may be issued.

129 *Terms of Issue of Debentures:*

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, drawings, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors or otherwise, Debentures with a right of conversion into or allotment of shares shall be issued only with the sanction of the Company in a General Meeting by a Special Resolution.

130 *Debenture Directors:*

Any Trust Deed for securing debentures or debenture stock may if so arranged provide for the appointment from time to time by the trustee thereof or by the holders of debentures or debenture stock of some person to be a Director of the Company and may empower such trustee or holders of debentures or debenture stock from time to time to remove any Directors so appointed. A Director appointed under this Article is herein referred to as a "Debenture Director" and the Debenture Director means a Director for the time being in office under this Article. A Debenture Director shall not be bound to hold any qualification shares, 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 provision shall have effect notwithstanding any of the other provisions herein contained.

131 *Nominee Directors:*

a) So long as any moneys remain owing by the Company to any All India Financial Institutions, State Financial Corporation or any financial institution owned or controlled by the Central Government or State Government or any Non Banking Financial Company controlled by the Reserve Bank of India or any such Company from whom the Company has borrowed for the purpose of carrying on its objects or each of the above has granted any loans / or subscribes to the Debentures of the Company or so long as any of the aforementioned companies of financial institutions holds or continues to hold debentures /shares in the Company as a result of underwriting or by direct subscription or private placement or so long as any liability of the Company arising out of any guarantee furnished 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 Director/s is/are hereinafter referred to as "Nominee Directors/s) on the Board of the Company and to remove from such office any person or person so appointed and to appoint any person or persons in his /their place(s).

b) The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s. 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 Director/s shall be entitled to the same rights and 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 they holds or continues to hold Debentures/shares in the Company as result of underwriting or by direct subscription or private placement or the liability of the Company arising out of the Guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power shall vacate such office immediately on the moneys owing by the Company to the Corporation are paid off or they ceasing to hold Debentures/Shares in the Company or on the satisfaction of the liability of the Company arising out of the guarantee furnished.

c) The Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and of the Meetings of the Committee of which Nominee Director/s is//are member/s as also the minutes of such Meetings. The Corporation shall also be entitled to receive all such notices and minutes.

d) The Company shall pay the Nominee Director/s sitting fees and expenses to which the other Directors of the Company are entitled, but if any other fees commission, monies or remuneration in any form is payable to the Directors of the Company the fees, commission, monies and remuneration in relation to such Nominee Director/s shall accrue to the nominee appointer and same shall accordingly be paid by the Company directly to the Corporation.

e) Provided that the sitting fees, in relation to such Nominee Director/s shall also accrue to the appointer and same shall accordingly be paid by the Company directly to the appointer. .

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 appointer and have such rights as are usually exercised or available to a whole time Director in the management of the affairs of the Company. Such whole time Director in the management of the affairs of the Company shall be entitled to receive such remuneration commission and monies as may be approved by the appointer.

132 *Register of Charges:*

The Directors shall cause a proper register to be kept, in accordance with the Act, of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of the Act in regard to the registration of mortgages and charges therein specified.

133 *Subsequent assigns of uncalled capital:*

Where any uncalled capital of the Company is charged, all persons taking any subsequent charge thereon shall take the same, subject to such prior charges and shall not be entitled to obtain priority over such prior charge.

134 *Charge in favour of Director for Indemnity:*

If the Director or any person, shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge or security over or affecting the whole or part of the assets of the Company by way of indemnity to secure the Directors or other persons so becoming liable as aforesaid from any loss in respect of such liability.

135 *Powers to be exercised by Board only by Meeting:*

a) The Board of Directors shall exercise the following powers on behalf of the Company and the said powers shall be exercised only by resolution passed at the meeting of the Board:
   (i) Power to make calls on shareholders in respect of moneys unpaid on their shares;
   (ii) Power to issue debentures;
   (iii) Power to borrow money otherwise than on debentures:
   (iv) Power to invest the funds of the Company;
   (v) Power to make loans.

b) The Board of Directors may by a meeting delegate to any committee or the Directors or to the Managing Director the powers specified in sub clauses (iii), (iv) and (v) above.

c) Every resolution delegating the power set out in sub clause (iii) above shall specify the total amount upto which moneys may be borrowed by the said delegate.

d) Every resolution delegating the power referred to in sub-clause (iv) above shall specify the total amount, upto which the fund may invested and the nature of the investments which may be made by the delegate.

e) Every resolution delegating the power referred to in sub-clause (v) above shall specify the total amount upto which the loans may be made by the delegate, the purposes for which the loans may be made and the maximum amount of loans which may be made for each such purpose in individual cases.

136 a) The Board may from time to time and with such sanction of the Central Government as may be required by the Act, appoint one or more of the Directors to the office of the Managing Director or whole-time Directors.

b) The Directors may from time to time resolve that there shall be either one or more Managing Directors or Whole time Directors.

c) In the event of any vacancy arising in the office of a Managing Director or Whole-time Director, the vacancy shall be filled by the Board of Directors subject to the approval of the members.

e) If a Managing Director or whole time Director ceases to hold office as Director, he shall ipso facto and immediately cease to be Managing Director/whole time Director.

f) The Managing Director or whole time Director shall not be liable to retirement by rotation as long as he holds office as Managing Director or whole-time Director.

137 *Powers and duties of Managing Director or whole-time Director:*

The Managing Director/Whole-time Director shall subject to the supervision, control and direction of the Board and subject to the provisions of the Act, exercise such powers as are exercisable under these presents by the Board of Directors, as they may think fit and confer such power for such time and to be exercised as they may think expedient and they may confer such power either collaterally with or to the exclusion of any such substitution for all or any of the powers of the Board of Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any such powers. The Managing Directors/ whole time Directors may exercise all the powers entrusted to them by the Board of Directors in accordance with the Board's direction.

138 *Remuneration of Managing Directors/whole time Directors:*

Subject to the provisions of the Act and subject to such sanction of Central Government\Financial Institutions as may be required for the purpose, the Managing Directors\whole-time Directors shall receive such remuneration (whether by way of salary commission or participation in profits or partly in one way and partly in another) as the Company in General Meeting may from time to time determine.

139 *Reimbursement of expenses:*

The Managing Directors\whole-time Directors shall be entitled to charge and be paid for all actual expenses, if any, which they may incur for or in connection with the business of the Company. They shall be entitled to appoint part time employees in connection with the management of the affairs of the Company and shall be entitled to be paid by the Company any remuneration that they may pay to such part time employees.

140 *Business to be carried on by Managing Directors/ Whole time Directors:*

(a) The Managing Directors\whole-time shall have subject to the supervision, control and discretion of the broad, the management of the whole of the business of the Company and of all its affairs and shall exercise all powers and perform all duties in relation to the Management of the affairs and transactions of Company, except such powers and such duties as are required by law or by these presents to be exercised or done by the Company in General Meeting or by Board of Directors and also subject to such conditions or restriction imposed by the Act or by these presents.

(b) Without prejudice to the generally of the foregoing and subject to the supervision and control of the Board of Directors, the business of the Company shall be carried on by the Managing Director/ Whole time Director and he shall have all the powers except those which are by law or by these presents or by any resolution of the Board required to be done by the Company in General Meeting or by the Board.

(c) The Board may, from time to time delegate to the Managing Director or Whole time Director such powers and duties and subject to such limitations and conditions as they may deem fit. The Board may from time to time revoke, withdraw, alter or vary all or any of the powers conferred on the Managing Director or Whole time Director by the Board or by these presents.

141 *Custody of Common Seal:*

The Board shall provide for the safe custody of the Common Seal for the Company and they shall have power from time to time to destroy the same and substitute a new seal in lieu thereof; and the Common Seal shall be kept at the Registered Office of the Company and committed to the custody of the Managing Director or the Secretary if there is one.

142 *Seal how affixed*

The seal shall not be affixed to any instrument except by authority of a resolution of the Board or a committee of the Board authorised by it in that behalf, and except in the presence of atleast two Directors and of the secretary or such other person as the Board may appoint for the purpose. Every deed or other instrument to which the seal is required to be affixed shall, unless the same is executed by a duly constituted attorney for the Company, be signed by those two Directors and of the secretary or such other person aforesaid in whose presence the seal shall have been affixed provided nevertheless that any instrument bearing the seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching the authority issuing the same.

143 *Right to dividend*:

a) The profits of the Company, subject to any special rights, relating thereto created or authorized to be created by these presents and subject to the provisions of the presents as to the Reserve Fund, shall be divisible among the members in proportion to the amount of capital paid up on the shares held by them respectively and the last day of the year of account in respect of which such dividend is declared and in the case of interim dividends on the close of the last day of the period in respect of which such interim dividend is paid.

b) Where capital is paid in advance of calls, such capital shall not, confer a right to participate in the profits.

144 *Declaration of Dividends:*

The Company in General Meeting may declare dividends but no dividend shall exceed the amount recommended by the Board.

145 *Interim Dividends:*

The Board may from time to time pay to the members such interim dividends as appear to them to be justified by the profits of the Company.

146 *Dividends to be paid out of profits:*

No dividend shall be payable except out of the profits of the year or any other undistributed profits except as provided by Section 205 of the Act.

147 *Reserve Funds:*

a) The Board may, before recommending any dividends, set aside out of the profits of the Company such sums as it thinks proper as a reserve or reserves which shall at the discretion of the Board, be applied for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalizing dividends and pending such application, may, at the like discretion either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time think fit.

b) The Board may also carry forward any profits when it may think prudent not to appropriate to Reserves.

148 *Deduction of arrears:*

The Board may deduct from any dividend payable to any members all sums of money, if any, presently payable by him to the Company on account of the calls or otherwise in relation to the shares of the Company.

149 *Adjustment of dividends against calls:*

Any General Meeting declaring a dividend may make a call on the members as such amount as the meeting fixed, 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 members be set off against the call.

150 *Receipt of joint holder:*

Any one of two or more joint holders of a share may give effectual receipt for any dividends, or other moneys payable in respect of such shares.

151 *Notice of dividends:*

Notice of any dividend that may have been declared shall be given to the persons entitled to share thereto in the manner mentioned in the Act.

152 *Dividends not be bear interest:*

No dividends shall bear interest against the Company.

153 *Transfer of shares not to pass prior to dividends:*

Subject to the provisions of Section 206 A of the Act, any transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

154 *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 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 30 days, open a special account in that behalf in any scheduled bank called "Unpaid Dividend of “Apollo Health Street 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 seven years from the date of such transfer, shall be transferred by the Company to Investors Education And Protection Fund.

(c) No unclaimed or unpaid dividend shall be forfeited by the Board and the Directors shall comply with provisions of Sections 205A and 205B of the Act, as regards unclaimed dividends.

155 *Capitalisation of Profits:*

a) The Company in General Meeting, may, on recommendation of the Board resolve:

(i) That it is desirable to capitalize any part of the amount for the time being standing to the credit of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution; and

(ii) That such sum be accordingly set free for distribution in the manner specified in the sub-clause (b) amongst the members who would have been entitled thereto if distributed by way of dividend and in the same proportion.

b) The sum aforesaid shall not be paid in cash but shall be applied, either in or towards:

(i) Paying up any amounts for the time being unpaid on shares held by such members respectively

(ii) Paying up in full, unissued share of the Company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportions aforesaid; or

(iii) Partly in the way specified in sub-clause (i) and partly that specified in sub clause (ii).

c) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.

d) A share premium account and a capital redemption reserve account may, only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.

156 *Power of Directors for declaration of bonus issue:*

a) Whenever such a resolution as aforesaid shall have been passed, the Board shall:

(i) make all appropriations and applications of the undivided profits resolved to be capitalized thereby and all allotments and issues of fully paid shares, if any, and

(ii) generally do all acts and things required to give effect thereto.

b) The Board shall have full power:

(i) to make such provisions, by the issue of fractional certificates or by payments in cash or otherwise as it thinks fit, in the case of shares or debentures becoming distributable in fraction; and also

(ii) to authorize any person, on behalf of all the members entitled thereto, to enter into an agreement with the Company providing for the allotment to such members , credited as fully paid up, of any further shares or debentures to which they may be entitled upon such capitalization or (as the case may require) for the payment of by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to the capitalised of the amounts or any parts of the amounts remaining unpaid on the shares.

c) Any agreement made under such authority shall be effective and binding on all such members.

157 *Books of Account to be kept:*

a) The Board of Directors shall cause true accounts to be kept of all sums of money received and expended by the Company and the matters in respect of which such receipts and expenditure takes place, of all sales and purchases of goods by the Company, and of the assets, credits and liabilities of the Company.

b) If the Company shall have a Branch Office, whether in or outside India, proper books of account relating to the transactions effected at the office shall be kept at that office, and proper summarized returns made upto date at intervals of not more than three months, shall be sent by Branch Office to the Company at its registered office or to such other place in India, as the Board thinks fit where the main books of the Company are kept.

c) All the aforesaid books shall give a fair and true view of the affairs of the Company or of its Branch Office, as the case may be with respect to the matters aforesaid, and explain its transactions.

158 Where Books of accounts to be kept:

The Books of Account shall be kept at the Registered Office or at such other place in India as the Directors think fit.

159 Inspection by Members:

No member (not being a Director) shall have any right of inspecting any account or books or documents of the Company except as conferred by statute.

160 Boards Report to be attached to Balance Sheet:

a) Every Balance Sheet laid before the Company in General Meeting shall have attached to it a report by the Board of Directors with respect to the state of the Company's affairs, the amounts if any, which it proposes to carry to any Reserves in such Balance Sheet; and the amount, if any which it recommends to be paid by way of dividend, material changes and commitments, if any, effecting the financial positions of the Company which have occurred between the end of the financial year of the Company to which the Balance Sheet related and the date of report.

b) The report shall, so far as it is material for the appreciation of the state of the Company's affairs by its members and will not in the Board's opinion be harmful to the business of the Company or any of its subsidiaries deal with any changes which have occurred during the financial year in the nature of the Company's business, or in the Company's subsidiaries or in nature of the business carried on by them and generally in the classes of business in which the Company has an interest.

c) The Boards Report shall also include a statement showing the name of every employee of the Company who was in receipt of such sum as remuneration as may be prescribed by the Act or the Central Government from time to time during the year to which the Report pertains.

d) The Board shall also give the fullest information and explanation it its report in cases falling under the proviso to Section 222 on every reservation, qualification or adverse remark contained in the auditors Report.

e) The Board shall have the right to charge any person being a Director with a duty of seeing that the provisions of sub-clauses (1) to (3) of this Article are complied with.

161 Accounts to be audited:

Every Balance Sheet and Profit & Loss Account shall be audited by one or more Auditors to be appointed as hereinafter set out.

a. The Company at the Annual General Meeting in each year shall appoint an Auditor or Auditors to hold office from the conclusion of that meeting until conclusion of the next Annual General Meeting and every Auditor so appointed shall be intimated of his appointment within seven days.

b. Where at an Annual General Meeting, no Auditors are appointed, the Central Government may appoint a person to fill the vacancy.

c. The Company shall within seven days of the Central Government's power under sub clause (c.) becoming exercisable, give notice of that fact to the Government.

d. The Directors may fill any casual vacancy in the office of an Auditor but while any such vacancy continues, the remaining auditors (if any) may act. Where such a vacancy is caused by the resignation of an Auditor, the vacancy shall only be filled by the Company in General Meeting.

e. A person, other than a retiring Auditor, shall not be capable of being appointed at an Annual General Meeting unless special notice of a resolution of appointment of that person to the office of Auditor has been given by a member to the Company not less than fourteen days before the meeting in accordance with Sec. 190 and the Company shall send a copy of any such notice to the retiring Auditor and shall give notice thereof to the members in accordance with provisions of Sec. 190 and all the other provision of Section 225 shall apply in the matter. The provisions of this sub-clause shall also apply to a resolution that a retiring auditor shall not be re-appointed.

f. The persons qualified for appointment as Auditors shall be only those referred to in Section 226 of the Act.

g. None of the persons mentioned in Sec. 226 of the Act as are not qualified for appointment as auditors shall be appointed as Auditors of the Company.

162 *Audit of Branch Offices:*

The Company shall comply with the provisions of the Act in relation to the audit of the accounts of Branch Offices of the Company.

163 *Remuneration of Auditors:*

The remuneration of the Auditors shall be fixed by the Board as authorized in General Meeting from time to time.

164 *Service of document on the Company:*

A document may be served on the Company or an officer by sending it to the Company or officer at Registered Office of the Company by post under a certificate of posting or by Registered Post, or by leaving it at the Registered Office.

165 *How -Document is to be served on members :*

a) A document (which expression for this purpose shall be deemed to have included and include any summons, notice requisition, process order, judgment or any other document in relation to or in winding up of the Company) may be served or sent to the Company on or to any member either personally or by sending it by post to his registered address or (if he has no registered address in India) to the address, if any, within India supplied by him to the Company for the service of notice to him.

b) All notices shall, with respect to any registered share to which persons are entitled jointly, be given to whichever of such persons is named first in the Register and the notice so given shall be sufficient notice to all the holders of such share.

c) Where a document is sent by post:

(i) Service thereof shall be deemed to be effected by properly addressing, paying and posting a letter containing the notice provided that 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 without acknowledgement due and has deposited with the Company a sum sufficient to defray 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, and

(ii) Unless the contrary is provided, such service shall be deemed to have been effected

a. In the case of a notice of a meeting, at the expiration of forty-eight hours the letter containing the notice is posted; and

b. In any other case, at the time at which the letter would be delivered in ordinary course of post.

166 *Members to notify address in India:*

Each registered holder of shares from time to time notify in writing to the Company such place in India to be registered as his address and such registered place of address shall for all purposes be deemed to be his place or residence.

167 *Service on members having no registered address:*

If a member has no registered address in India, and has not supplied to the Company and address within India, for the giving of the notices to him, a document advertised in a newspaper circulating in the neighborhood of Registered Office of the Company shall be deemed to be duly served to him on the day of which the advertisement appears.

168 *Service on persons acquiring shares on death or insolvency of members:*

A document may be served by the Company on 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 the title or representatives of the deceased, assignees of the insolvent 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 serving the document in any manner in which the same might have been served as if the death or insolvency had not occurred.

169 *Persons entitled to notice of General Meetings:*

Subject to the provisions of the Act and these Articles, notice of General Meeting shall be given:

(i) To the members of the Company as provided by these presents

(ii) To the persons entitled to a share in consequence of the death or insolvency of a member.

(iii) To the Auditors for the time being of the Company; in the manner authorized by as in the case of any member or members of the Company.

170 *Notice by advertisement:*

Subject to the provisions of the Act any document required to be served or sent by the Company on or to the members, or any of them and not expressly provided for by these presents, shall be deemed to be duly served or sent if advertised in a newspaper circulating in the District in which the Registered Office is situated.

171 *Members bound by document given to previous holders:*

Every person, who by the operation of law, transfer or other means whatsoever, shall become entitled to any shares shall be bound by every document in respect of such share which, previously to his name and address being entered in the register, shall have been duly served on or sent to the person from whom he derived his title to such share.

172 Any notice to be given by the Company shall be signed by the Managing Director or by such Director or Officer as the Directors may appoint. The signature to any notice to be given by the Company may be written or printed or lithographed.

173 *Authentication of documents and proceedings:*

Save as otherwise expressly provided in the Act or these Articles, a document or proceeding requiring authentication by the Company may be signed by a Director, the Managing Director, the Manager, the Secretary or an authorized officer of the Company and need not be under its seal.

174 *Application of assets:*

Subject to the provisions of the Act as to preferential payment the assets of the Company shall, on its winding up, be applied in satisfaction of its liabilities pari passu and, subject to such application shall be distributed among the members according to their rights and interests in the Company.

175 *Division of assets of the Company in specie among members:*

If the Company shall be wound up whether voluntarily or otherwise, the liquidators may with sanction of a special resolution divide among the contributories in specie or kind any part of the assets of the Company and any with like sanction vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories of any of them, as the liquidators with the like sanction shall think fit, in case any share to be divided as aforesaid involve as liability to calls or otherwise any persons entitled under such division to any of the said shares may within ten days after the passing of the special resolution by notice in writing, direct the liquidators to sell his proportion and pay them the net proceeds, and the liquidators shall, if practicable, act accordingly.

176 *Director's and others' right to indemnity:*

a) Subject to the provisions of the Act, the Managing Director and every Director, Manager, Secretary and other Officer or Employee of the Company shall be indemnified by the Company against any liability and it shall be the duty of Directors, out of the funds of the Company to pay, all costs and losses and expenses (including traveling expenses) which any such Director, Officer or Employee may incur or become liable to by reason of any contract entered into or act or deed done by him as such Managing Director, Director, Officer or Employee or in any way in the discharge of his duties.

b) Subject as aforesaid the Managing Director and every Director, Manager, Secretary or other Officer or Employee of the Company shall be indemnified against any liability incurred by them or in defending any proceeding whether civil or criminal in which judgment is given in their or his favour or in which he is acquitted or discharged or in connection with any application under Sec. 633 of the Act in which relief is given to him by the Court.

177 *Not responsible for acts of others:*

a) Subject to the provisions of Sec. 201 of the Act no Director or other Officer of the Company shall be liable for the acts, receipt, 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 insufficiency or deficiency of title to any property acquired by order of the Director for or 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, Company or Corporation, with whom any moneys, securities or effects shall be entrusted or deposited or for any loss occasioned by any error of judgment or over sight in his part or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his office of in relation thereto, unless the same happens through his own willful act or default.

b) Without prejudice to the generality foregoing it is hereby expressly declared that any filing fee payable or any document required to be filed with Register of Companies in respect of any act done or required to be done by any Director or other Officer by reason of his holding the said office, shall be paid and borne by the Company.

178 *Secrecy:*

No member shall be entitled to inspect the Company's works without the permission of the Managing Director or to require discovery of any information respectively any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, history of trade or secret process which may be related to the conduct of the business of the Company and which in the opinion of the Managing Director it will be inexpedient in the interest of the members of the Company to communicate to the public.

179 *Duties of Officers to observe secrecy:*

Every Director, Managing Directors, Manager, Secretary, Auditor, Trustee, Members of Committee, Officer, Servant, Agent, Accountant or other persons employed in the business of the Company shall, if so required by the Director before entering upon his duties, or any time during his term of office, sign a declaration pledging himself to observe secrecy relating to all transactions of the Company and the state of accounts and in matters relating thereto and shall by such declaration pledge himself not to reveal any of such matters which may come to his knowledge in the discharge of his official duties except which are required so to do by the Directors or any meeting or by a Court of Law and except so far as may be necessary in order to comply with any of the provision of these Articles or law.

PART II

180 *Overriding Effect and Interpretation*

Subject to the requirements of applicable Law, in the event of any conflict between the provisions of Articles 1 to 179 and Articles 180 to 194, the provisions of Articles 180 to 194 shall apply and prevail, in so far as they apply to the parties to the Shareholders Agreement.

Unless the context otherwise requires, words or expressions contained in Articles 180 to 194 shall have the meaning as provided below. Provided that any terms and expressions used but not defined specifically in Articles 180 to 194 shall have the same meaning as ascribed to them in Articles 1 to 179 or in the Act or any statutory modification thereof. Other terms may be defined elsewhere in the text of these Articles and, unless otherwise indicated, shall have such meaning throughout these Articles.

181 *Management of the Company*

(i) The property, business and affairs of the Company shall be managed exclusively and under the direction of the Board. Upon the listing of the Shares of the Company, the Board shall at all times be constituted in accordance with applicable Law, including the provisions of the Listing Agreements and subject to the foregoing taking into account the rights of the Investors and the Promoters to nominate Directors in the manner set forth herein below. The Board may exercise all such powers of the Company and do all such lawful acts and things as are permitted under applicable Law and the Memorandum of Association and Articles of Association. From and after the issue, sale and allotment of First Investment Shares to the Investors, the Articles of Association shall provide for a Board of up to twelve (12) Directors with the composition set forth in this Article 181(i). Notwithstanding any change in the structure, size or composition of the Board, each Investor shall be entitled to nominate one (1) nominee as a Director on the Board (each an "Investor Director" and collectively the "Investor Directors"). The Promoter shall be entitled to nominate three (3) nominees as Directors on the Board (each a "Promoter Director" and collectively the "Promoter Directors"). The Investor Directors and the Promoter Directors shall not be required to hold any qualification shares. Further, both Investor Directors, and one Promoter Director shall not be liable to retire by rotation. The Board shall also appoint the balance independent directors in accordance with the Listing Agreement.

(ii) The rights of the Investors as set out in Article 181(i) above shall apply to each Investor (i) as long as the Investors collectively hold, at least 8% of the Equity Share Capital of the

Company, on a fully diluted basis; or (ii) as long as such Investor continues to hold at least 5% of the Equity Share Capital of the Company, on a fully diluted basis. Provided that any Shares, which have been Transferred by the Investors pursuant to exercise of their tag along right under Article 189(4) hereof, shall be included for computation of the aforesaid percentage thresholds.

(iii) The rights of the Promoter as set out in Article 181 (i) above, shall apply to the Promoter for so long as the Promoter holds at least 15% of the Share Capital, on a fully diluted basis. In the event that the Promoter ceases to hold at least 15% of the Share Capital (on a fully diluted basis), and for so long as it continues to hold at least 8% of the Share Capital (on a fully diluted basis), the Promoter shall be entitled to appoint 2 (two) Promoter Directors.

(iv) The Investors, the Company and the Promoter shall take, or cause to be taken, all actions necessary to cause the composition of the Board to remain as aforesaid

(v) Subject to the relevant provisions of the Act and the Articles of Association, all expenses incurred by the Investor Directors and Promoter Directors in the performance of their duties as Directors of the Company shall be borne by the Company.

(vi) As long as the Investor/s continue to hold such percentage of the Equity Share Capital of the Company as is set out in Article 181(ii) above, the Investors shall further have the right to require the appointment of their respective Investor Director on any existing committee(s) of the Board or that which may be formed by the Board and the Company. The Company and Promoter shall take, or cause to be taken, all actions necessary to cause such Directors to be elected to such committees. Subject to compliance with the provisions of the Listing Agreement and other provisions of applicable Law, in no event shall a committee of the Board be comprised such that Investor Directors constitute less than twenty-five percent (25%) of the members of such committee.

(vii) Each party to the Restated Shareholders Agreement shall be entitled to nominate an alternate Director for each of the Directors it is entitled to nominate, and such alternate Directors will serve in the absence of the original Directors. Any such appointment as alternate Director shall take place as the first item of business at the Board meeting next following receipt by the Company of such nomination. Upon his appointment as such alternate, an alternate Director shall be entitled to constitute the quorum, vote, issue consent and sign a written resolution on behalf of the Director for whom he is an alternate.

(viii) Each Investor shall be entitled to remove the Investor Director nominated by it, including any alternate Director nominated by it, by notice to such Director and the Company. Any vacancy occurring with respect to the position of an Investor Director, by reason of death, disqualification, resignation, removal or the inability to act, shall be filled only by another nominee specified by the Investor who nominated such Investor Director. The Promoter shall be entitled to remove the Promoter Directors nominated by it, including any alternate Director nominated by it, by notice to such Director and the Company. Any vacancy occurring with respect to the position of the Promoter Directors, by reason of death, disqualification, resignation, removal or the inability to act, shall be filled only by another nominee specified by the Promoter.

(ix) The Investors shall have the right to seek appointment of the Investor Directors to the board of directors of any and all subsidiaries of the Company, whether existing or that may be formed in future. Upon exercise of such right by any of the Investors, the Company and the Promoter shall take, or cause to be taken, all actions necessary to cause such Investor Director to be elected to the board of directors of such subsidiaries. In the event of appointment of any Investor Director to the board of directors of any subsidiary of the Company, the board of directors of such subsidiary shall be governed, to the extent possible, by the terms of the Restated Shareholders Agreement.

(x) The Promoter shall disclose the details of each and every material transaction between the Company and any Connected Person to the Board for its consideration and approval, prior to the Company entering into them. All transactions between the Company and any Connected

Person shall be entered into and carried out on fair market terms no less favorable to the Company than would be obtained in an arm's length negotiation with a party unaffiliated with the Company. Notwithstanding anything to the contrary contained in the Articles of Association and/or the Restated Shareholders Agreement, no Promoter Director shall vote in respect of any proposed transaction between the Company and any Connected Person in which the Promoter is interested, and if it shall do so its vote shall not be counted.

182 Meetings of the Board

(i) The Board shall meet at least once in every calendar quarter and at least four (4) such meetings shall be held in every year. In the event that a meeting of the Board is not held during any such quarter, any Director may call a meeting of the Board by giving fifteen (15) days prior notice to the other Directors. All notices for all meetings of the Board or any committee thereof shall be in writing, specifying the agenda and containing all relevant documents thereto and shall be sent to each of the Directors (with a copy to the Investors) by speed post acknowledgement due and through email. No meeting of the Board shall be convened at a shorter notice period without the prior written consent of the Investor Directors and the Promoter Directors.

(ii) The quorum for any meeting of the Board or any committee of the Board shall be the presence, in person, of such number of directors as required under the Act, subject to at least 1 (one) Director nominated by the Promoter and the presence of both Investor Directors.

(iii) In the event that the quorum as set forth above is not achieved, at any Board meeting or committee meeting, such meeting shall stand adjourned to the same day in the next week, at the same time and place or to such other day, as may be agreed between the Investors and the Promoter. The Company shall issue notices, for such adjourned meeting to all the Directors. In the event that the quorum as set forth above is not achieved, at such adjourned Board meeting or committee meeting, such meeting shall further stand adjourned to the same day in the next week, at the same time and place or to such other day, as may be agreed between the Investors and the Promoter. The Company shall issue notices for such second adjourned meeting to all the Directors. Subject to provisions of the under Restated Shareholders Agreement, if the quorum as set forth above is not achieved at such second adjourned meeting, the Directors present shall, subject to their constituting a valid quorum under the Act, constitute a valid quorum at such second adjourned meeting even though the Investor Directors or the Promoter Director are not present.

(iv) Subject to the provisions under Restated Shareholders Agreement, a decision shall be said to have been made and/or a resolution passed at a meeting of the Board only if passed at a validly constituted meeting, and such decisions are approved of by and/or the resolution is approved of by a majority of the Directors, which unless otherwise mandated by law in India, shall mean approval by a majority of the directors present and voting at such Board meeting of the Company.

(v) Subject to applicable Law, Directors or members of any committee of the Board may participate in meetings of the Board or committees of the Board through video-conference or telephonic conference.

(vi) A written resolution circulated to all the Directors or members of committees of the Board, whether in India or overseas and signed by a majority of them as approved shall (subject to compliance with the relevant requirements of the Act), be as valid and effective as a resolution duly passed at a meeting of the Board or committee of the Board, as the case may be, called and held in accordance with the Restated Shareholders Agreement and the Articles of Association (provided that such written resolution has been circulated in draft form, together with the relevant papers, if any to all the Directors, provided however that if the resolution proposed to be passed by circulation pertains to a Special Matter, such circular resolution shall be valid and effective only if it has received the consent of majority of the Directors, including both Investor Directors and one Promoter Director.

183 Shareholder Meetings

(i) The Company shall hold at least one general meeting of the shareholders of the Company in any given calendar year. All general meetings of the shareholders of the Company shall be governed by the Act and the Articles of Association of the Company.

(ii) Prior written notice of twenty one (21) days for a general meeting of the shareholders of the Company shall be given to all shareholders of the Company; provided however that any general meeting of the shareholders of the Company may be held upon shorter notice in accordance with the provisions of the Act and subject to the prior written approval of the Investors. All notices shall be accompanied by an agenda setting out the particular business proposed to be transacted at such meeting.

(iii) Subject to the provisions of the Restated Shareholders Agreement the quorum for a general meeting (including any adjourned meeting) of the shareholders of the Company shall be the presence, in person, of such number of shareholders as required under the Act, subject to the presence of one authorized representative of each of the Investors and one authorized representative of the Promoter at such meeting.

184 Voting Rights

Subject to the provisions of the Restated Shareholders Agreement the voting rights of every shareholder on every resolution placed before the Company shall, to the extent permissible under Law, be in proportion to the Share Capital of the Company that the Shares held by such shareholder represent.

185 Accounting, Record Keeping & Reporting Requirements

(i) The books and records of the Company shall be kept in accordance with generally accepted accounting principles in India (applied on a consistent basis) ("Indian GAAP"). The Company shall make and keep books, records and accounts, in detail, that accurately and fairly reflect all of its transactions and the disposition of its assets. The records shall include, monthly-unaudited financial statements (including a balance sheet and statements of income and cash flows) prepared in accordance with Indian GAAP.

(ii) In addition, for so long as the Investors hold such percentage of the Equity Share Capital of the Company, on a fully diluted basis, as is set out in Article 181(ii) above, the Company shall furnish to such Investor certified true copies of the minutes of all the Board and shareholders meetings including meetings of any committees of the Board.

(iii) Unless prohibited by applicable Law, so long as the Investor/s hold such percentage of the Equity Share Capital of the Company, on a fully diluted basis, as is set out in Article 181(ii) above, upon reasonable notice, the Investors shall have the right to access and review the books, records and financial statements of the Company and the Company and the Promoter shall ensure that the Company shall, upon receipt of such notice, provide the Investors with such information as may be requested.

186 Independent Audit And Annual Budget

The Investors shall have the right to appoint an independent firm of auditors to inspect and/or audit all relevant books, records, accounts, documents and practices and interview the relevant personnel of the Company and its subsidiaries. The Company and the Promoter shall ensure that the Company shall provide all assistance to the Investors and their auditors for the purpose of carrying out the inspection and audit. In the event that any concerns are raised pursuant to such inspection and audit, the Company and/or the subsidiary shall be obligated to satisfy such concerns to the satisfaction of the Investors. The Investors shall pay the fees of any independent firm that carries out any inspection or audit pursuant to this Article 187. The Company shall comply with all the rules, regulations and/or guidelines, as the case may be, issued by SEBI from time to time. Not later than sixty (60) days prior to the commencement of a fiscal year, the Company shall procure the approval by the Board of the annual budget for such fiscal year.

187 Additional Capital

(a) In the event the Company decides to make any preferential issue of shares or other securities (i.e. issuance of shares or other securities without a pre-emptive right in favour of the existing shareholders to subscribe to the same in proportion to their respective shareholding in the Company), which decision shall, for the avoidance of doubt, always be subject to the provisions of the Restated Shareholders Agreement, then the Investors shall, out of the shares or securities to be so issued, have the right to subscribe to such number of additional shares or securities, so as to enable them to maintain their respective shareholdings in the Company following such preferential issue, as in existence immediately prior to such preferential issue. To the extent that the Investors do not subscribe to such additional shares or securities to which they are entitled pursuant hereto, the Board may, subject to approval in writing of the Investors and the Promoter and applicable Law, offer such unsubscribed portion of the additional shares or securities, as applicable, to any Person as it may deem fit on the same terms and conditions. The Promoter and the Company shall take all steps to give effect to the provisions of this Article.

(b) The Investors shall, notwithstanding the non- exercise of their right to subscribe to any additional shares or other securities pursuant to Article 187(a) hereof, continue to have their rights pursuant to Article 187(a), in respect of any subsequent preferential issue of new shares or other securities by the Company. The rights under Article 187(a) hereof shall also apply to any preferential issue to be made on new and modified terms subsequent to the non-exercise by the Investors of their rights, in accordance with Article 187(a).

(c) Each Investor shall be entitled to nominate any of its respective Affiliates to subscribe to, acquire and /or hold any shares or securities which such Investor is entitled to subscribe, acquire or hold, pursuant to this Article 187, provided always that prior to any such Affiliate subscribing to, acquiring or holding such shares or other securities, as applicable, the Affiliate shall agree in writing to be bound by the terms of the Restated Shareholders Agreement and shall have executed a Deed of Adherence in the manner provided in Article 189A.

188 Transfers Of Shares By The Investors

(1) Transferability of Shares

(i) Subject to the Restated Shareholders Agreement, the Investors shall be entitled to deal with and dispose off the Shares issued to them in any manner. It is clarified that the Investors shall be entitled to transfer the Shares of the Company held by the Investor to any of its Affiliates or any third parties without any restrictions and shall also be entitled to transfer any of its rights and obligations under the Articles of Association and/or the Restated Shareholders Agreement to any of its Affiliates, and the provisions of Article 188(3) shall not apply to such Transfers.

(ii) The Investors shall not Transfer the shares held by them to any Person except in the manner set forth in the Restated Shareholders Agreement.

(2) Transfer of Rights

Each Investor shall have the right to Transfer the rights available to it under the Articles of Association and/or the Restated Shareholders Agreement to:

i. a third party who acquires at least 5% of the Share Capital from such Investor (such third party shall hereinafter be individually referred to as an “Investor Transferee”), subject to such Investor Transferee executing a Deed of Adherence in the manner provided for in Article 189A.

ii. any Affiliate of the Investor, subject to the Affiliate executing a Deed of Adherence in the manner provided for in Article 189A, provided that in the event that Affiliate ceases to be an

Affiliate of the Investor, then the Investor shall cause such Person to promptly re-Transfer such shares or the rights under the Restated Shareholders Agreement held by it either to the Investor or to an Affiliate of the Investor ("Permitted Transferee"). The shares Transferred by an Investor to a Permitted Transferee shall be included for the purposes of computing the Investor's shareholding under the Articles of Association and the Restated Shareholders Agreement.

For the avoidance of doubt it is hereby clarified that, the shares Transferred by any Investor to an Investor Transferee shall not be included for the purposes of computing the Investors' shareholding under the Restated Shareholders Agreement. The Company shall comply with all the rules, regulations and/or guidelines, as the case may be, issued by SEBI from time to time.

(3) Promoter's right of first offer

(i) If any Investor proposes to Transfer Shares in excess of 2% of the Share Capital of the Company held by it ("Offeror") to a third party (provided that the shareholding of the transferee post such Transfer would be more than 10% of the Share Capital of the Company) that is not an Affiliate of such Investor, then the Offeror shall first offer such shares ("Offer Shares") to the Promoter upon the terms and conditions set out in the offer notice (the terms of such offer to the Promoter, "Offer Terms").

(ii) Upon such offer being made, the Promoter shall have the first right, within a period of five (5) working days ("Promoter Offer Period") to accept the Offer Terms and complete the purchase by it of all of the Offer Shares.

(iii) In the event the Promoter so accepts the Offer Terms, the Promoter shall, simultaneously with the acceptance of the Offer Terms, pay the Investor proposing the Transfer of such Offer Shares 25% of the aggregate price at which the Offer Shares are to be sold pursuant to the Offer Terms ("Deposit") and shall also make the payment of the rest of the consideration for the Offer Shares within the Promoter Offer Period. The Deposit shall be credited toward the aggregate price at which the Offer Shares are to be sold.

(iv) In the event the Promoter has not accepted the Offer Terms or having accepted the Offer Terms has not completed the purchase of the Offer Shares within the Promoter Offer Period, the Offeror shall be free to Transfer the Offer Shares to any third party.

(v) In the event the Promoter accepts the Offer Terms within the Promoter Offer Period but fails to purchase of all of the Offer Shares before the expiration of the Promoter Offer Period, respectively, then

(a) the Deposit shall be forfeited and the Investor proposing to transfer such Offer Shares shall be entitled to keep the Deposit; and

(b) the Investor shall be free to Transfer the Offer Shares to any third party.

(vi) The provisions of Article 180(b) shall not be applicable for the purposes of this Article 188(3).

(4) Compliance of Law

Notwithstanding anything to the contrary contained herein, in the event an Investor proposes to sell shares pursuant to the Articles of Association and/or the Restated Shareholders Agreement and if the RBI or any other governmental authority with jurisdiction over the subject matter determines that the price determined in accordance with the prevailing regulatory guidelines is lower than the price at which such Investor proposes to sell the shares as determined in accordance with the relevant provision of the Articles of Association and/or the Restated Shareholders Agreement, and stipulates that the price to be paid by the purchaser of such shares for acquiring such shares from such Investor should be the price determined in accordance with the prevailing regulatory guidelines, such Investor may elect to:

(a) if permitted by Law, cause such Investor's shares to be sold to its nominee, being a person resident in India, at such price determined in accordance with the prevailing regulatory guidelines and cause such nominee to sell its shares to the purchaser at the price determined in accordance with the relevant provision of the Articles of Association and/or the Restated Shareholders Agreement; or

(b) if permitted by the concerned regulatory authority, to sell the said shares at the price determined in accordance with the relevant provision of the Articles of Association and/or the Restated Shareholders Agreement with a covenant that not more than the price as determined in accordance with the prevailing regulatory guidelines be remitted outside India and the balance amounts shall be utilised in any manner as may be decided by such Investor; or

(c) choose not to sell the said shares and sell the shares to any other purchaser at the price determined in accordance with the relevant provision of the Articles of Association and/or the Restated Shareholders Agreement; subject to the right of the Company or the Promoter to purchase the shares at such price, through a nominee of the Company or the Promoter outside India, within the time period prescribed under the Articles of Association and/or the Restated Shareholders Agreement and provided that either the Company or the Promoter as the case may be, has accepted the Offer Terms within the prescribed time period; or

(d) sell the said shares at such price determined in accordance with the prevailing regulatory guidelines.

189 Transfers Of Shares By Promoter

(1) *Transferability of Shares*

(i) Subject to the Restated Shareholders Agreement, the Investors shall be entitled to deal with and dispose off the Shares issued to them in any manner. It is clarified that the Investors shall be entitled to transfer the Shares of the Company held by the Investor to any of its Affiliates or any third parties without any restrictions and shall also be entitled to transfer any of its rights and obligations under the Articles of Association and/or the Restated Shareholders Agreement to any of its Affiliates, and the provisions of Article 188(3) shall not apply to such Transfers.

(ii) The Investors shall not Transfer the shares held by them to any Person except in the manner set forth in the Restated Shareholders Agreement.

(2) Investors' rights of first refusal

i. If the Promoter proposes to Transfer any of the shares in excess of 2% of the Share Capital of the Company held by it during any period of 12 months ("Promoter Shares") to any Person other than in terms of Article 189(1)(i) above, then the Promoter shall first offer, on the same terms and conditions and in the manner specified herein, to each Investor such number of shares in the ratio the number of shares held by them bears to the total number of shares held by them collectively in the Company. Provided that in the event an Investor is unable or unwilling to purchase its share (whether in full or in part) of the Promoter Shares, the other Investor may choose to purchase such share of the Promoter Shares, in addition to its portion of the Promoter Shares. It is clarified that each Investor shall have the right to purchase the Promoter Shares, either directly or through an Affiliate.

ii. The offer to the Investors in accordance with Article 189(2)(i) above, shall be by way of a notice (the "Promoter's Notice") in writing, specifying the number of Promoter Shares, the price at which the Promoter intends to Transfer such Promoter Shares, the identity of the proposed transferee and any other material or relevant terms and conditions of the proposed Transfer.

iii. The Investors shall have the right, within thirty (30) days of receipt of the Promoter's Notice, to accept the offer to purchase the Promoter Shares offered in the Promoter's Notice, at the price mentioned therein. In the event that either or both the Investors accept the offer in the Promoter's Notice, the Transfer of such Promoter Shares shall be completed within sixty (60) days from the date of communication of acceptance of the Promoter's Notice by the Investor(s). Such reasonable time as may be required for approvals of the Government of India or its instrumentalities shall be excluded in calculating the sixty (60) day period mentioned in this Article 189(2)(iii).

iv. If neither Investor accepts the offer contained in the Promoter's Notice within the time stipulated in Article 189(2)(iii) hereof, then the Promoter shall have the right to Transfer such shares to the proposed transferee within 30 days thereafter, at the price and on the terms offered to the Investors in the Promoter's Notice, provided that such transferee executes a Deed of Adherence in the manner provided in Article 189A.

(3) Compliance with Law

(i). Where the Investors are purchasing shares pursuant to the Articles of Association and/or the Restated Shareholders Agreement, they shall have the option of purchasing the shares through any other Person nominated by them, whether an Affiliate, in the event that the Investors are prevented from purchasing the shares due to any Law or other stipulation of any governmental authority including RBI.

(ii). Where the Investors are purchasing shares pursuant to the Articles of Association and/or the Restated Shareholders Agreement and if the RBI or any other governmental authority with jurisdiction over the subject matter determines that the price determined in accordance with the prevailing regulatory guidelines is higher than the price at which the Investors are purchasing the shares as determined in accordance with the relevant provision of the Articles of Association and/or the Restated Shareholders Agreement, and stipulates that the price to be paid by the Investors for acquiring such shares should be the price determined in accordance with the prevailing regulatory guidelines, the Investors may elect to:

a) cause one of their nominees being a person resident in India to purchase the said shares at the price as determined in accordance with the relevant provision of the Articles of Association and/or the Restated Shareholders Agreement; or

b) purchase the said shares at the price determined in accordance with the prevailing regulatory guidelines as per the requirements of the RBI; or

c) choose not to purchase the said shares.

(4) Investors' Tag Along Rights

1. Notwithstanding anything to the contrary, in the event that the Investors receive the Promoter's Notice, the Investors may instead of exercising their right to purchase the Promoter Shares, send a tag along notice (the "Tag Along Notice") to the Promoter requiring the Promoter to ensure that the proposed transferee also purchases up to such number of shares then held by the Investors as bears the same ratio to their shareholding as the Promoter Shares bears to the Promoter's shareholding in the Company (the "Tag Along Shares") at the same price and on the same terms as mentioned in the Promoter's Notice. Provided that this clause shall only be applicable to a Transfer by the Promoter of more than 2% of the Share Capital of the Company held by the Promoter during any period of 12 months.

2. In the event that the Investors deliver a Tag Along Notice to the Promoter, the Promoter shall ensure that along with the shares mentioned in the Promoter's Notice, the proposed transferee also acquires the Tag Along Shares for the same consideration and upon the same terms and conditions as mentioned in the Promoter's Notice.

3. In the event that the proposed transferee is unwilling or unable to acquire all of the shares mentioned in the Promoter's Notice and the Tag Along Shares upon such terms, then the Promoter may elect either to cancel such proposed transfer or, with the consent of the Investors, to allocate the maximum number of shares of the Company which such proposed transferee is willing to purchase among the Promoter Shares and the Tag Along Shares pro-rata as calculated above and to complete such Transfer in accordance with the revised terms.

4. Notwithstanding anything to the contrary in this Article 189(4), the Promoter shall not be entitled to Transfer any of the shares to any proposed transferee, unless the proposed transferee simultaneously purchases and pays for all the Tag Along Shares or a proportionate number of the Tag Along Shares, as the case may be.

189A. Deed Of Adherence

Each party to the Restated Shareholders Agreement shall cause each of its Affiliates who subscribes, acquires or holds any shares or securities of the Company pursuant to Article 187(c), and each of its Affiliates and any third party, to which any shares are Transferred by it pursuant to Article 188(2), 189(1)(i) or 189(2)(iv), as applicable, to execute a deed of adherence undertaking to adhere to and be bound by the terms and conditions of the Restated Shareholders Agreement, including for the avoidance of doubt, the obligations of the parties to the Restated Shareholders Agreement under the Restated Shareholders Agreement ("Deed of Adherence"). Every third party transferee ("Transferee") to whom Shares are transferred by the Promoter or any Investor in accordance with Article 188(2) or 189(2) (iv), as applicable, ("Transferor") as referred to above, shall be deemed to have assumed the liabilities of the Transferor under the Restated Shareholders Agreement.

Further in the event an Affiliate of party to the Restated Shareholders Agreement, which holds shares of the Company, is likely to cease to be an Affiliate of such party to the Restated Shareholders Agreement (on account of which it holds shares of the Company), such party shall immediately prior to such cessation cause the Transfer of the shares of the Company held by such Affiliate, to itself or another Affiliate and in case of Transfer to another Affiliate, such other Affiliate shall also execute a Deed of Adherence.

190. Transfer Of Shares By The Company

The terms of the Restated Shareholders Agreement shall also apply to each of the Company's subsidiaries (whether existing on the date hereof or incorporated in future), mutatis mutandis, so that the reference to the term "Company" shall refer to such subsidiary and the reference to other defined terms in relation to the Company shall have the correlative meaning in relation to each subsidiary. Provided that in relation to the specific matters specified under the Restated Shareholders Agreement, no obligation of any subsidiary of the Company shall be entered into and no decision shall be made and no action shall be taken by or with respect to the subsidiary at any meeting of such subsidiary's shareholders unless such decision, action or resolution is first approved by the board of directors of such subsidiary.

191 Registration Rights

a) Without prejudice to the Investors' rights under Article 188, the Company shall not issue American depository receipts, global depository receipts or such other similar instruments (the "Further Securities"), whether against existing shares or otherwise, to any other Person, including existing shareholders of the Company, on any terms and conditions without offering to issue such Further Securities on such terms and conditions to the Investors as well, which offer the Investors may accept in their sole discretion.

b) At any time after the earlier of four years from the First Closing Date or six months after the effective date of the Company's initial registration statement (or equivalent document, by whatever name called) in respect of the Company's securities in any jurisdiction, the Investors holding more than 50% of the Investment Shares shall have the right (hereinafter, the "Registration Right") to require the Company to use its best efforts to cause registration of the Company's shares or securities in any jurisdiction with any competent authority, as may be required under applicable Law in such jurisdiction, including filing of a suitable registration statement (or equivalent document, by whatever name called) in respect of the Company's securities and covering Transfers of the shares and other securities (including any Further Securities) held by the Investor, provided that the shares proposed to be Transferred by the Investor constitute at least 50% of the Investment Shares or any lesser number of shares if the anticipated aggregate offering price would exceed US $ 10,000,000 (United States Dollars Ten Million), in order to ensure Transferability of the Investor's shares or securities, including any Further Securities, within such jurisdiction.

c) This Registration Right shall be available to the Investors in connection with any registration of the Company's shares or securities in any jurisdiction with any competent authority, for the purposes of Transferability of such shares or securities, and the Registration Right may be adapted or revised, in such manner as the Investors may require in their sole discretion, solely to meet the requirements of applicable Law in such jurisdiction, such that the Registration Right of the Investors as contemplated under this Article 191 is not diminished in any manner. This right of the Investors under Article 191(ii) shall be available for two registrations.

By way of example only and without limiting the generality of the foregoing, if the Investors choose to exercise their Registration Right in respect of the United States of America, the Company shall file with the United States Securities and Exchange Commission ("Commission") a registration statement for the Company's securities and covering Transfers of all shares and other securities (including any Further Securities) on behalf of the Investors and any Permitted Transferees.

The expenses of preparation and filing of all registration statements, S-3 registrations and all piggyback registrations, shall be borne by the Company and the fees/commission payable to the underwriters appointed for the purposes of this Article 191 shall be borne by the Investors in the same proportion that the securities Transferred by the Investors under this Article 191 bears to the total securities that the Company may register with the Commission (or equivalent authority) as part of the offering. Upon filing the registration statement, the Company will use its best efforts to cause the registration statement to be declared effective by the Commission (or equivalent authority) and to keep the registration statement effective with the Commission (or equivalent authority) so long as necessary under applicable law to permit the Transfer of securities by the Investors. At the request of the Investors, the Company will procure, at the Company's sole expense, the listing of such securities on NASDAQ, or such other acceptable exchange within the jurisdiction as may be mutually agreed to between the Company and the Investors.

d) In the event that the Company decides to register the Company's shares or securities in any jurisdiction with any competent authority, the Investors shall be entitled to 'piggyback' registration rights on registration of the Company, provided however, that the Company and its underwriters may, in view of market conditions, pro-rata reduce the number of shares proposed to be registered by the Investors (subject to a minimum inclusion of 25% of the shares proposed to be registered in case such registration is post IPO).

192 Liquidation Preference

The Investors had invested in the Company by way of subscription to the Share Capital of the Company based on the terms and conditions contained in the Subscription Agreement and the Shareholders Agreement in terms whereof the Investors were entitled to certain preferences in respect of receipt of liquidation proceeds from the Company and Promoters, upon the occurrence of a Liquidation Event. In view of the foregoing, the Promoter shall hold all amounts received by it and ensure that its Affiliates who are shareholders of the Company hold all amounts received by them (pursuant to a Liquidation Event) in trust for and on behalf of the Investors and forthwith transfer the same to the Investors until such time that the Investors receive an amount equal to (a) 1.75 times the Investment Purchase Price plus any dividends declared by the Board but remaining unpaid on such Shares held by the Investors, less (b) any amounts which may have been received by the Investors as liquidation proceeds from the Company in relation to the Shares held by them. The Promoter shall take all such action and do all such things as may be required to give effect to the provisions of this Article 192.

193 Amendment Of Rights

Any provision of the Restated Shareholders Agreement may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of all the parties to the Restated Shareholders Agreement. Any amendment or waiver effected in accordance with this Article 193 shall be binding upon the Company, the Investors and the Promoter and their respective successors and permitted assigns.

194 Put Option

(i) In the event it is discovered by the Investors, that the Company (and/or its key officers or directors) has at any time (i) committed a fraud which has resulted in the substratum of the Company being lost; or (ii) has not complied with any governmental regulation or applicable Law which may adversely affect in a material manner the Business of the Company as it is being presently carried on; or (iii) has willfully and fraudulently withheld any material information, with respect to itself or any of its subsidiaries, from the Investors which has prejudicially affected in a material manner, the Investors investment in the Company; or (iv) has, by any willful act or omission, committed any willful breach in any material respect of any of its representations, warranties, covenants, obligations, or undertakings under the Restated Shareholders Agreement or the Subscription Agreement collectively the "Put Events"); the Promoter shall, at the option of the Investors, within a period of 15 days (or such other extended period, not exceeding 45 days, required to seek applicable government approvals including approval from the RBI, notwithstanding the provisions of Article 180 (b), be obligated to purchase all the Shares then held by the Investors ("Put Option"). The Investors shall, by a notice in writing (the "Put Notice"), be required to notify the Promoter of their decision to exercise the Put Option.

(ii) The rights of the Investors to exercise the Put Option shall be subject to the following conditions:

The purchase price per share to be paid to the Investors by the Promoter shall be equal to the aggregate Investment Purchase Price paid for such shares together with all dividends which have been declared by the Board but remain unpaid, on such shares, divided by the number of the shares then held by the Investors;

Upon discovery by the Investors of occurrence of any of the Put Events, the Investors shall have the right to either (a) give the Indemnity Notice as defined under the Subscription Agreement and exercise their rights as stated under the Subscription Agreement; or (b) exercise the Put Option. For the avoidance of doubt, it is hereby clarified that upon the occurrence of a Put Event, the Investors shall not be entitled to exercise both the indemnity rights under the Subscription Agreement as well as exercise the Put Option, but only one of such rights. It is agreed between the parties to the Restated Shareholders Agreement that in case the Investors exercise the indemnity rights under the Subscription Agreement on the occurrence of a Put Event or otherwise, such exercise shall not prejudice the Investors' right to exercise either the indemnity rights under the Subscription Agreement or the Put Option in future in respect of a subsequent Put Event.

SECTION IX – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which have been attached to the copy of this Draft Red Herring Prospectus, delivered to the Registrar of Companies, Tamil Nadu at Chennai for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office/ Corporate Office of our Company from 11 am to 5 pm on working days from the date of this Draft Red Herring Prospectus until the Bid/Issue Closing Date.

Material Contracts and Documents

1. Letter of appointment dated March 14, 2008 to ICICI Securities Limited from our Company appointing them as the BRLM.
2. Letter of appointment dated March 14, 2008 to Edelweiss from our Company appointing them as the BRLM.
3. Memorandum of Understanding dated March 17, 2008 amongst our Company and the BRLMs.
4. Memorandum of Understanding/ Agreements executed by our Company with Bankers to the Issue, Registrar to the Issue, etc.
5. Escrow Agreement dated [•], 2008 between the Company, the BRLMs, the Escrow Banks and the Registrar to the Issue.
6. Syndicate Agreement dated [•], 2008 between the Company, the BRLMs and the other Members of the Syndicate.
7. Underwriting Agreement dated [•], 2008 between the Company, the BRLM and other Underwriters.
8. Our Memorandum and Articles of Association as amended from time to time.
9. Our certificate of incorporation dated October 8, 1999 and certificate of commencement of business dated December 13, 1999.
10. Our certificates in relation to change of names dated May 26, 2005 and January 25, 2007.
11. Agreement and plan of merger dated August 29, 2007 between AHSI, AFSI, Zavata Acquisition Corporation, Satish Sanan and Zavata, Inc.
12. Securities purchase agreement dated July 31, 2006 between AFSI, Armanti Financial, William J. Colgan, Ariel J. Morales and Michael C. Nudo.
13. First Amendment dated September 14, 2007 to Securities purchase agreement between AFSI, Armanti Financial, William J. Colgan, Ariel J. Morales and Michael C. Nudo.
14. Share purchase agreement dated September 1, 2006 between the Company, Heritage Web Solutions, DP Yadav, Apara Kumari Yadav, Brijendu Kumar and Praveen Sinha.
15. Subscription and Shareholders Agreement dated April 14, 2005 between Maxwell, Eliza Holdings, the Company and AHEL.
16. Restated Shareholders agreement dated January 8, 2007 between Maxwell, Eliza Holdings, the Company and AHEL.
17. Amendment agreement dated January 8, 2007 between Maxwell, Eliza Holdings, the Company and AHEL.
18. Share Purchase agreement dated January 1, 2007 between Citadel Research and Solutions Limited, Medvarsity, NIIT Limited and the Company.
19. Acquisition agreement dated January 1, 2001 between the Company and Spectra Hospital Services Limited.
20. Subscription agreement dated October 10, 2000 executed between our Company and Unit Trust of India .
21. Share purchase and shareholders agreement dated November 7, 2001 between our Company and certain shareholders of E-Medlife.com Limited.
22. Engineering-procurement-construction contract dated February 1, 2008 between the Company and Sindya Infrastructure Development Company Private Limited
23. Letter (no.12/490/2007-CL.VII) dated August 6, 2007 by Director, Ministry of Corporate Affairs, GoI to the Company regarding payment of increased remuneration to Mrs. Sangita Reddy, Managing Director.
24. Shareholders' resolutions in relation to this Issue and other related matters such as appointment of statutory auditors, formation and revision of Audit, Remuneration and other committees
25. Copies of the Annual Report of our Company and its Subsidiaries for the last five financial years, to the extent available.
26. Resolution of the Board of Directors dated November 23, 2007 authorising a fresh issue of up to 8,500,000 Equity Shares and constituting the IPO Committee.

27. Resolution of the shareholders of the Company passed at an EGM dated December 21, 2007 authorising the fresh issue of up to 8,500,000 Equity Shares.
28. Resolution of the Board of Directors dated February 9, 2008 authorizing the Issue of 6,500,000 Equity Shares.
29. Resolution of the Board of Directors dated February 9, 2008 approving the Draft Red Herring Prospectus.
30. Resolution of the IPO Committee dated March 15, 2008 approving the Draft Red Herring Prospectus.
31. Present terms of employment and remuneration between the Company and our Directors fixed by way of Board meetings and approved by the Shareholders.
32. Report of the statutory auditors, M/s S.R. Batliboi & Associates, Hyderabad dated February 9, 2008 prepared as per Indian Generally Accepted Auditing Standards and mentioned in the Draft Red Herring Prospectus.
33. Review report of the auditors, M/s S.R. Batliboi & Associates, Hyderabad dated March 10, 2008 to Zavata, Inc. and mentioned in the Draft Red Herring Prospectus.
34. Report on the Statement of Tax Benefits Report by statutory auditors, M/s S.R. Batliboi & Associates, Hyderabad forming part of the aforesaid audit report dated February 9, 2008 and mentioned in the Draft Red Herring Prospectus.
35. Consent of the Statutory Auditors being M/s S.R. Batliboi & Associates, Hyderabad for inclusion of their report on accounts in the form and context in which they appear in the Draft Red Herring Prospectus.
36. Consents of Statutory Auditors, IPO Grading Agency, Bankers to the Company, BRLMs, Syndicate Member, Registrar to the Issue, Escrow Collection Bank(s), Banker to the Issue, Domestic and International Legal Counsel and Underwriters, Directors of the Company, Company Secretary and Compliance Officer, as referred to in their respective capacities.
37. Initial listing applications dated [•] and [•] filed with BSE and NSE respectively.
38. In-principle listing approval dated [•] and [•] from BSE and NSE respectively.
39. Tripartite Agreement between NSDL, our Company and the Registrar to the Issue dated December 28, 2007.
40. Tripartite Agreement between CDSL, our Company and the Registrar to the Issue dated December 10, 2007.
41. Due diligence certificate dated March 18, 2008 to SEBI from the BRLMs.
42. SEBI observation letter No. [•] dated [•].
43. Grading Report dated [•] from [•], the IPO Grading Agency

Any of the contracts or documents mentioned above or elsewhere in this Draft Red Herring Prospectus may be amended or modified at any time, if so required in the interest of the Company or its Subsidiaries, or if required by the other parties, without reference to the Shareholders, subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by Securities and Exchange Board of India, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules made thereunder or guidelines issued, as the case may be. We further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTORS OF THE COMPANY

DR. PRATHAP C. REDDY, CHAIRMAN

MRS. SANGITA REDDY, MANAGING DIRECTOR

MRS. SHOBANA KAMINENI, DIRECTOR

MR. TAREK SHOEB, DIRECTOR

MR. RAVENDRAN KRISHNASAMY, DIRECTOR

MR. SERAJUL HAQ KHAN, INDEPENDENT DIRECTOR

MR. NASSER MUNJEE, INDEPENDENT DIRECTOR

MR. N.J. YASASWY, INDEPENDENT DIRECTOR

MR. RAMARAJ RAJASEKHAR, INDEPENDENT DIRECTOR

MR. REYNOLD J. JENNINGS, INDEPENDENT DIRECTOR

SIGNED BY THE CHIEF FINANCIAL OFFICER,
MR. SHANKER NARAYAN

Date: March 18, 2008

Place: Hyderabad