



ALLIED COMPUTERS INTERNATIONAL (ASIA) LIMITED (Registration No. 11-135829)

(Originally incorporated as Allied Computers International (Asia) Private Limited on 09th May 2002 with the Registrar of Companies, Maharashtra State, Mumbai. The name of the Company was changed from Allied Computers International (Asia) Private Limited to Allied Computers International (Asia) Limited vide Fresh Certificate of Incorporation dated July 8, 2003)

Registered Office: Originally the registered office was located at 32, Queen's View, Juhu Road, Santacruz (West), Mumbai -400 054 and was changed to 501-503, Morya Estate, New Link Road, Andheri (W), Mumbai-400053 w.e.f 24th September 2004.

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Contact Person: Mr. Suresh H Gangan, Company Secretary and Compliance Officer

E-mail: ipo@aci-asia.com Website: <http://www.aci-asia.com>

PUBLIC ISSUE OF 50,00,000 EQUITY SHARES OF FACE VALUE OF RS. 10/- EACH ISSUED FOR CASH AT A PREMIUM OF Rs. 2/- PER SHARE AGGREGATING TO Rs. 600.00 LAKHS (HEREINAFTER REFERRED TO AS THE 'ISSUE') BY ALLIED COMPUTERS INTERNATIONAL (ASIA) LIMITED (THE 'COMPANY' OR 'ISSUER'). THE ISSUE PRICE OF RS.12/- PER EQUITY SHARE IS 1.2 TIMES OF THE FACE VALUE

The issue is being made in terms of clause 2.2.2 (a) (ii) and b (i) of SEBI (DIP) Guidelines, 2000 as amended from time to time, wherein 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. In case of delay, if any in refund, we shall pay interest on the application money @15% p.a. for the period of delay.

RISK INRELATION TO FIRST ISSUE

This being the first public issue of the Equity Shares of Allied Computers International (Asia) Limited ("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 share and the issue price is 1.2 times of the face value. The Issue price (as has been determined and justified by the Lead Manager and the issuer Company as stated under "Basis for Issue Price" on page 36 of the offer document) 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 active or sustained trading in the equity shares of Allied Computers International (Asia) Limited nor regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (SEBI), nor does SEBI guarantee the accuracy or adequacy of this Prospectus. **Specific attention of the investors is invited to the section titled 'Risk Factors' beginning on page 6 of this Prospectus.**

ISSUER'S ABSOLUTE RESPONSIBILITY

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

IPO GRADING

This Issue has been graded by ICRA Limited ("ICRA") as ICRA IPO Grade 1 (1 out of 5) indicating 'poor fundamentals'. For details see the section titled "General Information" on page 22 of this Prospectus.

LISTING

The Equity Shares offered through this Prospectus are proposed to be listed on Bombay Stock Exchange Limited (BSE) Designated Stock Exchange). The in-principle approval of BSE for the listing of our Equity Shares has been received pursuant to letter dated 26th March, 2007

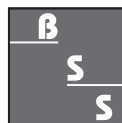
LEAD MANAGER TO THE ISSUE

REGISTRAR TO THE ISSUE



CIL Securities Limited

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ISSUE SCHEDULE

ISSUE OPENS ON

Friday, 19th October, 2007

ISSUE CLOSES ON

Tuesday, 23rd October, 2007

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SECTION I GENERAL DEFINITIONS AND ABBREVIATIONS

1 CONVENTIONAL/GENERAL TERMS

Act	The Companies Act, 1956 as amended from time to time
Book Value	Networth / Number of outstanding shares
Depository	A company formed and registered under the Companies Act, 1956 (1 of 1956), and which has been granted a certificate of registration under sub-section (1A) of section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992)
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository Participant	A person registered as such under sub-section (1A) of section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992)
Equity Shares	The Equity Shares of face value of Rs. 10/- each of the Company
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the rules and regulations framed thereunder.
Financial Year / Fiscal Year /FY	The 12 months ended March 31, of a particular year unless otherwise specified
FIIs	Foreign Institutional Investor as defined under SEBI (Foreign Institutional Investors) Regulations, 1995 registered with SEBI and as defined under FEMA (Transfer or Issue of security by a person resident outside India) Regulations, 2000 and under other applicable laws in India.
GAAP	Generally Accepted Accounting Practices
IT Act	The Income Tax Act, 1961, as amended from time to time
RBI	Reserve Bank of India
R&D	Research and Development.
SCRR	Securities Contracts (Regulation) Rules, 1957 as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI (DIP) Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000, issued by SEBI, as amended from time to time.

2 ISSUE RELATED TERMS

Agreement for Sale	Agreement for Sale entered by the company on 11-08-2007 with Mr. Hirji Kanji Patel for purchase of office premises (Unit No. 501 & 502, Morya Estate, New Link Road, Andheri (W), Mumbai-400053)
Applicant	Any prospective investor who makes an application for shares in terms of this Prospectus.
Application Form	The form in terms of which the investors shall apply for the Equity Shares of the Company
Banker (s) to the Issue/ Escrow	Axis Bank Limited (Formerly known as UTI Bank Limited) and HDFC Bank Ltd.
Collection Bank	Limited registered with SEBI as Banker to the Issue at which the Escrow Account will be opened.
Board/Directors/ Board of Directors	The Board of Directors of the Issuer Company
BSE/ Designated Stock Exchange/ Stock Exchange	The Bombay Stock Exchange Limited earlier known as The Stock Exchange, Mumbai

Compliance officer	Mr. Suresh H Gangan, Company Secretary and Compliance Officer
CDSL	Central Depository Services (India) Ltd
Equity Shareholders	Persons holding Equity Shares of the Company unless otherwise specified in the context thereof
Face Value	Face value of Equity share of the Company is Rs.10/- each.
Issue/ Issue Size	Public Issue of 50,00,000 Equity Shares of Rs.10/- at a premium of Rs 2/- per Equity Shares for cash aggregating to Rs.600.00 lacs
Issue Price	Rs.12/- per Equity Share
Issuer Company /Allied/ACIL/ Company/ Our Company/ us/we/ our	Allied Computers International (Asia) Limited
Issue Closing Date	The date on which the issue closes for subscription by the public
Issue Opening Date	The date on which the issue opens for subscription by the public
Issue Period	The period between the Issue opening date and Issue closing date and includes both these dates.
Lead Manager/LM	CIL Securities Limited, Hyderabad
MOU	Memorandum of Understanding entered by the company on 17-11-2006 with Mr. Hirji K Patel for purchase of office premises
Mutual Fund/ MF	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996.
NSDL	National Securities Depository Limited
Non Residents	A person resident outside India, as defined under FEMA.
NRI/ Non Resident Indian	A person resident outside India, who is a citizen of India or a person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
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 (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
Project	The proposed project of the Company to set up Global Laptop, TFT and other equipment Service Centre at Vasai, Dist. Thane, Mumbai.
Promoter	Mr. Hirji Kanji Patel
Prospectus/ offer document	Refers to this document, in terms of which the present Issue of Equity Shares are proposed to be made, to be filed with ROC
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FIIs, scheduled commercial banks, mutual funds registered with SEBI, venture capital funds registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million.
QIB Portion	The portion of the Issue being at least 5,00,000 Equity Shares available for allocation to QIBs.
Registered Office/ Registered office of the Company	501-503, Morya Estate, New Link Road, Andheri (W), Mumbai-400053
RoC	Registrar of Companies, Maharashtra State, Mumbai
Registrar	Registrar & Transfer Agent, viz. Bigshare Services Private Limited
Retail Individual Investor	Means an individual investor (including HUF's and NRIs) who applied for equity shares of or for a value of not more than Rs.1,00,000/-.

3 COMPANY/INDUSTRY RELATED TERMS

Auditors	The statutory auditors of the Company namely M/s. G.C.Patel & Co, Chartered Accountants.
Articles / Articles of Association	The Articles of Association of Allied Computers International (Asia) Limited
CD	Compact Disk
CD Rom	Compact Disk Read Only Memory
CPU	Central Processing Unit
HDD	Hard Disk Drive
IT	Information Technology
LAN	Local Area Network
Laptop/ Notebook	Portable Personal Computer – CPU with Monitor, Mouse and Key Board in one unit
LCD	Liquefied Crystal Display
Level-1	The repairs related to software problems/re-installation, replacements of HDD, RAM, A/C Adapters in the Laptop
Level-2	Board-level replacement repairs of all parts within the laptop
Level-3	Chip-level diagnostics and repairs of all parts with the laptop
Level-4	Detailed Chip-level and track-level diagnostics and repairs of all parts with the laptop
Memorandum/ Memorandum of Association	The Memorandum of Association of Allied Computers International (Asia) Limited
OEM	Original Equipments Manufacturers
PC	Personal Computer
PCB	Printed Circuit Board
RAM	Random Access Memory
TFT	Thin Film Transition
WAN	Wider Area Network Wi-Fi Wireless Fidelity

ABBREVIATIONS

AGM	Annual General Meeting.
A.Y	Assessment Year
A/C	Account
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
BV / NAV	Book value / Net asset value
CAGR	Compounded Annual Growth Rate
CLB	Company Law Board
DGFT	Directorate General of Foreign Trade
DP	Depository Participant.
EBITDA	Earning Before Interest Taxation Depreciation and Amortisation
ECS	Electronic Clearing Service
EGM	Extra-Ordinary General Meeting
EPS	Earnings Per Share.
FI	Financial Institution

FIPB	Foreign Investment Promotion Board, Ministry of Finance, Government of India
FVCI	Foreign Venture Capital Investor registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
GOI	Government of India.
HUF	Hindu Undivided Family
INR	Indian Rupee
IPO	Initial Public Offer
I.T. Act	Income Tax Act, 1961, as amended from time to time
MCA	Ministry of Corporate Affairs
N.A.	Not Applicable
NAV	Net Assets Value
NEFT	National Electronic Fund Transfer
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PBDT	Profit Before Depreciation and Tax
PBIDT	Profit Before Interest, Depreciation and Tax
PBT	Profit Before Tax
Qty	Quantity
RBI	Reserve Bank of India.
ROI	Return on Investment
RONW	Return on Networth
RTGS	Real Time Gross Settlement
Security Certificate	Equity Share Certificate
Security(ies)	Equity Share(s)

CERTAIN CONVENTIONS; USE OF MARKET DATA

In this Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word “Lacs” or “Lac/ Lacs” means “one hundred thousand” and the word “Million” means “Ten lacs” and word “Crore/ Crores” means “Ten Million”. In this Prospectus, any discrepancy in any table between total and the sum of the amounts listed are due to rounding off.

Throughout this Prospectus, all figures have been expressed in Lacs unless otherwise stated. All references to “India” contained in this Prospectus are to the Republic of India.

Unless the context otherwise requires, the financial data in this Prospectus is derived from our financial statements prepared and restated in accordance with Indian GAAP and included in this Prospectus. Accordingly, financial information relating to us is presented for the year ended March 31, 2003, 2004, 2005, 2006, 2007 and Quarter ended June 30, 2007. Our fiscal year commences on April 1 and ends on March 31. In this 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 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 Prospectus should accordingly be limited. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

For additional definitions, see the section titled 'Definitions and Abbreviations' on page 1 of this Prospectus. In the section titled 'Main Provisions of Articles of Association of the Company' beginning on page 118 of this Prospectus, defined terms have the meaning given to such terms in the Articles of Association of the Company.

Market data used throughout this Prospectus was obtained from internal company reports and industry publications and relevant websites. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe market data used in this Prospectus is reliable, it has not been independently verified. Similarly, internal company reports, while believed by us to be reliable, have not been verified by any independent sources.

FORWARD-LOOKING STATEMENTS

Statements included in this Prospectus which contain words or phrases such as "will", "aim", "will likely result", "believe", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "future", "objective", "goal", "project", "should", "will pursue" and similar expression or variations of such expressions, are "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: -

- General economic and business conditions in India and other countries
- Regulatory changes relating to the Information Technology sector in India and our ability to respond to them
- General economic and business conditions in India and other countries;
- Our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks that have an impact on our business activities or investments;
- The monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry;
- Changes in the value of the Rupee and other currencies;
- The occurrence of natural disasters or calamities;
- Change in political conditions in India.

For further discussion of factors that could cause our actual results to differ, see the section titled "Risk Factors" beginning on page 6 of this Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither the Company nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company, and the Lead Manager will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchange.

SECTION II

RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information in this Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares of the Company. To obtain, a complete understanding of our Company, you should read this section in conjunction with the sections titled "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 50 and 88 of: this Prospectus as well as the other financial and statistical information contained in this Prospectus. If any of the following risks actually occur, the business, results of operations and financial condition could suffer, the trading price of the Equity Shares of the Company could decline and you may lose all or part of your investment.

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

INTERNAL RISK FACTORS

1. CASES FILED AGAINST OUR COMPANY

A) Civil Case

Allied Computer Industries (India) Pvt. Ltd. Initiated a case (1878 of 2002, dated 6-8-2002) filed before the Bombay High Court, Mumbai praying to restrain the company from using the word "Allied Computer" and "ACI" as a part of name of our company as this is similar to their existing company name and style.

The company replied that Mr. Hirji Kanji Patel has registered trade mark "ACI" under registered Trade Mark Act, 1999 vide Trade Mark No. 1102041 dated 3-5-2002. Mr. Hirji Kanji Patel has incorporated this company with Registrar of companies, Mumbai as "Allied Computer International (Asia) Pvt. Ltd." In May, 2002. Further to this it was mentioned that prefix "Allied" and "Allied Computer" are common prefix.

The suit is pending for final hearing and disposal without any order. If the suit goes against our company, the company has to pay to plaintiff compensation for damages caused for loss of business up to Rs. 25.00 lacs.

B) Consumer Case

a) Deepak Behal and R. P. Sharma filed a case (99 of 2004, dated 5-3-2004) at Consumer Court, Jaipur alleging for supplying laptop computer with faulty configuration and parts as compared to order placed. The company filed an appeal against the order of consumer forum. If the case goes against our company, we have to pay compensation amount of Rs. 1,19,000/-. The appeal is pending for hearing and disposal.

b) Deepak Somani has served a legal notice on 3-5-2006 and filed a complaint (597/2006, dated 19-8-2006) before District Forum for Consumer Protection, Jodhpur, Rajasthan alleging supply of laptop computer with faulty configuration. He has claimed replacement of laptop or compensation of Rs. 40,400/-.

The Company has also replaced the machine with a new laptop on 30-9-2006.

A Joint Memorandum is yet to be filed before the court to obtain the order.

c) Chandreshkumar M. Zurani has filed a complaint (162/2005) before District Forum for Consumer Protection, Indore, M.P. alleging supply of faulty laptop of Rs. 57,189/-. Hon'ble forum has passed ex-parte order dated 9-3-2006 in favour of the complainant. The said product was sold through our dealer M/s. Cyber Care, Indore and the Company has not been informed about the details of the said case. On order being served, the Company has preferred an appeal against the said order on 2-4-2007.

The Company has replaced the machine with a new machine on 20-08-2007.

A Joint Memorandum is yet to be filed before the court to obtain the order.

CASES FILED AGAINST OUR PROMOTERS

A) Civil Case

NIL

B) Criminal Case

a) Mr. Hemanth Shah, Mumbai, filed a case against Mr. Hirji Kanji Patel in the Court of Metropolitan Magistrate, Bandra, Mumbai, under Case No.160/2002 and Case No.161/2002 U/s.138 of Negotiable Instrument Act for two stopped Post Dated Cheques (Rs. 4,00,000/- Rupees Four Lacs each).

The Hon'ble Court of Metropolitan Magistrate 14th Court, Girgaum, Mumbai, while delivering the judgement in the case concluded "*that on the date of issuance of Cheque there was no existing liability of any debt or in other way full and final liability of the transaction of the accused with the complainant was not finally determined. Therefore, there was no need for him to issue Cheque in question towards discharging of liability. In the result*

my answer to the point raised goes in favour of the accused and to that effect the culpability of the accused for the offence under Section 138 Negotiable Instruments Act thus not attracted by the evidence led on record".

Mr Hemant Shah has filed appeal against the above order before the Hon'ble High Court where the appeal is pending , however appeal memo/summons are yet to be received by Mr Hirji Kanji Patel

- b) Mr Hirji Kanji Patel who was earlier Director, was holding 30,000 equity shares (constituting 50 % of total equity) of Allied Computers industries (India) Private Limited and also provided unsecured loan of Rs. 45.88 lacs to the said company, besides, personal Guarantee to the Bank of India for business loan availed by the Company. He has communicated to the Bank for withdrawal of his personal guarantee on 30-8-2002. He has also submitted resignation from Directorship on 15-09-2003 and has disposed off his entire share holding to the existing shareholders without any consideration.

He was a party in the suit filed by Bank of India, Walkeshwar Branch in the case No O.A No.64/2004 before Debts Recovery Tribunal ,II Mumbai for recovery of Rs 26,35,352.35 with interest @15% p.a. The case pertained to the dispute arose during September, 2002 with the Bank and it was dismissed by the Tribunal vide order dated 28/06/2006 in favor of the Company, with the following order:

"The Original Application is disallowed with no order as to costs. It is clarified that the Bank may sale the pledged goods and retain the proceeds thereof."

The Bank has preferred an appeal against the Order before the Debt Recovery Appellate Tribunal and the Summons are yet to be received by Mr. Hirji Kanji Patel. (for more information refer details provided under title "Dis-association of promoters in other ventures in the last Five years" at page no. 71)

- c) M/s. PCS Technologies Limited has filed a complaint against our Company and Director Mr. Hirji Kanji Patel in Case No. 2359/SS/2005 and 2358/SS/2005 before Metropolitan Magistrate, 44th Court, Andheri, Mumbai u/s 138 of the Negotiable Instruments Act, 1988 for recovery of Rs 5,02,454/- & Rs. 5,00,000/- respectively. The Company has received summons dated 4th October, 2006 for appearing on 26th December, 2006. The case is coming for hearing on 22-10-2007

Out of the Rs. 10,02,454/- , the Company paid Rs. 4,02,454/- and has issued 3 cheques of Rs. 2,00,000/- each (Total Rs. 6,00,000/-) drawn on Andhra Bank, Mulund Br., Mumbai dated 23-04-2007 and realized by M/s. PCS Technologies Limited on 05-09-2007. Besides the Company paid Rs. 3,87,000/- on 05-09-2007 towards full and final payment.

M/s. PCS Technologies Limited has withdrawn their complaint lodged with SEBI vide their letter dated 06-09-2007 addressed to them

A Joint Memorandum is yet to be filed before the court to obtain the order.

- d. Mr. Gautam Ghosh has filed a complaint against the Company and Directors in case No. 487 of 2006 dated 28-1-2006 before the Court of Additional Chief Metropolitan Magistrate, Karkardooma Court, New Delhi u/s 138 and 142 of the Negotiable Instruments Act, 1988 for recovery of Rs 1,97,986/-.

The Company has made payment vide cheque no. 402923 dated 2-8-2007 for Rs. 1,97,986/- drawn on Indusind Bank, Lokhandwala Br., Mumbai.

A Joint Memorandum is yet to be filed before the court to obtain the order.

2. We have certain unpaid statutory dues

As per the Auditors Certificate dated 06-09-2007 as on 30-06-2007 we have unpaid statutory liabilities viz., Income Tax of Rs. 75,39,444/-, and VAT Rs. 20,36,974/-

3. Our inability to manage our growth could disrupt our business and reduce our profitability

We have experienced significant growth in total income restated in recent years. Our total income has grown from Rs. 2639.39 Lacs in financial year 2006 to Rs. 3813.28 Lacs in financial year 2007. We expect this growth to place significant demands on both our management and our resources. This will require us to continuously evolve and improve our operational, financial and internal controls across the organisation. In particular, continued expansion increases the challenges involved in recruiting, training and retaining sufficient skilled, technical, sales and management personnel; adhering to our high quality and process execution standards; maintaining high levels of customer satisfaction; preserving our culture, values and entrepreneurial environment; and developing and improving our internal administrative infrastructure, particularly our financial, operational, communications and other internal systems. Any inability to manage growth may have an adverse effect on our business, results of operation and financial condition.

4. We depend on a limited number of vendors to supply the IT products that we sell and the loss of, or a material change in, our business relationship with a major vendor could adversely affect our business, results of operation and financial condition

Presently we are dependent on 12 vendors to supply the IT products that we sell and the loss of, or a material change in, our business relationship with a major vendor could adversely affect our business, results of operation and financial condition

5. Any changes in gross margins, operating costs, bad debts and interest expense may show impact on our operating results

As a result of intense price competition in the IT products industry, our gross margins may reduce in the future. Increased competition arising from industry consolidation and low demand for certain IT products may hinder our ability to maintain or improve our gross margins. Any variations in gross margin, operating costs, bad debts and interest expense may show impact on our operating results. A portion of our operating expenses is relatively fixed, and planned expenditures are based in part on anticipated orders that are forecasted with limited visibility of future demand. As a result, we may not be able to reduce our operating expenses as a percentage of revenue to mitigate any reductions in gross margins in the future. Our inability to manage our costs would affect our business, results of operation and financial condition.

6. We are subject to uncertainties and variability in demand by distribution partners, which could decrease revenue and adversely affect our business, results of operation and financial condition

As we generally do not enter into long term contracts with our distribution partners with minimum purchase quantities, our sales are subject to demand variability by our distribution partners. The level and timing of orders placed by our distribution partners may vary for a variety of reasons, including seasonal buying by end-users, the introduction of new hardware and software technologies and general economic conditions. Our inability to anticipate and respond to the demands of our distribution partners, may harm our business, results of operation and financial condition.

7. We are subject to the risk that our inventory value may decline, and protective terms under our vendor agreements may not adequately cover the decline in value, which in turn may affect our business, results of operation and financial condition

The IT products industry is subject to rapid technological change, new and enhanced product specification requirements, and evolving industry standards. These changes may cause inventory on hand to decline substantially in value or to rapidly become obsolete. Most of our vendors offer limited protection from the loss in value of inventory. The decrease or elimination of price protection could result in inventory write-downs which would affect our business, results of operation and financial condition

8. We operate in competitive markets. Our business, results of operation and financial condition will depend on how effectively we compete

The IT industry is rapidly evolving and highly competitive and we expect that competition will continue to intensify. Certain of our established competitors may have significantly greater financial resources and market reach than us. Consolidation among some of our competitors may also leave us at a competitive disadvantage. While we have historically been able to conduct our business at competitive margins and on a cost effective basis, there can be no assurance that we will be able to do so in the future. We believe that our ability to compete also depends on a number of factors beyond our control, including the ability of our competitors to attract, train, motivate and retain highly skilled technical employees, the price at which our competitors offer comparable services.

9. Any disruption in our IT systems and communication link could harm our business

Our business is highly dependant on data communication links between our offices, branches and distributors. Any significant interruption in the IT systems or break down of our communication links will effect our ability to meet our contractual commitments, damage our reputation and weaken our competitive position. Since we do not maintain business interruption insurance the occurrence of any of the forgoing events could adversely affect our business, results of operation and financial condition.

10. We anticipate that our revenue and operating results will fluctuate, which could adversely affect the price of our Equity Shares

Our operating results may fluctuate in the future as a result of numerous factors, including:

- general economic conditions and change in government policies;
- decrease in information technology spending;
- loss or consolidation of one or more of our significant vendors or distributor partners;
- market acceptance and product life of the products we sell;
- competitive conditions in our industry, which may impact our margins;
- pricing, margin and other terms with our vendors;
- variations in our levels of excess inventory and doubtful accounts and
- changes in our costs and operating expenses.

We cannot assure you that the aforesaid factors will not adversely affect our business, results of operation and financial condition.

11. *We may be subject to industrial unrest, slowdowns and increased wage costs, which could adversely impact our operations and financial condition*

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 certain financial obligations on employers during employment and upon retrenchment. Under Indian law, workers also have a right to establish trade unions. Although our employees are not currently unionised, we cannot assure that they will not unionise in the future. If some or all of our employees unionise or if we experience unrest or slowdowns, it may become difficult for us to maintain flexible labour policies and we may experience increase in employee costs.

12. *We require certain approvals or licenses in the ordinary course of business, and the failure to obtain them in a timely manner or at all may adversely affect our operations*

We may require certain approvals, licences, registrations and permissions for operating our businesses in the ordinary course of business. If we fail to obtain any of these approvals or licences, or renewals thereof, in a timely manner, or any revocation of the existing licenses or permission or registrations, may impact our business. For more information, refer to the section titled "Government and Other Approvals" beginning on page 100.

13. *We may not have adequate resources to service our financing obligations*

Our business requires significant working capital. We have incurred substantial indebtedness to finance our working capital requirements. Our growth plans may require us to incur substantial additional expenditure in the future, part of which may be financed through debt. Our ability to borrow and the terms of our borrowings will depend on numerous factors, including our financial condition, the stability of our cash flows, our credit rating and our capacity to service debt in a rising interest rate environment. We may not be successful in obtaining additional funds in a timely manner, on favourable terms or at all. If we do not have access to these funds, we may be required to delay or abandon some or all of our planned developments or reduce capital expenditures and the scale of our operations.

14. *We have not entered into any definitive agreements to use a substantial portion of the net proceeds of the Issue*

We have not entered into any definitive agreements to use upto 94% (approx) of the issue proceeds

We have identified the premises wherein the new facilities will be placed. However we have not entered into formal agreement with the developer. Any deviations in the planned acquisition of building will delay the implementation of the project.

Further we have not entered into agreements for procuring most of the equipment/ machinery required for the "Objects of the Issue", our cost estimation may be required to be revised upwards in case of any price escalation. This may be further aggravated because of the fact that majority of the equipment/machinery is required to be imported and therefore, the equivalent amount of cost estimate is exposed to adverse foreign exchange fluctuations.

15. *We may not have sufficient insurance to mitigate our business risks*

Our business involves many risks and hazards that may adversely affect our operations, and the availability of insurance is therefore fundamental to our operations. Further, we have in the past and may in the future elect not to obtain insurance for certain risks facing our business. Further, significant increases in insurance premiums and/or any uninsured risk materialising could adversely affect our business, results of operation and financial condition.

16. *Our promoter will continue to retain significant shareholding in our Company after the issue, which will enable them to exercise significant control over us*

After the completion of the Issue, our Promoters, will hold in about 70 % of our outstanding Equity Shares. As a result, they will continue to exercise significant control over us, including being able to control the composition of our board of directors and affect the outcome of shareholder voting. As a result, our Promoters may take or block actions with respect to our business, which may conflict with our interests or the interests of our minority shareholders.

17. *Inability to renew the visa of Mr. Hirji Kanji Patel, promoter and Managing Director may impact our operations and financial performance*

Mr. Hirji Kanji Patel, Promoter and Managing Director of the Company, is a British Citizen, holding Multiple Business entry visa, valid up to 07th April 2009. He being the Promoter and key person behind the performance of the Company, any inability or delay in renewing his visa to stay in India after the said period may impact the business operations and consequent financial condition and performance

However, as per the present immigration regulations, he is eligible to obtain Person of Indian Origin (PIO) status in India and thereafter he can stay in India on a long term basis or till the period he chooses to be in India. He is considering applying for PIO status.

18. Certain agreements with our lenders contain restrictive covenants

Certain agreements with our lenders contain restrictive covenants including the right to affect change in capital structure, alter the constitution of the Board, raising additional finance, expansion of the Company's business and change in debt-equity ratios.

There can be no assurance that the interests of the lenders will not conflict with the interests of the investors in the Issue in critical matters affecting us. Any such disagreements may adversely affect our ability to execute our business strategy or to operate our business. This may also result in a delay or prevention of significant corporate actions that could be beneficial for our shareholders or us.

19. Any further Issue of Equity Shares by us may dilute your shareholding and affect the trading price of the Equity Shares

Any further equity offerings by us may lead to dilution of investor shareholding in our Company or affect the market price of the Equity Shares. In addition, any perception by investors that such issuances might occur could also affect the market price of our Equity Shares.

20. In the past 12 months, we have issued Equity Shares, and have done so at prices lesser than the issue price i.e., Rs. 12/- for the Equity Shares being offered in the Issue

We have issued the equity shares at prices lesser than the issue price being Rs. 12/-, to the promoters and other equity shareholders as mentioned below

Date of Allotment	Name of Acquirer		No. of Shares	Allotment price	Mode of Acquisition
15/11/2006	Vivek R Murthy & Hirji Kanji Patel	195000	8,04,375	10/-	Cash
	Talminder Singh & Hirji Kanji Patel	503500			
	Dhanraj Sawlani	100000			
	Kalyan Naran Jesani	1000			
	Samji Ravji Limbani	750			
	Nanji Naran Limbani	500			
	Nanji Premji Limbani	500			
	Mavji Dhanji Vaghjiani	375			
	Premji Dhanji Vaghjiani	250			
	Vinod Dhanji Vaghjiani	250			
	Kalyan Kunverji Jesani	250			
	Jadva Devji Waghjiani	250			
	Shivji Dhanji Waghjiani	250			
	Hirbai Jadva Halai	250			
	Kalyan Lalji Limbani	250			
	Vishram Khimji Vakaria	250			
	Arjan Kanji Waghjiani	125			
	Dinesh Premji Limbani	125			
	Kaushik B.Joshi	100			
	Jayshree G.Patel	100			
	Jennifer Mendonca	100			
	Madura Naik	100			
	Bharat Shivshankar Vyas	100			
21/10/2006	Hirji Kanji Patel	1447220	25,00,000	10/-	Cash
	Vivek R Murthy & Hirji Kanji Patel	745370			
	Talminder Singh & Hirji Kanji Patel	307410			

The price at which Equity Shares have been issued in the last 12 months is not indicative of the price at which Equity Shares will trade upon listing.

21. Office and other premises from which we operate are not owned by us

We do not own the premises on which certain of our offices, including our branches are located. In these locations, we operate from rented or leased premises. 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, we may suffer a disruption in our operations. For details, refer to the section titled "Our Business - Properties" on page 59.

22. Our success depends in large part upon our senior management, directors and key personnel and our ability to retain them and attract new key personnel when necessary

We are highly dependent on our senior management, our directors and our other key personnel. Our future performance will depend upon the continued services of these persons. We do not maintain key man life insurance for any of the senior members of our management team, our directors or our other key personnel. We may not be able to retain all our senior management personnel or attract and retain new senior management personnel in the future. The loss of any of the members of our senior management, our directors or other key personnel may adversely affect our operations and financial condition.

23. The Trade Mark "ACi" being used by the company is not registered in the company's name

The Trade Mark "ACi" is not owned by the company but it is registered in the name of the promoter Mr. Hirji Kanji Patel and by virtue of a Trade Mark agreement dated 30-06-2006 entered between the company and Mr. Hirji Kanji Patel, it has been exclusively and irrevocably licensed/ assigned to the company. However it may not be assured that the present agreement will not be cancelled in future.

24. Our Company has negative cash flows

Our Company had negative operating cash flow in FY 2003, FY 2004, FY 2005, FY2006 and FY2007 of Rs. 73.25 Lakhs, Rs. 92.10 Lakhs, Rs. 76.43 Lakhs, Rs. 277.69 Lakhs and Rs. 224.73 Lakhs respectively based on our restated financials except for Quarter ended 30th June, 2007. For details, refer to the section titled "Financial Statements" on page 74.

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

26. The present project is funded substantially from the proceeds of present Public Issue. Any delay in the public issue will adversely impact the performance of the Company.

Out of the total cost of the Project being Rs. 777.95 Lacs, Rs. 600 Lacs is proposed to be raised from the proceeds of the present issue and Rs. 177.95 Lacs by way of term loan from Andhra Bank, Mulund Branch, Mumbai. Any delay in the public issue may lead to delay in commencement of the Project and lead to consequential financial loss

27. Majority of operations of the company are concentrated at Mumbai

Presently majority of operations of the company including its service centers are located at Mumbai. Any disturbance at Mumbai either civil or communal or natural may impact the business operations and may lead to financial loss

28. Increase in employee compensation may impact the profits of the company

Human resources are key element of performance of the company and increase in cost of human resource may impact the profits of the company.

29. Appraiser of our Project, Andhra Bank mentioned certain weaknesses in its Appraisal Report.

Appraiser of our Project, Andhra Bank mentioned the following weaknesses in the Appraisal report

- Since the country is large it may be difficult to reach all parts for service with in time
- Major MNC brands are present in this industry, such as Compaq, Toshiba, HP, Dell and Acer which spend large amount on advertising
- Government policies and duties and taxes on import of parts, components and computers
- Funds may be a constraint to cater to large orders in Government, Universities an Institutions

30. We have entered into the property transaction at a price higher than the fair value submitted by an Independent Valuer

The Company has entered into MOU dated 17-11-2006 with Mr. Hirji Kanji Patel for purchasing of office premises (#501, 502 & 503) located at Andheri (w), Mumbai at a consideration of Rs 500 Lacs. The Office premises have been valued by Independent Valuer, M/s Sigma Engineering Consultants, a register

valuer (Regn No: CA/85/9114 & CAT-I/8587 of 1999), vide their valuation report dated 29th December, 2006. The said valuer has valued the said property at Rs. 484.50 lacs. The difference between the fair value and the agreed consideration is Rs. 15.50 Lacs.

The Company has valued the said property at Rs. 500 Lacs considering the additional fixtures and interiors on terrace, flooring, water proofing on roof & terrace and electrification which were not considered by the Valuer. (For the details of properties please refer section titled "Properties" on page No. 59 and for details of MOU please refer section titled "History and Certain Corporate Matters- Material Agreements" on page No. 62)

31. Mr. Hemant H Shah filed a complaint (CC No. 160/2002 & 161/2002 re-numbered as CC No. 71/SS/2006 & 72/SS/2006) against Mr. Hirji Kanji Patel before The Hon'ble Metropolitan Magistrate 14th Court, Girgaum, Mumbai.

The Hon'ble court passed an acquittal order dated 05-09-2006

Mr. Hemant H Shah filed an appeal (Criminal Appeal No. 1161/2006 & 1162/2006) before the Hon'ble High Court, Mumbai against the said order dated 05-09-2006. The matter was heard and an ex parte order was passed by the Hon'ble High Court vide its order dated 07-12-2006 and directed The Hon'ble Court of Metropolitan Magistrate 14th Court, Girgaum, Mumbai that action may be taken against the accused viz., Mr. Hirji Kanji Patel u/s 390 of Code of Criminal Procedure.

Bailable Warrants were issued by The Hon'ble Court of Metropolitan Magistrate 14th Court, Girgaum, Mumbai on the Direction of The Hon'ble High Court, Mumbai. On 08-01-07, Mr. Hirji Kanji Patel was arrested by Santacruz Police Station, Mumbai and immediately released him on bail on execution of his personal surety along with additional surety of Rs. 10,000/- each (for two bailable warrants separately) and to attend before the said court on 25-01-2007.

On 18-01-07 itself Mr. Hirji Kanji Patel made a Bail petition before Metropolitan Magistrate 14th Court, Girgaum, Mumbai and Bail was granted on execution of personal bond and surety bond of Rs.50,000/- for each case with a condition to produce himself before the court as and when required.

The appeal is pending for its adjudication before the Hon'ble High Court, Mumbai

32. *Some of the ventures with which our promoters are associated went into voluntary liquidation/ dissolved*

Mr. Hirji Kanji Patel was associated as Director of Allied Computer Industries PLC, UK from 01-06-1993. He was holding 17355 ordinary shares of £1 each constituting 34.71% of total shares of the Company. The Company has opted for voluntary winding up and a liquidator was appointed in 2005.

The liquidation process is still continuing.

Mr. Hirji Kanji Patel was associated as Director of Grandstand Management Ltd., UK, since 13-10-1997 without any shares. The Company has opted to strike off of name as per UK law. The name of the said Company was struck off and dissolved on 23-5-2006. (For more details please refer to the details given under **Dis-association of promoters in other ventures in the last Five years** on page no. 71)"

33. After filing of Draft Prospectus with SEBI, we have received 10 complaints out of which 9 complaints are received from Mr. Hemant H Shah and 1 complaint from M/s. PCS Technologies Limited. We have replied to the said complainants and relevant details are incorporated in the prospectus. For details of the complaints and replies given, please refer to section Titled "Legal and Other Information" on page no. 95

EXTERNAL RISK FACTORS

1. *Our business could be adversely affected by economic, political and social developments in India and the international markets we operate in*

Our performance and growth are dependant on the health of the Indian economy and the international markets we operate in. These economies could be adversely affected by various factors, such as political and regulatory action, including adverse changes in liberalization policies, interest rates, social disturbances, terrorist attacks and other acts of violence. Our financial performance and the market price of our Equity Shares may be adversely

affected by changes in inflation rates, exchange rates and controls, interest rates, governmental policies (including taxation policies), social stability or other political, economic or diplomatic developments affecting India and the geographies in which we operate.

2. *You will not be able to sell immediately on an Indian stock exchange any of the Equity Shares you purchase in the Issue*

The Equity Shares will be listed on the BSE. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Investors' book entry, or "demat", accounts with depository participants in India are expected to be credited within two working days of the date on which the basis of allotment is approved by BSE. Thereafter, upon receipt of final approval from the BSE, trading in the Equity Shares is expected to commence within seven working days of the date on which the basis of allotment is approved by the Designated Stock Exchange. We cannot assure that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified above.

3. *The prices of Equity Shares may fluctuate after this issue*

After this Issue, the price of the Equity Shares may be highly volatile or there may be no active market for the Equity Shares which may be due to various reasons including the following:

- Volatility in the Indian and Global securities market;
- The results of operations and performance of Industry;
- Perceptions about our future performance or the performance of Indian IT Industry.
- Performance of the Indian Economy.

4. *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 a material adverse effect on our capital expenditure plans, business and financial performance.

5. *Exchange Rate Fluctuations may have impact on the performance of the Company.*

The Company is exposed to exchange rate fluctuations. Uncertainties in the global financial market may have an adverse impact on the exchange rate between Rupee vis-à-vis other currencies. The exchange rate between the Rupee and other currencies is variable and may continue to fluctuate in the future. Such fluctuations can have a serious impact on the cost of the Company.

6. *Natural disasters could disrupt our operations and result in loss of revenues and increased costs.*

The business of the Company is exposed to man-made and natural disasters such as, explosions, earthquakes, storms and floods as well as to terrorist attacks or other enemy actions. The occurrence of a man-made or natural disaster, terrorist attack, enemy action or other accidents could disrupt the operations of the business of the Company and result in loss of revenues and increased costs.

7. *The acts of violence and terrorist attacks or war involving India could adversely affect the Company's business*

There have been instances of terrorist attacks in many parts of the world and also in India in the recent past. Any recurrence of such events or other acts of violence/war may negatively affect the Indian capital market and may also adversely affect performance of our scrip in the stock exchanges. These acts may also result in a loss of business confidence. Any recurrence of events of terrorist attacks or other acts of violence may adversely impact the desire of corporate executives to travel to India for business purposes and thereby adversely impacting business prospects. These uncertainties make it difficult for us and our customers to accurately plan future business activities.

8. *Changes in Laws*

Changes if any in the Government policies, Laws, governing business policies in general taxation laws, etc., may affect the profitability of the Company.

Taxes and other levies imposed by the Government of India or other State Governments, as well as other financial policies and regulations, may have a material adverse effect on our business, financial condition and results of operations.

Taxes and other levies imposed by the Central or State Governments in India that affect our industry include customs duties, excise duties, sales tax, income tax and other taxes, duties or surcharges introduced on a permanent or temporary basis from time to time. Currently we benefit from certain tax benefits that results in a decrease in the effective tax rate compared to the tax rates that we estimate would have applied if these incentives had not been available. There can be no assurance that these tax incentives will continue in the future. The non-availability of these tax incentives could adversely affect our financial condition and results of operations.

Notes to Risk Factors:

1. Investors are advised to refer to the para on "Basis for Issue Price" on Page No. 36 Before making any investment in this Issue.
2. Investor may note that in case of over subscription, the allotment shall be on proportionate basis and for details; reference may be made to para "Basis of Allotment" on page 115 of the Prospectus.
3. Book Value of the equity shares of the company as on March 31, 2007 is Rs.11.18 per share & June 30th 2007 is Rs. 11.57.
4. Since Allied Computers International (Asia) Limited does not meet the track record criteria as specified in Clause 2.2.1 of the SEBI Guidelines, Hence the company is coming out with an issue in terms of Clause 2.2.2 (a)(ii) & (b) (i) of SEBI Guidelines, which is stated as 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.
5. The average Cost of the Share to Mr. Hirji Kanji Patel (Promoter) is Rs.10.63/- per share (till October 03, 2007) and book value per share is Rs.11.18 per share as on March 31, 2007. For more details please refer Section Titled "Capital Structure", on page no. 22.
6. The promoters/directors/key management personnel of the Company have no interest other than reimbursement of expenses incurred or normal remuneration or benefits arising out of the shareholding in the company or out of any business relation with any of the ventures in which they are interested.
7. The Promoter Group/ directors of the Company have not purchased and or sold / financed any shares of the Company during the past six months other than as disclosed in the notes to the Capital Structure on page 23.
8. The investors may contact the Lead Manager or the Compliance Officer for any complaint/ clarification/ information pertaining to the Issue, who will be obliged to attend to the same.
9. No loans and advances have been made to any person(s)/Companies in which the Director(s) of the Company are interested.
10. Trading in Equity Shares of the company for all the investors shall be in Dematerialized form only.
11. The company, its directors, company's associates or group companies have not been prohibited from accessing the capital market under any order or direction passed by SEBI. The promoters, their relatives, issuer, group companies, associate companies are not detained as willful defaulters by RBI/Government authorities and there is no violation of securities laws committed in the past or pending against them.
12. For related party transactions, please refer to the section entitled "Related Party Transactions" beginning on page 87 of this Prospectus,
13. There is no contingent liability of the Company as on June 30, 2007.
14. There are no relationships with the Statutory Auditors to the company other than auditing and certification of financial statement.
15. The Company has declared 5% dividend for the Financial Year 2002-03, 5% dividend for the Financial Year 2003-04, 7.5% dividend for the Financial Year 2004-05 , 7.5% dividend for the Financial Year 2005-06.
16. The lead manager and the Company shall update this Prospectus and keep the shareholders/public informed of any material changes till the listing and trading commencement.

Pre-issue Networth (as on 30-06-2007)	Rs.1353.78 Lakhs
Issue Size	Public Issue of 50,00,000 Equity Shares of Rs. 10/- each for cash at a premium of Rs 2/- aggregating to Rs. 600 lacs
Face Value	Rs.10/- per Equity Share
Issue Price	Rs.12/- per Equity Share
Net Asset Value per share as on 30-06-2007 (Face Value Rs. 10/-per share)	Rs. 11.57

SECTION-III

INTRODUCTION

SUMMARY

This is only a summary and does not contain all information that you should consider before investing in our Equity Shares. You should read the entire Prospectus, including the information on "Risk Factors" and our financial statements and related notes beginning on page 6 and page 74 of this Prospectus, before deciding to invest in our Equity Shares

Industry overview

Laptop industry in India has been growing at a substantial rate for the last few years. The prime reason for the growth in laptop market has been advances in wireless technology and reduction of price gap between the PC and laptop prices. The market leaders today in India for laptop sales are HP/Compaq, Lenova, Sony and IBM. The market consists of several types of users using entry-level, mid-level to high-level laptops for power users. Portability of laptops has always been a favourable option for all computer users who are now beginning to look for options of lighter laptops. Like with mobile phones, wireless technology enhancement within portable laptops is also need for longer battery life which tomorrow is going to be a requirement rather than a feature.

Notebook market in India had been growing at a CAGR around 76% for the last four years as against that of 25% with PC Market. Due to continual fall in component prices as a result of increase in global volume sales, we expect the cost of laptop to fall further in future.

The high growth in Notebook consumption can be attributed to the drop in notebook prices and the additional benefit of mobility and space management.

With notebooks now being available at sub-Rs 20,000 prices, they are increasingly finding their way into the homes and SMEs. High consumption in corporates, IT companies, financial institutes, educational institutes and the government, however, continues to drive the notebook consumption.

Company Overview

The company is engaged in the business of assembling and marketing of laptop computers. The company is having own marketing network in metros and mini metros. It has developed dealers and stockists at Mumbai, Kolkatta, Ahmedabad, Pune, Bangalore, Hyderabad and Delhi. The company with its own Research and Development Team headed by the promoter focuses primarily in Laptop Computers and its technology to ensure it offers best value for money for all types of laptop users in the country. Result of which enabled the Company to launch for the first time in India, multi-media and internet-ready laptops for a price below Rs. 30,000 in April 2004 and further reduced the price below Rs. 20,000/- in March 2006. To achieve this, the team developed a solution by use of VIA CPU giving full software compatibility as that of market renowned Intel solutions but with slight reduced performance that is more than adequate for normal and mass laptop users in the country. Mass produced screen (14.1" in size) and cost effective and efficient battery and CD-ROM helped further reduce cost and enabled the Company to offer lowest priced laptop in the market without much compromise of the overall quality.

The model ACi Ethos V presently being offered at a price of Rs. 20,000 created its own brand, i.e. sub-Rs. 20,000 laptop – Ethos for ACi. Entry-level ACi Ethos V is also upgradeable to suit users requiring slightly higher performance as are all the other models of ACi. As the Company has regular and various supplier for parts and components for laptops, it is able to build and offer laptops of mid to high-end models for power users at most competitive prices. The in-house laptop specialist research and development does the rest of fine tuning the full equipment by way of installation of adequate drivers for each type of devices within motherboards to give optimal performance.

ACi has won "Best Notebook Award of the Year 2002" for model ACi Emerald from Digit Magazine in December 2002. In March 2003, model ACi Emerald Pro was the Best notebook for year 2003 with grade A- by Digit Magazine. In March 2004, Digit awarded "Best Performance" award to ACi Ultima model and "Best Value" award to ACi Emerald Pro model. In October 2006, Digit Magazine awarded ACi Ethos Duo 1430 model a "Best Buy" award. In November 2006, Computer Active Magazine awarded ACi Ethos Duo the "Best on Test" award. In December 2006, Chip Magazine awarded ACi Matrix 1500 model the "Best Product of the Year" award.

The Research and Development team of the Company has also developed and offered to market universal built-in wireless LAN solutions for all brand of laptops of any age and technology with such feature absent from its mass produced motherboards. This enables even the Intel Pentium I and Pentium II laptop users to have this feature incorporated within their system.

The Company is offering unique Corporate Imaging facility to all ACi laptop users to personalise their laptop/s with their name/logo and color of their choice by way of permanent embossing effect.

The Company is undertaking services and maintenance contracts for all brands of laptop computers on chargeable basis and under its industry unique PC Protect Plan. Under PC Protect Plan, laptop of any brand is covered for all types of failures whether it be due to normal use of accidental breakdown or even damage such as screen breakage, water damage, electrical surge damage, etc. The plan covers all major and minor repair costs including all parts and labour. The cost of parts and repair is backed by assurance companies viz., United India Insurance Company and Oriental Insurance company. The company pays assurance premium to them. It has already sold this PC protect plan to corporate, bank and SMEs Viz., Audience Measurement & Analytics Ltd, Mumbai, Automation & Control, Mumbai, Cymoline Sales Corporation, Mumbai, Godrej Group, Mumbai, Excel Corps Group, Mumbai, Compugarage, Mumbai, First Health Care Pvt. Ltd., Mumbai, Premier Computers, Bangalore, Pushkar Electronics Pvt. Ltd., New Delhi and S. B. Orion-Intel, Guwahati. It has covered and is maintaining more than 30,000 laptops every year..

The Company has service setup at its registered office at Mumbai with in-house equipments and machines for service and repairs of laptops. Presently it can not undertake major chip level repairs due to lack of space and complete set of machines. Hence management has planned to setup unit at Vasai (Mumbai) to undertake major repairs and also plan to recycle faulty motherboards in volume and undertake contracts from suppliers of Laptops from Taiwan and China.

Technical Aspects:

Primary activities of the company with the following two divisions it undertakes:

- Assembling of Laptop/Notebook Computers
- Chip Level repairs of Mother Board, Screen, DVD and hardware of all brands of laptops

In addition to this, the Company has a software division which currently is developing software related to hardware used to perform reverse engineering and fault diagnosis of populated PCBs together with explorations of security enhanced applications by use of Biometric technology.

Nature of Business:

Laptop and Notebook Computers

Company imports from suppliers at Taiwan, China and Singapore and also sources locally from various stockists laptops, computer components, peripherals, barebone, screen, hard disk, DVD, Mother Board, Battery, Key Board and other parts.

Considering the specification and design of model of laptops, assembly will be carried out at Andheri (Mumbai) and Vasai (Mumbai) Unit. Basically the process is assembly of parts and components as per the diagrams and design provided by technical team.

After assembling of computers by technical staff, laptop will undergo various checks for power, memory, functions, loading of both operating and drivers software in it. Once it passed by Quality Check for quality and performance as per the design and diagram, it will be ready for packing.

Chip level Repairs:

The Company undertake service contract for maintenance and repairs of laptops of all brands and make. It has trained engineers and fault finding equipments to repairs the machines.

Chip-level repairs alleviate the problem of part sourcing which are both costly and scarce. For cost-effective and efficient multi-brand laptop service, chip-level servicing is essential, the result of which has helped the Company to reduce turn-around time and help win over users. In addition to chip-level motherboard repairs service, the Company also offer repair service of TFT screens, optical drives, HDD data recovery and drivers configurations and re-installation,

Generally in laptops we find following fault to repairs.

- Motherboard failure due to variations/fluctuations of power supply i.e. electrical surges.
- Motherboard failure due to plug- in of third party external devices drawing unstable power.
- Optical Drive (CD, DVD Drives and writers) failures due to dusty atmosphere and lens misalignment.
- TFT screen failures, power fluctuations , physical knocks, etc
- Data recovery as a result of Hard disk crashes.
- Motherboards and other electronics parts failures due to dry or improper solder joints that open up due to knocks, twisting and heat over a period of time.
- Power failure in supply system.
- General functional failure due to various in programme files.

The Company has gained expertise in chip level repairs of components and parts rather than replacement of parts. This is necessary due to use of proprietary parts in all makes and models of notebook computers as they are of various

shape and size leaving no room for standardization of parts and components. The Technical Team is equipped and trained to repair motherboard, hard disk, DVD and screen.

Software Development

The Company is developing software to semi-automate the process for populated PCB fault diagnosis by way of reverse Engineering and individual component testing. This is to be used to handle repairs of large volumes in future.

The Company is also developing Biometric based applications for fool-proof and secured access to data, authorization, and resource logging.

Revenue Stream

During 2006-07, we have earned Revenue of Rs. 3813.28 Lacs and PAT of Rs. 89.47 lacs. Our Revenue Stream compare to last year as follows:

Rs. In Lacs

Particulars	2005-06	2006-07	% of Increase
Income	2639.39	3813.28	44.47
PBIDT	145.69	275.92	89.38
PBT	80.62	134.86	67.28
PAT	49.91	89.47	79.26

Our Strengths:

- The company is promoted by technocrats having vast experience in software and making, servicing and marketing of laptops and supported by team of competent technical staff.
- Developed marketing and distribution network in major cities across India.
- It has received several awards from PC Quest, Digit and chip Magazines for Best Notebooks.
- It has developed ACi brand and backed by satisfied customers in corporate and individuals.
- It has PC Protect Plan to provide extensive warranty and insurance cover for parts, components and repairs of all brands of laptops.
- It is an ISO 9001:2000 Company

THE ISSUE

Equity Shares offered	
Fresh Issue by the Company	50,00,000 Equity Shares of Rs. 10/- each
Of Which	
To be allotted to QIBs	5,00,000 Equity Shares
Out of the above QIB portion, to be Alloted to Mutual Fund	25,000 Equity Shares
Net offer to the public	45,00,000 Equity Shares
Face Value of Equity share	Rs.10/- per Equity Share
Issue Price	Rs.12/- per Equity Share
Equity shares outstanding prior to the issue	1,39,99,475 Equity shares of face value of Rs. 10/- each
Equity shares outstanding after the issue	1,89,99,475 Equity shares of face value of Rs. 10/- each
Use of Issue proceeds	Please see the section titled " Objects of the Issue" on page 28 of this Prospectus

The Company has entered into MOU dated 17-11-2006 with Mr. Hirji Kanji Patel for purchasing of office premises (#501, 502 & 503) located at Andheri (w), Mumbai at a consideration of Rs 500 Lacs. As per the MOU the consideration shall be payable by issuing 23,00,000 Equity Shares of face Value of Rs 10/- each for Rs 12/- per share aggregating to Rs 276 Lacs. The balance Rs. 224 Lacs shall be paid in Cash.

On 11-08-2007 the company issued above mentioned 23,00,000 Equity Shares. The Agreement for Sale related to Unit No. 501 & 502 (consideration Rs. 300.11 lakhs) is registered on 13-08-2007 and transaction related to purchase of Unit No. 503 is yet to be completed.

(For the details of MOU and Agreement for Sale please refer section titled "History and Certain Corporate Matters- Material Agreements" on page No. 62)

SUMMARY OF FINANCIAL/OPERATING DATA

The following table sets forth the selected historical consolidated financial information of Allied Computers International (Asia) Limited derived from its restated and audited consolidated financial statements for the fiscal years ended March 31, 2003, 2004, 2005, 2006, 2007 & June 30, 2007, all prepared in accordance with Indian GAAP, the Companies Act, and SEBI guidelines, and restated as described in the Auditor's Report of M/s G.C.Patel & Co., Chartered Accountants, included in the section titled "Financial Information" of this Prospectus and should be read in conjunction with those financial statements and notes thereon.

SUMMARY STATEMENT OF ASSETS & LIABILITIES, AS RESTATED

ANNEXURE I

Rs in Lacs

Particulars	Audited					
	30-6-2007 3 months	2007	2006	2005	2004	2003
Fixed Assets						
Gross Block	639.37	608.29	296.25	132.82	54.73	12.09
Less: Depreciation	116.82	102.43	47.31	23.16	7.28	1.74
Net Block	522.55	505.86	248.94	109.66	47.45	10.35
Add: Work in Progress - Slw	185.62	191.51	0.00	0.00	0.00	0.00
Total (A)	708.17	697.37	248.94	109.66	47.45	10.35
Investments						
Investments in Subsidiary Companies	0.00	0.00	0.00	0.00	0.00	0.00
Other Investments	0.00	0.00	0.00	0.00	0.00	0.00
Total (B)	0.00	0.00	0.00	0.00	0.00	0.00
Current Assets, Loans and Advances:						
Inventories	448.75	435.82	260.81	182.10	127.04	31.01
Sundry Debtors	663.93	643.99	466.92	144.24	73.68	73.78
Cash & Bank balances	14.95	10.29	1.45	7.37	2.50	5.25
Loans & Advances	299.52	274.97	129.91	42.94	32.25	8.90
Total (C)	1427.15	1365.07	859.09	376.65	235.47	118.94
Total Assets (A+B+C)	2135.32	2062.44	1108.03	486.31	282.92	129.29
Liabilities & Provisions						
Secured Loans	517.39	418.23	370.59	116.21	1.11	0.00
Unsecured Loans	70.42	135.43	38.63	67.94	0.26	78.90
Current Liabilities & Provisions						
Deferred tax Liability	1.96	1.96	1.96		0.38	
Deferred Payment Guarantee	0.00	0.00	0.00	(0.91)	0.00	0.00
Total (D)	781.54	754.46	553.26	234.11	48.20	115.13
Net worth	1353.78	1307.98	554.77	252.20	234.72	14.16
Represented by:						
1. Share Capital	1169.95	1169.95	400.00	50.00	50.00	15.36
2. Reserve & Surplus	211.58	167.27	59.90	23.02	5.94	0.43
3. Share Application Money	0.00	0.00	100.00	180.00	180.00	
Less: Revaluation Reserve	0.00	0.00	0.00	0.00	0.00	0.00
Reserve & Surplus (Net of Revaluation Reserve)	0.00	0.00	0.00	0.00		
Less: Miscellaneous Expenditure to	27.75	29.24	5.13	0.82	1.22	1.63
the extent not written off or adjusted	0.00	0.00	0.00	0.00	0.00	0.00
Net Worth	1353.78	1307.98	554.77	252.20	234.72	14.16

The following are the details of Share Application Money as on 31/03/2006:

Mr. Hirji Kanji Patel – Rs. 1,00,00,000

There was no outstanding Share Application Money as on 31/03/2007

SUMMARY STATEMENT OF PROFIT AND LOSS ACCOUNT, AS RESTATED

Rs in Lacs

Particulars	Audited					
	30-6-2007 3 months	2007	2006	2005	2004	2003
INCOME						
Sales - Laptops	1,053.91	3,665.77	2,557.64	1,656.56	743.97	422.71
Sales - Services	40.19	147.51	81.75	23.83	6.59	0.67
Total	1094.10	3813.28	2639.39	1680.39	750.56	423.38
Net Sales	1094.10	3813.28	2639.39	1680.39	750.56	423.38
Other Income	0.00	0.00	0.00	0.00	0.00	0.00
Increase/ (decrease) in Inventories	12.93	175.01	78.72	55.05	96.03	31.01
Total Income	1107.03	3988.29	2718.11	1735.44	846.59	454.39
EXPENDITURE						
Material Purchased	958.06	3466.27	2369.44	1475.32	670.82	374.23
Staff Cost	22.52	85.99	78.13	71.69	30.80	16.11
Other Manufacturing Cost	8.43	22.36	11.37	8.54	7.85	2.99
Administration Expenses	24.85	72.78	69.92	69.97	82.58	45.41
Selling & distribution expenses	11.30	59.46	41.98	42.30	32.58	10.67
Depreciation	14.39	55.12	24.14	15.88	5.53	1.74
Interest	21.70	85.94	40.93	19.15	2.32	0.77
Preliminary Expenditure w/off	1.46	5.51	1.58	0.41	0.41	0.41
Total Expenditure	1062.71	3853.43	2637.49	1703.26	832.89	452.33
Net Profit Before Tax & Extra Ordinary Items	44.32	134.86	80.62	32.18	13.70	2.06
Taxation						
- Current	0.00	45.39	30.00	11.78	0.38	0.77
- Earlier year (Excess)/Less provision	0.00	0.00	(2.16)	0.00	0.00	0.00
- Deferred	0.00	0.00	2.87	(0.92)	5.00	0.00
Net Profit Before extra Ordinary Items	44.32	89.47	49.91	21.32	8.32	1.29
Add: Adjustment on account of Changes in Accounting Policies	0.00	0.00	0.00	0.00	0.00	0.00
Adjusted profit before extra ordinary Items	0.00	0.00	0.00	0.00	0.00	0.00
Extraordinary Items (Net of Tax)	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation Written back	0.00	0.00	0.00	0.00	0.00	0.00
Net Profit after Extra Ordinary items	44.32	89.47	49.91	21.32	8.32	1.29
Carried Forward from previous year	149.36	59.89	23.02	5.94	0.43	0.00
Profit Available for Appropriation	193.68	149.36	72.93	27.26	8.75	1.29

GENERAL INFORMATION

Originally incorporated as Allied Computers International (Asia) Private Limited on 9th May 2002 under the Companies Act, 1956 with the Registrar of Companies, Mumbai vide registration no. 11-135829. The constitution of our Company was changed and the words "Private" was deleted by virtue of our Company being converted into a Public Limited Company vide Special Resolution passed on 31st May 2003 in terms of section 31 read with section 44 of the Companies Act, 1956. Our Company became a Public Limited Company vide Fresh Certificate of Incorporation dated July 8, 2003 and allotment of Company no. 11-135829 (CIN - U72900MH2002PLC135829).

Name of the Company	ALLIED COMPUTERS INTERNATIONAL (ASIA) LIMITED
Registered Office	501-503, Morya Estate, New Link Road, Andheri (W), Mumbai-400053. Tel: +91-022-4060 7000; Fax: +91-022-2673 3119; E-mail: ipo@aci-asia.com Website: http://www.aci-asia.com
Registration No.	11- 135829
Contact Person	Suresh H Gangan, Company Secretary & Compliance Officer.
Address of Registrar of Companies, Maharashtra, Mumbai	Everest, 100, Marine Drive, Mumbai-400002 Phone: 022-2812639, Fax: 022-2811977

BOARD OF DIRECTORS

Our current Board of Directors consists of the following:

Name of the Director	Designation	Status
Mr. Hirji Kanji Patel	Managing Director	Promoter and Executive Director
Mr. Bharat Shivshankar Vyas	Whole Time Director	Executive Director
Mr. Kunverji Kanji Patel	Director	Non Executive and Independent Director
Mr. Kanti Ramji Pindoria	Director	Non Executive Director
Mr. Govindbhai Khetabhai Kara	Director	Non Executive and Independent Director
Mr Sanjay Bhartkumar Mehta	Director	Non Executive and Independent Director

For details of Board of directors, please refer the section titled, "Management" on page no. 65 of the Prospectus.

ISSUE MANAGEMENT TEAM

LEAD MANAGERS TO THE ISSUE	REGISTRAR TO THE ISSUE
CIL Securities Limited #214, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad- 500 001 Tel: +91 - 40 - 23202465/ 3155 , Fax: +91 - 40 - 23203028, Email: aci-ipo@cilsecurities.com Website: www.cilsecurities.com SEBI Regn No – INM000009694 Contact Person: B.M. Maheshwari, President	Bigshare Services Private Limited, E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri East, Mumbai 400 072. Tel: +91 - 22 - 2847 0652 Fax: +91 - 22 - 2847 5207 Email: ipo@bigshareonline.com Website: www.bigshareonline.com SEBI Regn No - INR000001385 Contact Person : Mr. N V K Mohan
AUDITORS	LEGAL ADVISOR TO THE ISSUE
M/s. G.C.Patel & Co., Chartered Accountants 1, New Jyoti Bulding, Ashok Nagar, Shivaji Nagar Road, Vakola Bridge, Santacruz (E), Mumbai- 400055 Tel : +91 - 22 – 2612 5775, 3266 3368 Email: gcpatel29@yahoo.com	P & P Associates Advocates Off: Shop No. 3, Nanddham Palace, Veer Savarkar Nagar, Sant Gyaneshwar Marg, Borivali (East) Mumbai-400 066 Tel : +91 - 22 – 26953247/8 Email: sk_pise@yahoo.com
BANKERS TO THE COMPANY	BANKERS TO THE ISSUE
Andhra Bank Mulund Branch Yogeswardham, Mulund (W) Mumbai-400 080 Tel: 022-25616909/25905538 Fax: 022-25640089 Email: bmmum845@andhrabank.co.in	Axis Bank Limited (Formerly known as UTI Bank Limited) Royal Accord IV, Lokhandwala Complex, Andheri (W), Mumbai – 400 053 Tel: 022- 2635 2646/ 2639 5950 Fax: 022- 2632 8008 HDFC Bank Limited 2 nd Floor, Process House, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013 Tel: 022-2498 8484 Fax: 022-2496 3871
COMPANY SECRETARY & COMPLIANCE OFFICER	
Mr. Suresh H Gangan 501-503, Morya Estate, New Link Road, Andheri (W), Mumbai-400053. Tel: +91-022-4060 7000; Fax: +91-022-2673 3119; E-mail: ipo@aci-asia.com	

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

Brokers to the Issue

All members of recognized Stock Exchanges would be eligible to act as Brokers to the Issue.

Debenture Trustees

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

Underwriting Agreement

The present public issue is not underwritten.

Credit Rating

This being an issue of Equity Shares, credit rating is not required.

Other Rating

We have been assigned 'A' rating by Andhra Bank, Bankers to the company and appraising Bank, for credit worthiness by our bankers.

IPO Grading

This Issue has been graded by ICRA as ICRA IPO Grading 1 (1 out of 5) indicating 'poor fundamentals'. For a description of the rationale furnished by the credit rating agency, please refer to their report which has been included in Material Documents for Inspection.

Expert Opinion

No Opinion has been obtained from any expert

Appraisal

The project has been appraised by Andhra Bank. For further details please refer to section entitled "Objects of the Issue" beginning on Page 28.

Andhra Bank

Mulund Branch,
Yogeswardham, Mulund (W)
Mumbai-400 080

Tel: 022-25616909/25905538

Fax: 022-25640089

Email : - bmmum845@andhrabank.co.in

CAPITAL STRUCTURE OF THE COMPANY

	Particulars	Aggregate/Nominal Value (Rs.)
A.	Authorised Share Capital 2,00,00,000 Equity Shares of Rs. 10/- each	20,00,00,000
B.	Issued, Subscribed and paid-up share capital 1,39,99,475 Equity Shares of Rs. 10/- each	13,99,94,750
C.	Present Issue 50,00,000 Equity Shares of Rs. 10/- Each (at a premium of Rs. 2/- Per share)	5,00,00,000
D.	Offer to the Public through this Prospectus 50,00,000 Equity Shares of Rs. 10/- Each (at a premium of Rs. 2/- Per share)	5,00,00,000
	Out of which	
	5,00,000 Equity Shares of Rs. 10/- Each (at a premium of Rs. 2/- Per share) to be compulsorily allotted to QIB's on a competitive basis (out of which 5% of the QIB Portion or 25,000 shares shall be reserved for Mutual Funds)	50,00,000
E.	Total Paid up Capital after the Present Issue 1,89,99,475 Equity Shares of Rs. 10/- Each	18,99,94,750
F.	Share Premium Account Prior to the Issue Post the Issue	63,90,200 1,63,90,200

The Company has entered into MOU dated 17-11-2006 with Mr. Hirji Kanji Patel for purchasing of office premises (#501, 502 & 503) located at Andheri (w), Mumbai at a consideration of Rs 500 Lacs. As per the MOU the consideration shall be payable by issuing 23,00,000 Equity Shares of face Value of Rs 10/- each for Rs 12/- per share aggregating to Rs 276 Lacs. The balance Rs. 224 Lacs shall be paid in Cash.

On 11-08-2007 the company issued above mentioned 23,00,000 Equity Shares. The Agreement for Sale related to Unit No. 501 & 502 (consideration Rs. 300.11 lakhs) is registered on 13-08-2007 and transaction related to purchase of Unit No. 503 is yet to be completed.

(For the details of MOU & Agreement for sale please refer section titled "History and Certain Corporate Matters- Material Agreements" on page No. 62)

Notes to Capital Structure:**1. History of Changes made in the Authorised Share Capital**

Date of Change	Particulars of Change	Change	Nature of Meeting	Total Authorized Share Capital
--	Incorporation	--	--	Rs. 100 Lacs
21/09/2005	Increase in Authorised Share Capital of the Company From Rs.100 Lacs to Rs.300 Lacs	Rs. 200 Lacs	EGM	Rs. 300 Lacs
30/01/2006	Increase in Authorised Share Capital of the Company From Rs. 300 Lacs to 750 Lacs	Rs. 450 Lacs	EGM	Rs. 750 Lacs
20/07/2006	Increase in Authorised Share Capital of the Company From Rs. 750 Lacs to Rs. 1000 Lacs	Rs. 250 Lacs	EGM	Rs. 1000 Lacs
18/09/2006	Increase in Authorised Share Capital of the Company From Rs. 1000 Lacs to Rs. 2000 Lacs	Rs. 1000 Lacs	EGM	Rs. 2000 Lacs

2. Build up of the Equity Share Capital

Date of Allotment	No. Of Equity Shares	Cumulative no. Of Equity Shares	Face Value (Rs)	Issue Price (Rs)	Consideration (Cash, Bonus, Consideration other than cash)	Nature of Issue	Cumulative Paid up Capital
Incorporation	15,000	15,000	10	10	Cash	Subscription to Memorandum	1,50,000
01.03.2003	30,000	45,000	10	10	Cash	Further Issue of Shares	4,50,000
13.03.2003	61,925	1,06,925	10	10	Cash	Further Issue of Shares	10,69,250
31.03.2003	46,663	1,53,588	10	10	Cash	Further Issue of Shares	15,35,880
19.04.2003	11,729	1,65,317	10	10	Cash	Further Issue of Shares	16,53,170
09.03.2004	3,34,683	5,00,000	10	10	Cash	Further Issue of Shares	50,00,000
30.09.2005	18,00,000	23,00,000	10	10	Cash	Further Issue of Shares	2,30,00,000
15.10.2005	7,00,000	30,00,000	10	10	Cash	Further Issue of Shares	3,00,00,000
30.01.2006	10,00,000	40,00,000	10	10	Cash	Further Issue of Shares	4,00,00,000
07.06.2006	20,00,000	60,00,000	10	10	Cash	Further Issue of Shares	6,00,00,000
20.07.2006	15,00,000	75,00,000	10	10	Cash	Further Issue of Shares	7,50,00,000
21.10.2006	25,00,000	1,00,00,000	10	10	Cash	Further Issue of Shares	10,00,00,000
15.11.2006	8,04,375	1,08,04,375	10	10	Cash	Further Issue of Shares	10,80,43,750
17.11.2006	4,95,100	1,12,99,475	10	12	Cash	Further Issue of Shares	11,29,94,750
02.01.2007	4,00,000	1,16,99,475	10	12	Cash	Further Issue of Shares	11,69,94,750
11-08-2007	23,00,000	1,39,99,475	10	12	Consideration other than cash	Further Issue of Shares	13,99,94,750

The Company has entered into MOU dated 17-11-2006 with Mr. Hirji Kanji Patel for purchasing of office premises (#501, 502 & 503) located at Andheri (w), Mumbai at a consideration of Rs 500 Lacs. As per the MOU the consideration shall be payable by issuing 23,00,000 Equity Shares of face Value of Rs 10/- each for Rs 12/- per share aggregating to Rs 276 Lacs. The balance Rs. 224 Lacs shall be paid in Cash.

On 11-08-2007 the company issued above mentioned 23,00,000 Equity Shares. The Agreement for Sale related to Unit No. 501 & 502 (consideration Rs. 300.11 lakhs) is registered on 13-08-2007 and transaction related to purchase of Unit No. 503 is yet to be completed.

(For the details of MOU & Agreement for sale please refer section titled "History and Certain Corporate Matters- Material Agreements" on page No. 62)

The Office premises has been valued by Independent Valuer, M/s Sigma Engineering Consultants, a registered valuer, vide their valuation report dated 29th December, 2006. The said valuer valued the said property at Rs. 484.50 lacs.

3. Promoters' contribution and lock-in

Pursuant to the SEBI Guidelines, an aggregate of 20% of the post-issue paid up Equity Share capital of our Company held by the promoters of the Company shall be locked in for a period of three years from the date of allotment in this Issue and other shares held by the promoters will be locked in for a period of one year from the date allotment in this issue. The details of the promoters' Equity Shares locked-in are as follows:

a) 3 years lock-in

Name of the Promoter	Date of allotment/acquisition Fully paid up	Consideration	No. of equity shares	Face Value (Rs.)	Issue/acquisition Price (Rs.)	% of Post issue Paid up capital	Lock-in-Period
Mr. Hirji Kanji Patel	01-03-03	Cash	*23,451	10.00	10.00	0.12	3 Years
Mr. Hirji Kanji Patel	31-03-03	Cash	46,661	10.00	10.00	0.25	3 Years
Mr. Hirji Kanji Patel	09-03-04	Cash	3,34,683	10.00	10.00	1.76	3 Years
Mr. Hirji Kanji Patel	30-09-05	Cash	18,00,000	10.00	10.00	9.47	3 Years
Mr. Hirji Kanji Patel	15-10-05	Cash	7,00,000	10.00	10.00	3.68	3 Years
Mr. Hirji Kanji Patel	17-11-06	Cash	4,95,100	10.00	12.00	2.61	3 Years
Mr. Hirji Kanji Patel	02-01-07	Cash	4,00,000	10.00	12.00	2.11	3 Years
TOTAL			37,99,895			20.00	

b) 1 Year lock-in

Name of the Promoter	Date of allotment/acquisition Fully paid up	Consideration	No. of equity shares	Face Value (Rs.)	Issue/acquisition Price (Rs.)	% of Post issue Paid up Capital	Lock-in-Period
Mr. Hirji Kanji Patel	19-05-02	Cash	10,000	10.00	10.00	0.05	1 Year
Mr. Hirji Kanji Patel	01-03-03	Cash	*6,549	10.00	10.00	0.03	1 Year
Mr. Hirji Kanji Patel	30-01-06	Cash	10,00,000	10.00	10.00	5.26	1 Year
Mr. Hirji Kanji Patel	07-06-06	Cash	8,37,500	10.00	10.00	4.41	1 Year
Mr. Hirji Kanji Patel	20-07-06	Cash	7,12,120	10.00	10.00	3.75	1 Year
Mr. Hirji Kanji Patel	21-10-06	Cash	14,47,220	10.00	10.00	7.62	1 Year
Mr. Hirji Kanji Patel	11-08-07	Consideration other than cash	**23,00,000	10.00	12.00	12.11	1 Year
TOTAL			63,13,389			53.23	

*Out of the total 30,000 allotted on 01-03-03 to the promoters, 6,549 Equity Shares will be locked in for 3 years and the balance 23,451 shares will be locked in for 1 year.

**The Company has entered into MOU dated 17-11-2006 with Mr. Hirji Kanji Patel for purchasing of office premises (#501, 502 & 503) located at Andheri (w), Mumbai at a consideration of Rs 500 Lacs. As per the MOU the consideration shall be payable by issuing 23,00,000 Equity Shares of face Value of Rs 10/- each for Rs 12/- per share aggregating to Rs 276 Lacs. The balance Rs. 224 Lacs shall be paid in Cash.

On 11-08-2007 the company issued above mentioned 23,00,000 Equity Shares. The Agreement for Sale related to Unit No. 501 & 502 (consideration Rs. 300.11 lakhs) is registered on 13-08-2007 and transaction related to purchase of Unit No. 503 is yet to be completed.

(For the details of MOU & Agreement for sale please refer section titled "History and Certain Corporate Matters- Material Agreements" on page No. 62)

The lock in period shall commence from the date of allotment of shares in the public issue. Accordingly, the shares which are subject to lock in shall carry inscription "non transferable". In case of demat shares the lock in shares shall be kept in lock in as per Depository Mechanism

The above promoter has vide his letters dated 14-08-2007 has given his consent for lock in as stated above. Shares issued last shall be locked in first.

4. Other than the lock-in on the promoters' shares as stated above, the entire Pre-issue capital of our Company will be locked in for a period of one year from the date of allotment in this issue.
5. In terms of clause 4.15 of the SEBI Guidelines, locked-in securities held by promoters may be pledged only with Banks or Financial Institutions as collateral security for loans granted by such Banks or Financial Institutions, provided the pledge of shares is one of the terms of sanction of loan.
6. Further, in terms of clause 4.16.1 (a) of the SEBI Guidelines, locked in Equity Shares held by shareholders other than the Promoters may be transferred to any other person holding shares which are locked-in as per Clause 4.14 of the SEBI Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997 as applicable.
7. In terms of clause 4.16.1 (b) of the SEBI Guidelines, locked in Equity Shares held by the Promoters may be transferred to and amongst the Promoters/ Promoter group or to a new promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997 as applicable.
8. The Pre-Issue & Post-Issue Shareholding Pattern of our Company is as under:

	Category of shareholder	Pre Issue		Post Issue	
		No. of Shares	% of Holding	No. of Shares	% of Holding
	Promoter				
	Hirji Kanji Patel	1,01,13,284	72.24	1,01,13,284	53.23
	Sub-Total	1,01,13,284	72.24	1,01,13,284	53.23
	Promoter Group				
	TALMINDER SINGH & HIRJI KANJI PATEL	7,16,374	5.12	7,16,374	3.77
	VIVEK R. MURTHY & HIRJI KANJI PATEL	9,40,370	6.72	9,40,370	4.95
	Sub-Total	16,56,744	11.84	16,56,744	8.72
	Total Holding of Promoter & Promoter Group	1,17,70,028	84.08	1,18,64,564	61.95
	Non Promoter Group	22,29,447	15.92	22,29,447	11.74
	Issue			50,00,000	26.31
	Total Holding of the Company	1,39,99,475	100.00	1,89,99,475	100.00

The Company has entered into MOU dated 17-11-2006 with Mr. Hirji Kanji Patel for purchasing of office premises (#501, 502 & 503) located at Andheri (w), Mumbai at a consideration of Rs 500 Lacs. As per the MOU the consideration shall be payable by issuing 23,00,000 Equity Shares of face Value of Rs 10/- each for Rs 12/- per share aggregating to Rs 276 Lacs. The balance Rs. 224 Lacs shall be paid in Cash.

On 11-08-2007 the company issued above mentioned 23,00,000 Equity Shares. The Agreement for Sale related to Unit No. 501 & 502 (consideration Rs. 300.11 lakhs) is registered on 13-08-2007 and transaction related to purchase of Unit No. 503 is yet to be completed.

(For the details of MOU & Agreement for sale please refer section titled "History and Certain Corporate Matters- Material Agreements" on page No. 62)

9. Our company, Promoters/Promoters Group, our directors and the Lead Manager have not entered into any buy-back and/or standby arrangements for purchase of equity shares from any person
10. The Promoters / Promoter Group and Directors of the Company have not acquired, purchased or sold the Equity Shares of our Company during the period of six months preceding the date of filing this Prospectus with SEBI, other than those mentioned below:

Promoter

The following are the details of transactions of the promoter as per the records of the company

Name	Nature of Transaction	Date	Rate Per share (Rs.)	No. Of Shares	Consideration
Hirji Kanji Patel	Allotment	11/08/2007	12/-	23,00,000	2,76,00,000
Hirji Kanji Patel	Allotment	02/01/2007	12/-	4,00,000	48,00,000

Promoter Group

The following are the details of transactions of the promoter group as per the records of the company

Name	Nature of Transaction	Date of Board Meeting approval for Transfers	Rate Per share (Rs.)		Aggregate No. Of Shares	Consideration (Rs.)
			Minimum	Maximum		
Vivek R Murthy	Sale	26-04-2007	12	12	5,00,000	60,00,000
Talminder Singh	Sale	28-02-2007	12	12	2,53,750	30,45,000
	Sale	26-04-2007	12	12	3,70,000	44,40,000
	Sale	10-06-2007	12	12	59,197	7,10,364
	Sale	31-07-2007	12	12	2,51,600	30,19,200
Talminder Singh & Hirji Kanji Patel	Sale	31-07-2007	12	12	94,536	11,34,432

11. Top ten shareholders as on the date of filing of the Prospectus with the SEBI.

Sl. No.	Name of the shareholder	No. of Equity Shares held	% of Issued Capital
1.	Hirji Kanji Patel	1,01,13,284	72.24
2.	VIVEK R. MURTHY & Hirji Kanji Patel	9,40,370	6.72
3.	TALMINDER SINGH & Hirji Kanji Patel	7,16,374	5.12
4.	ASHIT PARIKH	2,00,000	1.43
5.	RAJESHREE PARIKH	2,00,000	1.43
6.	LOC TRADING COMPANY PRIVATE LIMITED	1,50,000	1.07
7.	ASHIT PARIKH (HUF)	1,50,000	1.07
8.	DHANRAJ SAWLANI	1,00,000	0.71
9.	ASHOK BAJAJ & ANJOO BAJAJ	1,00,000	0.71
10.	RAJKUMAR BAJAJ & KAVITA BAJAJ	70,000	0.50

12. Top ten shareholders as on 10 days prior to filing of the Prospectus with the SEBI.

Sl. No.	Name of the shareholder	No. of Equity Shares held	% of Issued Capital
1.	Hirji Kanji Patel	78,13,284	66.78
2.	VIVEK R. MURTHY & Hirji Kanji Patel	9,40,370	8.04
3.	TALMINDER SINGH & Hirji Kanji Patel	7,16,374	6.12
4.	ASHIT PARIKH	2,00,000	1.71
5.	RAJESHREE PARIKH	2,00,000	1.71
6.	LOC TRADING COMPANY PRIVATE LIMITED	1,50,000	1.28
7.	ASHIT PARIKH (HUF)	1,50,000	1.28
8.	DHANRAJ SAWLANI	1,00,000	0.85
9.	ASHOK BAJAJ & ANJOO BAJAJ	1,00,000	0.85
10.	RAJKUMAR BAJAJ & KAVITA BAJAJ	70,000	0.60

13. Top ten shareholders as on two years prior to the date of filing of the Prospectus with the SEBI

Sl. No.	Name of the shareholder	No. of Equity Shares held	% of Issued Capital
1.	Hirji Kanji Patel	421344	84.27
2.	Pravina K Pindoria jointly with Kanti R Pindoria	30432	6.09
3.	Kishore R Pindoria	19408	3.88
4.	Premji K Patel	12085	2.42
5.	Jasuben J Patel with Jethalal K Patel	11729	2.34
6.	Kanti Ramji Pindoria	5000	1.00
7.	Govindbhai Khetabhai Kara	1	0.00
8.	Mrs Manjulaben Govind Kara	1	0.00
9.	N.A	N.A	N.A
10.	N.A	N.A	N.A

14. This Issue is being made in terms of clause 2.2.2 (a) (ii) & (b) (i) of SEBI (DIP) Guidelines, 2000, as amended from time to time, wherein at least 10% of the Issue size i.e. 5,00,000 Equity Shares shall be allotted to QIBs, failing which the full subscription monies shall be refunded.
15. Further, spill over from QIBs' category, shall, at the sole discretion of our Company in consultation with the Lead Manager, be allowed to meet under-subscription, if any, in categories for Non-Institutional Investors and Retail Individual Investors. Also, unsubscribed portion in either of Non-Institutional Investors or Retail Individual Investors category shall be added to the other category interchangeably.
16. The Equity Shares offered through this Public Issue shall be made fully paid up on allotment.
17. In case of under-subscription in the Net Issue to the Public portion, spillover to the extent of under-subscription shall be permitted from the reserved categories to Net Issue to the Public portion.
18. Over subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off to the nearest integer.
19. Our Company has not granted any options or issued any Equity Shares under any employees stock option or employees stock purchase scheme.
20. An investor cannot make an Application for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
21. Except as disclosed in the section titled "Management" beginning on page 65 of this Prospectus, none of our Directors and key managerial employees hold any Equity Shares.

22. Except as disclosed in the Section titled Capital Structure on page no. 22, 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 the submission of the Prospectus with SEBI until the Equity Shares to be issued pursuant to the Issue have been listed or we presently do not intend or propose to alter our capital structure for a period of six months from the date of filing of the Prospectus, by way of split or consolidation of the denomination of Equity Shares.
23. 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.
24. As on the date of filing of this Prospectus the total number of holders of Equity Shares is 281.
25. We have not raised any bridge loans against the proceeds of the Issue
26. Except as disclosed in the sections titled "Capital Structure" on page 22 of this Prospectus, we have not issued/ propose to issue any Equity Shares out of revaluation reserves or for consideration other than cash.
27. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into our Equity Shares.
28. There are certain restrictive covenants in the agreements that our Company has entered into with banks and financial institutions for short-term loans and long term borrowings.

OBJECTS OF THE ISSUE

The objects of the present issue of Equity Shares are to part finance the following:

- To Set up Global Laptop, TFT and other equipment Service Centre at Vasai, Dist. Thane, Mumbai.
- To meet the public issue expenses.
- Achieving the benefits of listing of our equity shares.

The main Objects clause of the Memorandum of Association of our Company enables our Company to undertake the existing activities and the activities for which the funds are being raised through the present Issue.

PROJECT APPRAISAL

Allied Computers International (Asia) Ltd. approached Andhra Bank for financial assistance to set up a project for setting up of Assembly and Service center for laptop computer at Vasai, Dist. Thane. Andhra Bank has appraised the project vide their letter dated 29-09-2006.

Scope and Purpose of appraisal:

Bank's scope includes:

- Assessing the company and promoter's background
- Presentation of assembly and service process and material requirements
- Appraisal of project cost & means of finance
- Appraisal of project Economics
- Appraisal conclusions

Bank has sanctioned the term loan Rs. 177.95 lacs to part finance the project

The projects for which we intend to use our issue proceeds as mentioned in the Objects of the Issue have been appraised by Andhra Bank, Mulund Branch, Mumbai vide their appraisal note dated 29-09-2006. Further, Andhra Bank, Mulund Branch, Mumbai vide its letter dated 29-09-2006 has given its consent to include the contents of the appraisal report in Draft Prospectus / Prospectus. It has not withdrawn its consent to include the content of appraisal report in Draft Prospectus / Prospectus.

COST OF THE PROJECT

The project is to be funded through a mix of Equity and Debt. The means of finance for the project is presented below. The details of estimated cost of project as appraised by Andhra Bank, Mulund Branch, Mumbai is as follows:

S.no	Particulars	Amount (Rs. In Lakhs)
1.	Building and Infrastructures	300.00
2.	Plant & Machinery	387.95
3.	Electrical Equipments	25.00
4.	Furniture & Fixtures	18.00
5.	Public Issue expenses	47.00
	Total	777.95

MEANS OF FINANCE

Above cost of project is funded as follows :

S.no	Particulars	Amount (Rs. In Lakhs)
1.	Proceeds from the proposed public Issue	600.00
2.	Term Loan from Andhra Bank	177.95
	Total	777.95

Building and Infrastructure

The Company has planned to purchase Industrial unit at Vasai Dist Thane from M/s. Rohan Developers. M/s Crea arch Associates have vide their valuation report dated 23rd February 2007 submitted the valuation of the Property to be Purchased from M/s Rohan Developers at Rs 180 Lacs. The total area of building will be 15000 sq. fts.(Approx.) with all infrastructural facilities such as power connection, etc. Permission and other required facilities to undertake service industrial activities. Building is Ground + First floor and will have in house facility to accommodate Assembly line, repair & services, Stores, Admn. and Staff recreation area. The Proposed premise is located near Walive Industrial estate, on Plot No. 6, Survey No.38, PT 146, of village Pelhar, Vasai, Dist. Thane.

First floor will have central AC and with the facility of sound and dust proof. It will also have sterilized area for services and repairs of motherboards, hard disks, DVDs and components.

The management has planned to have following divisions in the said premises:

- Repairs and services along with maintainance 1st floor
- Testing and quality control 1st floor
- Assembly and making of laptops 1st floor
- Corporate imaging and logo design on cover 1st floor
- Final packing and dispatch 1st floor
- Store and warehouse of components Gr floor
- Support and Liason office Gr floor
- Customer care and front office Gr floor
- Dispatch and Inward departments Gr floor

The company is in process of negotiations with builder to finalize the industrial premises. The company is also under discussion with Architect and Contractor for internal renovation to make central AC, sound and sterilized area. It is also required to carry out interiors and renovations on Ground and First floor to house plant and machines for assembly line and chip level repairs. M/s. Crearch Assocaites –Architects ,Engineers ,Interior Designer have vide their letter dated August 28th 2006 have given quotation of Rs 85.57 Lacs for interior renovation and interiors.

The estimated cost to purchase industrial unit will be Rs. 215 lacs. Provision made for internal renovation and interiors is Rs. 85 lacs.

Plant & Machinery

The company has planned to purchase set of machines and equipments for following divisions:

- Assembly Line to manufacture laptops
- Screen Test and repair equipments
- Optical Drive Test Tools
- Mother Board Test and fault diagnosis equipments
- General purposes and Auxiliary Tools

The Estimated cost of equipment and machines will be Rs. 387.95 lacs. Major machines are imported from Taiwan, China and UK. This cost of machines includes cost, freight, insurance and duties & taxes. Suppliers will provides installation, commencement and training to our technical staff to operate the machines. They will provide their engineers and service staff in India to assist our engineers for one year.

The requirement study for the Plant & Machinery has been carried out by ACI and they have obtained quotations for the equipments. The requirement of various Plant & Machinery identified for setting up of the project is given below.

(A) General purpose and Auxiliary Tools

ITEM	DESCRIPTION	SPECIFICATION	SUPPLIER NAME / ADDRESS	Date of Quotation	Expected date of delivery	COST	Q'ty	TOTAL
1	CPU voltage test fixture	Socket370,462,478,	Super ECS Co. Ltd. 2F, No.240, Sec. 1, Nei-Hu Road, Taipei, Taiwan 11493	10/06/2007	November 2007	\$20	30	\$600
2	BARCODE READER	PSC-QUICKSCAN 6000KB	- do -	10/06/2007	November 2007	\$225	5	\$1125
3	LOOP BACK	LPT& COM & GAME LAN & Sound & 1394 & SATA	- do -	10/06/2007	November 2007	\$100	75	\$7500
4	Flux Pen	Flux Pen	- do -	10/06/2007	November 2007	\$6.6	200	\$1320
5	Chemtronics	CP-2015	- do -	10/06/2007	November 2007	\$1.5	200	\$300
6	Tools/Jigs	Screw driver, blade pen, pliers,tweezers,Cleani ng Brush, BIOS remover	- do -	10/06/2007	November 2007	\$30	100	\$3000
7	Air Gun		- do -	10/06/2007	November 2007	\$245	30	\$7350
8	Flux		- do -	10/06/2007	November 2007	\$1	200	\$200
9	Cleaning Solvent	IPA	- do -	10/06/2007	November 2007	\$1	200	\$200
10	ANTI-STATIC Gloves		- do -	10/06/2007	November 2007	\$10.5	500	\$5250
11	Socket adapter	PCI, AGP, 370, 462, 478	- do -	10/06/2007	November 2007	\$1.81 \$1.81 \$3.02 \$4.59 \$24.18	25 25 25 25 25	\$45.25 \$45.25 \$75.5 \$114.75 \$604.5
12	Magnifier with Lamp	Desktop type 5X	- do -	10/06/2007	November 2007	\$72	75	\$5400
13	Solder wire	No cleaning soldering wire	- do -	10/06/2007	November 2007	\$7.2	100	\$720
14	Solder Bar	(63/37)	- do -	10/06/2007	November 2007	\$7.2	100	\$720
15	ESD protection	Conductive table mat,,wrist band,cap .	- do -	10/06/2007	November 2007	\$200	75	\$15000
16	ESD protection floor for 20,000 sq. ft.	Conductive floor	- do -	10/06/2007	November 2007	\$15000	1	\$15000
17	Electric screw driver		- do -	10/06/2007	November 2007	\$20	100	\$2000
	TOTAL							US\$66,570.25

(B) FOR SCREEN TEST TOOLS

ITEM	DESCRIPTION	SPECIFICATION	SUPPLIER NAME / ADDRESS	Date of Quotation	Expected date of delivery	COST	Q'ty	TOTAL
1	DEBUG CARD	P801-PC DEBUG CARD	Super ECS Co. Ltd. 2F, No.240, Sec. 1, Nei-Hu Road, Taipei, Taiwan - 11493	10/06/2007	November 2007	\$6	25	\$150
2	CPU	Athlon XP 1.800+	- do -	10/06/2007	November 2007	\$61.5	25	\$1537.5
3	CPU	P4 1.8 GHz	- do -	10/06/2007	November 2007	\$73.5	25	\$1837.5
4	CPU	Celeron M 1.4 GHz	- do -	10/06/2007	November 2007	\$50	75	\$3750
4	VGA CARD	AGP	- do -	10/06/2007	November 2007	\$100	25	\$2500
5	VGA CARD	PCI	- do -	10/06/2007	November 2007	\$90	25	\$2250
6	Speaker OR Earphone	-----	- do -	10/06/2007	November 2007	\$45	25	\$1125
7	MEMORY SDRAM	SDRAM PC133	- do -	10/06/2007	November 2007	\$90	25	\$2250
8	MEMORY DDR	DDR 333MHz-533MHz	- do -	10/06/2007	November 2007	\$80	75	\$6000
9	HDD	ATA133	- do -	10/06/2007	November 2007	\$120	75	\$9000
10	FDD	1.44MB	- do -	10/06/2007	November 2007	\$40	25	\$1000
11	DVD ROM		- do -	10/06/2007	November 2007	\$115	75	\$8625
12	K/B	PS2	- do -	10/06/2007	November 2007	\$50	35	\$1750
13	K/B	USB	- do -	10/06/2007	November 2007	\$47	75	\$3525
14	MOUSE	PS2	- do -	10/06/2007	November 2007	\$5	35	\$175
15	MOUSE	USB	- do -	10/06/2007	November 2007	\$5	75	\$375
16	LAN HUB	8 PORT	- do -	10/06/2007	November 2007	\$170	10	\$1700
17	POWER SUPPORT	P4 READY	- do -	10/06/2007	November 2007	\$10	35	\$350
19	COLOR MONITOR	15" COLOR MONITOR	- do -	10/06/2007	November 2007	\$85	5	\$425
	TOTAL							US\$ 48,325

(C) General Purpose + Work Stations

ITEM	DESCRIPTION	SPECIFICATION	SUPPLIER NAME / ADDRESS	Date of Quotation	Expected date of delivery	COST	Q'TY	TOTAL
1	SOLDER IRON	HOKO 936 22V	Super ECS Co. Ltd. 2F, No.240, Sec. 1, Nei-Hu Road, Taipei, Taiwan - 11493	10/06/2007	November 2007	\$147	75	\$11025
2	DIPPING STATION (+ 2 PCS TOOLS)	IC-66	- do -	10/06/2007	November 2007	\$150	10	\$1500
3	DEBUG CARD	POST-IP M201	- do -	10/06/2007	November 2007	\$15	20	\$300
4	DIGITAL MULTIMETER	TEST 2700	- do -	10/06/2007	November 2007	\$51	75	\$3825
5	Hot Air IC remover (exclude support rack)	LEISTER CH-6056	- do -	10/06/2007	November 2007	\$450	30	\$13500
6	Tin-sucking gun (for de-soldering)	Plastic tube & operate manually	- do -	10/06/2007	November 2007	\$4.5	75	\$337.5
7	High-temperature resistant TAPE	REWORK for TIN isolation use 45mm	- do -	10/06/2007	November 2007	\$3.6	100	\$360
8	SOLDER IRON HEAD	HAKKO 936 22V	- do -	10/06/2007	November 2007	\$5	200	\$1000
9	SILVER WIRE	JUMP WIRE	- do -	10/06/2007	November 2007	\$1	200	\$200
10	Work station		- do -	10/06/2007	November 2007	\$500	75	\$37500
11	Bios programmer		- do -	10/06/2007	November 2007	\$290	5	\$1450
12	Logic Probe		- do -	10/06/2007	November 2007	\$30	50	\$1500
	TOTAL							US\$ 72,497.50

(D) Major Repairs/Testing Machines + Oscilloscopes

ITEM	DESCRIPTION	SPECIFICATION	SUPPLIER NAME / ADDRESS	Date of Quotation	Expected Delivery	COST (Rs)	COST FOB (US\$)	Q'TY	TOTAL
1	PINPOINT II		DiagnoSYS Electronic Pvt. Ltd ITI Layout, Bangalore 560 054.	25/05/2007	October 2007	N.A	\$33333.3	2	\$66666.6
2	BGA/CSP REPAIR MACHINE	INTRUDER LIGHTNING	Automated Production Equipment South Corporte Head Quarters 2 Blackwater Lane, Key Largo, FL 33037, USA	29/05/2007	November 2007	N.A	\$27495	3	\$82485
3	BondMaster LCD repair rework station	CHANGE& REWORK	- do -	29/05/2007	November 2007	N.A	\$3,995	5	\$19975

ITEM	DESCRIPTION	SPECIFICATION	SUPPLIER NAME / ADDRESS	Date of Quotation	Expected Delivery	COST (Rs)	COST FOB (US\$)	Q'TY	TOTAL
4	XJTAG Boundary Scanner		DiagnoSYS Electronic Pvt. Ltd ITI Layout, Bangalore 560 054.	25/05/2007	October, 2007	N.A	\$20000	2	\$40000
5	Scan point		- do -	25/05/2007	November 2007	N.A	\$32958.33	2	\$65916.66
6	Faultfinder high integrity PCB fault diagnostic system		- do -	25/05/2007	November 2007	N.A	\$23325	2	\$46650
7	Digital Oscilloscope	DS 1100C MHz	Mirco Tek Instruments 87, First Main Road, CIT Nagar, Chennai – 600 035.	07/06/2007	October, 2007	65,000		20	Rs13,00,000
8	Switchable Probe	100 MHz	- do -	07/06/2007	October, 2007			20	Rs22,460
9	Digital Oscilloscope	DS1250C 250 MHz	- do -	07/06/2007	October, 2007	95,000		30	Rs28,50,000
10	Switchable Probe	250 MHz	- do -	07/06/2007	October, 2007	3,000		30	Rs90,000
11	Spectrum Analyzer	500MHz - SA5005A 500 MHz – ECS	Open Star Ltd. 17, The Avenue, Brondesbury Park, London NW6 7NR	12/06/2007	November, 2007		\$1051.6	25	\$26290
								Total Rs	Rs42,62,460
								Total US\$	US\$ 3,47,983.26

E- Cabling., Networking Products plus PCs

S.No	DESCRIPTION	Amount
1	- 80 x Desktops	Rs 29,56,900
2	- Networking Products	Rs 5,99,610
3	- Networking Products	Rs 4,80,000
	Total	Rs 40,36,510

Grand Total of Equipments/Machinery**Sum Total of Amount in US \$ Amount in Rs**

Sum Total of	Amount in US \$	Amount in Rs
----	66,570.25	----
B	48,325	----
C	72,497.50	----
D	3,47,983.26	42,62,460
E	----	40,36,510
Total	US \$5,35,376.01	Rs 82,98,970

- Custom duty Approx. 28 % on all equipment
- Conversion of US\$ calculated at a rate of Rs 44.5 to a US\$

A)	Conversion of US \$5,35,376.01 into Rs @ 44.50	Rs. 2,38,24,232
B)	Add Customs Duty @ 28 %	Rs. 66,70,785
C)	Total Landed cost of FOB US\$ prices with custom duty plus carriage (A + B)	Rs. 3,04,95,017
D)	Add Total Cost of Equipment to be Purchased in Indian Rupee	Rs. 82,98,970
E)	Total Cost of Equipment (C+D)	Rs. 3,87,93,987

Electrical Equipments

It has made provision for internal electrification with safety and cut off switches to safe guard operation of machines. It has also planned to have transformer, DG Set and stabilizer to have regular power supply and smooth functions of machines. The estimate for electrical equipments is Rs. 25 lacs.

Particulars	Supplier name	Date of Quotation	Expected Delivery	Rate per unit	No of unit	Amount Rs.
UPS 20 kva	Malco Engineering P. Ltd. No. 1, Flat No. 3, First Main Road , Karpagam Garden, Adyar, Chennai – 600 020.	22/05/2007	October ,2007	7,25,000	1	7,25,000
DG Set 285 KVA	- do -	22/05/2007	October ,2007	9,75,000	1	9,75,000
Electrical Load 300 KVA	- do -	22/05/2007	October ,2007	8,00,000	1	8,00,000
Total						25,00,000

Furniture & Fixtures

It has planned to have support and sale back office at vasai and Mumbai. It requires furniture, sitting arrangement, conference room, display and presentation area, visitors area and office furniture. The estimated cost for the same will be Rs. 18 lacs.

The details of furniture and fixtures required to be purchased is given below.

Particulars	Party Name	Date of Quotation	Expected Delivery	Amount Rs. In lacs
ACP Fibre Sheet with Glass(Including Labour)	Ashish P. Shah B-2/10, Purnima Bldg. H. N. Compound, M. G. Road, Goregoan West, Mumbai – 400 062	12/06/2007	October, 2007	4.75
Sofa sets, chairs, table	- do -	12/06/2007	October, 2007	5.50
Electric Point with Material, Socet Point with material, Lighting & Fitting charges Etc	- do -	12/06/2007	October, 2007	7.75
		Total		18.01

(Source : Estimate by Company's management based on quotations of suppliers)

Any variations in the cost of project due to changes in foreign exchange rate, duty, and other incidental cost, if it is positive, the surplus would be utilized for purchase of ancillary parts and accessories, and if it is negative, the difference would be met out of internal accruals.

None of the aforementioned suppliers are related to Company, Promoters, Directors & Key Managerial Personnel

Public Issue expenses

Rs. In Lakhs

Activity	Amount
Issue Management fee, Brokerage & Selling Commission	31.00
Registrars fees	2.75
Printing & Distribution of Issue Stationery	5.00
Advertising and Marketing expenses	8.25
Other miscellaneous expenses	
Total	47.00

SCHEDULE OF IMPLEMENTATION

Particulars	Plan Date
Buildings	
Purchase of Building	October, 2007
Renovation of Interiors	October, 2007
Plant & Machinery	
Invitation of Quotations	May and June , 2007
Finalisation of Vendors	July and August, 2007
Placement of Order/LC	September, 2007
Delivery of Machines	October and November, 2007
Installation and Commencement	December, 2007

Interim Use of Proceeds

Pending utilization for the purposes described above, we intend to temporarily invest the funds in high quality interest bearing liquid instruments including deposits with banks, for the necessary duration or for reducing overdraft to save interest costs. Such investments would be in accordance with investment policies approved by our Board from time to time.

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, our Memorandum and Articles of Association, the terms of the Prospectus, Application Form, and other terms and conditions as may be incorporated in the allotment letter and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of our Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares including rights in respect of dividend. The allottees will be entitled to dividend or any other corporate benefits, if any, declared by our Company after the date of Allotment.

Mode of Payment of Dividend

We shall pay dividend to our shareholders as per the provisions of the Companies Act, 1956.

Face Value and Issue Price

The Equity Shares with a face value of Rs. 10 each are being issued in terms of this Prospectus at a total price of Rs. 12/- per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares.

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 of shares; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and our Memorandum and Articles of Association.

For a detailed description of the main provisions of our Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, see section titled "Main Provisions of Articles of Association of the Company" on page 118 of this Prospectus.

Market Lot and Trading Lot

In terms of existing SEBI Guidelines, the trading in the Equity Shares shall only be in dematerialised form for all investors. Since trading of our Equity Shares shall be in dematerialised mode, the tradable lot is one Equity Share. In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. Allotment through this Issue will be done only in electronic form in multiples of 1 Equity Share.

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first applicant, along with other joint Applicant(s), may nominate any one person in whom, in the event of death of sole Applicant or in case of joint Applicants, death of all the Applicants, 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 at the registrar and transfer agent of our Company.

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

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

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with, within a period of 90 days, our Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialised mode, there is no need to make a separate nomination with us. Nominations registered with the respective Depository Participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective Depository Participant.

Minimum Subscription

If we do not receive the minimum subscription of 90% of the Net Issue, on date of closure of the issue or if the subscription level fall below 90% after the closure of the issue on account of cheques having being returned unpaid or withdrawal of application, we shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after we become liable to pay the amount, we shall pay interest as per Section 73 of the Companies Act.

If at least 10% of the Net Issue cannot be allotted to QIBs, then the entire application money will be refunded.

Further, in accordance with Clause 2.2.2A of the SEBI Guidelines, we shall ensure that the number of allottees, i.e. persons to whom the Equity Shares will be allotted under the Issue shall be not less than 1,000.

BASIS FOR ISSUE PRICE

Investors should read the following summary along with the sections titled “Risk factors” and “Financial Statements” beginning on pages 6 and 74 respectively and other details about the Company included in this Prospectus.

Qualitative Factors:

Strengths:

- The company is promoted by technocrats having vast experience in software development, servicing, making and marketing of laptops and supported by team of technical staff.
- It has won “Best Notebook Award of the Year 2002” for model ACi Emerald from Digit Magazine in December 2002. In March 2003, model ACi Emerald Pro was the Best notebook for year 2003 with grade A- by Digit Magazine. In March 2004, Digit awarded “Best Performance” award to ACi Ultima model and “Best Value” award to ACi Emerald Pro model. In October 2006, Digit Magazine awarded ACi Ethos Duo 1430 model a “Best Buy” award. In November 2006, Computer Active Magazine awarded ACi Ethos Duo the “Best on Test” award. In December 2006, Chip Magazine awarded ACi Matrix 1500 model the “Best Product of the Year” award.

- It has developed ACi brand
- It has PC Protect Plan to provide extensive warranty and insurance cover for parts, components and repairs of all brands of laptops.
- It is an ISO 9001:2000 Company.

Quantitative Factors:**1. Adjusted Earning Per Equity Share:**

Year	Earnings Per Equity Share (Rs.)	Weights
2004-2005	4.26	1
2005-2006	1.25	2
2006-2007	0.76	3
Weighted Average	1.51	

Earning Per Equity Share for Three Months ended 30th June, 2007 is Rs. 0.38

Diluted EPS considering the earnings as per audited financial results on 30th June, 2007 and pre-IPO No. of Shares (1,39,99,475) is Rs. 0.32

2. Price / Earning Ratio (P/E) in relation to the Issue Price of Rs. 12/-

Offer Price	Rs. 12
Weighted Average EPS	1.51
P/E multiple Based on Weighted Average EPS	7.95
P/E multiple Based on EPS as on 31/03/2007	15.79
Industry P/E*	17.8
Highest: **	23.6
Lowest: **	4.8
Industry composite Average:**	14.27

*Source: Dalal Street Volume XXI No. 22 dated October 16-29 ,2006; Industry :Computer Hardware

**Source: Dalal Street Volume XXII No. 17 dated August 6-19 ,2007; Industry :Computer Hardware

3. Comparison of the accounting ratios of the peer group (i.e. Company of the comparable size in the same industry) for the period ending 31st March 2007 as follows:

Particulars	Book Value per share (Rs.)	Return on Net worth (%)	EPS (Rs)	P/E Ratio
ACI*	11.18	6.79	0.76	15.79
Peers:				
Bartronics	63.5	15.8	7.6	16.8
HCL Infosystem	24.2	27.5	6.7	11.9
MRO Tek	45.0	11.6	5.2	8.5
Sarabhai Electrical	19.4	21.8	4.2	23.6
Tata Elxsi	37.9	44.1	16.7	20.0
Zenith Computer	42.3	22.3	9.4	4.8
Peer Group (Simple) Average	38.72	23.85	8.3	14.27

* The accounting ratios of the company are calculated based on the restated stand alone financial statements

Source: Dalal Street Volume XXII No. 17 dated August 6-19 ,2007; Industry :Computer Hardware. Financial ratios given in the table is as per date provided as per the source of document and does not reflect the position as on the date of this Prospectus.

4. Return on Net Worth (RONW) for the last three years

Financial Year	%	Weight
31/03/2005	29.53	1
31/03/2006	10.97	2
31/03/2007	6.79	3
Weighted Average RONW	11.97	

Minimum return on total Net worth after issue needed to maintain pre-issue EPS of Rs 0.38 is 3.28%.

5. Net Asset Value (NAV) per share

Particulars	NAV (Rs.)
As on March 31, 2007	11.18
As on June 30, 2007	11.57
Post Public Issue	11.25

The Issue Price is 1.2 times of the face value ie. Rs. 12/-

Taking into account the above qualitative and quantitative parameters, the Lead Manager believes that the issue price of Rs 12/- per equity share is justified

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

The Board of Directors,

Allied Computers International (Asia) Ltd.

501/2/3, New Link Road, Andheri(W),
Mumbai – 400 053.

Dear Sirs,

We hereby certify that the enclosed Annexure 'A' states the possible tax benefits available to **ALLIED COMPUTERS INTERNATIONAL (ASIA) LIMITED** ('The Company') and its shareholders under the provisions of the Income Tax Act, 1961 and other Direct 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. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives that the Company faces in future, the Company may or may not choose to fulfill.

The benefits discussed in the Annexure are not exhaustive and preparation of 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 and the fact that the Company will not distinguish between the shares offered for subscription and the shares offered for sale by the selling shareholders, each investor is advised

to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

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

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

The contents of this Annexure are based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the interpretations of the current tax laws in force in India.

A shareholder is advised to consider in his/her/its own case the tax implications of an investment in the Equity Shares.

This certificate is provided solely for the purpose of assisting the Company to which it is addressed in discharging their responsibilities under the Securities and Exchange Board of India (Disclosure and Investor Protection Guidelines, 2000) and paragraph B(1) of Part II of Schedule II to the Companies Act, 1956. Our work has not been carried out in accordance with the auditing standards generally accepted in the United States of America or outside India and accordingly should not be relied

on as if had been carried out in accordance with those standards.

For **M/s. G.C. PATEL & CO.**
Chartered Accountants

G.C. Patel
Partner

Membership No 47327
Place : Mumbai
Date : 14-11-2006

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO ALLIED COMPUTERS INTERNATIONAL (ASIA) LIMITED ("THE COMPANY") AND ITS SHAREHOLDERS

1 Benefits available to the Company under the income tax act,1961 ("THE ACT")

The Company will be entitled to deduction under the sections mentioned hereunder from its total income chargeable to Income Tax.

1.1 Dividend income exempt under section 10(34):

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.

1.2 Income from units of Mutual Funds exempt under section 10(35):

Income received on units of a Mutual Funds specified under Section 10(23D) of the Act will be tax-exempt under Section 10(35) of the Act.

1.3 Computation of Capital gains:

1.3.1 Capital assets are to be categorized into short term capital assets and long term capital assets based on the period of holding. All capital assets (except shares held in a Company or any other listed securities or units of UTI or units of Mutual Fund specified under section 10(23D) or a zero coupon bond) are considered to be long-term capital assets if they are held for a period in excess of 36 months. Shares held in a Company or any other listed securities or units of UTI and Mutual Fund units are considered as long term capital assets if these are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "long term capital gains". Capital gains arising on sale of these assets held for 12 months or less are considered as "short term capital gains".

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

1.3.3 As per the provisions of Section 112 of the Act, long-term gains as computed above that are not exempt under Section 10(36) or Section 10(38) of the Act are subject to tax at a rate of 20 percent (plus applicable surcharge and cess). However, Section 112(1) specifies that the long term capital gains arising on transfer of listed securities or units is restricted to 10 percent (plus applicable surcharge and cess) of gains without indexation benefit.

1.3.4 As per the provisions of Section 111A of the Act, short-term capital gains arising on sale of equity shares and units of equity oriented mutual fund (as defined) under Section 10(23D) on recognized stock exchange are subject to tax at the rate of 10 per cent (plus applicable surcharge and cess), provided the transfer is chargeable to Securities Transaction Tax being levied under Chapter VII of the Finance (No. 2) Act of 2004.

1.3.5 Exemption of capital gains from income tax:

Under Section 10(36) of the Act, long term capital gains arising on eligible equity share in a company (acquired on or after 1st Day of March 2003 and before the 1st day of March 2004) sold through a recognized stock exchange in India will be exempt from tax.

Under Section 10(38) of the Act, long term capital gains arising out of sale of equity shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or units is chargeable to STT. However, such income shall be taken into account in computing the book profit tax payable under Section 115JB.

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 notified bonds within six months from the date of transfer. If the Company transfers or converts the notified bonds 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.

1.4 Other Specified Deductions:

Subject to fulfillment of conditions, the Company will be eligible, inter alia, for the following specified deductions in computing its business income:-

- 1.4.1 Section 35(1)(i) and (iv) of the Act, in respect of any revenue or capital expenditure incurred, other than expenditure on the acquisition of any land, on scientific research related to the business of the Company.
- 1.4.2 Section 35(1)(ii) and (iii) of the Act, in respect of any sum paid to a Scientific Research Association which has as its object, the undertaking of scientific research or to any approved university, college or other institution to be used for scientific research or for research in social sciences or statistical research to the extent of a sum equal to one and one fourth times the sum so paid.
- 1.4.3 As per the provisions of Section 32 of the Act, the company is eligible to claim depreciation on plant and machines explained in the said section and the relevant IT rules there under.
- In respect of any new machinery or plant which has been acquired and installed after 31st March, 2005 by an assessee engaged in the business of manufacture or production of any article or thing, a further sum of 20 percent of the actual cost of such machinery or plant.
 - If an asset is acquired by the assessee during the previous year and is put to use for the purposes of business for a period of less than 180 days in that year, depreciation on such will be allowed @ 50% of the additional depreciation allowable (i.e. @ 10%).
- 1.4.4 Under section 35D of the Act the Company is eligible to claim amortization of preliminary expenses, subject to limits specified in sub-section (3) of the said section.
- 1.4.5 Under Section 115JAA (1A) of the Act, tax credit shall be allowed of any tax paid (MAT) under Section 115JB of the Act. Credit eligible for carry forward is the difference between MAT paid and the Tax computed as per the normal provisions of the Act. Such MAT credit shall not be available for set off beyond seven years succeeding the year in which the MAT becomes available.

2. Benefits available to resident shareholders

2.1 Dividend income exempt under section 10(34):

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

2.2 Computation of Capital gains:

- 2.2.1 Capital assets are to be categorized into short term capital assets and long term capital assets based on the period of holding. All capital assets (except shares held in a Company or any other listed securities or units of UTI or units of Mutual Fund specified under section 10(23D) or a zero coupon bond) are considered to be long-term capital assets if they are held for a period in excess of 36 months. Shares held in a Company or any other listed securities or units of UTI and Mutual Fund units are considered as long term capital assets if these are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "long term capital gains". Capital gains arising on sale of these assets held for 12 months or less are considered as "short term capital gains".
- 2.2.2 Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, for resident shareholders 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.
- 2.2.3 As per the provisions of Section 112 of the Act, long-term gains as computed above that are not exempt under Section 10(38) of the Act are subject to tax at a rate of 20 percent (plus applicable surcharge and cess). However, Section 112(1) specifies that the long term capital gains arising on transfer of listed securities or units is restricted to 10 percent (plus applicable surcharge and cess) of gains without indexation benefit.
- 2.2.4 As per the provisions of Section 111A of the Act, short-term capital gains arising on sale of equity shares and units of equity oriented mutual fund (as defined) under Section 10(23D) on recognized stock exchange are subject to tax at the rate of 10 per cent (plus applicable surcharge and cess), provided the transfer is chargeable to Securities Transaction Tax being levied under Chapter VII of the Finance (No. 2) Act of 2004.
- 2.2.5 *Exemption of capital gains from income tax:*
- Under Section 10(38) of the Act, long term capital gains arising out of sale of equity shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or units is chargeable to STT.

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 notified bonds within six months from the date of

transfer. If the Shareholder transfers or converts the notified bonds 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. In such a case, the cost of such long term specified asset will not qualify for deduction under Section 80C of the Act.

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.

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, another residential house, then the original exemption will be taxed as capital gains in the year in which the additional residential house is acquired.

2.3 Rebate under Section 88E:

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

3 Benefits available to Non-Resident Shareholders (other than FIIs AND FOREIGN VENTURE CAPITAL INVESTORS)

3.1 Dividend income exempt under section 10(34):

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

3.2 Computation of Capital gains:

3.2.1 Capital assets are to be categorized into short term capital assets and long term capital assets based on the period of holding. All capital assets (except shares held in a Company or any other listed securities or units of UTI or units of Mutual Fund specified under section 10(23D) or a zero coupon bond) are considered to be long-term capital assets if they are held for a period in excess of 36 months. Shares held in a Company or any other listed securities or units of UTI and Mutual Fund units are considered as long term capital assets if these are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "long term capital gains". Capital gains arising on sale of these assets held for 12 months or less are considered as "short term capital gains".

3.2.2 Section 48 of the Act, contains special provisions in relation to computation of capital gains on transfer of shares in Indian company by non-residents. Computation of Capital gains arising on transfer of shares in case of non residents has to be done in the original foreign currency, which was used to acquire the shares. The capital gain computed in the original foreign currency is then converted into Indian Rupees at the prevailing rate of exchange.

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

3.2.3 In case investment is made in Indian rupees, the long term gain is to be computed after indexing the cost.

As per the provisions of Section 112 of the Act, long-term gains as computed above that are not exempt under Section 10(38) of the Act are subject to tax at a rate of 20 percent (plus applicable surcharge and cess). However, Section 112(1) specifies that the long term capital gains arising on transfer of listed securities or units is restricted to 10 percent (plus applicable surcharge and cess) of gains without indexation benefit.

3.2.4 As per the provisions of Section 111A of the Act, short-term capital gains arising on sale of equity shares are subject to tax at the rate of 10 per cent (plus applicable surcharge and cess), provided the transfer is chargeable to Securities Transaction Tax being levied under Chapter VII of the Finance (No. 2) Act of 2004.

3.2.5 Exemptions of capital gains from income tax:

Under Section 10(38) of the Act, long term capital gains arising out of sale of equity shares or a unit of equity

oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or units is chargeable to STT.

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 notified bonds within six months from the date of transfer. If only part of capital gain is so reinvested, the exemption shall be allowed proportionately. If the Shareholder transfers or converts the notified bonds 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. In such a case, the cost of such long term specified asset will not qualify for deduction under Section 80C of the Act

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

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. If only a part of net consideration is invested within the prescribed period in a residential house, the exemption shall be allowed proportionately.

3.3 Rebate under Section 88E:

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

4 Benefits available to Non-Resident Indian shareholders

4.1 Dividend income exempt under section 10(34):

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

4.2 Computation of Capital gains:

4.2.1 Capital assets are to be categorized into short term capital assets and long term capital assets based on the period of holding. All capital assets (except shares held in a Company or any other listed securities or units of UTI or units of Mutual Fund specified under section 10(23D) or a zero coupon bond) are considered to be long-term capital assets if they are held for a period in excess of 36 months. Shares held in a Company or any other listed securities or units of UTI and Mutual Fund units are considered as long term capital assets if these are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "long term capital gains". Capital gains arising on sale of these assets held for 12 months or less are considered as "short term capital gains".

4.2.2 Section 48 of the Act, contains special provisions in relation to computation of capital gains on transfer of shares in Indian company by non-residents. Computation of Capital gains arising on transfer of shares in case of non residents has to be done in the original foreign currency, which was used to acquire the shares. The capital gain computed in the original foreign currency is then converted into Indian Rupees at the prevailing rate of exchange.

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

4.2.3 In case investment is made in Indian rupees, the long term gain is to be computed after indexing the cost.

As per the provisions of Section 112 of the Act, long-term gains as computed above that are not exempt under Section 10(38) of the Act are subject to tax at a rate of 20 percent (plus applicable surcharge and cess). However, Section 112(1) specifies that the long term capital gains arising on transfer of listed securities or units is restricted to 10 percent (plus applicable surcharge and cess) of gains without indexation benefit.

4.2.4 As per the provisions of Section 111A of the Act, short-term capital gains arising on sale of equity shares are subject to tax at the rate of 10 per cent (plus applicable surcharge and cess), provided the transfer is chargeable to Securities Transaction Tax being levied under Chapter VII of the Finance (No. 2) Act of 2004.

4.2.5 Options available under the Act:

Where shares have been subscribed to in convertible foreign exchange - Option of taxation under chapter XII-A of the Act:

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

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, not exempt under Section 10(38) will be subject to tax at the rate of 10 percent (plus applicable surcharge and cess) without indexation benefit.

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.

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.

As per Section 115H of the Act, when a NRI becomes a resident in India, the provisions of the 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 to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to such investment income derived from any foreign exchange asset being asset of the nature referred to in Sub clause (ii), (iii), (iv) and (v) of Section 115C(f) for that year and subsequent assessment years until such assets are converted into money.

As per the provisions of Section 115 I of the Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that assessment year, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.

4.2.6 Exemption of capital gains from income tax:

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

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 notified bonds within six months from the date of transfer. If only part of capital gain is so reinvested, the exemption shall be allowed proportionately. If the Shareholder transfers or converts the notified bonds 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. In such a case, the cost of such long term specified asset will not qualify for deduction under Section 80C of the Act.

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. If only a part of net consideration is invested within the prescribed period in a residential house, the exemption shall be allowed proportionately.

4.3 Rebates under Section 88E:

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

5. Benefits available to Foreign Institutional Investors ('FIIs')

5.1 Dividend income exempt under section 10(34):

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

5.2 Taxability of Capital gains:

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

5.2.2 The income by way of short term capital gains or long term capital gains (in cases not covered under Section 10(38) of the Act) realized by FIIs on sale of shares of the Company would be taxed at the following rates as per Section 115 AD of the Act – Short-term capital gains, other than those referred to under Section 111A of the Act shall be taxed at 30% (plus applicable surcharge and education cess).

Short term capital gains , referred to under Section 111A of the Act shall be taxed at 10% (plus applicable surcharge and education cess).

Long Term capital gains shall be taxed at 10% (plus applicable surcharge and education cess)(without cost indexation)

The benefits of indexation and foreign currency fluctuation protection as provided by Section 48 of the Act are not available to a FII.

5.2.3 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 notified bonds within six months from the date of transfer. If only part of capital gain is so reinvested, the exemption shall be allowed proportionately. If the assessee transfers or converts the notified bonds 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.

5.3 Rebate under Section 88E:

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

6 Benefits available to Mutual Funds

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

However, the Mutual Funds shall be liable to pay tax on distributed income to unit holders under Section 115R of the Act.

7 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.

8 Tax Treaty Benefits

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

9 Benefits available under the Wealth-tax Act, 1957

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.

Notes:

1. All the above benefits are as per the current tax law as amended by the Finance Act, 2006.
2. The stated benefits will be available only to the sole / first named holder in case the shares are held by joint holders.
3. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and the country in which the non-resident has fiscal domicile.
4. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

For **M/s. G.C. PATEL & CO.**
Chartered Accountants

G.C. Patel
Proprietor

Membership No. 47327
Date: 14-11-2006
Place: Mumbai

SECTION-IV

ABOUT THE COMPANY

The information in this section is derived from various government publications and other public sources. Neither we nor any other person connected with the Issue has verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information.

INDUSTRY OVERVIEW

Notebook market in India had been growing at a CAGR around 76% for the last four years as against that of 25% with PC Market. Due to sharp fall in component prices, we expect the total cost of laptop will continue to fall in future.

Data of PCs, and Notebooks shipped out in India

Unit in lacs

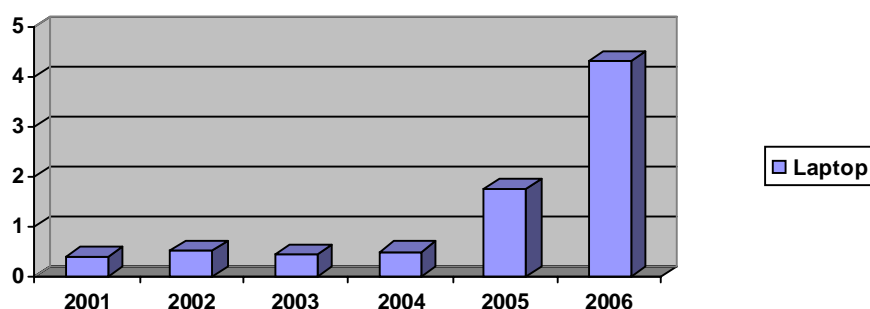
Particular	2001	2002	2003	2004	2005	2006
Desktop	18.81	16.71	22.93	30.36	36.32	46.15
Laptop	0.42	0.53	0.45	0.51	1.77	4.32

CAGR – Desktop 1998-2005 25 %

CAGR - Laptop 76 %

Source : MAIT – IT Industry Performance Annual Review 2005-06. MAIT.com

2000-2006 Note Book Shipments



- Annual sales grew by 144%; CAGR: 76%
- Households accounted for 13% of the market growing 151%; Businesses accounted for 87% of the market growing 143%

IDC declared its numbers for the Indian PC market for financial year 2005-06. The year recorded an impressive growth in terms of unit shipments - the market grew 30% over financial year 2004-05 to exceed the 4.6 million-mark, according to IDC's India Quarterly PC Market Tracker, 1Q 2006, May 2006 preliminary release.

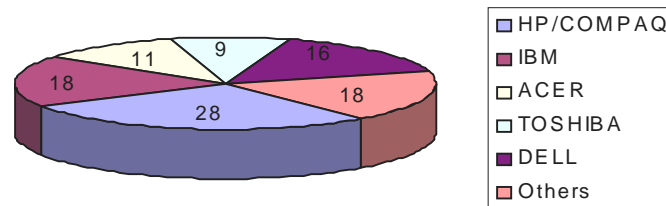
In the overall Client PC (sum of Notebook PC and Desktop PC) market, the rankings remained unchanged - HP retained the top slot with a market share of 18%, followed by HCL at 14%, and Lenovo at 9% in terms of unit shipments.

The high growth in Notebook consumption can be attributed to the drop in notebook prices and the additional benefit of mobility and space management.

With notebooks now being available at sub-Rs 20,000 prices, they are increasingly finding their way into the homes and SMEs. High consumption in corporates, IT companies, financial institutes, educational institutes and the government, however, continues to drive the notebook consumption.

Continued closure of price gap between PCs and notebooks and advancements in notebook and wireless technology will lead to further significant growth in the notebook market for years to come.

Current leading players in the Indian laptop market are HP/Compaq, IBM, DELL and ACER; With 18 % being contributed by local and other brands.



IDC's predictions in year 2004 was that notebook sales will overtake that of PCs by year 2007/2008. For this was to happen, we are yet to see the peak of the boom in the notebook market. All past and present figures show the size of business potentials in the sales of notebooks in the country.

International sale of notebooks is growing at a rate of over 35% per year with leading Multi National Companies (MNC) players taking bulk of the market share.

The shipment of top five Taiwanese Original Equipment Manufacturers (OEM), namely Quanta, Compal, Wistron, Asustek and Inventec, reached a total of 25.78 million units in 2004, occupied a 77.2% share of total Taiwan Note Books (NB) shipments with the remainder vendors contributed another 7.62 million units. The rankings of these five vendors should remain unchanged in 2005 with a consolidated shipment amount of 41.1 million units, or a 82.4% share of the total shipment amount.

Quanta should maintain its shipment growth momentum in 2005 with shipment amount hitting 18.14 million, a stunning Year on Year (YoY) growth of 74.7% that follows the over 10 million shipment records in 2004. The company has officially announced to boost its shipment amount to 25 million in 2006.

Compal, which reports a 30% YoY shipment growth in 2005, hit a total shipment amount of 9.86 million units. It targets to ship 15 million NBs in 2006.

Wistron records an encouraging growth in throughout 2003-2005 with a Year on Year (YoY) shipment growth of 67% in 2004 and 72.6% in 2005 at 5.77 million units. It hints that it might ship 10 million NB in 2006, still maintain the top-3 NB OEMs ranking in 2006.

Asustek reports a YoY shipment growth of 50.7% at 4.34 million units in 2005. Shipment amount should escalate to 6 million units in 2006. Inventec that records a 87.2% YoY shipment growth at 2.99 million units in 2005, should ship a 5-6 million NBs in 2006.

These statistics show that the global growth has been fueled by the Tier 1 manufacturers from whom DELL, HP/COMPAQ, IBM, TOSHIBA and ACER source, with sales in excess of 40 million units for year ending 2005. Primary reasons for this is the margin squeezes of Tier 1 manufacturers helping the major brands to offer better prices in the market.

The manufacturers focus is primarily of technology and volume sales whilst major brands is on volume sales to maintain market share. Service has been left aside. As all laptops use propriety parts and manufacturers have limited productions line, seizure of production of end of line laptops lead to huge parts scarcity problems. It is hence important for someone to recycle these parts. Till date, no one in the world does this to the level we are proposing. The figures above indicate the scale of laptop service industry which today is virtually untouched.

With these statistics and facts in mind, it is of utmost importance for us to cash in on the servicing of this volume and recycling of parts. The returns from this will help us remain competitive in the market and get the brand stronger worldwide in years to come.

India Preliminary PC and Laptop shipment by form factor

Particulars	Year on Year Growth (April 2005 – March 2006)**
Consumer Desktops	33 %
Commercial Desktops	15 %
Total PC Desk top	21 %
Notebook	168 %
Client PC Total *	30 %

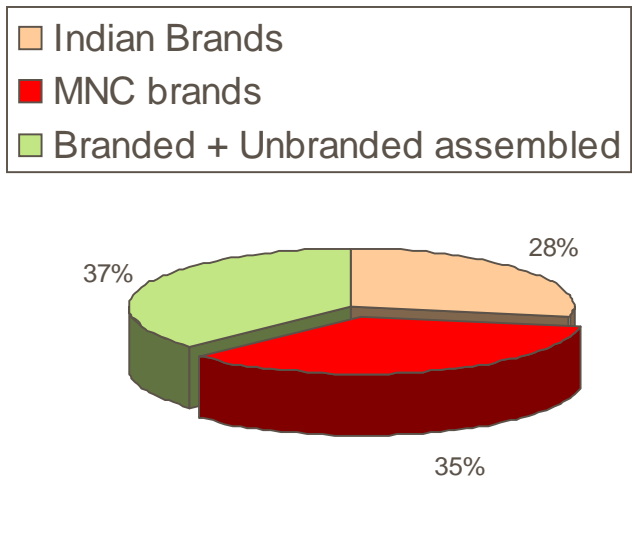
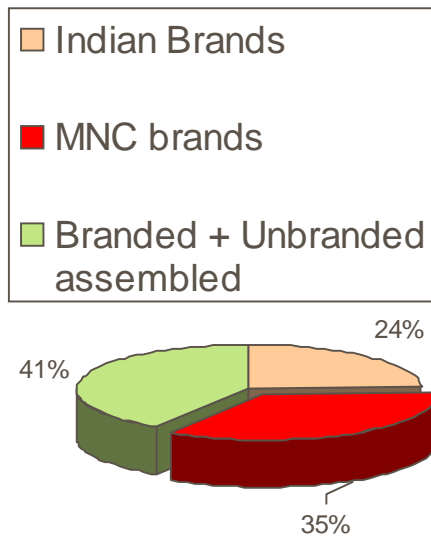
* Includes all Desktop and notebook shipments

** Year on year growth - April 2005 – March 2006 over April 2004 March 2005

Some of the major highlights visible through 1Q 2006 were:

- Buoyant commercial desktop market - shipments grew 14% sequentially (1Q 2006 over 4Q 2005)
- Vendors continued their focused go-to-market spend on the Small and Medium Business (SMB) segment; medium business segment responded by showing a 40% sequential growth (1Q 2006 over 4Q 2005) in unit shipment terms
- Consumer PC market showed new-found maturity evident from the spate of Bollywood superstar endorsements in the case of promotions of desktops and notebooks from HP and Lenovo
- A 177% year-on-year growth (1Q 2006 over 1Q 2005) in notebook PC shipments despite the re-imposition of 12 per cent excise duty in the budget.

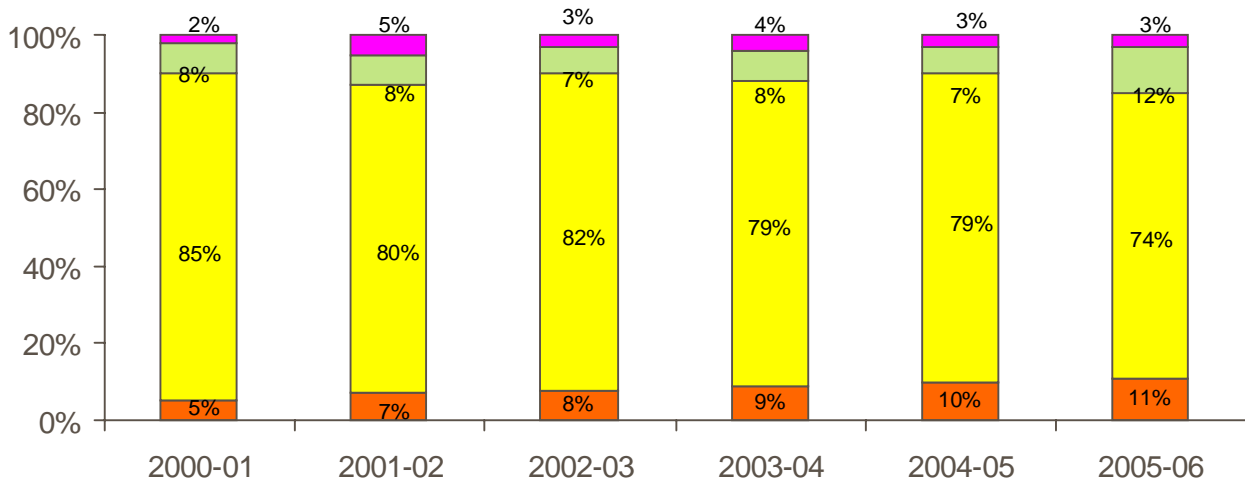
The PC Market: Share of Indian, MNC & Assembled



- The proportion of the Indian brands increased from 24% to 28%, growing 48% in absolute terms
- Sales of MNC Brands grew by 27%, while their market share remained constant at 35%
- Sales of Assembled PCs increased by 14%, the market share decreased to 37%

Profile of Desktop buyers: Principal activity of the establishment

■ Factory locations ■ Office locations ■ Outlets ■ Govt. Locations



- Consumption grew in Factory locations by 46%; in office locations by 24%.
- Retail Outlets recorded a growth of 127%; Consumption in Govt. increased by 33%.

The Market of 2005-06 Vs 2004-05

Product	Units			Value (Rs. Crs.)		
	2004-05	2005-06	%	2004-05	2005-06	%
Computers						
Desktops	3,632,619	4,614,724	27	7,520	8,884	18
Notebooks	177,105	431,834	144	978	2,027	107
Servers	49,165	89,161	81	916	1,545	69
Printers						
Dot-matrix	399,580	472,074	18	379	430	13
Laser	142,555	325,109	128	286		554 94
Inkjet	636,619	717,001	13	223	241	8
Line	4,675	4,914	5	116	122	5
Others						
Keyboards	3,669,441	4,639,156	33	**	**	**
Monitors	3,642,204	4,637,787	34	1,903	2,301	21
UPS	954,260	1,208,413	27	**	**	**
Networking						
NIC	1,801,854	3,646,145	117	-	-	-
Hub	113,894	144,117	27	-	-	-
Modem	772,550	594,028	(23)	-	-	-
Internet	3,127,000	4,124,235	32	-	-	-

(Source-MAIT-Annual Review 2005-2006, www.mait.com)

(According to IDC's India Quarterly PC Market Tracker, 1Q 2006, May 2006 preliminary release, www.idc.com)

OUR BUSINESS

Overview

The company is engaged in the business of assembling and marketing of laptop computers under ACi brand in India. The company is having own marketing network in metros and mini metros. It has developed dealers and stockiest at Mumbai, Kolkatta, Ahmadabad, Pune, Bangalore, Hyderabad and Delhi. Today the Company serves as a marketing hub for supply of ACi branded and OEM laptop computers. The company is ISO 9001:2000 compliant for quality management.

Presently firm is undertaking services and maintenance contracts of all branded laptop computers under PC Protect Plan to repairs and service of laptop computers and its parts including motherboards, TFT screens, inverter cards, optical drives and keyboards. Under this plan laptop is covered for all types of major and minor repairs and replacements. This is backed by assurance companies as ACi will pay assurance premium to Assurance companies. It has already sold this PC protect plan to corporate, bank, insurance companies and SME sector. It has covered and maintaining more than 30,000 laptops every year.

The Company has corporate office and service setup at registered office at Mumbai. It has in house equipment and machines for service and repairs of laptops at registered office. Presently it can not undertake major chip level repairs due to lack of space and complete set of machines. Hence management has planned to setup unit at Vasai (Mumbai) to undertake major repairs and also plan to recycle dead motherboards in volume and to undertake contracts from suppliers of Laptops from Taiwan and China.

Technical Aspects:

Presently the company's business activities as follows:

- Assembly of Laptop & Notebook Computers
- Chip Level repairs of Mother Board, Screen, DVD and hardware of all brands of Computers.
- Development of Software required in hardware & Security

Nature of business**Laptop/Notebook Computers**

The Company develops laptop models to suit most categories of laptop users keeping price, quality and performance in mind.

Entry-Level

ACi Ethos V is offered at Rs19,990 incorporating basic multi-media specifications with CD-ROM, built-in, Speakers, mice, LAN and Modem features suitable for most Microsoft applications such Word, Excel, Power Point, etc and Internet/E-mail users on the move. Ideal for students, first-time laptops buyers and SMEs and certain Corporate segment requiring budget portable computers to equip their mobile sales staff. This model has also converted vast number of PC users to laptop users.

ACi Icon S model is a fully upgradeable budget laptop with Centrino Technology suitable for users preferring Intel platform with built-in wireless feature. Ideal for students, SMEs and most corporate requiring adequate power with built-in WiFi.

Mid-range

ACi S28 model is a fully upgradable Sonoma Technology laptop with built-in sub-woofers ideal for gaming and power users requiring larger screen, fast graphics and quality sound. This model is ideal for music and film industry and games users.

ACi Elite model is a light weight truly portable cost-effective laptop with 12" screen. Ideal for users wishing to carry light weight and constantly on the move.

High-End

ACi Matrix 1500 is the one of the fastest most feature rich laptop in the industry today boasting a latest Intel's Core 2 Duo technology using latest Meron CPU. With built-in web-camera, fastest graphics chipset, ample DDRII RAM and high capacity SATA HDD, this model is suitable for users requiring very high performance. Ideal for Research companies, film and music editing, animation developers, etc

Ultra-Portable

ACi Dimiq 1100 is a light weight latest technology (945 chipset, i.e Duo Core ready) WiFi-ready sub-notebook with 11" glare TFT widescreen, ULV (Ultra Low Voltage) Intel single-core CPU to give battery operating time of upto 7 hours. Ideal for higher management staff constantly in the move.

Chip level Repairs:

The Company has a unique multi-brand service division which it plans to strengthen in terms of technology and reach across the country. It is currently undertaking service contract for maintenance and repairs of laptops of all brands and make. It has trained engineers and faulty finding equipments to repairs the machines.

All laptops are built with propriety parts (i.e. non-exchangable between model to model) and these parts production are stopped for good once the model is made obsolete. This leads to sourcing problems which in turn gives rise to supply and demand problem and hence high service cost. The Company solves this problem by way of chip-level repairs of existing faulty part.

Generally in laptops we find following fault to repairs.

- Motherboard failure due to variations/fluctuations of power supply i.e. electrical surges.
- Motherboard failure due to plug- in of third party external devices drawing unstable power.
- Optical Drive (CD, DVD, Drives and writers) failures due to dusty atmosphere and lens misalignment.
- TFT screen failures, power fluctuations , physical knocks, etc
- Data recovery as a result of Hard disk crashes.
- Motherboards and other electronics parts failures due to dry or improper solder joints that open up due to knocks, twisting and and heat over a period of time.
- Power failure in supply system.
- General functional failure due to various in programme files.

The Company has gained expertise in chip level repairs of components and parts rather than replacement of parts. This is necessary due to use of proprietary parts in all makes and models of notebook computers as they are of various

shape and size leaving no room for standardization of parts and components. Team is equipped and trained to repair motherboard, hard disk, DVD, and screen.

The Company now plans to strengthen this division technically by installing advanced equipments to increase efficiency. Taking into account the problems associated to laptop service/repairs, it shall strengthen its service network across the country as detailed below

National Service Infrastructure

Use of propriety parts in laptops also causes problems for its vendors in terms of logistics of stocking inventory of all parts for its current and old models. This is why most vendors resort to one major (global) service parts stocking centre with one local per country holding most common parts required for service. It is impossible for any laptop vendor to hold stocks of all parts for all their models (both current and old models) at every service centers throughout each country. This service model is not only costly (as cost of full part is always high) but is also inefficient (as some parts may have to be called for from stocks held in other countries). Most laptop vendor focus is only on sales with service being outsourced and that too in nearly all the cases is only offered to level 2 only. This has led to huge inventory of dead motherboards and other parts to an extent that it is creating a global dumping problem.

ACi, to the contrary, play equal, if not more, emphasis on service. And that too at cost-effective and time efficient chip-level service. The Company offers this chip-level service to all makes and models of laptops. This helps build Company credibility as one of the best after sales service providers which in turn converts laptop users to ACi brand users in their next purchase, ACi plans to strengthen this division further by way of speedy and accurate diagnosis and repair by use of advanced machines.

With global sourcing problems as highlighted above, the Company recognises that the only solution for cost-effective and efficient multi-brand laptop service is repairs of their existing parts to chip-level. For this reason, it is mandatory for us to erect a 4-level service infrastructure as proposed in this project for both effective and efficient repairs/service.

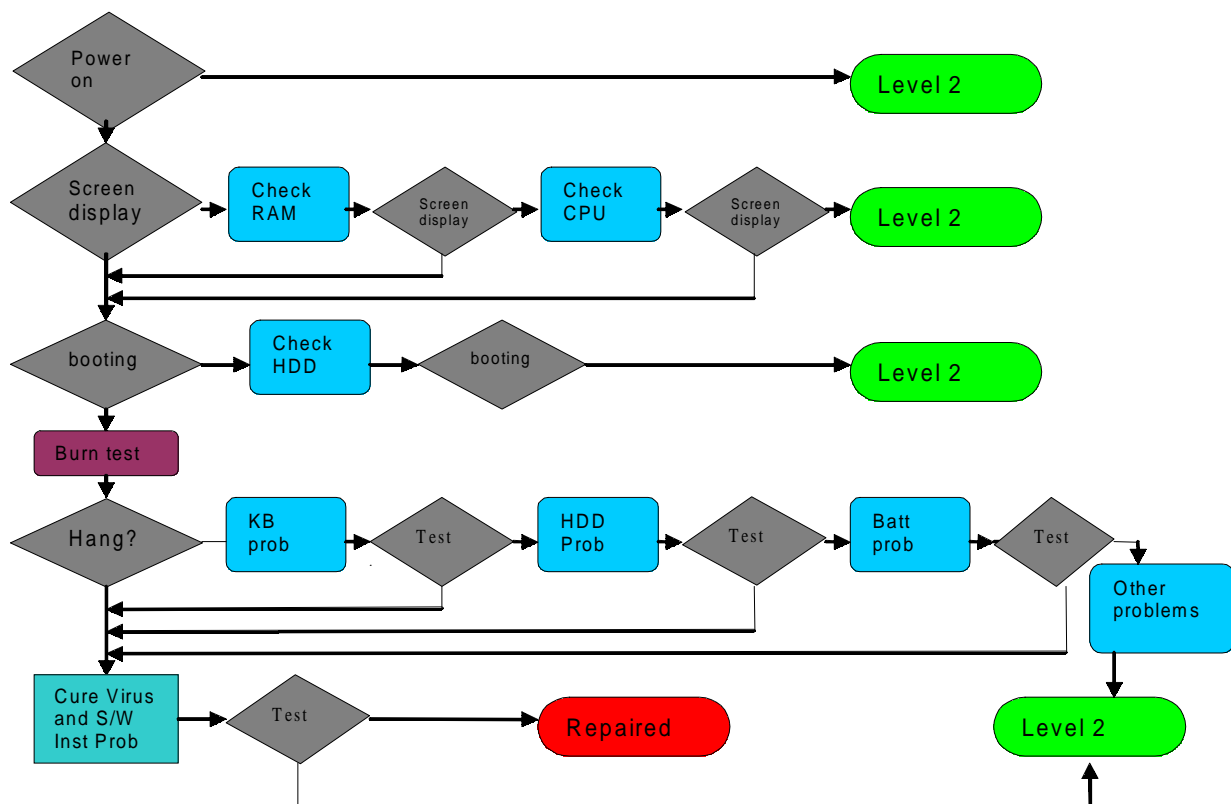
The four levels of services are;

Level 1 – software related problems/re-installation, replacements of HDD, RAM, A/C Adapters.

Level 2 – Board-level replacement repairs of all parts within the laptop

Level 3 – Chip-level diagnostics and repairs of all parts with the laptop

Level 4 – Detailed Chip-level and track-level diagnostics and repairs of all parts with the laptop.



For speedy and affective service in India, ACi plans to create a unique multi-brand laptop service infrastructure throughout the country by deploying at least 2 highly trained laptop chip-level Engineers at each of its forthcoming 20 of their regional/area service offices. Currently ACi has already put up 4 such centres i.e. Mumbai, Varsai, Gandhinagar and Delhi. The 20 Service offices will also act as Company branch offices for sales and holding certain levels of stocks for local network as well as providing upto level 3 local repairs services of all brands of laptops to its local network. Each of these service offices shall be accomadated with basic diagnostic and repairs equipments such as oscilloscope, soldering irons, heat guns and other basic service tools. Laptops that are not repairable at these satellite service/branch offices, shall be transported to main service centre in Varsai. Varsai shall house industry's most sofisticated diagnostic and repair equipment to carry extensive fault diagnosis and repairs to all types of motherboards, screens, RAM, optical drives and other parts of laptops upto level 4.

In order to reduce service down time, the Vasai service plant shall look to carry out additional activity of recyling of laptop's dead motherboards acquired in container loads from around the world. This will help boost level 2 repairs and in turn significantly reduce turn-around time. This requires development of additional dedicated software for the proposed equipments to be installed within new Vasai office which the Company is currently developing.

Software division

Software for fault diagnosis of populated PCBs

A software division has been setup within ACi to develop dedicated software to automate the process of fault diagnosis to chip-level of any populated PCB. The process involves reverse Engineering to produce schematic circuit diagrams of the multi-layered motherboard of other electronic part and thereafter identifying the faulty component/s or tracks within the same. This process and equipment can then be used to service/repair any electronic boards of any equipment in any industry. Initially, the Company shall restrict its services to laptops only before opening doors to other industries such as motor, medical, home appliances, etc.

Bio-metric based application

The Company is currently developing bio-metric based application for secured access to data and fool-proof recording of staff attendances. The developed and fully tested base module will then be integrated in various application related to Banking, Construction and Policing segments.

Plant & Machines

Presently company is having well equipped assembly and service centre at Andheri, Mumbai and Vasai, Mumbai. The list of machines and tools currently used within the assembly divisions are:

- Assembly hand and power tools to assemble laptops
- Screen Test Tools
- Mother Board Test Tools
- HDD and optical drive test tools
- General purposes and Auxiliary Tools

Tools consists of Spectrum Analyzer, Digital Oscilloscope, Faultfinder high integrity PCB fault diagnostic system, CPU extractors, Barcode Reader, Bond Master LCD test rework station and BIOS programmer. It has Antistatic areas – floor mat, table mat, clothing, wrist bands, gloves. Apart from hardware it has BIOS programmer to upgrade BIOS Software System, Functional Test software to test CPU, RAM, TFT screen and HDD, Burn test software used for minimum 8 hours burn test and Battery Test Software.

Equipments and tools used within the Service division of the company are Oscilloscope for various specifications, BIOS programmer, Basic Engineering hand tools, Multi-meters, BGA soldering/de -soldering equipment, Heat gun, Soldering Iron, Battery Cells tester and Plastic re-molding equipment.

Assembly process

The company assembles components, hardware and parts such as bare bone unit (housing full TFT screen panel, motherboard, Keyboard and outer case), CPU, RAM, HDD, USB Port and accessories in Assembly section.

The full assembly area is anti-static to prevent component or part damage during assembly process.

Spectrum Analyzer, Digital Oscilloscope, Faultfinder high integrity PCB fault diagnostic system, CPU extractors, Barcode Reader, Bond Master LCD test rework station and BIOS programmer will be used to ensure use to latest system software within equipment, fine tune performance and make good faulty components (if any) during assembly process.

After the assembly process, all equipment are fully tested, running component functional test software for Screen,

CPU, HDD, RAM, Optical Drive, I/O ports, power, battery cell & life. Finally the I/O ports including wireless connectivity are configured and tested for full functionality.

After all tests are found to be successful, the equipment is put on minimum 8 hours burn-in test with repeat runs of component functional test software.

After Quality Check, whereby the system is checked that it is built to user requirement and that the test software reported all test as passed, the system is approved for final dispatch.

UTILITIES

Raw materials and components

- **Making of Laptops**

The company sources component and peripherals such as barbone, screen, mother board, hard disk, DVD combo drive, keyboard from Taiwan and various local suppliers in India. Some Major parts are imported as per our specification, design and demand in India. Laptops also are acquired locally through local stockist / distributors to avoid overstocking and to control Company's cash flow. The machines and components are available easily from Topstar, Clevo and Super ECS in Taiwan. The company is having regular supply from these companies under LC terms.

- **Chip Level Repairs of Laptops**

The company sources parts and components from Super ECS and Max from Taiwan. There are many companies and vendors in India who also supply required parts and components. Components required such as computer parts, frame, keyboards, flat cables, screen tubes, lenses, IC's, Transistors, Inductors, fuses, capacitors, soldering material, sockets, DVD parts, power and voltage suppliers etc. A significant amount of components and connectors are also pulled from dead and non-repairable motherboards of various makes and models sourced locally.

Power & Fuel

Power and Electricity is easily available from MSEB, Thane. The company has made provision of standby supply of power by puffing DG set and battery back up systems.

Labour and Skilled Employees

The company needs skilled employees having experience in computer engineering, services, software, electronics and assembly of machines. Being Vasai close to Mumbai City, there is no difficulty in getting skilled employees for assembly and repairs unit.

Pollution control

It is assembly process and repairs of laptop machines, it does not create any noise, water and waste pollution in process. Thus it does not require NOC from pollution board. However, the company will inform to board for record purposes.

Company Locations and Facilities

The Registered office of the Company is located at 501-503, Morya Estate, Lokhandwala complex, New Link Road, Andheri West Mumbai with accounts department, sales department, service department, marketing department, management offices, training and showroom area. This premises equips state of the art security and telephony system with up to level 3 repair service facilities. The service facility facilitates service and repairs of any brand of laptops received within Mumbai.

Unit at Vasai

The Company has unit at 84, Rashmi Park,, Vasai Road, Vasai East, Dist. Thane 401202, located near to Mumbai and Mumbai JNPT Port. Vasai unit equips with notebook assembly facilities and level 1 service department. Full customized assembly of laptop computers, stringent testing and quality checks are performed here before dispatch direct to distribution hubs of ACi. The Vasai office has capacity to produce 1,000-1,200 laptops per month

Manufacturing and Repair Facility (Gandhinagar, LOCAL and EHTP unit)

This is an EHTP registered unit, owned by ACi, ready for assembly, branding and distribution of ACi branded and OEM laptop computers for export. The infrastructure is complete and ready to roll with capacity to produce 1,000-1,500 laptops per month. Another adjacent property will be used to house level 2 - level 4 (track level) repair equipments for proposed pilot run of global service centre.

Sales and service center

It has own sales and services center at Mumbai and Gandhinagar. These centres are equipped with adequate equipment and facilities to undertake level 2 repair services at Mumbai and also undertaking some level 3 repairs.

In addition to these, the company has resellers and franchisees spread across the country representing ACi for sales, service and support.

Products and Services

ACi provides full range of laptop computers suitable for every segment. Today it carries eleven different models ranging from entry-level priced at Rs19,999 to high-end ruggedized and waterproof laptop priced at Rs. 1,50,000 suitable for heavy industrial or army use. All laptops from entry-level to high-end are competitively priced and are built to customer requirement – a concept only now being introduced by the MNCs.

ACi laptop model range on offer today are;

Model	Specification	Segment
Ethos V 1100	14.1", VIA 1.2 GHz, 40GB HDD, 256MB RAM, CD-ROM	Entry-level
Ethos V 1100	14.1", VIA 1.2 GHz, 40GB HDD, 256MB RAM, Combo	Entry-level
Icon S	14.1", Celeron M 1.3 or Pentium M 1.6GHz, 40GB HDD, 256MB RAM, Combo, WiFi	Entry-level
Icon S 1200	14.1", Pentium M 1.6GHz, 60GB HDD, 512MB RAM, Combo, WiFi	Entry-level
S28	15.1", Pentium M 1.6GHz, 60GB HDD, 512MB RAM, DVD/RW, Web-Camera, Sub-Woofers, WiFi	Mid-range
Elite	12.1", Pentium M 1.6GHz, 60GB HDD, 512MB RAM, Combo, WiFi	Mid-range
Ethos Duo 1430	14.1" WXGA, Pentium M 1.66GHz Duo Core, 60GB HDD, 512MB DDRII RAM, DVD/RW	Mid-High
Ethos Duo 1530	15.4" WXGA, Pentium M 1.66GHz Duo Core, 60GB HDD, 512MB DDRII RAM, DVD/RW, WebCam	Mid-High
Matrix 1425	14.1" WXGA, Pentium M 1.66GHz Duo Core, 80GB HDD, 512 MB RAM, DVD/RW, Web Cam, WiFi, Nvidia Graphics	High-End
Matrix 1500	15.1" WXGA, Pentium M 2.0GHz Core 2 Duo, 8120GB HDD, 1 GB RAM, DVD/RW, Web Cam, WiFi, Nvidia Graphics	High-End
Ultima	17.1", Pentium M 1.7 GHz, 60GB HDD, 512 MB RAM, DVD Dual	High-end
Securezza	15.4", Pentium M 1.7 GHz, 60GB HDD, 512MB RAM, BIO-metric with TPM Technology	High-end
Dimiq 1100	11.1", Pentium M 1.06 GHz ULV, 80GB HDD, 1024 MB RAM, DVD/RW, WiFi	High-end
Endura	14.1", Pentium M 1.7GHz, 40GB HDD, 512MB RAM, Ruggedized , and custom built to suit extreme weather and field conditions	High-end

Marketing and Sales

As a company, it has always strived for growth and creating new business opportunities. The Company marketing efforts have always been focused on developing a strong and satisfied client base with long term mutually beneficial relationship.

As part of marketing strategy, company always focus on markets trends, technological developments, build data base, geographical presence and expansion of dealers network. Appropriate marketing tools like presentation, brochure, direct mails etc. to communicate to the customers and corporate about products and services developed by company. Company focuses on press and media publicity for product promotion. Our focus on relationship marketing is our key to customer retention. On ongoing basis, technical team upgrades the laptops and develop new model of laptops suitable to various category of customers.

Marketing Set Up

To cater the domestic market, company is having own sales and service center at Andheri, Vasai, Gandhinagar and Delhi. It has developed dealers and stockiest at Mumbai, Kolkata, Ahmadabad, Pune, Bangalore, Hyderabad and Delhi. It is planning to increase its own exclusive dealers network at major metros and mini metros such as Surat, Baroda, Bhuj, Jaipur, Chanigadh, Lucknow, Delhi, Kolkata, Patna, Raipur, Cuttack and Nagpur to provide sales and service support to the distributors/sub-distributors, corporate and channel network within each area.

In the area of providing services and repairs, company has developed infrastructure consisting of equipments, schematics diagrams, and skilled resources to carry out chip-level repairs to motherboard and other populated printed circuit board within laptops. Level of services provided are in four folds, Level 1 service are provided at dealers level and Level 2, 3 and 4 are provided at Andheri and Vasai Unit.

Competitive Comparison

Deployment of our laptop price breaking strategy is getting the ACi brand noticed in masses by the country and the competition at negligible marketing cost. Low cost of customer acquisition has made our price breaking strategy successful twice already within the last two year. . Competition's high infrastructure and marketing cost makes their cost of customer acquisition higher. We carry full range of laptops suitable for every segment and offer these at the most competitive prices in the country.

Our multi-brand laptop service ability and unique PC Protect Plan offering is installing great confidence in our company financials and in laptop users both in SOHO and Corporate segment. Competitive price, low service cost and our ability to service all brands of laptops is beginning to install confidence in corporate on the ACi brand. What remains now is for us to extend our sales and service reach across India by way of installing level 3 service centres in main and min metros across the country with level 4 services provide through our Gandhinagar and Vasai branches. Competition only provide level 1 service support via their Authorised Service Centres with one to two level 2 (if any) service support at their main service centre within the country. All other outlets are mere collection points only.

Offering of our warranty/service product such as PC Protect Plan is unique in the industry and is only made possible by our multi-brand chip-level service ability. PC Protect Plan provides laptop users full protection against malfunction, breakage or theft at half the normal market price that offers half the cover. This gives us a competitive edge over all current service providers and laptop vendors.

Offering of our corporate imaging on laptops is unique in the industry and gives us competitive edge over all current laptop vendors. This has been popular amongst the corporate.

Laptop industry is growing at CAGR around 76 % for last four years. Industry has recorded sales of 4.32 lacs laptops in year 2006 as compared 1.77 lacs laptops in year 2005. During the same period, company has sold 5583 laptops in year 2006 as compared 4840 laptops in year 2005. It has sold 7152 laptops for the period ended 31-3-2007. Major players in this industry are MNC like Compaq, Toshiba, IBM, Dell, Sony and Lenova. In the past few years, few domestic brands have emerged in the market such as Zenith, HCL and Wipro.

Future Strategy and prospects

As part of its business strategy, ACi has planned to concentrate on the making and marketing of laptop computers with upgraded technology.

Laptop industry in India has been growing at a substantial rate for the last few years. The prime reason for the growth in laptop market has been advances in wireless technology and reduction of price gap between the PC and laptop prices. The market leaders today in India for laptop sales are HP/Compaq, Lenova, Sony and IBM. The market consists of several types of users using entry-level, mid-level to high-level laptops for power users. Portability of laptops has always been a favourable option for all computer users who are now beginning to look for options of lighter laptops. Like with mobile phones, wireless technology enhancement within portable laptops is also need for longer battery life which tomorrow is going to be a requirement rather than a feature.

Our objective is to increase revenue and earning by maintaining and enhancing company's position and presence in major part of India. With technical team and experience in Industry, company can take advantage of the growth in market and trend towards technology based products. It will have regular upgradation and introduction of different model of laptops with different levels of technology to offer value added solutions and services. It aims further strengthen its sales revenue whilst building its sales and service and network across the country by implementing the following strategies:

- Expanding the product range to cater for business travellers

As the wireless technology advances, laptop users are seeking light weight laptops solution with long battery life. The research and development team of ACi has been working on both these requirements and has recently produced and proto-type of a 7" TFT screen laptop weighting 9 K.g. This product will fill segment between palmtops and laptops and is believed to be the preferred solution for all traveling users.

The current version of the product gives average 4-5 hours battery life. The Company is currently working on solution that will give at least 10 hours battery life.

- **Low cost laptop for first time users**

After successful launch of Rs 30,000 and Rs 20,000 laptops, the Company is currently exploring the possibilities of launching a laptop for under Rs15,000 with CPU running at over 1.2GHz, RAM of 256 MB and HDD of 60GB to enable users to run all basic windows applications.

- **To expand the marketing network and dealer network.**

Presently company is having own sales and service center at Mumbai, Gandhinagar and Delhi. It has planned to increase the own sale and service center in major metros Kolkata, Ahmadabad, Pune, Bangalore, Hyderabad Baroda and Jaipur. Own centers enable company to offer level 2 and 3 services to reduce the time gap for services. This will further strengthen service and display of products. The company also planned to supply wide range of products through departmental and specialize electronic store on regular basis. This will increase the presence, display and wider choice to customers at one place.

- **Laptop service and repair solution**

With the well developed and fully equipped assembly and service center at Vasai, the company will able to undertake and offer a low-cost collect and return no-fix-no-fee motherboard and screen repair service to all branded laptops up to level 4. It can also undertake Chip level repair of mother boards, Screens, hard disks and components. Company can provide PC Protect Plan to customers located at major part of India by having own sale and services in major part of India. It can also offer service repairs of screen, mother board, optical drive and HDD.

- **Development of Hardware related software**

Company has planned to develop fault diagnosis of populated PCB, Bio metric software and interface between accounting and ERP software. With the development of fault diagnosis of populated PCB software, it will automate the process of fault finding and diagnosis to enable chip level repair of any faulty populated PCB used within all brands of laptops, electronic household equipments, motor cars, medical equipments or other electronic items used within any other industries. Company will generate revenue by offering such dedicated software to industry engaged in assembly of computer, automatic machine manufacturer and service and repair industry. It has also planned to develop broadband data storage and recovery system

All these combined strategy of increasing marketing and service network, client base, increasing the scope of the geographies and increasing the products and services offered to customers, will result not only in increased revenue and higher realization but also in the depth of client relationship and sustained and predictable businesses.

Technology

We are a laptop specialist company with 100% focus on laptops sourcing, sales and service support. We have demonstrated this already by way of awards won in the industry.

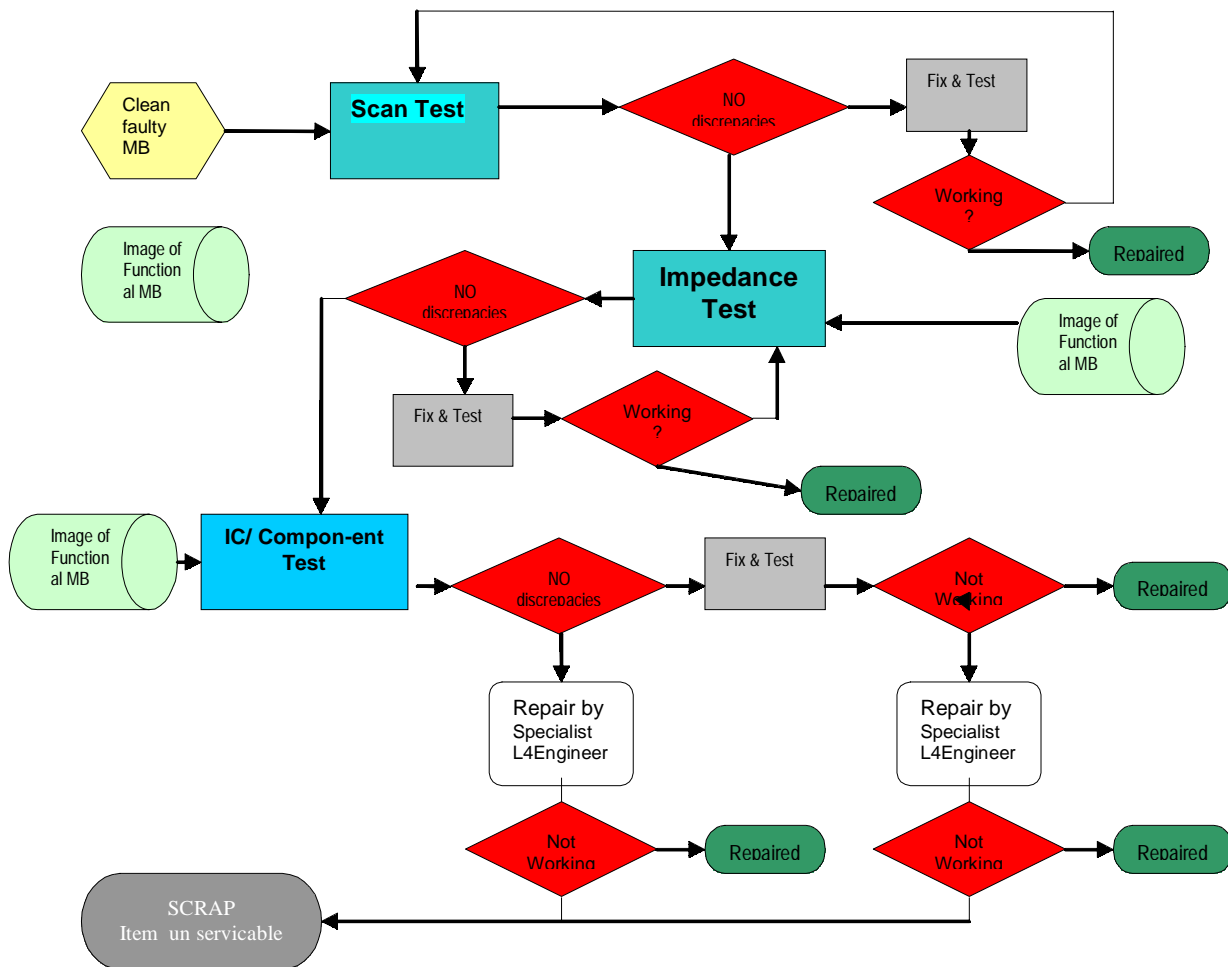
Our laptop service ability is recognised in the industry and it will grow in sync with the changes in the Technology in this field. We offer our R&D experience and focus in the field of mobile computing. We diagnose problems down to the smallest component on the motherboard with schematic diagram. The additional equipment proposed to be purchased as part of this project plan will assist us to perform this activity in a better way increasing our percentage of successful repair to as near as 100%. Today it stands at around 85%-90%.

We have a unique concept of corporate imaging concept whereby users can have their equipment of any colour of their choice with permanent embossment of their company logo or name. Professional embossment effect is done using special techniques and chemicals. Only ACi offer this service in the industry.

Recent enhancement in wireless technology has brought about all new release of laptop models housing motherboards featuring this option. For most P4 and all P3 , P2 and P1 laptops, this feature is not available and users are forced to use external USB dongle or a PCMCIA card. ACi has the technology to integrate this feature within the motherboard itself. No other vendor knows of this technology till date and hence is not offered by any one. ACi offers this built-in wireless LAN feature extension for all brands of laptops.

The proposed equipments will be the first of its kind to be used in this industry. With specialist programming, they will form a strong base for us to diagnose the problems on any populated PCBs from dry-joints and component failure to identifying damaged tracks on multi-layered PCB. Three of the functions carried out by these equipments are; scan test, impedance test and component test. The flow char below shows the repairs procedure.

Our R&D department is researching on reducing battery consumption on all brands of laptops to give longer battery life. ACi plans to develop graphics and other driver software for laptops to improve overall performance.



Main Competitors

The label of a major MNC brand on laptop is our main competitor like Compaq, Toshiba, HP, Dell and Acer and local brands like Zenith, Sahara, AmchiPC. Our prices are more competitive and our services and personal attention to customers certainly better. We need to exposure our existence in the market more by way of advertisements. PR and other brand building strategies laid out in this business plan.

Insurance

We generally maintain assurance covering our assets and operations at levels that we believe to be appropriate.

Trade Mark

The company has entered in to Agreement with Hirji Kanji Patel, Managing Director, to utilize “ACi” brand to sale of laptop computer in India on perpetual basis. With this agreement, company is entitled to utilize brand for sale of laptops which is registered under Trade Mark Act, 1999.

Human Resources

Our employees

As of July 31, 2007 we had 53 permanent employees, compared to 45 employees as of October 31, 2006. We had also employed 3 consultants and 12 commission and sales agents.

Our permanent employees include personnel engaged in our management, administration, planning, sales, assembly, services, maintenance, procurement, auditing, finance and legal functions.

Retirement benefits to employees by way of provident fund and gratuity payment are in line with statutory requirements. Our employees are not represented by unions. We believe that our relationship with our employees is good.

Our training programmes

Our success depends to a large extent on our ability to recruit, train and retain quality professionals. Accordingly, we place special emphasis on the human resources function in our organisation.

Recruitment is done primarily through recruitment agencies, postings in job portals, responses to advertisements placed by us in newspapers and references from employees or vendors.

We impart behavioural, technical and on the job training to our employees. Technical trainings are mandated by us whenever the employees have to deal with pre technical or post technical issues.

The company's role here is to nominate the earmarked employees for the program and obtain a feedback on the completion of the program. Behavioral and on the job training are company managed programs based on the performance feedback appraisal system being administered by the company

Properties

Our Company utilises several properties which are owned or leased at various locations within India.

Our registered office & assembly unit is located at 501/502/503, Morya Estate, New Link Road, Andheri (West), Mumbai-400 053.

The Company has entered into MOU dated 17-11-2006 with Mr. Hirji Kanji Patel for purchasing of office premises (#501, 502 & 503) located at Andheri (w), Mumbai at a consideration of Rs 500 Lacs. The Office premises has been valued by Independent Valuer, M/s Sigma Engineering Consultants, a registered valuer (Regn No: CA/85/9114 & CAT-I/8587 of 1999), vide their valuation report dated 29th December, 2006. The said valuer has valued the said property at Rs. 484.50 lacs (for details please refer to their report which has been included in Material Documents for Inspection). The difference between the fair value and the agreed consideration is Rs. 15.50 Lacs.

The Company has valued the said property at Rs. 500 Lacs considering the additional fixtures and interiors on terrace, flooring, water proofing on roof & terrace and electrification which were not considered by the Valuer.

As per the MOU the consideration shall be payable by issuing 23,00,000 Equity Shares of face Value of Rs 10/- each for Rs 12/- per share aggregating to Rs 276 Lacs and the balance 224 Lacs shall be paid in Cash.

On 11-08-2007 the company issued above mentioned 23,00,000 Equity Shares. The Agreement for Sale related to Unit No. 501 & 502 (consideration Rs. 300.11 lakhs) is registered on 13-08-2007 and transaction related to purchase of Unit No. 503 is yet to be completed.

(For the details of MOU and Agreement for Sale please refer section titled "History and Certain Corporate Matters-Material Agreements" on page No. 62)

In addition, our Company utilise various properties as sales offices, assembly cum service centres. A summary of these properties is provided below.

City	Address	Owned/Leased
Mumbai	Rashmi Bunglow, Vasai (East), Mumbai-	Leased
Gandhi Nagar	Infocity Tower, Indroda Circle, Gandhi Nagar, Gujarath-	Leased

Apart from the above existing properties Company also proposed to buy premises as one of its objects as mentioned in Page No 28. The particulars of the proposed premises are as follows:

Address of the Property	Name & Address of the Vendor,	Description and Occupation	Consideration	Nature of title interest or in the property	Short Particulars of every transaction relating to the property completed within 2 preceding years	Date of Agreement
Plot No. 6, Survey No. 38, PT 146, Near Walive Industrail Estate, Village -Pelhar, Vasai Dist. Thane.	M/s. Rohan Developers, A-101, Vora Plaza, Behind CIDCO office, Navghar, Vasai (E), Dist. Thane	Developer	The company estimated an amount of Rs. 215 Lakhs for the proposed purchase. However no formal agreement is entered with the vendor	Proposed to be acquired on ownership basis	NIL	The company is yet to enter into a formal agreement

Regulations and Policies

For the details of the same, see the Section titled "Regulations and Policies" on page no. 60 of the Prospectus

Corporate Social Responsibility

We are aware of our corporate social responsibilities and have made significant efforts to preserve the environment in and around our projects. As a socially responsible company, we believe that great emphasis should be placed on social and community service. This attitude has allowed us to engage in numerous social activities with the wholehearted support of our employees.

FINANCIAL INDEBTEDNESS

Set forth below is a brief summary of our significant outstanding secured borrowings of Rs. 517.39 Lacs as of 30th June, 2007 together with a brief description of certain significant terms of such financing arrangements.

Name of Lender	Facility & Loan Documentation	Amount Outstanding	Interest Rate	Repayment Schedule	Security Created
Andhra Bank, Mulund Br. Mumbai	*Cash Credit Inland and Foreign LC Composite Agreement dated 03-08-2006 for Rs. *975 Lacs	Rs. 506.92 Lacs	10.00	Renewal on Yearly basis	Hypothecation of all movable properties both present and future Mortgage of premises owned by Mr. Hirji Kanji Patel and Personal Guarantee of Hirji Kanji Patel & Bhart Vyas
ICICI Bank Mumbai	**Term Loan (Car)	Rs. 10.47 Lacs	13.50	36 months	Hypothecation of Car and Personal Guarantee of Mr. Hirji Kanji Patel
Andhra Bank, Mulund Br. Mumbai	*Term Loan (Building and Equipments)	To be availed	BMPLR-1% = 11%(at the time of sanction)	60 Months	Hypothecation of Equipments and Mortgage of proposed building premises at Vasai, Thane. Charge on existing assets of the company

* Andhra Bank sanctioned Cash credit Rs. 300 lacs and LC limit Rs. 175 lacs, Term Loan Rs. 500 Lacs vide Lr.845/18/61 dated 25-5-2006. However as per the revised sanction as per the Project appraisal report Term Loan sanctioned by the bank stands reduced to Rs. 177.95 Lacs.

As per the sanction letter no Lr.845/52/362 dated 07-11-2006 for term loan Rs. 177.95 lacs for the proposed project as Appraised by Andhra Bank, the Repayment Schedule of term loan is as under

Sixty (60) monthly installments and interest to be paid as and when debited in accounts.

The Important Terms and Conditions applicable to Term Loan Sanctioned to Company for the Project vide Sanction Letter no Lr.845/52/362 dated 07-11-2006 are furnished hereunder

- Term Loan will be disbursed as per cash flow statement/progress of the Work.
- In case of pre-payment, foreclosure charges will be collected by per rules in force.
- Certificate from Chartered Accountant is to be submitted for the amount spent till date of disbursement, while releasing the installments.

Advance payments, if any to be made for the supply of furniture/fixtures/equipments are to be met out of margins. No portion of term loan will be released for advance payments.

**** ICICI Bank sanctioned a Term Loan for Car for Rs. 20 Lakhs vide its Loan Agreement No. LUMUM00002041393, dated 07-04-2004**

REGULATIONS AND POLICIES

There are no industry-specific regulations governing our business. Taxation statutes such as the Income Tax Act, 1961, Central Sales Tax Act, 1956, Central Excise Tariff Act 1985 and applicable local sales tax statutes, labour laws such as the Employees State Insurance Act, 1948 and the Employees Provident Fund and Miscellaneous Provisions Act, 1952, and other miscellaneous regulations such as the Trade and Merchandise Marks Act, 1958 apply to us as they do to any other Indian company. For details of government approvals obtained by the Company in compliance with these regulations, see the section titled "Government and Other Approvals" on page. 100

Foreign investment regulations

Foreign investment in India is governed primarily by the provisions of the FEMA which relates to regulation primarily by the RBI and the rules, regulations and notifications thereunder, and the policy prescribed by the Department of Industrial Policy and Promotion, GoI, which is regulated by the FIPB.

The RBI, in exercise of its power under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ("**FEMA Regulations**") to prohibit, restrict or regulate, transfer by or issue security to a person resident outside India.

As laid down by the FEMA Regulations, no prior consents and approvals is required from the RBI, for FDI under the 'automatic route' within the specified sectoral caps. In respect of all industries not specified as FDI under the automatic

route, and in respect of investment in excess of the specified sectoral limits under the automatic route, approval may be required from the FIPB and/or the RBI.

Presently, investments in companies such as ours (i.e., entities functioning as distributors of IT, hardware products, providers of logistics, supply chain management and related support services in India) fall under the RBI's 'automatic route' for FDI/NRI investment of up to 100%

HISTORY AND CERTAIN CORPORATE MATTERS

Allied Computers International (Asia) Limited was established in India on 09th May 2002 to deal in Laptop computers and to market the ACi brand in India and abroad. Today the Company serves as a national hub for supply of ACi branded and OEM laptop computers, chips level repairs service for all brands of laptop computers and its parts including motherboards, TFT screens, inverter cards, optical drives and keyboards. ACi plans to extend this globally continuing its services from India. This shall be done in phased manor.

ACi has won "Best Notebook Award of the Year 2002" for model ACi Emerald from Digit Magazine in December 2002. In March 2003, model ACi Emerald Pro was the Best notebook for year 2003 with grade A- by Digit Magazine. In March 2004, Digit awarded "Best Performance" award to ACi Ultima model and "Best Value" award to ACi Emerald Pro model. In October 2006, Digit Magazine awarded ACi Ethos Duo 1430 model a "Best Buy" award. In November 2006, Computer Active Magazine awarded ACi Ethos Duo the "Best on Test" award. In December 2006, Chip Magazine awarded ACi Matrix 1500 model the "Best Product of the Year" award.

Digit Magazine, Chip Magazine and Computer Active Magazine are IT Magazines specializing in providing product reviews and technical information on Electronic gadgets, PCs, Laptops and peripherals. The Publisher of Digit Magazine is Jasubhai Digital Media Private Limited, Mumbai. The Publisher of Chip Magazine is TBW Publishing & Media Pvt. Limited, Mumbai. . The Publisher of Computer Active Magazine is Next Gen Publishing Limited, Mumbai.

The company is ISO 9001:2000 compliant for quality management. Certificate of Compliance of ISO 9001:2000 expires in March, 2010. It provides service solution for all brands of laptops

It has developed dealers and stockists at Mumbai, Kolkatta, Ahmedabad, Pune, Bangalore, Hyderabad and Delhi.

ACi is currently undertaking services and maintenance contracts of all brands of laptops computers under PC Protect Plan. Under this plan, laptops are covered for all types of failures, malfunction and breakage irrelevant of its cause. Water damage and theft is also covered by this plan. All claims under PC Protect Plan are covered by reputed Assurance companies to whom ACi pays a fixed rate premium per equipment insured. The Company has successfully pitched PC protect plan to Godrej , Excel Group, Cipla, and some Insurance agents. Till date the company has sold over 30,000 comprehensive and non-comprehensive PC Protect Plan cover to various types of users. PC Protect Plan has given the Company increased profits and immense opportunity for increase of sale of ACi brand laptops.

The company has Registered office and service set up at 501-503, Morya Estate, New Link Road, Andheri (W), Mumbai-400053. It has in house equipments and machines for major service and repairs of laptops at Morya Estate. Presently it can not undertake major chip level repairs (level 4) due to lack of complete set of machines and equipments. Hence management has planned to set up a new unit at Vasai and activate existing unit at Gandhinagar to undertake major repairs effeciently and effectively and thereafter further push PC protect Plan and plan to undertake local RMA contracts from manufacturers of Laptops from Taiwan and China.

Milestones

- ACi won the Best Laptops of the year award in 2002 from Digit Magazine
- ACi won the Best Laptops of the year award in 2003 from Digit Magazine
- ACi collected a Gold award (for best Value) and a Silver award (for best performance) in a major group test conducted by Digit in September 2004 involving country's top 43 notebooks.
- In June 2004, ACi became the first vendor to offer the most comprehensive cover for notebooks of any brand with both warranty and insurance component coupled to form industry's unique service offering.
- ACi introduced the first sub-30K notebook in India in April 2004 and trigger an unprecedented boom in the notebook market.

Change in Registered Office

Previous Address	New Address	Reason for Change in office	Date of Change
32, Queens View, Juhu Road, Santacruz (W), Mumbai-400 054	501-503, Morya Estate, New Link Road, Andheri (W), Mumbai-400053	Requirement of more office space	24.09.2004

Main Objects of the Company

To carry on the business as manufacture, importers, exporters, buyers, sellers, traders, distributors, licensors, developers, assemblers, maintainers, repairers, agents of and dealers in all types of computer including note book computer and communication systems, electronic hardwares of any kinds, servers, computer peripherals, components and accessories, storage media, tape drives, video display terminals, processing machines, automatic control systems, offline data entry systems, modems, C.D.'s, DVD, acoustic couplers, computer and telecommunications data network equipment, equipments for information technology, card readers and printers, paper tape readers and punches, mother boards, VDU's LCD's keyboards, voice recognition/input/output peripherals, microprocessor chips, circuit cards and printed circuit boards, floppy diskettes, harddisks, ribbons, magnetic tapes, cassettes, cathode ray tubes, computer and peripheral equipment, cabinets, electrical devices like UPS and stabilizers, other data transmission and data processing devices, computer memory or storage media, and modulators, auxiliary instruments, audio and video products, tools, machines, systems, conveniences, spare parts, accessories, devices, components, fixtures, other materials currently in use or to be invented/developed/utilized at any time in future and to develop, improve, design, analyse, sell, distribute, import, export, market, implement, consult and or license computer software and program packages and provide a wide variety of software implementation services, graphics, networking, multimedia of all types, all business relating to internet, web hosting, web designing, website development, distribution and implementation of electronic commerce (e-commerce), various networking, telecommunication and to undertake turnkey software projects, operation research, computer bureau, E-mail, and cyberspace cafe including computer education and promotion or otherwise to provide complete hardware and software solutions for information and technology industry and render software professional services, consultancy service and technical assistance

Changes in Memorandum of Association since incorporation

Date of Shareholders approval	Particulars of Change	Nature of Meeting
31 st May 2003	Change of name of our Company from Allied Computers International (Asia) Private Limited to Allied Computers International (Asia) Limited	EGM
21/09/2005	Increase in Authorised Share Capital of the Company From Rs.100 Lacs to Rs.300 Lacs	EGM
30/01/2006	Increase in Authorised Share Capital of the Company From Rs. 300 Lacs to 750 Lacs	EGM
20/07/2006	Increase in Authorised Share Capital of the Company From Rs. 750 Lacs to Rs. 1000 Lacs	EGM
18/09/2006	Increase in Authorised Share Capital of the Company From Rs. 1000 Lacs to Rs. 2000 Lacs	EGM

Subsidiaries / Joint Ventures / Associate Companies

Our Company does not have any subsidiary/Joint Venture/Associate Companies as on the date of filing of this Prospectus

Shareholders Agreements

The Company has not entered into any shareholders agreements.

Material Agreements

1. Trademark License Agreement between the Company and Mr. Hirji Kanji Patel – Promoter

We have entered into Trademark License Agreement with Mr. Hirji Kanji Patel, the Promoter of the Company dated 30th day of June 2006. The principal terms and conditions of the agreement as follows:

1. The Licensor is the owner and registered user of the Brand and holds all the beneficial and legal rights, title and interest in the Brand and the trademarks and associated thereby and is entitled to all the Rights associated with the Brand..
2. The Licensor has agreed to grant to the Licensee, an exclusive, irrevocable, perpetual right to use the Brand within India and utilise and exercise all the Rights, for the consideration and on the terms set out in this Agreement.

3. In consideration of the payment of the Consideration and the other terms and conditions contained herein, the Licensor hereby grants the following rights and licenses to the Licensee:
 - The Licensor hereby grants to the Licensee a perpetual, within in India exclusive license to use the Brand. The Licensor hereby covenants that except as provided in this License Agreement, the Brand shall be used by the Licensee, to the others, including the Licensor.
 - The Parties shall ensure that the Brand and all Rights are registered with the concerned authorities, including the registrar of trademarks, in the name of the Licensee as the registered user of the Brand and the Rights.
 - The Licensor agrees that the Licensee can directly or indirectly, apply for registration to register any Intellectual Property identical or similar to the Brand (including its phonetic equivalent).
 - The Licensor and the Licensee agree that they will take steps to ensure the protection of the Brand and shall do no such acts that in anyway will dilute the value of the Brand.
 - The permission as hereby granted by the Licensor to use the Brand is exclusively to the Licensee and the Licensor shall not grant any license or any other rights to the Brand to any third party.
 - The Licensee and the Licensor agrees to notify each other of any adverse use of marks identical with or confusingly similar to Brand which comes to their attention and shall take any action with respect to such adverse use *suo moto* or jointly. The Parties agree to co-operate fully with each other to whatever extent is necessary to prosecute such action, expenses shall be borne by the concerned Parties jointly and all damages and costs which may be recovered be for the account of both Parties.
 - The Licensee has the right to register other Intellectual Property in its name, using the Brand along with its own Intellectual Property or any combination thereof. The Licensor shall provide any consent, letter or any other such document required by the Licensee to give effect to such registration. Any such new intellectual property relating to the Brand shall be registered in the name of the Licensee.
4. **ASSIGNMENT**
 - (i) This Agreement shall be binding on the Parties and their respective successors and permitted assigns. Neither Party shall assign its rights or obligations under the Agreement to any other Person.
 - (ii) In the event, the Licensor desires to sell the Brand, he shall be entitled to sell the Brand only to the Licensee, at the price negotiate at the time of purchase.
5. **CONSIDERATION**
 - (i) As Consideration for the license granted by the Licensor to the Licensee, the Licensee shall pay an amount of Rs.1,00,000/- (Rupees One Lacs Only) to the Licensor, which shall be paid simultaneously with the execution of this Agreement.
 - (ii) The Licensor acknowledges the adequacy and sufficiency of the consideration mentioned above.

2. MOU for purchase of Office Premises

We have entered into MOU with Mr. Hirji Kanji Patel, the Promoter of the Company dated 17th day of November 2006. The principal terms and conditions of the agreement as follows:

1. Whereas the party of the First Part is Owner of the premises 501,502,503, 5th Floor, Morya Estate, Oshiwara Link Road, Andheri (West), Mumbai – 400053 and purchased by him by two agreement of sale dated 10/09/2003 and the said agreement of sale was duly registered at sub Registrar Bandra (Mumbai)
2. Whereas the company is carrying business of computer Notebooks at the above mentioned address and is desires of purchasing the above property and approached the party of the First Part **Mr. HIRJI KANJI PATEL** owner of the said property to sell the said property to the Company.
3. Whereas the party of the First Part has agreed to sell the said premises to the company on payment of **Rs. 5,00,00,000/- (Rupees Five Crore Only)** and the party of the Second Part had agreed to purchase the said premises by paying the consideration amount of **Rs. 5,00,00,000/- (Rupees Five Crore Only)**.

NOW IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES AS FOLLOWS.

- a) The Party of the First Part has Agreed to sell the said premises to the party of the Second part and the Party of the Second Part had agreed to pay consideration amount of Rs. 5,00,00,000/- (Rupees Five Crore Only) before 90 days from the day of signing this M.O.U or such other time as may be mutually agreed.

- b) The parties of the Second Part had agreed to issue 23,00,000 equity shares at issue price Rs. 12 per share and the value of Rs. 2,76,00,000/- (Rs. Two Crore Seventy Six Lakhs Only) and the balance amount of Rs. 2,24,00,000/- (Two Crore Twenty Four Lakhs Only) will be paid by way of post dated Cheque, the said Cheque should be dated on or before 90 days from the day of signing this M.O.U or such other time as may be mutually agreed.
- c) The Party of the First Part and the Party of the Second Part do here by jointly agrees that the agreement for sale of the above mentioned property will be duly stamped and registered before 90 days from the day of signing this M.O.U or such other time as may be mutually agreed.

SCHEDULE OF PROPERTY

1. Office unit No. 503, admeasuring 449 sq. ft. Carpet equivalent to 538.8sq.ft. Built-up, on the 5th floor, MORYA ESTATE situated at Plot No. B-1, S. No. 41, C.T.S. No. 618, Village Oshiwara, Veera Ind. Estate, Oshiwara Link Road, Andheri (West), Mumbai 400053, and Parking No. 40 admasuring 150 sq. ft. wide Share Certificate No.127/503 of 5 shares distinct no. from 856 to 860.
2. Office Unit No. 501, 502 & Terrace on the 5th floor in MORYA ESTATE, situated at B-1, C.T.S. No. 618, Veera Ind. Estate, Oshiwara Link Road, Andheri (W), Mumbai 400053, Unit No. 501, admeasuring 573 sq. ft. Carpet area equivalent to 687.6 sq. ft. Built-up area & Unit No. 502 admeasuring 449 sq. ft. Carpet area equivalent to 538.8 sq.ft. Built-up area and Terrace admeasuring 1536 sq.ft. Carpet . wide Share Certificate No.125/501 of 5 shares distinct no. from 846 to 850 & share certificate no.126/502 of 5 shares distinct no. from 851 to 85.

3. Agreement for Sale for purchase of office premises

We have entered into Agreement for sale with Mr. Hirji Kanji Patel, the Promoter of the Company dated 11th day of August 2007. The principal terms and conditions of the agreement as follows:

Where as Purchaser – Allied Computer International Asia Ltd. is authorized vide their Board Resolution in Board meeting held on 11-8-2007 to permit the company to purchase the said premises with the following terms:

- The said premises will be use as corporate office and service center of the company
- Hirji Patel & Bharat Vyas are authorized to sign Agreement for sale, transfer documents, present before sub-registrar to register the agreement for sale and other related documents to purchase and transfer the said premises in company's name in Society Records.
- Issue 23,00,000 equity shares of Rs. 10 each at share premium Rs. 2 per share (Issue price Rs. 12 per share) of the company as part consideration Rs. 2,76,00,000\ (Rs. Two crore seventy six lacs only) for purchase of said premises to transferor on signing of this documents.
- Balance consideration will be paid on mutually agreed terms by cheque.

AND WHEREAS the VENDOR has agreed to Sell\ transfer and assign to the PURCHASER and PURCHASER have also agreed to Purchase and to acquire all the rights, title and interest of the VENDOR in the said premises ,together with all rights of Ownership and use and Occupation of the said premises on certain terms and conditions for the Sales consideration amount of Rs. 3,00,11,111/-(RUPEES Three crore eleven thousand one hundred eleven only).

NOW THIS AGREEMENT WITNESSETH AND IT IS HEREBY AGREED BY AND BETWEEN PARTIES AS FOLLOWS:

1. The Vendor shall sell , transfer and assigns and the purchaser have purchased and acquire the said premises together with all right of ownership and of use and occupation of the said premises for total consideration. Transferee has agreed to pay and transferor has agreed to receive the consideration in following manner:
Transferee has paid Rs. 5,11,111\ Rs. Five lacs eleven thousand one hundred eleven only)as advance to transferor.
Transferee - Allied Computer International Asia Ltd. will issue 23,00,000 equity shares of Rs. 10 each at share premium Rs. 2 per share (Issue price Rs. 12 per share) of the company as part consideration Rs. 2,76,00,000\ (Rs. Two crore seventy six lacs only) for purchase of said premises to transferor on signing of this documents.
Balance consideration Rs. 19,00,000\ (Rs. Ninteen lacs only) will be paid as per the mutually agreed terms.

THE FIRST SCHEDULE ABOVE REFERRED TO:

Unit No. 501, 502 & Terrace on the 5th floor in Morya Estate, property lying and being at **Village Oshivara, Taluka Andheri** forming apart of survey no. 41, bearing plot no. B-1, **C. T. S No.618**, at Veera Ind. Estate, Oshiwara Link Road, Andheri (West), Mumbai 400 053, **Unit No. 501 admeasuring 573 sq. ft. Carpet area equivalent to 687.6 sq ft Built**

up area & Unit No. 502 admeasuring 449 sq.ft. Carpet area equivalent to 538.8 sq ft Built up area & Terrace admeasuring 1536 sq ft Carpet, (hereinafter Unit No. 501, 502 & Terrace are collectively referred to as “the said Units & Terrace”)

The Units & Terrace is located in society known as “ Morya Estate Commercial Premises Co-operative Society Ltd.” Andheri West, Mumbai. The society is registered with The co-operative society is registered duly under the Maharashtra Co-op Sos. Act, 1960 and bearing regn. No. BOM / WKW / GNL / 723 /2003 – 2004 of year 2003.

The society has issued five numbers of shares and share certificate for the said unit no. 501 having certificate No. 125/501 having distinctive number from 846 to 850 dated 1-12-2005. The society has issued five numbers of shares and share certificate for the said unit no. 502 having certificate No. 126/502 having distinctive number from 851 to 855 dated 1-12-2005.

The said Building having ground floor plus 5 floor and lift and year construction is 2001.

Strategic Partners & Financial Partners

At present we do not have any strategic or financial partners

MANAGEMENT

Board of Directors

Under our Articles of Association, the Company cannot have less than three (3) and more than twelve (12) directors. The Companies currently have six (6) Directors.

The following table sets forth current details regarding our Board of Directors:

Name & Address, Designation, Age & Occupation	Citizenship	Qualifications	Date of Appointment	Director's Identification Number (DIN)/ Status	Other Directorships
Mr. Hirji Kanji Patel S/o Mr Kanji Narun Patel 32, Queens View, Juhu Road, Santracruz (W) Mumbai- 400 054 Managing Director DOB : 21/08/1960 Occupation: Business	British	B.Sc (Hons)	Director : 09/05/2002 Managing Director : 01/09/2006	00157481/ Promoter and Executive Director	NIL
Mr. Bharat Shivshankar Vyas S/o Mr Shivshankar Atmaram Vyas B-305, Puja Apts Puspa Park Daftary Road Malad (E) Mumbai-400 097 Whole Time Director DOB: 26/08/1966 Occupation: Service	Indian	B.Com	Director : 09/03/2004 Whole Time Director : 01/09/2006	00157544/ Executive Director	NIL
Mr. Kunverji Kanji Patel S/o Mr Kanji Shamji Patel 53, Street field Road, Kanton, Harrow, MIDDX, HAB 9 BP England. Director DOB : 01/02/1950 Occupation: Professional	British	B.Com, C.A, CCA	23/02/2005	00992796 (Provisional)/ Non Executive and Independent Director	1. Arya Neel Consultants Private Limited (Formerly known as Vicky Textile Industries Private Limited)
Mr. Kanti Ramji Pindoria S/o Mr Ramji Pindoria UK Address: 55 Church Lane Kingsbury, London Nw9 8et UK Indian Address: 32, Queens View Juhu Road, Santracruz (W) Mumbai- 400 054 Director DOB : 05-06-1962 Occupation: Business	British	B.Sc. (Business Admn. & Mgmt.)	01/09/2006	00689239/ Non Executive Director	1. Sahajanand Laser Technology Limited

Name & Address, Designation, Age & Occupation	Citizenship	Qualifications	Date of Appointment	Director's Identification Number (DIN)/ Status	Other Directorships
Mr. Govindbhai Khetabhai Kara S/o Mr Khetabhai Mavji Kara Dahisara, Taluka Bhuj, Dist Kutch Gujarat-370 485 Director DOB : 02/01/1970 Occupation: Business	Indian	Under graduate	31/03/2003	01682717 (Provisional)/ Non Executive and Independent Director	NIL
Mr. Sanjay Bharatkumar Mehta S/o. Mr. Bharatkumar O Mehta A-9, Mohan Sadan, M.G. Road, Ghatkopar (E), Mumbai – 400077 Director DOB: 29-01-1971 Occupation: Business	Indian	BE (Electronics)	30/09/2006	00222080/ Non Executive and Independent Director	1. Udyog Software India Limited – MD 2. Maia Intelligence Pvt. Ltd – Director 3. XBRL India Ltd – Director

Details of Directors:

Mr. Hirji Kanji Patel- Managing Director, has acquired a BSc (Hon) degree from Queens Mary College (University of London) in Avionics, with a specialization in Automatic Guidance Systems. He has worked with a team of top missile scientists in the R&D section of the Guidance Weapon Division of GEC Avionics and British Aerospace PLC, and thus is exceptionally competent in Software Development, Hardware (Digital Electronics) Design and Mathematical Modeling.

In 2002, Hirji Kanji Patel founded Allied Computers International (Asia) Limited and the ACi brand in India. The business was run and expanded profitably by Hirji Kanji Patel. He achieved the Entrepreneur of the Year award within the Kutchi community in the year 2003. He further collected the prestigious Girnar Award in year 2004 for outstanding contribution in the field of industry.

Mr. Bharat Shivshankar Vyas- Whole Time Director: He is a B.Com graduate from the Bombay University. During 1995 - 2000 he was associated with M/s. Jash Consultants Pvt. Ltd. as coordinator (Equity Research and Investment Advisor). During the year 2000-2001, he worked with M/s. Fortune Securities & M/s. Arihant Investment of Mr. Hemant H Shah, for a period of 10 months and thereafter upto April 2002 he worked with M/s. Angel Broking Pvt. Ltd (through their franchisee M/s. Sunchan Securities) as Officer (Equity Research and broking). He has joined the Company in May 2002 as an employee and was appointed as a Director on 09-03-2004 and as a Whole-Time Director on 01-09-2006. He was not associated with the company as an employee during December, 2004 to November, 2005 but continued to be Director of the company. While working with the Company he has gained experience in marketing & allied activities. He looks after product promotion, coordination and relationship development among distributors and stockist.

Mr. Kunverji Kanji Patel - Director -He has more than 3 decades of accounting practice in London. Mr. Kunverji Kanji Patel is a graduate from Sydenham College of Commerce & Economics, Mumbai, and a qualified Chartered Certified Accountant from London.

Mr. Kanti Ramji Pindoria-Director: He is a B.Sc. in Business & Admn. Management graduate from Aston University, Birmingham, UK. Presently he is engaged as a consultant for pre-feasibility study, market research, project planning and business development. Since year 1998, he has provided marketing consultancy services to Stanton Interiors Limited dealing with design and development of office interiors. From year 2002, as a Director of the Company, he has been providing advisory services to the Company on marketing strategies and brand development. He co-ordinate in sourcing of materials for the company.

Mr. Govindbhai Khetabhai Kara -Director: He is a under graduate and has started in year 1990 his own fabrication business as proprietor of M/s. Kara Welding, Dahisara, Bhuj, Gujarat. The firm is engaged in the business of making, fabricating and designing of agricultural equipments, safety grills, metal frames and designed doors, gates and windows.

Mr Sanjay Bharatkumar Mehta – He is a BE (Electronics) graduate from Mumbai University, Mumbai and also Microsoft Certified Professional. Presently He is engaged in Software Development and functional areas including Product Development Cycle, Quality Assurance and Project Management.

Terms and Conditions of employment of Mr. Hirji Kanji Patel, Managing Director

The Board of Directors at its meeting held on 1st September, 2006 and ratified by shareholders vide its resolution passed on 18th September 2006, appointed Mr. Hirji Kanji Patel as Managing Director of the company w.e.f. 01-09-2006 for a period of 5 years, he is liable to retire on 31-08-2011. He will be paid remuneration of Rs. 24.00 Lakhs per annum and other statutory benefits including contribution to provident fund, gratuity and reimbursement of expenses incurred by him in discharge of his duties.

Terms and Conditions of employment of Mr. Bharat Shivshankar Vyas- Whole Time Director

The Board of Directors at its meeting held on 1st September, 2006 and ratified by shareholders vide its resolution passed on 18th September 2006, appointed Mr. Bharat Shivshankar Vyas as Whole Time Director of the company w.e.f. 01-09-2006 for a period of 5 years, he is liable to retire on 31-08-2011. He will be paid remuneration of Rs. 4.80 Lakhs per annum and other statutory benefits including contribution to provident fund, gratuity and reimbursement of expenses incurred by him in discharge of his duties.

Borrowing Powers of the Directors in our Company

Pursuant to a resolution passed by our shareholders in accordance with provisions of the Companies Act, our Board has been authorized to borrow sums of money for the purpose of the Company upon such terms and conditions and with or without security as the Board of Directors may think fit, provided that the money or monies to be borrowed together with the monies already borrowed by the Company shall not exceed, at any time, a sum of Rs. 5000 Lacs.

Details of Appointment and Compensation of our Directors

Name of Directors	Contract/ Appointment Letter/Resolution	Details of Remuneration	Term
Mr. Hirji Kanji Patel	Resolution of the Board of Directors dated 01 September 2006 and resolution of the shareholders of our Company dated 18 September 2006.	Per Month Basic :Rs 1,20,000 HRA : Rs 60,000 Medical : Rs 20,000	From 01-09-2006
Mr. Bharat Shivshankar Vyas	Resolution of the Board of Directors dated 01 September 2006 and resolution of the shareholders of our Company dated 18 September 2006.	Per Month Basic :Rs 24,000 HRA : Rs 12,000 Medical : Rs 4,000	From 01-09-2006
Mr. Kunverji Kanji Patel	Appointed as Additional Director and regularized at AGM held on 30/09/2005	No remuneration except sitting fees.	Liable to retire by rotation.
Mr. Kanti Ramji Pindoria	Appointed as Additional Director and regularized at AGM held on 30/09/2006. He was appointed as First Director on 09/05/2002 and resigned on 09/03/2004	No remuneration except sitting fees	Liable to retire by rotation.
Mr. Govindbhai Khetabhai Kara	Appointed as Additional Director and regularized at AGM held on 30/09/2003	No remuneration except sitting fees	Liable to retire by rotation.
Mr Sanjay Bharatkumar Mehta	Appointed as Director at AGM held on 30/09/2006.	No remuneration except sitting fees	Liable to retire by rotation.

Corporate Governance

Our Company is in compliance of the provisions for corporate governance as stipulated in the listing agreements with the Stock Exchanges, including with respect to the appointment of independent Directors to our Board and the constitution of the audit committee, investor grievance committee and compensation committee.

We have constituted the following committees of our Board of Directors for compliance with corporate governance requirements:

- Audit Committee;
- Shareholders'/ Investors' Grievance Committee;
- Remuneration Committee.

Audit Committee

The members of the Audit Committee of the Board are Mr. Kunverji Kanji Patel, Mr. Kanti Ramji Pindoria, Mr. Govindbhai Khetabhai Kara and Mr Sanjay Bharatkumar Mehta, of which three are independent Directors. The Chairman of the Audit Committee is Mr. Govindbhai Khetabhai Kara, an independent Director. The secretary of the committee is Mr. Suresh H Gangan.

The Audit Committee oversees the Company's financial reporting process and disclosure of its financial information. The Audit Committee further reviews the accounting and financial policies and practices, internal control systems, quarterly, half yearly and annual financial results. It also recommends appointment of statutory and internal auditors and considers and discusses reports and observations made by them.

Investors' Grievance Committee

The members of the Investors' Grievance Committee of the Board are Mr. Hirji Kanji Patel, Mr. Mr. Govindbhai Khetabhai Kara and Mr Sanjay Bharkumar Mehta.

The Investors' Grievance Committee is responsible for the redressal of shareholders and investors' grievances such as non receipt of share certificates, balance sheet, dividend, etc.

Remuneration Committee

The members of the Remuneration Committee of the Board are Mr. Kunverji Kanji Patel, Mr. Govindbhai Khetabhai Kara and Mr Sanjay Bharkumar Mehta. All members of the Remuneration Committee are independent Directors.

The Remuneration Committee determines the Company's remuneration policy, having regard to performance standards and existing industry practice.

Pre Issue Shareholding of the Directors in the Company

The present shareholding of Directors is detailed below:

S. No	Name of the Director	No. of Shares held	% of Shareholding
1.	Hirji Kanji Patel	1,01,13,284	53.23
2.	Mr. Bharat Shivshankar Vyas	100	0.00
3.	Kunverji Kanji Patel	0	0.00
4.	Kanti Ramji Pindoria	5000	0.04
5.	Govindbhai Khetabhai Kara	1	0.00
6.	Sanjay Bharkumar Mehta	0	0.00

Interest of our Promoters and Directors

Except as stated below and further details mentioned in the Section "Related Party Transactions" beginning on page No. 87 of this prospectus, and to the extent of compensation and commission, if any, their shareholding in the company, the directors other than promoter do not have any other interest in our business

All our Directors, including independent Directors, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them. The Chairman, Managing Director and our whole-time Directors are interested to the extent of remuneration paid to them for services rendered as an officer or employee of our Company.

All our Directors, including independent Directors, may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or that may be subscribed for and allotted to them, out of the present Issue in terms of the Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. Our Directors, including independent Directors, may also be regarded as interested in the Equity Shares, if any, held by or that may be subscribed by and allotted to the companies, firms and trust, in which they are interested as directors, members, partners or trustees.

Except as stated below and further details mentioned in the Section "Related Party Transactions" beginning on page No. 87 of this prospectus, and to the extent of compensation and commission, if any, their shareholding in the company, the promoter do not have any other interest in our business

Our Promoter Director, Mr. Hirji Kanji Patel, may be deemed to be interested to the extent of the consideration payable by the Company with respect to the following:

- Trade Mark Agreement dated 30-06-2006 entered with the Company
- Memorandum of Understanding dated 17-11-2006 for sale of Premises Located at Andheri (West) being used by Company as its Registered Office.
- Agreement for Sale dated 11-08-2007 for sale of Premises Located at Andheri (West) being used by Company as its Registered Office.

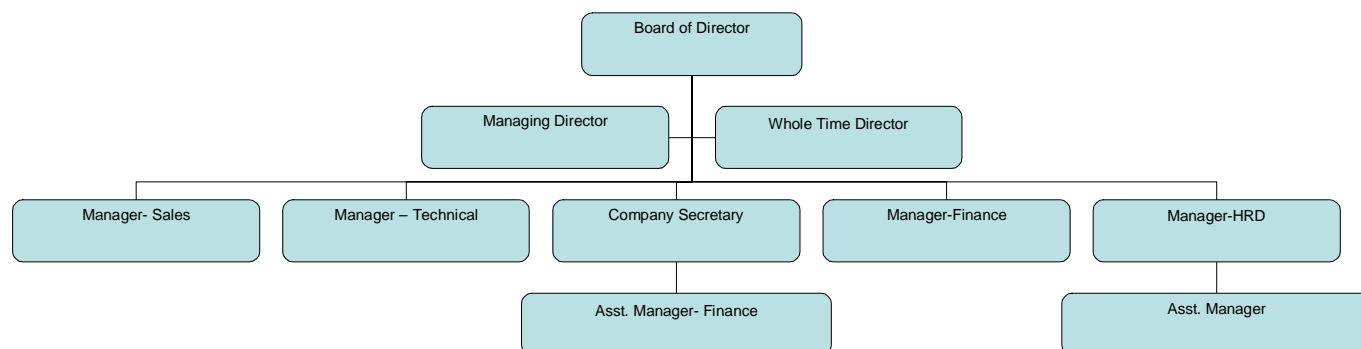
No loans/advances are provided to any body corporate including companies, firms and trusts in which any of our promoters or directors are interested as directors, members, partners or trustees

Changes in the Board of Directors

The changes in our Board of Directors during the past three years are as given below:

Sr No	Name of the Director	Date Appointment of	Date Cessation of	Reason
1.	Hirji Kanji Patel	09/05/2002 Appointed Director	– First	NA
2.	Bharat Shivshankar Vyas	09/03/2004	NA	Appointed as Additional Director and regularized at AGM held on 30/09/2004
3.	Kunverji Kanji Patel	23/02/2005	NA	Appointed as Additional Director and regularized at AGM held on 30/09/2005
4.	Kanti Ramji Pindoria	01/09/2006	NA	Appointed as Additional Director and regularized at AGM held on 30/09/2006. He was appointed as First Director on 09/05/2002 and resigned on 09/03/2004
5.	Govindbhai Khetabhai Kara	31/03/2003	NA	Appointed as Additional Director and regularized at AGM held on 30/09/2003
6.	Ashwin H Patel	02/08/2004	01/09/2006	Appointed as Additional Director and regularized at AGM held on 30/09/2004
7.	Sanjay Bharatkumar Mehta	30/09/2006	NA	Appointed as Director at AGM held on 30/09/2006.

Management's Organization Structure



Key Managerial Employees

Apart from our whole-time Directors (including Managing Director and Whole Time Director), the following are our key managerial employees.

S.No	Name, Age & Designation	Qualification & Experience	Date Joining of	Remuneration Per Annum (Rs.)	Previously Employed with
1.	Mr. Suresh H Gangan DOB: 04/03/1955 Company Secretary	B. Com, ACS, AICWA	15.11.2006	2.4 Lacs	Photoquip India Limited,
2.	Mr. Haresh Ben DOB : 21/01/1975 Sales Manager	B.COM	10.11.2004	2.7 lacs	Anyuser Telecom India Ltd.
3.	Mr. Mainuddin Shaikh DOB : 11/10/1974 Accounts Manager	B.COM	30.08.2004	1.2 lacs	Royal Exports (Division of Deebro Silk Ind. Pvt Ltd)

S.No	Name, Age & Designation	Qualification & Experience	Date of Joining	Remuneration Per Annum (Rs.)	Previously Employed with
4.	Mrs. Riddhi Mehta DOB : 18/07/1983 Purchase Manager	B.Com	15.02.2006	1.08lacs	Mediaman Infotech Pvt Ltd.
5.	Mr. Chandan Pandey DOB : 28/07/1978 IT Head	B.A, PGDIT	18.12.2006	1.2 lacs	NA
6.	Ms. Arpi Shah DOB: 12/11/1982 HR Manager	B.Com	12.09.2006	1.68 lacs	NESS Technnologies Pvt. Ltd.
7.	Ms. Madhura Naik DOB :17/07/1984 HR Manager	B Com	06.07.2006	7.20Lacs	NA
8.	Girish Patki DOB : 13.01.1958 Chief Marketing Officer	Bsc	01.11.2006	3.00Lacs	Aristo Pharma

All the above key managerial personnel are permanent employees of the company

Shareholding of the Key Managerial Employees

None of our Key Managerial Pesonnel hold Equity Shares of our Company, except the following.

Sr No.	Name of the Shareholder	No. of Equity Shares	Pre-Issue % of Shareholding
1	Mr. Haresh Ben	1,400	0.01
2	Mr. Mainuddin Shaikh	400	0.00
3	Mrs. Riddhi Mehta	200	0.00
4	Ms. Madhura Naik	100	0.00
5	Mr. Girish Patki	25,200	0.18

Bonus or Profit Sharing Plan for our Key Managerial Employees

There is no bonus or profit sharing plan for our key managerial employees.

Interest of Key Managerial Personnel

None of our key managerial employees have any interest in the Company except to the extent of remuneration and reimbursement of expenses.

Change in our Key Managerial Employees during the last one year

The following are the changes in Key Managerial personnel in last 1 year

Sr No.	Name	Designation	Date of Joining	Date of Leaving	Remarks
1	Mukesh M Balala	IT Head	11-06-2005	20-12-2006	Resigned
2	Chandan Pandey	IT Head	18.12.2006	NA	Appointment

Employees Share Purchase Scheme/Employee Stock Option Scheme


We do not have any stock option scheme or stock purchase scheme for the employees of our Company.

Payment or benefit to officers of our Company

Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of his employment in our Company.

PROMOTERS

The promoter of our company is Mr. Hirji Kanji Patel

	<p>Mr. Hirji Kanji Patel- has acquired a BSc (Hon) degree from Queens Mary College (University of London) in Avionics, with a specialization in Automatic Guidance Systems. He has worked with a team of top missile scientists in the R&D section of the Guidance Weapon Division of GEC Avionics and British Aerospace PLC, and thus is exceptionally competent in Software Development, Hardware (Digital Electronics) Design and Mathematical Modeling. Following this, he worked as a commercial software consultant for over six years before venturing into business.</p> <p>In 2002, Hirji Kanji Patel founded Allied Computers International (Asia) Limited and the ACi brand in India. It was the first notebook specialists company in the country. The business was run and expanded profitably by Hirji Kanji Patel. He achieved the Entrepreneur of the Year award within the Kutchi community in the year 2003. He further collected the prestigious Girnar Award in year 2004 for outstanding contribution in the field of industry.</p>
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Name	Mr. Hirji Kanji Patel
Voter ID	Not Available
Driving License	MH02-2002-13-20519
IT PAN	AHFPP7456D
Bank Account Details	Indus Ind Bank, Andheri (West), Mumbai Account No . 0028-726993-051
Passport Number	704774762

Interest in promotion of our Company

Our Company had been promoted by Mr. Hirji Kanji Patel . For this purpose, Hirji Kanji Patel has subscribed to our Memorandum of Association.

Payment of benefits to our Promoters during the last two years

Except as stated in the section titled "Financial Statements - Related Party Transactions" beginning on page 87 of this Prospectus, there has been no payment of benefits to our Promoters during the last two years from the date of filing of this Prospectus.

Other Confirmations

We confirm that the details of the Permanent Account Numbers, Bank Account numbers and Passport numbers of our Promoter have been submitted to the Stock Exchanges at the time of filing the Draft Prospectus with the Stock Exchange.

Dis-association of promoters in other ventures in the last five years

1. Mr. Hirji Kanji Patel due to personal reasons, on 17-01-2005, tendered resignation from the Directorship in Allied Computers International Limited, UK. Except being Director in that company he was not having any major interest.
2. Mr. Hirji Kanji Patel was appointed as Director of Allied Computer Industries (India) Pvt. Ltd. on 08-02-1999. The said Company was incorporated in Mumbai on 14-01-1999 by Mr. Shreyas Dineshchandra Mehta, Mr. Deepak Chimanlal Shah, Mr. Rajesh Shantilal Tolia and Mr. Shilank Aushir Mehta. Mr. Hirji Kanji Patel was holding 30,000 equity shares (constituting 50 % of total equity) of the Company and he also provided unsecured loan of Rs. 45.88 lacs to the Company. During the course of his association as Director of the Company, he has executed personal guarantee to Bank of India, Walkeshwar Branch, Mumbai, for business loan taken by the Company. Disputes arose between him and other Directors viz., Mr. Shreyas Dineshchandra Mehta, Mr. Deepak Chimanlal Shah, Mr. Rajesh Shantilal Tolia and Mr. Shilank Aushir Mehta for non-submission of information on financial & business matters besides non-dispatch of notice of Board Meetings.

He has communicated to the Bank for withdrawal of his personal guarantee on 30-8-2002.

He has also submitted resignation from Directorship on 15-09-2003 and has disposed off his entire share holding to the existing shareholders without any consideration.

Since then he is not connected with the said Company except being a party in the case No O.A No.64/2004 before Debts Recovery Tribunal ,II Mumbai instituted by Bank of India for recovery of Rs 26,35,352.35 with interest @ 15% p.a.

The case was dismissed by the Court vide order dated 28/06/2006 in favor of the Company.

The Bank has preferred an appeal against the Order before the Debt Recovery Appellate Tribunal and the Summons are yet to be received by Mr. Hirji Kanji Patel.

Presently there is no relation between ACIL and Allied Computer Industries (India) Pvt. Ltd.

- 3 Mr. Hirji Kanji Patel was subscriber and Director of ACI Technology Pvt. Ltd. (Formerly known as Dimension Music Systems Pvt. Ltd.) a Company incorporated in Mumbai. The said Company was incorporated on 30-12-2004. Mr. Hirji Kanji Patel was holding 4900 equity shares (constituting 49 % of total equity). He has resigned as a Director of the said Company on 30-9-2006 and disposed off his equity shares for Rs. 49,000/- to Mr. Parashram B. Patil (Incoming Director).

Presently there is no relation between ACIL and ACI Technology Pvt. Ltd.

- 4 Mr. Hirji Kanji Patel on 02-08-1999 was appointed as Director of TCC Data Tech Pvt. Ltd, a Company incorporated at Mumbai. Due to personal reasons, on 05-04-2002, he has tendered his resignation from the said Directorship. Except being Director in that Company he was not having any interest.

Presently there is no relation between ACIL and TCC Data Tech Pvt. Ltd.

- 5 Mr. Hirji Kanji Patel was Director of Allied Computer Industries PLC, since 01-06-1993. The Company was incorporated in UK on 01-06-1993 as Notebook City Ltd and on 24-05-1994 changed its name to BKPW Advanced Notebook Computers Ltd. and further on 13-06-1994 changed to Allied Computer Industries PLC. He was holding 17355 ordinary shares of £1 each constituting 34.71% of total shares of the Company. The Company has opted for voluntary winding up and a liquidator has been appointed in 2005.

The liquidation process is still continuing.

- 6 Mr. Hirji Kanji Patel was appointed as Director of Grandstand Management Ltd., on 13-10-1997. The Company was incorporated in UK on 12-08-1997. He was Director of the Company till its dissolution and was not holding any shares in the said Company. The Company has opted to strike off its name as per UK law. The name of the said Company was struck off and dissolved on 23-5-2006.

INFORMATION OF THE GROUP COMPANIES

Presently the Company doesn't have any Group Companies.

However Hirji Kanji Patel was associated with the following companies

1. Mr. Hirji Kanji Patel was appointed as Director of Allied Computer Industries (India) Pvt. Ltd. on 08-02-1999. The said Company was incorporated in Mumbai on 14-01-1999 by Mr. Shreyas Dineshchandra Mehta, Mr. Deepak Chimanlal Shah, Mr. Rajesh Shantilal Tolia and Mr. Shilank Aushir Mehta. He was holding 30,000 equity shares (constituting 50 % of total equity) of the Company and he also provided unsecured loan of Rs. 45.88 lacs to the Company. During the course of his association as Director of the Company, he has executed personal guarantee in favor of Bank of India, Walkeshwar Branch, Mumbai, for business loan taken by the said Company. Disputes arose between him and other Directors viz., Mr. Shreyas Dineshchandra Mehta, Mr. Deepak Chimanlal Shah, Mr. Rajesh Shantilal Tolia and Mr. Shilank Aushir Mehta for non-submission of information on financial & business matters besides non-dispatch of notice of Board Meetings.

He has communicated to the Bank for withdrawal of his personal guarantee on 30-8-2002.

He has also submitted resignation from Directorship on 15-09-2003 and has disposed off his entire shareholding to the existing shareholders without any consideration.

Since then he is not connected with the said Company except being a party in the case No O.A No.64/2004 before Debts Recovery Tribunal ,II Mumbai instituted by Bank of India for recovery of Rs 26,35,352.35 with interest @ 15% p.a.

The case was dismissed by the Court vide order dated 28/06/2006 in favour of the Company.

The Bank has preferred an appeal against the Order before the Debt Recovery Appellate Tribunal and the Summons are yet to be received by Mr. Hirji Kanji Patel.

Presently there is no relation between ACIL and Allied Computer Industries (India) Pvt. Ltd.

- 2 Mr. Hirji Kanji Patel was subscriber and Director of ACI Technology Pvt. Ltd. (Formerly known as Dimension Music Systems Pvt. Ltd.) a Company incorporated in Mumbai. The said Company was incorporated on 30-12-2004. He has been holding 4900 equity shares (constituting 49 % of total equity). He has resigned as Director of the said Company on 30-9-2006 and disposed off his equity shares for Rs. 49,000/- to Mr. Parashram B. Patil (Incoming Director).

Presently there is no relation between ACIL and ACI Technology Pvt. Ltd.

- 3 Mr. Hirji Kanji Patel was Director of Allied Computer Industries PLC, since 01-06-1993. The Company was incorporated in UK on 01-06-1993 as Notebook City Ltd and on 24-05-1994 changed its name BKPW Advanced Notebook Computers Ltd. and further on 13-06-1994 the name was changed to Allied Computer Industries PLC. He was holding 17355 ordinary shares of £1 each constituting 34.71% of total shares of the Company. The Company has opted for voluntary winding up and a liquidator was appointed in 2005. The liquidation process is still continuing.

Presently there is no relation between ACIL and Allied Computer Industries PLC

(For more details please refer to the details given under **Dis-association of promoters in other ventures in the last Five years** on page no. 71)

Promoter Group

In addition to the Promoter named above, the following persons are part of our Promoter group.

1. TALMINDER SINGH
2. VIVEK R. MURTHY

DIVIDEND POLICY

The declaration and payment of dividends on our equity shares will be recommended by our board of directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition. The dividend and dividend tax paid by our company since inception is presented below

F.Y. Ended	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
Face Value	Rs. 10/-	Rs. 10/-	Rs. 10/-	Rs. 10/-	Rs. 10/-
Dividend (Rs. In Lakhs)	NIL	11.56*	3.75	2.50	0.76
Dividend Tax (Rs. In Lakhs)	NIL	1.47	0.49	0.31	0.10
Dividend per Equity Share (Rs.)	NIL	0.75	0.75	0.50	0.50
Dividend Rate (%)	NIL	7.5%	7.5%	5%	5%

* On pro rata basis (5,00,000 for 12 months Rs. 3,75,000), (18,00,000 for 6 months Rs. 6,75,000) and (17,00,000 for 1 month Rs. 1,06,250)

SECTION V

FINANCIAL INFORMATION OF THE COMPANY

To

The Board of Directors

Allied Computers International Asia Limited

501/2/3, Morya Estate, New Link Road,

Andheri West, Mumbai – 400 053.

Subject: Your Proposed Initial Public Offer

Dear Sirs,

We have examined the accounts of Allied Computers International Asia Limited ('the Company') for the Five financial years ended 31st March, 2003, 31st March, 2004, 31st March, 2005, 31st March, 2006, 31st March, 2007 and Quarter ended June 30, 2007 being the last date to which the accounts of the company have been made up and audited by us for presentation to the members of the Company.

In accordance with the requirements of Paragraph B (1) of Part II of Schedule II to the Companies Act 1956 (the Act), the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 (SEBI Guidelines) and our terms of reference with the Company dated 3rd October, 2006, requesting us to make this report for the purpose of disclosure in the Prospectus

- The restated assets and liabilities of the Company as at 31st March 2003, 31st March, 2004, 31st March, 2005, 31st March, 2006, 31st March, 2007 and Quarter ended June 30, 2007 are as set out in Annexure I to this report after making such adjustments and regroupings as in our opinion are appropriate and more fully described in the Accounting Policies appearing in Annexure III to this report.
- The restated profits of the Company for the financial years ended 31st March 2003 (11 months), 31st March, 2004, 31st March, 2005, 31st March, 2006, 31st March, 2007 and Quarter ended June 30, 2007 are as set out in Annexure II to this report. These profits have been arrived at after charging all expenses including depreciation and after making such adjustments and regroupings as in our opinion are appropriate and more fully described in the Accounting Policies appearing in Annexure III to this report.

We have examined the following unconsolidated financial information relating to the Company and as approved by the Board of Directors for the purpose of inclusion in the Prospectus: -

- Details of Notes forming part of accounts for the year ended 30th June, 2007 as appearing in Annexure IV to this report
- Statement of Cash Flows as appearing in Annexure V to this report
- Operating income as appearing in Annexure VI to this report
- Details of other income as appearing in Annexure VII to this report
- Accounting ratios as appearing in Annexure VIII to this report.
- Statement of Unsecured Loans as appearing in Annexure IX
- Age-wise analysis of Sundry Debtors as appearing in Annexure X
- Details of Loans and Advances as appearing in Annexure XI
- Statement of Tax Shelters as appearing in Annexure XII to this report.
- Statement of dividends paid as appearing in Annexure XIII

- Capitalization Statement as at 30th June, 2007 as appearing in Annexure XIV to this report
- Details of Secured Loans as appearing Annexure XV
- Statement of contingent liabilities as appearing in Annexure XVI
- Information on related party disclosures as appearing in Annexure XVII

In respect of financial information contained in this report, we have relied upon the audited financial statements for the years ended 31st March 2003, 31st March, 2004, 31st March, 2005, 31st March, 2006, 31st March, 2007 and Quarter ended June 30, 2007 which were audited by us.

In our opinion the above financial information of the company read with significant accounting policies attached in Annexure III to this report, after making adjustments and re-grouping as considered appropriate has been prepared in accordance with Part II of Schedule II of the Act and the SEBI Guidelines.

This report is intended solely for your information and for inclusion in the Prospectus to be filed with SEBI in connection with the specific Initial Public Offer of the Company and is not to be used, referred to or distributed for any other purpose, without our written consent.

Yours faithfully,

For G. C. Patel & Associates,

Chartered Accountants

G. C. Patel

Proprietor

M.No. 47327

Date: 06-09-2007

Place: Mumbai

SUMMARY STATEMENT OF ASSETS & LIABILITIES, AS RESTATED

ANNEXURE I

Rs in Lacs

Particulars	Audited					
	30-6-2007 3 months	2007	2006	2005	2004	2003
Fixed Assets						
Gross Block	639.37	608.29	296.25	132.82	54.73	12.09
Less: Depreciation	116.82	102.43	47.31	23.16	7.28	1.74
Net Block	522.55	505.86	248.94	109.66	47.45	10.35
Add: Work in Progress - Slw	185.62	191.51	0.00	0.00	0.00	0.00
Total (A)	708.17	697.37	248.94	109.66	47.45	10.35
Investments						
Investments in Subsidiary Companies	0.00	0.00	0.00	0.00	0.00	0.00
Other Investments	0.00	0.00	0.00	0.00	0.00	0.00
Total (B)	0.00	0.00	0.00	0.00	0.00	0.00
Current Assets, Loans and Advances:						
Inventories	448.75	435.82	260.81	182.10	127.04	31.01
Sundry Debtors	663.93	643.99	466.92	144.24	73.68	73.78
Cash & Bank balances	14.95	10.29	1.45	7.37	2.50	5.25
Loans & Advances	299.52	274.97	129.91	42.94	32.25	8.90
Total (C)	1427.15	1365.07	859.09	376.65	235.47	118.94
Total Assets (A+B+C)	2135.32	2062.44	1108.03	486.31	282.92	129.29
Liabilities & Provisions						
Secured Loans	191.77	198.84	142.08	50.87	46.45	36.23
Unsecured Loans	517.39	418.23	370.59	116.21	1.11	0.00
Current Liabilities & Provisions	70.42	135.43	38.63	67.94	0.26	78.90
Deferred tax Liability	1.96	1.96	1.96	(0.91)	0.38	0.00
Deferred Payment Guarantee	0.00	0.00	0.00	0.00	0.00	0.00
Total (D)	781.54	754.46	553.26	234.11	48.20	115.13
Net worth	1353.78	1307.98	554.77	252.20	234.72	14.16
Represented by:						
1. Share Capital	1169.95	1169.95	400.00	50.00	50.00	15.36
2. Reserve & Surplus	211.58	167.27	59.90	23.02	5.94	0.43
3. Share Application Money	0.00	0.00	100.00	180.00	180.00	
Less: Revaluation Reserve	0.00	0.00	0.00	0.00	0.00	0.00
Reserve & Surplus (Net of Revaluation Reserve)	0.00	0.00	0.00	0.00		
Less: Miscellaneous Expenditure to the extent not written off or adjusted	27.75	29.24	5.13	0.82	1.22	1.63
	0.00	0.00	0.00	0.00	0.00	0.00
Net Worth	1353.78	1307.98	554.77	252.20	234.72	14.16

SUMMARY STATEMENT OF PROFIT AND LOSS ACCOUNT, AS RESTATED

ANNEXURE II

Rs in Lacs

Particulars	Audited					
	30-6-2007 3 months	2007	2006	2005	2004	2003
INCOME						
Sales - Laptops	1,053.91	3,665.77	2,557.64	1,656.56	743.97	422.71
Sales - Services	40.19	147.51	81.75	23.83	6.59	0.67
Total	1094.10	3813.28	2639.39	1680.39	750.56	423.38
Net Sales	1094.10	3813.28	2639.39	1680.39	750.56	423.38
Other Income	0.00	0.00	0.00	0.00	0.00	0.00
Increase/ (decrease) in Inventories	12.93	175.01	78.72	55.05	96.03	31.01
Total Income	1107.03	3988.29	2718.11	1735.44	846.59	454.39
EXPENDITURE						
Material Purchased	958.06	3466.27	2369.44	1475.32	670.82	374.23
Staff Cost	22.52	85.99	78.13	71.69	30.80	16.11
Other Manufacturing Cost	8.43	22.36	11.37	8.54	7.85	2.99
Administration Expenses	24.85	72.78	69.92	69.97	82.58	45.41
Selling & distribution expenses	11.30	59.46	41.98	42.30	32.58	10.67
Depreciation	14.39	55.12	24.14	15.88	5.53	1.74
Interest	21.70	85.94	40.93	19.15	2.32	0.77
Preliminary Expenditure w/off	1.46	5.51	1.58	0.41	0.41	0.41
Total Expenditure	1062.71	3853.43	2637.49	1703.26	832.89	452.33
Net Profit Before Tax & Extra Ordinary Items	44.32	134.86	80.62	32.18	13.70	2.06
Taxation						
- Current	0.00	45.39	30.00	11.78	0.38	0.77
- Earlier year (Excess)/Less provision	0.00	0.00	(2.16)	0.00	0.00	0.00
- Deferred	0.00	0.00	2.87	(0.92)	5.00	0.00
Net Profit Before extra Ordinary Items	44.32	89.47	49.91	21.32	8.32	1.29
Add: Adjustment on account of Changes in Accounting Policies	0.00	0.00	0.00	0.00	0.00	0.00
Adjusted profit before extra ordinary Items	0.00	0.00	0.00	0.00	0.00	0.00
Extraordinary Items (Net of Tax)	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation Written back	0.00	0.00	0.00	0.00	0.00	0.00
Net Profit after Extra Ordinary items	44.32	89.47	49.91	21.32	8.32	1.29
Carried Forward from previous year	149.36	59.89	23.02	5.94	0.43	0.00
Profit Available for Appropriation	193.68	149.36	72.93	27.26	8.75	1.29

Annexure - III

SIGNIFICANT ACCOUNTING POLICIES FOR RESTATED FINANCIAL STATEMENT

1. METHOD OF ACCOUNTING:

- 1.1 The financial statements are prepared on a going concern basis with historical costs.
- 1.2 The company generally recognizes income and expenditure on an accrual basis.

2. FIXED ASSETS

- 2.1 Fixed Assets are stated cost less depreciation. Cost of Fixed Assets are inclusive of freight, duty, taxes and incidental expenses thereto wherever applicable.

3. DEPRECIATION

- 3.1 Straight Line method of depreciation and pro-rata to period of Use is adopted on all existing assets on the basis and at the rates prescribed by schedule XIV to the Companies Act, 1956.

4. INVENTORIES

- 4.1 Inventories are valued at cost inclusive of customs duty and other landing costs in respect of imported goods.

5. MISCELLANEOUS EXPENDITURE

- 5.1 Preliminary expenses are amortized over a period of 5 years.

Annexure - IV

NOTES ON ADJUSTMENTS FOR RESTATED FINANCIAL STATEMENT

1. SECURED LOANS

- 1.1 Cash credit facilities from Andhra Bank are secured by hypothecation of stocks, Trade receivables, collateral by way of extension of charge on the fixed assets and personal guarantee of Directors.
- 1.2 Loan from Banks is secured by the hypothecation of Mercedes cars purchased out of the said loan.

2. CURRENT ASSETS, LOANS AND ADVANCES

- 2.1 Inventory quantities and values as on year ended are as certified by the management.
- 2.2 Sundry debtor's balances are subject to confirmation.

3. CURRENT LIABILITIES & PROVISIONS

- 3.1 Sundry creditors balances are subject to confirmation.
- 3.2 There are no dues outstanding more than Rs.1 lakh and more than 30 days to Small Scale Industrial Undertakings. The total outstanding due to Small Scale Industrial undertaking is Nil. .
- 3.3 There are no Contingent Liabilities hence not provided for in the books of accounts.
- 3.3.1 Towards Letter of Credit Limit Sanction from taken from Andhra Bank is Rs.148.80 lacs

4. OTHERS:

- 4.1 Information on licensed and installed capacity is not furnished since the company is not involved in any manufacturing activity during the years. It is engaged in the business of Assembly of laptops and notebook computers.
- 4.2 The impact of deferred tax in accordance with AS-22 has been considered while forming the accounts and necessary provision has been created except for the year ended 31st March, 2007.
- 4.3 Auditors remuneration pertains to payment towards :

Statutory Audit :	Rs. 27,387	(Previous year	Rs. 85,000)
Tax Audit-Income tax :	Rs. 12,000	(Previous year	Rs. 47,000)
Tax Matters	Rs. 2,500	(Previous year	Rs. 10,000)
Certification :	Rs. 35,000	(Previous Year	Rs. 115,000)

4.4 CIF value of imports :

	30-6-2007	31-3-2007
Capital Goods	Nil	Nil
Finished goods & accessories :	Rs. 36.98 lacs	Rs. 230.50 Lacs

4.5 Managerial Remuneration details:

	30-6-2007	31-3-2007
Managing Director		
Salary Paid :	Rs. 6,00,000/-	Rs. 14,00,000/-
Consultancy Paid	Nil	Rs. 2,50,000/-
Whole Time Director		
Salary Paid :	Rs. 1,20,000/-	Rs. 2,80,000/-

4.6 Expenditure in foreign currency.

Nil Rs. 1,43,000/-

4.7 Quantitative Information :

1. Particulars Details as on 30-6-2007

PRODUCTS	OPENING	PURCHASE	SALE	CLOSING
Bare Bone	1543	2100	2250	1393
CPU	1809	1980	2180	1609
HDD	1161	2235	2280	1116
Memory	1110	1865	1975	1000
Other Parts				
Total	5623	8180	8685	5118

4.8 Changes in Accounting Policies

There are no changes in accounting policies in the last three years

4.9 Previous year's figures have been regrouped and reclassified wherever necessary. All the significant Accounting Policies, notes in the Balance Sheet for the financial year 2006-07

SUMMARY STATEMENT OF CASH FLOW, AS RESTATED

ANNEXURE V

Rs in lacs

Particulars	30-6-2007	For the financial year ended as on March 31,				
	3 months	2007	2006	2005	2004	2003
(A) Cash Flow from Operating Activities:						
Net Profit Before Tax & Extra- Ordinary Items	44.32	134.86	80.62	32.18	13.7	2.06
Adjustment for: Depreciation	14.39	55.12	24.14	15.88	5.53	1.74
Preliminary Expenses W/off	1.46	5.51	1.58	0.41	0.41	0.41
Profit on sale of fixed Assets	0	0	0	0	0	0
Loss On sale of Fixed Assets	0	0	0	0	0	0
Provision for diminution in value of Investment	0	0	0	0	0	0
Interest Income	0	0	0	0	0	0
Loss on Sale of Investment	0	0	0	0	0	0
Dividend received On Investment	0	0	0	0	0	0
Interest Expenses	21.70	85.94	40.93	19.15	2.32	0.77
Operating Profit Before working capital change	81.87	281.43	147.27	67.62	21.96	4.98
Adjustment for:						
Increase in Trade & Other Receivable	19.94	177.07	322.68	70.56	-0.1	73.78
Increase in Inventories	12.93	175.01	78.71	55.06	96.03	31.01
Increase in Trade Payable & Other Liabilities	(7.07)	36.37	91.21	4.42	10.22	36.23
Increased/ decrease in Short term borrowings	0	0	0	0	0	0
Increase \ Decrease in Loans and Advances	24.55	145.06	86.97	10.69	23.35	8.9
Cash Generated from Operation	17.38	-179.34	-249.88	-64.27	-87.1	-72.48
Income tax Prov. / paid	0.00	45.39	27.81	12.16	5.00	0.77
Net Cash Generated from operating activities ---(A)	17.38	-224.73	-277.69	-76.43	-92.1	-73.25
Cash Generated from Investing Activities						
Purchase of Fixed assets (Including WIP)	25.19	483.16	163.43	78.09	42.63	12.09
Sale of Fixed Assets	0	0	0	0	0	0
Purchase of Investment	0	0	0	0	0	0
Investment in Subsidiary	0	0	0	0	0	0
Sale of Investment	0	0	0	0	0	0
Interest Received	0	0	0	0	0	0
Dividend received on Investment	0	0	0	0	0	0
Increase in Preliminary Expenses	0	29.6	5.9	0	0	2.04
Net Cash Used in Investing activities (B)	25.19	512.76	169.33	78.09	42.63	14.13

SUMMARY STATEMENT OF CASH FLOW, AS RESTATED

ANNEXURE V

Rs in lacs

Particulars	30-6-2007	For the financial year ended as on March 31,				
	3 months	2007	2006	2005	2004	2003
Cash Flow from Financing Activities						
Increase in Equity Shares	0	687.85	270.00	0	34.64	15.36
Increase in Share Application Money				0	180.00	
Interest & Financial Charegs	21.70	85.94	40.93	19.15	2.32	0.77
Dividend & Dividend Tax Paid	0	0	13.04	4.24	2.81	0.86
Increase in Borrowings - Bank	99.18	47.63	254.38	115.1	1.11	0
Increase in Borrowings - Others	(65.01)	96.79	-29.31	67.68	-78.64	78.9
Net Cash used in Financing activities (C)	12.47	746.33	441.10	159.39	131.98	92.63
Net Change in Cash & cash Equivalents (A-B+C)	4.64	8.84	-5.92	4.87	-2.75	5.25
Cash & cash Equivalents- Opening Balance	10.29	1.45	7.37	2.5	5.25	0
Cash & cash Equivalents- Closing Balance	14.95	10.29	1.45	7.37	2.50	5.25

DETAILS OF OPERATING INCOME

Annexure VI

Rs. In lacs

Particulars	30-6-2007	For the financial year ended as on March 31,				
	3 months	2007	2006	2005	2004	2003
Profit After Taxes	44.32	89.47	49.91	21.32	8.32	1.29
Add :						
Interest	21.70	85.94	40.93	19.15	2.32	0.77
Depreciation	14.39	55.12	24.14	15.88	5.53	1.74
Misc. Exp W/off	1.46	5.51	1.58	0.41	0.41	0.41
Total	81.87	236.04	116.56	56.76	16.58	4.21

DETAILS OF OTHER INCOME

Annexure VII

Rs in lacs

Particulars	30-6-2007	For the financial year ended as on March 31,				
	3 months	2007	2006	2005	2004	2003
Misc. Receipt	0.00	0.00	0.00	0.00	0.00	0.00
Interest Recd.	0.00	0.00	0.00	0.00	0.00	0.00
Commission Recd.	0.00	0.00	0.00	0.00	0.00	0.00
Excess Provision W\ Back	0.00	0.00	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00	0.00	0.00

ACCOUNTING RATIOS

Annexure VIII

Rs in lacs

Particulars	30-6-2007	For the financial year ended as on March 31,				
	3 months	2007	2006	2005	2004	2003
Net Profit After Tax as per Audited Statement of Accounts	44.32	89.47	49.91	21.32	8.32	1.29
No. of equity Shares	11,699,475	11,699,475	4,000,000	500,000	500,000	153,588
Net worth	1381.53	1337.22	559.90	253.02	235.94	15.79
Less: Revaluation Reserve	NIL	NIL	NIL	NIL	NIL	NIL
Less: Miscellaneous Expenditure to the extent not written of or adujusted	27.75	29.24	5.13	0.82	1.22	1.63
Adjusted Net worth	1353.78	1307.98	554.77	252.20	234.72	14.16
Basic - EPS						
- Earning Per Share	0.38	0.76	1.25	4.26	1.66	0.84
- Annualised	1.52	0.76	1.25	4.26	1.66	0.84
Dilluted EPS						
- Same as Basic EPS	1.52	0.76	1.25	4.26	1.66	0.84
Cash Earning Per Share	-	-	-	-	-	-
- Earning Per Share	0.70	2.02	2.91	11.35	3.32	2.74
Return On Net Worth	3.27%	6.84%	10.97%	29.53%	15.20%	9.11%
Net Asset Value Per Share	11.57	11.18	11.37	14.44	10.94	9.22
Face Value of the share	10	10	10	10	10	10
Formula:						
Earning per share	Net profit attributable to equity share holders/ Number of Equity shares					
Net assets value per share (NAV)	Adjusted net worth/ Number of Equity Shares					
Return on net worth	Net Profit Attributable to equity share holders/ Adjusted net worth					

STATEMENT OF UNSECURED LOANS**Annexure IX****Rs in lacs**

Particulars	30-6-2007	For the financial year ended as on March 31,				
	3 months	2007	2006	2005	2004	2003
From Directors & Relatives	70.42	135.42	38.63	67.94	0.26	78.90
Total	70.42	135.42	38.63	67.94	0.26	78.90

AGE-WISE DETAILS OF SUNDRY DEBTORS**Annexure X****Rs in lacs**

Particulars	30-6-2007	For the financial year ended as on March 31,				
	3 months	2007	2006	2005	2004	2003
Debtors Less than Six Month (Considered Good)	647.05	626.24	448.88	75.11	73.68	73.78
Debtors More than Six Month (Considered Good)	16.88	17.75	18.04	69.13	0.00	0.00
Debtors More than Six Month (Considered Doubtful)	0.00	0.00	0.00	0.00	0.00	0.00
Total	663.93	643.99	466.92	144.24	73.68	73.78

None of the Debtors are receivable from Promoters, Promoters' Group and Subsidiaries.

We have certified this on the basis of information and explanation given to us and the relevant record produced before us.

STATEMENT OF LOANS & ADVANCES**Annexure XI****Rs in lacs**

Particulars	30-6-2007	For the financial year ended as on March 31,				
	3 months	2007	2006	2005	2004	2003
Advance-Material Expenses	99.58	87.56	22.00	0.18	0.96	0.15
Taxes & Education Cess	1.23	1.63	1.47	6.36	0.00	0.00
Deposits for Branch Offices and Sales & Services Centre	117.78	107.49	89.52	16.42	6.48	7.26
Deposits for Others	80.93	78.29	16.91	19.97	24.81	1.48
Total	299.52	274.97	129.90	42.93	32.25	8.89

TAX SHELTER STATEMENT

ANNEXURE XII

Rs in lacs

Particulars	30-6-2007	For the financial year ended as on March 31,				
	3 months	2007	2006	2005	2004	2003
Profit / (Loss) before tax as per books (A)	44.32	134.86	80.62	32.18	13.70	2.06
Tax Rate	0.00%	33.66%	33.66%	36.59%	35.88%	35.70%
Tax on actual rate on Profits	-	45.39	27.14	11.78	4.91	0.74
Adjustment	-	-	-	-	-	-
Permanent Differences	-	-	-	-	-	-
Export Profits U/s 80HHC	-	-	-	-	-	-
Profit Exemption U/s 80IA/80IB	-	-	-	-	-	-
Exemption U/s 35/35(2AB)	-	-	-	-	-	-
Other Adjustments	-	-	-	-	-	-
Total Permanent Differences (B)	-	-	(3.45)	2.49	1.09	0.99
Timing Differences	-	-	-	-	-	-
Difference between tax depreciation and Book depreciation	-	-	-	-	-	-
Provision of Leave Encashment	-	-	-	-	-	-
Provision for Doubtful debts	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total Timing Differences (C)	0	0	(3.45)	2.49	1.09	-
Net Adjustments (B+C)	0	0	(3.45)	2.49	1.09	-
Tax Saving thereon	0	0	(1.16)	0.91	0.39	-
Profit / (Loss) as per Income tax (D)	44.32	89.47	84.07	29.69	12.61	2.06
D = (A-B-C)	-	-	-	-	-	-
Taxable income as per MAT Tax as per Return	-	-	-	-	-	-

STATEMENT OF DIVIDEND PAYMENT

Annexure XIII

Rs in lacs

Particulars	30-6-2007	For the financial year ended as on March 31,				
	3 months	2007	2006	2005	2004	2003
Appropriations	-	-	-	-	-	-
1. Interim Dividend	-	-	-	-	-	-
3. Proposed Dividend	0.00	0.00	11.56	3.75	2.50	0.76
4. Tax on Dividend	0.00	0.00	1.48	0.49	0.31	0.10
5. Balance left in P & L A/c	193.68	149.36	59.89	23.02	5.94	0.43
Total	193.68	149.36	72.93	27.26	8.75	1.29

CAPITALISATION STATEMENT**ANNEXURE XIV**

Rs in lacs

Particulars	Pre-issue as at 30-6-2007
Borrowings	
Secured Borrowings	
Short Term Debt	517.39
Long-term debt	-
Total Secured Borrowings	517.39
Unsecured Borrowings	70.42
Total Debts	587.81
Share Holders Funds	
Share Capital	1,169.95
Reserves	211.58
Total Share Holders Funds	1,381.53
Total Debt/ Equity	0.43
Long Term Debt/ Equity	-

STATEMENT OF SECURED LOANS**Annexure XV**

Rs in lacs

Particulars	30-6-2007	For the financial year ended as on March 31,				
	3 months	2007	2006	2005	2004	2003
Car Loan (Hypothicated against Motor Cars)	10.47	11.97	17.97	18.52	1.11	0.00
Cash Credit from Central Bank	0.00	0.00	0.00	97.68	0.00	0.00
Cash Credit from U.T.I. Bank	0.00	0.00	280.46	0.00	0.00	0.00
Cash Credit from Andhra Bank	358.11	302.38	0.00	0.00	0.00	0.00
Letter of Credit (Hypothicated to Stock & Book Debts)	148.81	103.88	72.16	0.00	0.00	0.00
Total	517.39	418.23	370.59	116.20	1.11	0.00

CONTINGENT LIABILITY

Annexure XVI

Rs in lacs

Particulars	30-6-2007	For the financial year ended as on March 31,				
	3 months	2007	2006	2005	2004	2003
(A) Matter Under Dispute: -						
Sales tax	0.00	0.00	0.00	0.00	0.00	0.00
Excise Duty	0.00	0.00	0.00	0.00	0.00	0.00
Entry Tax	0.00	0.00	0.00	0.00	0.00	0.00
(B) Bank Guarantee	0.00	0.00	0.00	0.00	0.00	0.00
(C) Letter of Credit	0.00	0.00	0.00	0.00	0.00	0.00
(D) Bill Discounting	0.00	0.00	0.00	0.00	0.00	0.00
(E) On account of Export Obligation	0.00	0.00	0.00	0.00	0.00	0.00
(F) Custom duty liability on Import of Raw Materials	0.00	0.00	0.00	0.00	0.00	0.00
(G) Unexecuted contract (net of advances)	0.00	0.00	0.00	0.00	0.00	0.00
(H) Proposed Capital Issue Expenses (Net of Advance paid)	0.00	0.00	0.00	0.00	0.00	0.00

STATEMENT OF RELATED PARTIES TRANSACTION**Annexure-XVII**

As required by Accounting Standard AS-18 "Related Parties Disclosure" issued by The Institute of Chartered Accountants of India, the following are treated as Related Parties the details of which are as under:

List of Related Parties with whom transactions have taken place:

Name of the related Parties	Relationship
Hirji Kanji Patel	Key Management Personnel
Laptop Life	Associate Concern

(Rs. in lac)

Name of the Beneficiary of the transaction	Relationship with the company	30-6-2007	For the financial year ended as on March, 31				
		3 Months	2007	2006	2005	2004	2003
Purchase	Associate Concern.	-	-	-	0.45	39.02	59.79
Sales	Associate Concern.	-	-	-	1.79	42.15	2.12
Loan Taken	Key Management Personnel	-	-	246.58	355.98	113.31	80.40
Loans Paid	Key Management Personnel	-	-	279.90	2,975.93	63.14	-
Consultancy	Key Management Personnel	-	2.50	18.00	18.00	6.00	-
Remuneration	Key Management Personnel	7.20	16.80	6.00	6.00	14.00	4.80
Sundry Debtors	Associate Concern.	-	-	-	-	-	2.12
Sundry Creditors	Associate Concern.	-	-	-	-	-	2.39
TOTAL		7.20	19.30	550.48	3,358.15	277.62	151.62

In addition to the above details the following parties were also shown as Related Parties as per the details shown in the Annual Report

Dimension Technology		100% Subsidiary Concern	
Total Computer Cover		100% Subsidiary Concern	

Name of the Beneficiary of the transaction	Relationship with	30-6-2007	For the financial year ended as on March, 31				
		3 Months	2007	2006	2005	2004	2003
Purchase	Subsidiary Concern	-	-	-	6.48	0.04	3.57
Sales	Subsidiary Concern	-	-	-	35.86	3.36	6.54
Sundry Debtors	Subsidiary Concern	-	-	-	-	-	0.79

However as per the Certificate obtained from Auditors and the management it is stated that the above shown concerns are not separate entities but they are only Divisions of the company identified with separate names for Administrative control purpose. Hence they should not be considered as Related Parties

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

Investors should read the following discussion of the financial condition and result of operation together with the audited financial statement of the Company, for the Financial Year ended March 31, 2007, 2006, 2005, 2004 and 2003 including the notes thereto and the report thereon, which appear in the section titled Financial Information of the Company beginning on the page no. 74 of this Prospectus.

The financial statements have been prepared in accordance with the Indian GAAP, the Companies Act, and the SEBI Guidelines and restated as described in the report of our statutory auditor M/s. G.C.Patel & Co., Chartered Accountants dated 14-08-2007.

I. Overview

The Company was established to manufacture Laptops computers and to market the ACi brand in India and abroad. Today the Company serves as a national hub for supply of ACi branded and OEM laptop computers, repairs service for all brands of laptop computers and its parts including motherboards, TFT screens, inverter cards, optical drives and keyboards. ACi plans to extend this globally continuing its services from India.

The company is ISO 9001:2000 compliant for quality management. It provides service solution for all brands of laptops.

ACi has won "Best Notebook Award of the Year 2002" for model ACi Emerald from Digit Magazine in December 2002. In March 2003, model ACi Emerald Pro was the Best notebook for year 2003 with grade A- by Digit Magazine. In March 2004, Digit awarded "Best Performance" award to ACi Ultima model and "Best Value" award to ACi Emerald Pro model. In October 2006, Digit Magazine awarded ACi Ethos Duo 1430 model a "Best Buy" award. In November 2006, Computer Active Magazine awarded ACi Ethos Duo the "Best on Test" award. In December 2006, Chip Magazine awarded ACi Matrix 1500 model the "Best Product of the Year" award.

ACi is currently undertaking services and maintenance contracts of all brands of laptops computers under PC Protect Plan. Under this plan, laptops are covered for all types of failures, malfunction and breakage irrelevant of its cause. Water damage and theft is also covered by this plan. All claims under PC Protect Plan are covered by United India Insurance Company and Oriental Insurance company to whom ACi pays a fixed rate premium per equipment insured.

The quality consciousness and strong customer base built up over a period of time has enabled the company to record good growth over last two years.

II. Key factors influencing results of operations

The key factors influencing the company results of operations, profitability and cash flow are listed below:

- **Indian economic growth:** The Company's operations are primarily based in India and we derive substantial portion of our revenue from the Indian market particularly from Software, BPO and Call center, Corporate, Insurance, Banking, Services, Education sector, SME and Professionals. The over all growth prospects drive in economy and industry which in turn will improve our business prospects.
- **Verticals:** The Company's operations also based upon the business Improvements in various segments viz., IT, BPO, Banking and Insurance, Education, Services SME, and Retail segments. With this there is need of laptops computers for data processing, presentation, office and administration activities.
- **Capital expenditure on IT infrastructure by Indian corporate:** The Company's income from supply of laptops computer is largely dependent on corporate, bank, insurance and IT Sector requirements to create, modernize and upgrade their IT network. As such any slowdown in corporate capital expenditure on IT infrastructure may restrict our future growth and profit margins.
- **Duties & Taxes:** Since the imports are subjected to customs Duty and CV Duty - the government policies in this regard influence the landed costs of imports. The implications on account of value added Tax, excise duty and Service Tax aspects may influence the pricing patterns and the ultimate realization.

III. Comparison of Fiscal 2006-07 with Fiscal 2005-06**1) TOTAL INCOME**

The turnover has been increased to Rs. 3813.28 lacs in 2006-07 from Rs. 2639.39 lacs in 2005-06. The growth rate recorded is 44.48% in year 2006-07. As management has continued the focus on the entry level computers and introduced higher end "Matrix" model in higher end segment suitable for software programmer, fashion designers and architect. During the year company has also increased the dealers and stockiest in Pune, Delhi and Mumbai. The number of laptops of various models sold during 2006-07 increased to 7152 from 5583 laptops sold during 2005-06

It has also improved the existing model and increased the penetration in existing areas. It has also supplied to chain of stores exclusive for electronic and home appliance such as RPG Cellcom in Mumbai. Further to this, company also increased the service revenue by increase the client base for PC Protect Plan which provides comprehensive coverage for maintenance, parts and services of all branded laptops. The service revenue has increased from Rs.81.75 lacs in year 2005-06 to Rs. 147.51 lacs in year 2006-07.

2) RAW MATERIAL & GOODS CONSUMED

The Material cost has increased from Rs. 2302.09 lacs (87.22% of the turnover) to Rs. 3313.62 lacs (86.90% of the Turnover) in 2006-07. This increase is marginal when compared with 2005-06 as percentage of turnover and the general escalatory trends. The over all spent has gone up by 43.94 % due to increase in turnover.

3) STAFF COST

The staff cost has been marginally decreased to 2.26 % of turnover in 2006-07 when compared with 2.97% of turnover for the year 2005-06. However- due to increase in volumes the over all amount has gone up marginally by 10.06% (From Rs.78.13 lacs in 2005-06 to Rs. 85.99 lacs in 2006-07). Staff cost has been increased due to increase in regular increments and incentives to staff members.

4) ADMINISTRATIVE AND SELLING EXPENSES

In comparison to the fiscal year 2005-06, the expenses under this head increased from Rs. 111.90 Lacs to Rs. 132.24 Lacs (increased by 18.18 %). Selling expenses has increased from Rs. 41.98 lacs to Rs. 59.46 lacs. Selling expenses includes commission and Advertisement which has increased by Rs. 20.27 lacs. This has increased due to increased in business activity and network. However- the over all percentage to turnover has seen a down trend (From 4.24% for the year 2005-06 to 3.47% for the year 2006-07).

5) FINANCE EXPENSES

During the period, the company's financial expenses increased from Rs. 40.93 lacs to Rs. 85.94 lacs due to increase of Bank interest & charges apart from increase in bank facility. Due to regrouping of Bank processing charges Rs. 16.27 lacs under this the overall financial expenses has increased. During the year the company undertook increase in working capital limits by Rs. 47.64 lacs and the average monthly utilization of the Working capital facilities has gone up by almost 100%.

6) EBITDA

Earning Before Interest, Tax, Depreciation and Amortisation (EBITDA) for the year 2006-07 has increased to Rs. 281.43 lacs as compared with Rs. 147.27 lacs during the year 2005-06. As percentage of sales it has increased from 5.58 % to 7.38%. However- in absolute terms the same has gone up by 91.10%. The profit has increased due to increased in turnover and control in Administrative and selling expenses.

7) DEPRECIATION

Depreciation increased by Rs. 30.98 lacs ie from Rs. 24.14 lacs in 2005-06 to Rs. 55.12 lacs in 2006-07. The higher depreciation was due to increased Capital expenditure in the Assembly, office equipment, furniture & renovation and Services center to the tune of Rs. 312.04 lacs.

8) INCOME TAX

The provision for tax for the financial year 2006-07 to Rs 45.39 lacs as compared to 30.71 lacs for the financial year 2005-06.

9) PAT

PAT for the period increased by 79.26% in 2006-07 to Rs. 89.47 lacs from Rs. 49.91 lacs in 2005-06. PAT has improved due to overall increased in turnover, introduce the value added products and services and control on Admn. Overhead.

10) **Dividend paid.**

Considering the company expansion plan, management has not declared any dividend and retained profit. However Management has declared the dividend on existing equity shares @ 7.50 % and distributed Rs. 11.56 lacs during the year 2005-06 on equity of Rs. 400 lacs.

11) **Net Worth and Equity Shares**

As ongoing business plan, during the year capital has increased by Rs. 687.85 lacs including share premium Rs. 17.90 lacs. The net worth has been increased from Rs. 554.77 lacs in year 2005-06 to Rs. 1307.98 lacs in year 2006-07 due to increase in equity shares, share premium and profit.

IV. **Comparison of Fiscal 2005-06 with Fiscal 2004-05**

1) **TOTAL INCOME**

The turnover has been increased to Rs. 2639.39 lacs in 2005-06 from Rs. 1680.39 lacs in 2004-05. The growth rate recorded is 57.07%. As growth strategy, management has further reduced the price tag of entry level laptop to Rs. 19,999 \- suitable for students, insurance agent and small business man. Management has introduced Balasima and Securitizer products in high end and upper segment market where margin is high. The number of laptops of various models sold during 2005-06 increased to 5583 from 4840 laptops sold during 2004-05

It has also further improved the existing model and pushed in existing marketing set up. It has expanded its marketing network at Pune, Bangalore, Delhi, Calcutta and Surat. The company has pushed PPP (PC Protect Plan) whereby it provides comprehensive coverage for maintenance, parts and services of all branded laptops.

2) **RAW MATERIAL & GOODS CONSUMED**

The Material cost has increased from Rs.1428.23 lacs (85.03% of the turnover) to Rs. 2302.09 lacs (87.22% of the Turnover) in 2005-06. This increase is attributable to the strengthening of USD rate in the year 2005-06 when compared with 2004-05 and the general escalatory trends. The over all spent has gone up by 61.12%.

3) **STAFF COST**

The staff cost has been marginally decreased to 2.97 % of turnover in 2005-06 when compared with 4.27% of turnover for the year 2004-05. However- due to increase in volumes the over all amount has gone up marginally by 8.98% (From that of Rs.71.69 lacs in 2004-05 to Rs.78.13 lacs in 2005-06).

4) **ADMINISTRATIVE AND SELLING EXPENSES**

In comparison to the fiscal year 2004-05, the expenses under this head decreased from Rs. 112.27 Lacs to Rs. 111.90 Lacs (marginal decrease by 0.33%). This remains at almost same level as company has increased business activity with existing developed administrative infrastructure. However- the over all percentage to turnover has seen a down trend (From 6.68% for the year 2004-05 to 4.24% for the year 2005-06).

5) **FINANCE EXPENSES**

During the period, the company's financial expenses increased from Rs. 19.15 lacs to Rs. 40.93 lacs due to increase of Bank interest & charges from Rs. 2.06 Lacs to Rs. 15.79 Lacs. Due to regrouping of Bank processing charges under this the overall financial expenses has increased. The Bank charges are increased from Rs. 4.51 Lacs to Rs. 10.55 Lacs. During the year the company undertook increase in working capital limits and the average monthly utilization of the Working capital facilities has gone up by almost 100%.

6) **EBITDA**

Earning Before Interest, Tax, Depreciation and Amortisation (EBITDA) for the year 2005-06 has increased to Rs. 147.27 lacs as compared with Rs. 67.62 lacs during the year 2004-05. As percentage of sales it has marginally increased from 4.02 % to 5.58 %. However- in absolute terms the same has gone up by 117.79% The profit has increased due to increased in turnover and control in Administrative and selling expenses.

7) **DEPRECIATION**

Depreciation increased by Rs. 8.26 lacs ie from Rs. 15.88 lacs in 2004-05 to Rs. 24.14 lacs in 2005-06. The higher depreciation was due to increased Capital expenditure in the Assembly, office equipment, furniture & renovation and Services center to the tune of Rs. 163 lacs.

8) **INCOME TAX**

The provision for tax for the financial year 2005-06 increased to Rs 30.71 lacs from Rs 10.86 lacs for the financial year 2004-05. The increase was on account of taxing the company's profits at regular rates.

9) PAT

PAT for the period increased by 134.10% in 2005-06 to Rs.49.91 lacs from Rs. 21.31 lacs in 2004-05. PAT has improved due to overall increased in turnover, introduce the value added products and services and control on Admn. Overhead.

10) DIVIDEND PAID.

Management has declared the dividend on existing equity shares @ 7.50 % and distributed Rs. 11.56 lacs on equity capital of Rs. 400 lacs on pro-rata basis for the year 2005-06 as compared to 5 % during the year 2004-05 on equity of Rs. 50 lacs.

11) NET WORTH AND EQUITY SHARES

As ongoing business plan, promoters has introduced fresh equity shares Rs. 350 lacs at par. The net worth has been increased from Rs. 252.50 lacs in year 2004-05 to Rs. 554.77 lacs in year 2005-06 due to increase in equity shares and profit.

V. Comparison of Fiscal 2004-05 with Fiscal 2003-04**1) TOTAL INCOME**

The total income has been increased to Rs. 1680.39 lacs in 2004-05 from Rs. 750.56 lacs in 2003-04. The growth rate recorded is 123.88%. The sales are increased from Rs. 743.97 Lacs to 1656.56 Lacs. This increase can be attributed to increase in number of laptops of various models sold (from 1304 to 4840), revenue from Service activity increased from Rs. 4.74 Lacs to Rs. 21.28 Lacs (growth rate 348.95%) and other income is increased from Rs. 1.84 Lacs to Rs. 2.56 Lacs. The number of laptops of various models sold during 2004-05 increased to 4840 from 1304 laptops sold during 2003-04

The company has introduced the entry level laptops in Indian Market with the price of Rs. 30,000/- alongwith other Model C2 and Ethos. The company has also increased the dealer network. The company has developed marketing team to cater corporate, insurance and banking sector. With the management focus in education, insurance and professionals where they are price conscious and expect better quality, this has increased the turnover by 123.88 % as compared to last year.

2) RAW MATERIAL & GOODS CONSUMED

The Material cost increased from Rs.582 lacs (77.63% of the Turnover) to Rs. 1428 lacs (85.03% of the Turnover). This increase is attributable to the strengthening of USD rate in the year 2004-05 when compared with 2003-04 and the general escalatory trends. The over all spent has gone up by 145.23%.

3) STAFF COST

The staff cost has been increased from Rs.30.80 lacs (9.63% of turnover) in 2003-04 to Rs.71.69 lacs (4.27% of turnover) in 2004-05. Even though the staff cost has gone up in absolute terms it was reduced in terms of overall cost to the sales. As the company continued to expand, we increased our recruitment of personnel – hardware and software engineers, Marketing & Administration staff at various locations across the country to cater the service branches.

4) ADMINISTRATIVE AND SELLING EXPENSES

In comparison to the fiscal year 2003-04, the expenses under this head marginally decreased from Rs. 115.16 Lacs (15.34% of turnover) to Rs. 112.27 Lacs (6.68% of turnover). It is decreased by 2.51% compared to the previous year. The overall decrease is attributable to the stabilization of various expenses and setting off of increase in one head with increase in another head. This remains at same level as company has increased business activity with existing developed administrative infrastructure.

5) FINANCE EXPENSES

During the period, the company's financial expenses increased from Rs. 2.32 lacs to Rs. 19.15 lacs due to increase of Bank interest & charges from Rs. 2.06 Lacs to Rs. 15.79 Lacs and interest on loan on vehicles from Rs. 0.26 Lacs to Rs. 3.36 Lacs. The Financial Expenses to turnover ratio has increased to 1.15% during 2004-05 from 0.31% for the year 2003-04. This has largely incurred for increased working capital utilization from bank.

6) EBITDA

Earning Before Interest, Tax, Depreciation and Amortisation (EBITDA) for the year 2004-05 has increased to Rs. 67.62 lacs as compared with Rs.21.96 lacs during the year 2003-04. As percentage of sales it has marginally increased from 2.93 % to 4.02 %. However- in absolute terms the same has gone up by 207.92%. Our profit has increased due to increased in turnover and control in Administrative and selling expenses.

7) DEPRECIATION

Depreciation has been increased from Rs.5.53 lacs in 2003-04 to Rs. 15.88 lacs in 2004-05. The higher depreciation was due to increased Capital expenditure (to the tune of Rs. 78 lacs) in the Assembly and Services center and vehicles.

8) INCOME TAX

The provision for tax for the Financial year 2004-05 increased to Rs 10.86 lacs from Rs 5.38 lacs for the Financial year 2003-04. The increase was on account of taxing the company's profits at regular rates.

9) PAT

PAT for the period increased by 156.25% in 2004-05 to Rs.21.32 lacs from Rs. 8.32 lacs in 2003-04. PAT has improved due to overall increased in turnover and control on Administration Overhead.

10) DIVIDEND PAID.

Management has declared the dividend on existing equity shares @ 7.50 % and distributed Rs. 3.75 lacs on equity capital of Rs. 50 lacs for the year 2004-05 as compared to 5 % during the year 2003-04. Company has retained 82.41 % of distributable profit and plough back to increase the reserves.

VI. Comparison of Fiscal 2003-04 with Fiscal 2002-03

1) TOTAL INCOME

The operations of the company recorded a growth rate of 77.28 % when compared to year 2002-03. The Turnover has been increased from Rs. 423.38 lacs in year 2003 to Rs. 750.56 lacs. This increase can be attributed to increase in number of laptops of various models sold (from 783 to 1304) and revenue from Service activity newly started during the year. The sales revenue is increased from Rs. 422.71 Lacs to 743.97 Lacs (76%) and service income from Rs. 0.67 Lacs to Rs. 6.59 Lacs (983.58%).

During the year 2003-04 – the company has increased turnover due to increased marketing network and also introduction of laptops suitable in education sector. However the company has commenced operation in May, 2002 hence turnover achieved during 2002-2003 is for 11 months.

2) RAW MATERIAL & GOODS CONSUMED

The raw material cost to the total sales witnessed a down trend on account of increased margins in the sales and also increased focus at newer model of laptops in high end. The Raw material costs to turnover ratio have come down to 77.26 % during 2003-04 compared to 81.77 %.for the year 2002-03. The absolute increase is 68.29 % (i.e., from Rs.343.21 lacs for the year 2002-03 to Rs.574.79 lacs for the year 2003-04)

3) STAFF COST

The Company's staff cost for the period 2003-04 has been increased to Rs. 30.80 lacs from Rs. 16.11 lacs during 2002-03. The increase can be attributed to increase in number of employees commensurate with the growth of the company and their salaries comparable with the industry standards and incidental cost. The percentage of staff cost to total turnover increased from 3.80 % in 2002-03 to 4.10 % in 2003-04.

4) ADMINISTRATIVE AND SELLING EXPENSES

The administrative and selling expenses has gone up from Rs. 56.08 Lacs to Rs. 115.16 Lacs which is primarily attributed to increased spending on Advertisement (increased from Rs. 6.81 Lacs to Rs. 16.35 Lacs), Traveling expenses (increased from Rs. 4.29 Lacs to Rs. 14.58 Lacs), remuneration to directors (increased from Rs. 4.8 Lacs to Rs. 14.8 Lacs), Consultancy charges (increased from NIL to Rs. 6.00 Lacs). Apart from this other expenditure related to increase in the layout and infrastructure costs for expansion of branch and sales network in Gandhinagar, Pune, New Delhi & Bangalore.

5) FINANCE EXPENSE

During the period, the company's financial expenses increased from Rs. 0.77 lacs to Rs. 2.32 lacs due to increase of Bank interest & charges from Rs. 0.77 Lacs to Rs. 2.06 Lacs and interest loan on vehicles from NIL to Rs. 0.26 Lacs. The Financial Expenses to turnover ratio has increased to 0.31 % during 2003-04 from 0.18 % for the year 2002-03. This has largely incurred for banking and LC charges.

6) EBITDA

Earning Before Interest, Tax, Depreciation and Amortisation (EBITDA) for the fiscal year 2003-04 was Rs 21.96 Lacs, from Rs. 4.98 lacs which increased by 340.96 % in comparison to the previous year. The EBITDA margin improved during this period due to overall improvement in turnover and reduction in the Costs.

7) DEPRECIATION

Depreciation for the fiscal year 2003-04 was Rs 5.53 Lacs, from Rs. 1.74 lacs which increased by 217.82% in comparison to the previous year. During the year 2003-04 the Depreciation has increased due to purchase of Equipments and Furniture at office and service center.

8) INCOME TAX

The provision for tax for the Financial year 2003-04 increased to Rs 5.38 lacs from Rs 0.77 lacs for the Financial year 2002-03. The increase was on account of taxing the company's profits at regular rates.

9) PAT

PAT for the period increased to Rs.8.32 lacs in 2003-04 from Rs 1.29 lacs for the year 2002-03. The company has improved distributable profit due to improve in overall turnover and better margin in high end products

10) DIVIDEND PAYOUT

The Management has declared the dividend on existing equity shares @ 5 % and distributed Rs. 2.50 lacs on equity capital of Rs. 50 lacs. The Company has retained 70 % of distributable profit and plough back to increase the reserves.

Unusual or infrequent events or transactions

There are no unusual or infrequent events or transactions that has significantly affected the business of the Company

Significant economic changes that materially affected or are likely to affect income from continuing operations

To focus at overseas operations in export of laptops and providing laptop services and repairs of hardware parts, the company has established an Export Oriented Undertaking under the ambit of STPI in Gandhinagar, Gujarat. In the context of the same, the company will enjoy the 100% exemption of Export profits from the Corporate Tax purview till March 2009

The Government policy on Computerization and online information of service such as banking, tax, insurance, finance and airlines will have positive impact on the future income levels of the company.

Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations

There are no known trends or uncertainties that have or are expected to have an adverse impact on sales except for national calamities like war, terrorist attacks etc.

Future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known Since majority of the Hardware components are to be imported, the Foreign Exchange Fluctuations might influence the procurement costs. However, as the procurement lead time is normally less than three months, there is enough space for taking the precautionary measures. The Labour cost is sensitive from sales and marketing point of view. Similarly, business promotion costs will also influence the revenues. This necessitates extra selling and distribution costs in the form of incentives given to the marketing workforce.

The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices

The company is engaged in assembly and marketing of laptops. As on going business plan, company has introduced entry level laptop at Price tag Rs. 30,000/- in year 2004-05. The same model has been further reduced with modification in line with technology development with price tag Rs. 19,999/- in year 2005-06. This has increased the brand awareness through media and press. This entry level laptops products has contributed sales to the extent of Rs. 1535 lacs during 2005-06.

The firm has introduced PPP (PC Protect Plan) to provide comprehensive coverage of parts, screens and motherboard. The company offers these services to all branded laptops. This has contributed sales to the extent of Rs. 65 lacs during 2005-06.

Status of any publicly announced new products or business segment

There is no such publicly announced for any new products or any business segment.

The extent to which business is seasonal

The business of the company is not of a seasonal nature.

Any significant dependence on a single or few suppliers or customers

The company has exclusive tie-ups neither for procurements nor for supplies. The customer relation that the company established over a period of years enables the team to assess the requirements and plan the procurements. Similarly compliance to the Service Level Agreements and Feed back mechanism that the company adopts, enables excellent Customer relations on a continuous basis.

Competitive conditions

The company is constantly observing the market for potential competitors based on the analysis of the company; it does not face any serious threat from competition as of now.

SIGNIFICANT DEVELOPMENTS AFTER 30th JUNE 2007 THAT MAY AFFECT OUR FUTURE RESULTS OF OPERATIONS

Except as stated in this Prospectus, to our knowledge no circumstances have arisen since the date of the last financial statements as disclosed in this Prospectus which materially and adversely affects or is likely to affect, the operations or profitability of our Company, or the value of our assets or our ability to pay our material liabilities within the next twelve months.

On 11-08-2007 we have issued 23,00,000 Equity Shares at a price of Rs. 12 per Equity Share, to promoter. Except the above there is no subsequent development after 31st March 2007 which we believe is expected to have a material impact on the reserves, profits, earnings per share and book value of our Company.

SECTION VI

LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as described below, there are no outstanding litigation, suits or criminal or civil prosecutions, proceedings or tax liabilities against our Company, our Directors, our Promoters, that would have a material adverse effect on our business and there are no defaults, nonpayment or overdue of statutory dues, institutional/bank dues and dues payable to holders of any debentures, bonds and fixed deposits that would have a material adverse effect on our business other than unclaimed liabilities against our Company or Directors or Promoters or Promoter group companies or companies in which we hold a substantial number of equity shares.

I. CASES FILED AGAINST OUR COMPANY

A. CIVIL CASE

Allied Computer Industries (India) Pvt. Ltd. Initiated a case (1878 of 2002, dated 6-8-2002) filed before the Bombay High Court , Mumbai praying to restrain the company from using the word "Allied Computer" and "ACI" as a part of name of our company as this is similar to their existing company name and style.

The company replied that Mr. Hirji Kanji Patel has registered trade mark "ACi" under registered Trade Mark Act, 1999 vide Trade Mark No. 1102041 dated 3-5-2002. Mr. Hirji Kanji Patel has incorporated this company with Registrar of companies, Mumbai as "Allied Computer International Asia Pvt. Ltd." In May, 2002. Further to this it was mentioned that prefix "Allied" and "Allied Computer" are common prefix.

The suit is pending for final hearing and disposal without any order. If the suit goes against our company, the company has to pay to plaintiff compensation for damages causes for loss of business up to Rs. 25.00 lacs.

B. CONSUMER CASE

a) Deepak Behal and R. P. Sharma filed a case (99of 2004, dated 5-3-2004) at Consumer Court , Jaipur alleging for supplying laptop computer with faulty configuration and parts as compared to order placed. The company filed an appeal against the order of consumer forum. If the case goes against our company, we have to pay compensation amount of Rs.1,19,000/-. The appeal is pending for hearing and disposal.

b) Deepak Somani has served a legal notice on 3-5-2006 and filed a complaint (597 /2006, dated 19-8-2006) before District Forum for Consumer Protection, Jodhpur, Rajasthan alleging supply of laptop computer with faulty configuration. He has claimed replacement of laptop or compensation of Rs. 40,400/-. The Company has replaced the machine with a new laptop on 30-9-2006.

A Joint Memorandum is yet to be filed before the court to obtain the order.

c) Chandreshkumar M. Zurani has filed a complaint (162/2005) before District Forum for Consumer Protection, Indore, M.P. alleging supply of faulty laptop of Rs. 57,189/-. Hon'ble forum has passed ex-parte order dated 9-3-2006 in favour of the complainant. The said product was sold through our dealer M/s. Cyber Care, Indore and the Company has not been informed about the details of the said case. On order being served, the Company has preferred an appeal against the said order on 2-4-2007. The Company has also replaced the machine with a new machine on 20-08-2007.

A Joint Memorandum is yet to be filed before the court to obtain the order.

II. CASES FILED BY OUR COMPANY

A. CIVIL CASES

The company filed a suit (C No. 67 of 2006, dated 7-11-2005) before Consumer Court at Bandra, Mumbai against Tata Teleservices (Maharashtra) Ltd., Mumbai for recovery of compensation and damage to the tune of Rs. 12 lacs for business loss suffered due to TTML deficiency of service and consequential loss.

If the company is not able to prove the case TTML may initiate legal action against the company

B. OUTSTANDING DUES TO SMALL SCALE UNDERTAKINGS

There are no outstanding litigations involving our Company in respect of small scale undertaking or any other creditors to whom we owed a sum of Rs. 100,000 or above for a period more than 30 days from the due date.

C. LITIGATION AGAINST OUR DIRECTORS

Our directors have no outstanding litigation towards tax liabilities, criminal/civil prosecution for any offences (irrespective of whether they are stated under paragraph (i) of part 1 of schedule XIII of the Companies Act), disputes, defaults, on payment of statutory dues, in their individual capacity or in connection with our Company with which the Directors are associated.

D. LITIGATION AGAINST OUR GROUP COMPANIES/ ASSOCIATES

The Company does not have any group/ Associate companies

E. LITIGATION BY/AGAINST OUR PROMOTERS

Litigations against our promoters.

- a. "Mr. Hemanth Shah, Mumbai, filed a case against Mr. Hirji Kanji Patel in the Court of Metropolitan Magistrate, Bandra, Mumbai, under Case No.160/2002 and Case No.161/2002 U/s.138 of Negotiable Instrument Act for two stopped Post Dated Cheques (Rs. 4,00,000/- Rupees Four Lacs each).

The Hon'ble Court of Metropolitan Magistrate 14th Court, Girgaum, Mumbai, while delivering the judgement in the case concluded "*that on the date of issuance of Cheque there was no existing liability of any debt or in other way full and final liability of the transaction of the accused with the complainant was not finally determined. Therefore, there was no need for him to issue Cheque in question towards discharging of liability. In the result my answer to the point raised goes in favour of the accused and to that effect the culpability of the accused for the offence under Section 138 Negotiable Instruments Act thus not attracted by the evidence led on record*".

Mr Hemant Shah has filed appeal against the above order before the Hon'ble High Court where the appeal is pending , however appeal memo/summons are yet to be received by Mr Hirji Kanji Patel

- b) Mr Hirji Kanji Patel who was earlier Director, was holding 30,000 equity shares (constituting 50 % of total equity) of Allied Computers industries (India) Private Limited and also provided unsecured loan of Rs. 45.88 lacs to the said company, besides, personal Guarantee to the Bank of India for business loan availed by the Company. He has communicated to the Bank for withdrawal of his personal guarantee on 30-8-2002. He has also submitted resignation from Directorship on 15-09-2003 and has disposed off his entire share holding to the existing shareholders without any consideration.

He was a party in the suit filed by Bank of India, Walkeshwar Branch in the case No O.A No.64/2004 before Debts Recovery Tribunal ,II Mumbai for recovery of Rs 26,35,352.35 with interest @15% p.a. The case pertained to the dispute arose during September, 2002 with the Bank and it was dismissed by the Tribunal vide order dated 28/06/2006 in favor of the Company, with the following order:

"The Original Application is disallowed with no order as to costs. It is clarified that the Bank may sale the pledged goods and retain the proceeds thereof."

The Bank has preferred an appeal against the Order before the Debt Recovery Appellate Tribunal and the Summons are yet to be received by Mr. Hirji Kanji Patel. (for more information refer details provided under title "Dis-association of promoters in other ventures in the last Five years" at page no. 71)

- c) M/s. PCS Technologies Limited has filed a complaint against our Company and Director Mr. Hirji Kanji Patel in Case No. 2359/SS/2005 and 2358/SS/2005 before Metropolitan Magistrate, 44th Court, Andheri, Mumbai u/s 138 of the Negotiable Instruments Act, 1988 for recovery of Rs 5,02,454/- & Rs. 5,00,000/- respectively. The Company has received summons dated 4th October, 2006 for appearing on 26th December, 2006. The case is coming for hearing on 22-10-2007

Out of the Rs. 10,02,454/- , the Company paid Rs. 4,02,454/- and has issued 3 cheques of Rs. 2,00,000/- each (Total Rs. 6,00,000/-) drawn on Andhra Bank, Mulund Br., Mumbai dated 23-04-2007 and realized by M/s. PCS Technologies Limited on 05-09-2007. Besides the Company paid Rs. 3,87,000/- on 05-09-2007 towards full and final payment.

M/s. PCS Technologies Limited has withdrawn their complaint lodged with SEBI vide their letter dated 06-09-2007 addressed to them

A Joint Memorandum is yet to be filed before the court to obtain the order.

- d. Mr. Gautam Ghosh has filed a complaint against the Company and Directors in case No. 487 of 2006 dated 28-1-2006 before the Court of Additional Chief Metropolitan Magistrate, Karkardooma Court, New Delhi u/s 138 and 142 of the Negotiable Instruments Act, 1988 for recovery of Rs 1,97,986/-.

The Company has made payment vide cheque no. 402923 dated 2-8-2007 for Rs. 1,97,986/- drawn on Indusind Bank, Lokhandwala Br., Mumbai.

A Joint Memorandum is yet to be filed before the court to obtain the order.

Litigations by our promoters

Our Promoter Mr. Hirji Kanji Patel filed a complaint before Bar Council Maharastra and Goa against Mr. Aswin Kumar & Mrs. Bharathi Beda, partners of M/s. S Ashiwini Kumar & Co, for mis-behaviour acting contradictory to the instructions and documents provided by Mr. Hirji Kanji Patel.

The case is pending before Bar Council Maharastra and Goa

F. LITIGATION AGAINST OUR KEY MANAGEMENT PERSONNEL

There are no litigations against any of our Key management Personnel.

Except as stated above there are no pending cases/litigations against the company, promoter, directors, key managerial personnel and no penalties were imposed on the company, promoter, directors by any statutory authorities

There are no material developments after the last balance sheet date i.e., 30/06/2007

G. The correspondences exchanged in the matter of complaints received against the Company after filing the Draft Prospectus with the SEBI are provided as follows and the said documents are made as part of Material documents for inspection:

S.No	Gist of Complaints and raised by	Gist of Reply for the said Complaints	Our Comments and disclosure
1.	<p>Mr. Hemant H Shah originally filed a complaint against Mr. Hirji Kanji Patel (CC No. 160/2002 & 161/2002) u/s 138 of the Negotiable Instruments Act, 1988 before The Hon'ble Metropolitan Magistrate 14th Court, Girgaum, Mumbai claiming Rs. 4,00,000/- in each case (total Rs. 8,00,000/-).</p> <p>Mr. Hemant H Shah has complained about non-disclosures of information pertaining to appeal filed by him before The Hon'ble High Court, Mumbai. against the Order dated 5th Sept'2006 of Metropolitan Magistrate 14th Court, Girgaum, Mumbai, in C.C.No. 71/SS/2006 & 72/SS/2006 (Old C.C.No. 160/2002 & 161/2002).</p>	<p>Mr. Hirji Kanji Patel was acquitted by the Metropolitan Magistrate 14th Court, Girgaum, Mumbai, vide its order dated 05-09-2006, in the matter of complaint filed by Mr. Hemant H Shah. No case was pending against Mr. Hirji Kanji Patel on the date of filing the draft prospectus on 28th Nov'2006.</p>	<p>The particulars are disclosed as Internal Risk Factor 1 in the Prospectus on page No. 6</p> <p><u>Comments:</u></p> <p>Mr. Hirji Kanji Patel filed a complaint u/s 156 (3) of IPC, before Metropolitan Megistrate 21st Court, Bandra (E), Mumbai against Mr. Hemant H Shah and Mrs. Minal Hemant Shah for referring the case for investigation by the police for offence committed u/s 406, 420 & 114 of Indian Penal Code .</p> <p>Accordingly FIR (03/02) was registered against them with Vakola Police Station, Mumbai on 10-04-2002.</p>
2	<p>Complaint by Mr. Hemant H Shah w.r.t. non-disclosure of the Directorship of Mr. Hirji Kanji Patel in Allied Computers Industries (India) Private Limited</p>	<p>Mr. Hirji Kanji Patel resigned from the post of Directorship on 15/09/2003.</p> <p>As per the SEBI (DIP) Guidelines, 2000, the dis-association of promoters in other ventures for last 3 years need to be disclosed.</p> <p>Since Mr. Hirji Kanji Patel dis-associated with the said Company before 3 years from the date of Draft Prospectus, these details were not disclosed.</p>	<p>The particulars are disclosed as Internal Risk Factor 1 of Prospectus on page No. 6 and also under particular of "Dis-association of promoters in other ventures in the last five years" on page no. 71 of prospectus</p> <p>Note: The details of dis-association of promoters in other ventures in the last five years have been provided as against 3 years and as such the present disclosure</p>
3	<p>Complaint by Mr. Hemant H Shah regarding non-disclosure of Appeal Filed by Bank of India, Walkeshwar Branch before the Debt Recovery Appellate Tribunal for recovery of dues from Allied Computer Industries India Pvt. Ltd where Hirji Kanji Patel has provided his personal guarantee.</p>	<p>A suit was filed by Bank of India, Walkeshwar Branch in the case No O.A No.64/2004 before Debts Recovery Tribunal ,II Mumbai for recovery of Rs 26,35,352.35 with interest @15% p.a.</p> <p>The case was dismissed by the Court vide order dated 28/06/2006.</p> <p>Copy of Appeal /Summons filed by Bank of India has not been served on Mr. Hirji Kanji Patel.</p> <p>Mr Hirji Kanji Patel has resigned on 15/09/2003 as a Director in Allied Computers industries (India) Private Limited and is not associated with the Company.</p>	<p>The particulars are disclosed as Internal Risk Factor 1 of Prospectus on page No. 6 and also on Page No. 95 & 105, under "LITIGATION BY/AGAINST OUR PROMOTERS"</p>

4	Mr. Hemant H Shah has complained about non-disclosure of the case filed by M/s. Allied Computers Industries (India) Pvt. Ltd. against ACI and to restrain the Company from using the word "Allied Computers" and "ACI" as a part of the name of the Company as this is similar to existing Company's name and style and Trade Mark "ACI" used by the Company is not registered in the name of the Company	Mr. Hirji Kanji Patel has registered trade mark "ACI" under registered Trade Mark Act, 1999 vide Trade Mark No. 1102041 dated 3-5-2002. The Company was registered as "Allied Computer International (Asia) Pvt. Ltd." In May, 2002, with the Registrar of Companies, Maharashtra, Mumbai.	The relevant particulars are disclosed as Internal Risk Factor 1 of Prospectus on page No. 6
5	Mr. Hemant H Shah has Complained that the details of bailable warrants issued against Mr. Hirji Kanji Patel and consequent arrest are not disclosed in the offer document	Hon'ble High Court disposed off the petition by an ex parte order. Appearance has been made in the above case.	The relevant particulars are disclosed as Internal Risk Factor 31 in Prospectus on page No. 6
6	Mr. Hemant H Shah has asked for justification of sale consideration of Rs. 500 Lakhs for the office premises and for non-furnishing of valuation report	The details of MOU entered into between the Company and Mr. Hirji Kanji Patel as well as Valuation Report by M/s. Sigma Engineering Consultants, registered valuer are made a part of material documents.	The relevant particulars are disclosed as Internal Risk Factor 30 in Prospectus on page No. 6 and also under heading "Properties" at page No. 59 of prospectus
7	Mr. Hemant H Shah has raised his doubt about declaration of Mr. Hirji Kanji Patel as insolvent as per the laws of UK and desire to confirm whether it is correct or wrong.	Networth certificate has been obtained from M/s. G. C. Patel & Co., Chartered Accountants, Mumbai for networth in India and Mr. Jayantilal Lalji Patel, an independent Barrister practicing in England and Wales, for networth in UK,	The said certificates have been made a part of Material Documents. Further to this Mr. Jayantilal Lalji Patel certified that Mr. Hirji Kanji Patel is not recorded as being bankrupt. Further he has certified that Mr. Hirji Kanji Patel has no criminal record in the UK and is not a fugitive from the authorities.
8	Mr. Hemant H Shah has made complaint that Mr. G. C. Patel, Chartered Accountant, who is the Statutory Auditors of the Company was appointed as Additional Director w.e.f. 12-08-2002 as per the Form 32 available with the ROC records. He also stated that he is continuing as Director till 26-08-2007	Mr. G. C. Patel was not appointed as Additional Director of Allied Computer International (Asia) Ltd. on 12-8-2002. No Board Meeting was held on 12-08-2002 and Mr. G. C. Patel was never appointed as Director of the Company. The said position was confirmed by verifying documents filed with the ROC and documents available with the Company. The appointment of Mr. GC Patel as Director was proposed to be taken up in the Board Meeting. However the said Board Meeting was not conducted, but the subjected Form 32 was filed mistakenly for the appointment of Mr. GC Patel as Additional Director of the Company. The Company has sent a letter dated 21-09-2007 by Regd. Post on 26-09-2007 to the ROC, Mumbai for treating the said Form 32 as null and void since no Board Meeting was held on 12-08-2002 and Mr. GC Patel had not been appointed as Director	As per the SEBI Guidelines, no disclosure is required to be made and hence the said details have not been incorporated in the Prospectus

9	Mr. Hemant H Shah has complained that Mr. GC Patel in his deposition made before the Hon'ble Metropolitan Magistrate 21 st Court, provided that he is associated with the Company as an Auditor and not in any other capacity	The disclosure provided by Mr. GC Patel that he is only auditor of the Company is true since he was not connected with the Company in any other capacity	Since no disclosure is required to be given, the said details are not provided in the Prospectus
10	Mr. Hemant H Shah has complained that Mr. Bharat S. Vyas was appointed as Director w.e.f. 26-03-2004 as per the ROC records, whereas in the Application it is represented that he is Director of the Company since 2002	<p>Details of appointment of Mr. Bharat S Vyas as Director of the Company have been incorporated under the head "Management" and also in "Changes in Board of Directors" in the prospectus.</p> <p>The details provided under the title "Details of Directors" with respect to his appointment as Director are rectified to read as</p> <p>"He has joined the Company in 2002 as an employee and appointed as a Director on 09-03-2004 and as a Whole-Time Director on 01-09-2006".</p>	The details have been incorporated in the prospectus under the title "Details of Directors" and replaced as "He has joined the Company in 2002 as an employee and appointed as a Director on 09-03-2004 and as a Whole-Time Director on 01-09-2006".
11	Mr. Hemant H Shah has complained that Mr. Bharat S Vyas in his deposition made before the Hon'ble Metropolitan Magistrate 21 st Court, provided details contradictory to the details incorporated in the Prospectus	The details of disclosures pertaining to Mr. Bharat Vyas are incorporated in the prospectus	Mr. Bharat S Vyas has been assisting his father in the cloth business and since he is not involved in the said business directly his association in the cloth business have not been disclosed.
12	PCS Technologies Ltd. has made complaint for not disclosing the case pending against Company and Mr. Hirji Kanji Patel in Case No. 2359/SS/2005 and 2358/SS/2005 before Metropolitan Magistrate, 44 th Court, Andheri, Mumbai u/s 138 of Negotiable Instruments Act, 1988 for recovery of Rs 5,02,454/- & Rs. 5,00,000/- respectively in draft prospectus.	<p>The Company has paid Rs. 4,02,454/- and issued 3 cheques of Rs. 2,00,000/- each (Total Rs. 6,00,000/-) drawn from Andhra Bank, Mulund Br., Mumbai dated 23-04-2007 and realized by M/s. PCS Technologies Limited on 05-09-2007. Besides the Company paid Rs. 3,87,000/- on 05-09-2007 towards full and final payment.</p> <p>M/s. PCS Technologies Limited has withdrawn their complaint vide their letter dated 06-09-2007 addressed to SEBI.</p>	The particulars are disclosed as Internal Risk Factor 1 of Prospectus on page No. 6 and also on Page No. 95 & 105, under "LITIGATION BY/AGAINST OUR PROMOTERS"
13	Mr. Hemant H Shah has Complained that in the case filed by M/s. PCS Technologies Limited warrants were issued against Mr. Hirji Kanji Patel and he was released on bail of Rs. 25,000/- on 26-12-2006	<p>No warrant was issued against Mr. Hirji Kanji Patel and he was not arrested on 26-12-2006</p> <p>On the said day Mr. Hirji Kanji Patel was required to appear in person before Metropolitan Magistrate 44th Court, Andheri, Mumbai which was duly complied with</p>	Since no disclosure is required to be given, the said details are not incorporated in the Prospectus

GOVERNMENT AND OTHER 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 Prospectus.

Nature of Registration/License	Issuing Authority	Registration/License no.
Certificate of Incorporation	Registrar of Companies	11-135829, dt.09.05.2002
Fresh Certificate of Incorporation with change in Name from 'Allied Computers International (Asia) Pvt. Ltd.' to "Allied Computers International (Asia) Limited"	Registrar of Companies Maharashtra, Mumbai	8 th July 2003
Trade Mark Registration (In the name of Mr. Hirji Kanji Patel)	Trade Marks Registry, Gol	1102042
ISO 9001:2000 Certification	International Certification Services	RQ91/2239, dt.10 th March 2004
Importer Exporter Code	DGFT, Ministry of Commerce, Gol	IEC Code No. 0302014748 dt. 03.06.2002
Permanent Account Number	Income Tax Department	AADCA4412E
Tax Deducted & Collection Account Number	Income Tax Department	MUMA16574F
Service Tax Registration	Central Excise Department	ST/MUM/DIV.III/MRS/1366/05
Central Excise	Central Excise Department	AADCA4412EXM002
Sales Tax Registration	Sales Tax Department, Govt of Maharashtra	400043/S-1914
Central Sales Tax TIN	Sales Tax Department, Govt of Maharashtra	27620256754C
Sales Tax VAT	Sales Tax Department, Govt of Maharashtra	27620256754V
Shops and Establishment Registration	Inspector under Bombay Shops and Establishments Act	KW-II/008730
Provident Fund	Office of the Regional Provident Fund Commissioner	MH /93020
EHTP	STPI, Gandhi Nagar	STPIG/EXIM/E-14/ACIAL/4236

It must, however, be distinctly understood that in granting the above approvals, the Government and other authorities do not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed.

Approvals for the Issue

The Board of Directors has, pursuant to resolution passed at its meeting held on 21-08-2006, authorised the Issue, subject to the approval by the shareholders of our Company under section 81 (1 A) of the Companies Act.

The shareholders have, pursuant to a resolution dated 18-09-2006 under Section 81(1 A) of the Companies Act, authorized the Issue.

The Board of Directors has, pursuant to a resolution dated 24-11-2006, authorised a committee of its Directors, referred to as the IPO Committee, to take decisions relating to the Issue on behalf of the Board of Directors.

SECTION VII

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Board of Directors has, pursuant to resolution passed at its meetings held on 21-08-2006 authorised the Issue subject to the approval by the shareholders of our Company under section 81 (1 A) of the Companies Act.

Our shareholders have authorised the Issue by a special resolution in accordance with section 81 (1 A) of the Companies Act, passed at the extra ordinary general meetings of our Company held on 18-09-2006 at the registered office of our Company.

Our IPO Committee approved the Prospectus at a meeting held on 15-10-2007. We have also obtained all necessary contractual consents required for the Issue. For further information, see section titled "Government and Other Approvals" on page 100 of this Prospectus.

Prohibition by SEBI

Our Company, our Directors, our Promoters, directors or the person(s) in control of our Promoters, and companies in which our Directors are associated with as directors, have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI.

Further, our Promoters and Promoter group entities have confirmed that they have not been detained as willful defaulters by the RBI or any other governmental authority. Except as disclosed in the sections titled "Outstanding Litigation and Material Developments" and "Risk Factors" in this Prospectus there are no violations of securities laws committed by them in the past or are pending against them.

Eligibility for the Issue

Our Company is an unlisted Company and this Issue is being made in terms of clause 2.2.2 (a) (ii) & (b) (i) of SEBI (DIP) Guidelines, 2000, wherein:

Eligibility Required a). 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.

Eligibility of the Company : a) The Project has a participation of Rs 177.95 Lacs (i.e 22.87% of the total project cost) from Andhra Bank , being a Nationalized Bank and the entire amount comes from the appraiser i.e Andhra Bank. In addition 5,00,000 Equity Shares (i.e 10% of the of the Issue Size) shall be allotted to QIB's, failing which the full Subscription monies shall be refunded.

Eligibility Required b). The minimum post-issue face value capital of our Company shall be Rs. 1000 Lacs.

Eligibility of the Company b): The Post –Issue face Value of Our Company shall be 1899.95 Lacs

Our project has been appraised by Andhra Bank and the project is having 22.87% (i.e more than 15%) participation by the appraising Bank.

Our Company undertakes that the number of allottees in the proposed Issue shall be atleast 1,000; otherwise, we shall forthwith refund the entire subscription amount received. In case of delay, if any, in refund, we shall pay interest on the application money at the rate of 15% per annum for the period of delay."

Disclaimer Clause

AS REQUIRED, A COPY OF THE DRAFT PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT 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 PROSPECTUS. THE LEAD MANAGERS, CIL SECURITIES LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT 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 PROSPECTUS, 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 LEAD MANAGERS, CIL SECURITIES LIMITED

HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED 24-11-2006 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

- (I) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATIONS LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC., IF ANY, AND OTHER MATERIALS MORE PARTICULARLY REFERRED TO IN THE ANNEXURE HRETO, IN CONNECTION WITH THE FINALISATION OF THE DRAFT 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:

THE DRAFT PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

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

THE DISCLOSURES MADE IN THE DRAFT PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.

WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID”

THE FILING OF THE DRAFT 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 LEAD MANAGERS, ANY IRREGULARITIES OR LAPSES IN THE DRAFT PROSPECTUS.

ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE 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.

Disclaimer from our Company and the LM

Our Company, our Directors, and the LM accept no responsibility for statements made otherwise than in this prospectus or in the advertisements or any other material issued by or at instance of the above mentioned entities and anyone placing reliance on any other source of information, including our website, <http://www.aci-asia.com> would be doing so at his or her own risk.

The LM accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into among the LM and us dated 23-10-2006

All information shall be made available by us and LM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at bidding centres etc.

Disclaimer in Respect of Jurisdiction

This Issue is being made only to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under the applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies, pension funds and to FII's. Non Residents other than FII's such as NRIs, FVCIs, multilateral and bilateral development financial institutions are not permitted to participate in the Issue. This Prospectus does not, however, constitute an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Prospectus comes is required to inform himself or herself about and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Prospectus has been filed with SEBI for observations. Accordingly, the Equity shares, represented thereby may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this 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.

Disclaimer Clause of the BSE

As required, a copy of the Draft Prospectus has been submitted to BSE. BSE has given by its letter no. DCS/IPO/MT/IPO-IP/861/2006-07 dated March 26, 2007, permission to the Company to use BSE's name in this offer document as one of the stock exchanges on which this Company's securities are proposed to be listed. The exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this company. BSE does not in any manner:

- (i) Warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- (ii) Warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
- (i) Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed to mean that this offer document has been cleared or approved by the Exchange. Every Person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such Person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Filing

A copy of the Prospectus has been submitted to SEBI at SEBI Bhavan, Plot No. C-4A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051.

A copy of the Prospectus, along with the documents required to be filed under Section 60 of the Companies Act, will be delivered for registration to the RoC.

Listing

Application has been made to the BSE for permission to deal in and for an official quotation of the Equity Shares. BSE shall be the Designated Stock Exchange with which the basis of allocation will be finalized for the Issue.

If the permission to deal in and for an official quotation of the Equity Shares are not granted by the Stock Exchange, our Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Prospectus. If such money is not repaid within eight days after our Company becomes liable to repay it (i.e., from the date of refusal or within 15 days from the date of Issue Closing Date, whichever is earlier), then our Company shall, on and from expiry of 8 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 the Stock Exchange mentioned above are taken within seven working days of finalization of the basis of allotment for the Issue.

Consents

Consents in writing of: (a) our Directors, the Company Secretary and Compliance Officer, the Auditors, the Legal Advisors, the Bankers to the Issue and Escrow Collection Bankers; and (b) the Lead Managers and the Registrar to the Issue to act in their respective capacities, have been obtained and filed along with a copy of this Prospectus as required under Sections 60 of the Companies Act and such consents have not been withdrawn up to the time of delivery of this Prospectus for registration with the RoC.

G C Patel & Co., Chartered Accountants, our Auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Prospectus for registration with the RoC.

Expert Opinion

We have not obtained any expert opinions.

Expenses of the Issue

The expenses of this Issue include, among others, management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated expenses of the Issue are as follows:

Activity	Rs. In Lakhs Amount
Issue Management fee, Brokerage & Selling Commission	31.00
Registrars fees	2.75
Printing & Distribution of Issue Stationery	5.00
Advertising and Marketing expenses	8.25
Other miscellaneous expenses	
Total	47.00

Fees Payable to the Lead Manager

The total fees payable to the LM including for the Issue will be as per the Memorandum of Understanding executed between the Company and the LM, dated 23-10-2006, copy of which is available for inspection at the Registered Office of the Company.

Fees Payable to the Registrar

The total fees payable to the Registrar to the Issue will be as per the Memorandum of Understanding executed between the Company and the Registrar to the Public Issue dated 30-10-2006, copy of which is available for inspection at the Registered Office of the Company.

Adequate funds will be provided to the Registrar to the Issue to enable them to send refund order(s) or allotment advice by registered post or speed post or under certificate of posting.

Underwriting commission,

This issue is not proposed to be underwritten. Hence it is not required to any pay any underwriting Commission.

Brokerage and selling commission

Brokerage for the Issue will be paid not more than 1.5% of the Issue Price of the Equity Shares by Allied Computers International (Asia) Limited on the basis of the allotments made against the applications bearing the stamp of a member of any recognized Stock Exchange in India in the Broker column. Brokerage at the same rate will also be payable to the Bankers to the Issue in respect of the allotments made against applications procured by them provided the respective forms of application bear their respective stamp in the Broker column. In case of tampering or over-stamping of Brokers / Agents codes on the application form, the Company's decision to pay brokerage in this respect will be final and no further correspondence will be entertained in this matter. The Company, at its sole discretion, may consider payment of additional incentive in the form of kitty or otherwise to the performing brokers on such terms and mode as may be decided by the Company.

Others

The total fee payable to the Legal Advisor, Auditor & Tax Auditor will be as per their respective engagement

Issues otherwise than for Cash

The Company has issued following shares for consideration otherwise than by cash

Sr No.	Date of Allotment	Name of the allottee	No. of Shares and Price	Particulars
1	11-08-2007	Mr. Hirji Kanji Patel	23,00,000 equity shares of Rs. 10/- each at a price of Rs. 12/- per share	Allotment towards part of purchase consideration for office premises 501 & 502 located at Andheri (W), Mumbai, pursuant to the MOU dated 17-11-2006 and Agreement for sale dated 11-08-2007

(For the details of MOU & Agreement for sale please refer section titled "History and Certain Corporate Matters- Material Agreements" on page No. 62)

Previous Public and Rights Issues

The Company has not made any public or rights issue since its inception.

Commission and Brokerage paid on Previous Issues

The Company has not made any public or rights Issue since its inception and has not paid any commission or brokerage.

Particulars in regard to our Company and other listed companies under the same management within the meaning of section 370 (1)(B) of the Companies Act, 1956 which made any capital Issue during the last three years

There are no Companies within the meaning section 370 (1) (B) of the Companies Act, 1956, which made any capital Issue during the last three years.

PROMISE VIS-A-VIS PERFORMANCE

(A) Last Three Issues Made By Our Company

There have not been any previous public issue of our Equity Shares.

(B) Last Issue Of The Listed Ventures Of Promoter Group

None of our Promoter group companies have made a public issue.

Outstanding Debentures, Bonds, Redeemable Preference Shares or other Instruments

Our Company has not issued any Redeemable Preference shares and debentures, bonds or other instruments since incorporation.

Stock Market Data for our Equity Shares

This being the first Public Issue of our Company, no Stock Market Data is available.

Mechanism for Redressal of Investor Grievances

The Company has appointed M/s. Big Share Services Private Limited as the Registrar o the Issue, to handle the investor grievances in co-ordination with Compliance Officer of the Company. All grievances relating to the present issue may be addressed to the registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and Bank branch where the application was submitted. The Company will monitor the work of the Registrar to ensure that the grievances are settled expeditiously and satisfactorily.

Disposal of Investor Grievances

M/s. Big Share Services Private Limited, the Registrar to the Issue, will handle investor grievances pertaining to the Issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to the Company. The Company would also be coordinating with Registrar to the Issue in attending to the grievances of the investors.

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 constituted an Investor Grievance Committee and also appointed Mr. Suresh H Gangan as the Compliance Officer for this Issue.

Mechanism for Redressal of Investor Grievances by Companies under the Same Management

We do not have any other company under the same management within the meaning of erstwhile Section 370 (1B) of the Companies Act, 1956.

Changes in Auditors

There has been no change in the Auditors of the Company during the last three years.

Capitalization of Reserves or Profits (during the last five years)

The Company has not capitalized its profits or reserves at any time.

Revaluation of Assets

There has been no revaluation of assets of the Company since incorporation.

Litigation by / Against our Promoters

Litigations against our promoters.

Criminal Case

Litigations against our promoters.

- a. "Mr. Hemanth Shah, Mumbai, filed a case against Mr. Hirji Kanji Patel in the Court of Metropolitan Magistrate, Bandra, Mumbai, under Case No.160/2002 and Case No.161/2002 U/s.138 of Negotiable Instrument Act for two stopped Post Dated Cheques (Rs. 4,00,000/- Rupees Four Lacs each).

The Hon'ble Court of Metropolitan Magistrate 14th Court, Girgaum, Mumbai, while delivering the judgement in the case concluded "*that on the date of issuance of Cheque there was no existing liability of any debt or in other way full and final liability of the transaction of the accused with the complainant was not finally determined. Therefore, there was no need for him to issue Cheque in question towards discharging of liability. In the result my answer to the point raised goes in favour of the accused and to that effect the culpability of the accused for the offence under Section 138 Negotiable Instruments Act thus not attracted by the evidence led on record*".

Mr Hemant Shah has filed appeal against the above order before the Hon'ble High Court where the appeal is pending , however appeal memo/summons are yet to be received by Mr Hirji Kanji Patel

- b) Mr Hirji Kanji Patel who was earlier Director, was holding 30,000 equity shares (constituting 50 % of total equity) of Allied Computers industries (India) Private Limited and also provided unsecured loan of Rs. 45.88 lacs to the said company, besides, personal Guarantee to the Bank of India for business loan availed by the Company. He has communicated to the Bank for withdrawal of his personal guarantee on 30-8-2002. He has also submitted resignation from Directorship on 15-09-2003 and has disposed off his entire share holding to the existing shareholders without any consideration.

He was a party in the suit filed by Bank of India, Walkeshwar Branch in the case No O.A No.64/2004 before Debts Recovery Tribunal ,II Mumbai for recovery of Rs 26,35,352.35 with interest @15% p.a. The case pertained to the dispute arose during September, 2002 with the Bank and it was dismissed by the Tribunal vide order dated 28/06/2006 in favor of the Company, with the following order:

"The Original Application is disallowed with no order as to costs. It is clarified that the Bank may sale the pledged goods and retain the proceeds thereof."

The Bank has preferred an appeal against the Order before the Debt Recovery Appellate Tribunal and the Summons are yet to be received by Mr. Hirji Kanji Patel. (for more information refer details provided under title "Dis-association of promoters in other ventures in the last Five years" at page no. 71)

- c) M/s. PCS Technologies Limited has filed a complaint against our Company and Director Mr. Hirji Kanji Patel in Case No. 2359/SS/2005 and 2358/SS/2005 before Metropolitan Magistrate, 44th Court, Andheri, Mumbai u/s 138 of the Negotiable Instruments Act, 1988 for recovery of Rs 5,02,454/- & Rs. 5,00,000/- respectively. The Company has received summons dated 4th October, 2006 for appearing on 26th December, 2006. The case is coming for hearing on 22-10-2007

Out of the Rs. 10,02,454/- , the Company paid Rs. 4,02,454/- and has issued 3 cheques of Rs. 2,00,000/- each (Total Rs. 6,00,000/-) drawn on Andhra Bank, Mulund Br., Mumbai dated 23-04-2007 and realized by M/s. PCS Technologies Limited on 05-09-2007. Besides the Company paid Rs. 3,87,000/- on 05-09-2007 towards full and final payment.

M/s. PCS Technologies Limited has withdrawn their complaint lodged with SEBI vide their letter dated 06-09-2007 addressed to them

A Joint Memorandum is yet to be filed before the court to obtain the order.

- d. Mr. Gautam Ghosh has filed a complaint against the Company and Directors in case No. 487 of 2006 dated 28-1-2006 before the Court of Additional Chief Metropolitan Magistrate, Karkardooma Court, New Delhi u/s 138 and 142 of the Negotiable Instruments Act, 1988 for recovery of Rs 1,97,986/-.

The Company has made payment vide cheque no. 402923 dated 2-8-2007 for Rs. 1,97,986/- drawn on Indusind Bank, Lokhandwala Br., Mumbai.

A Joint Memorandum is yet to be filed before the court to obtain the order.

Litigations by our promoters

Our Promoter Mr. Hirji Kanji Patel filed a complaint before Bar Council Maharastra and Goa against Mr. Aswin Kumar & Mrs. Bharathi Beda, partners of M/s. S Ashiwini Kumar & Co, for mis-behaviour acting contradictory to the instructions and documents provided by Mr. Hirji Kanji Patel.

The case is pending before Bar Council Maharastra and Goa

Litigation against our Key Management Personnel

There are no litigations against any of our Key management Personnel.

SECTION VIII

ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

(i) Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of the Companies Act, the Memorandum and Articles of Association of ACI and shall rank pari passu with the existing Equity Shares of the Company including in respect of the rights to receive dividends. The Allottees of the Equity Shares under this Issue will be entitled to dividends or other corporate benefits, if any, declared by the Company after the date of Allotment.

(ii) Mode of payment of Dividend

The declaration and payment of dividends will be recommended by the Board of Directors and the shareholders at their discretion, and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of the company.

(iii) Face Value and Issue Price

The Face Value of the Equity Shares is Rs. 10/- and the Issue Price of Rs.12/- is 1.2 times of the Face Value. At any given point of time, there shall be only one denomination for the Equity Shares, subject to applicable laws.

(iv) 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 Issues for rights shares and be allotted bonus shares, if announced;
- ☐ Right to receive surplus on liquidation;
- ☐ Right to free transferability; and
- ☐ Such other rights, as may be available to a shareholder of a Public Limited Company under the Companies Act, 1956

(v) Market Lot

As trading in the Equity Shares shall be compulsorily in dematerialized form, the market lot is one Equity Share. Allotment of Equity Shares will be done in multiples of one Equity Share

(vi) Nomination Facility to Investor

In accordance with Section 109A of the Act, the sole or first Applicant, along with other joint Applicants, may nominate any one person in whom, in the event of death of sole Applicant or in case of joint Applicants, death of all the Applicants, 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 death of the original holder(s), shall in accordance with Section 109A of the Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed Form available on request at the Registered Office of the Company or at the Registrar and Share Transfer Agent of the Company. In accordance with Section 109B of the Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the 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 dematerialised form, there is no need to make a separate nomination with the Company. Nominations registered with respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

(vii) Minimum Subscription

If the company does not receive the minimum subscription of 90% of the issued amount on the date of closure of the issue, or if the subscription level falls below 90% after the closure of the issue on account of cheques having being returned unpaid or withdrawal of applications, the company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the company becomes liable to pay the amount, the company shall pay the interest as per Section 73 of the Companies Act, 1956."

(viii) Arrangements for Disposal of Odd Lots

Since the Equity Shares of the Company are traded under the demat mode, trading lot is of one share. Further, no odd lot of Equity Shares will arise out of this Issue, as the tradable lot is One (1) Equity Share. Therefore, no arrangements are required for disposal of odd lot.

(ix) Restrictions, If Any, On Transfer And Transmission Of Shares/ Debentures And On Their Consolidation/ Splitting

For a detailed description in respect of restrictions, if any, on transfer and transmission of shares and on their consolidation/splitting, please refer sub-heading "Main Provisions of the Articles of Association" appearing on page no.118 of this Prospectus.

ISSUE PROCEDURE

i. Authority For The Present Issue

Present Issue of Equity Shares has been authorized by shareholders vide a Special Resolution passed at the Extraordinary General Meeting of the Company held on 18-09-2006. The Board of Directors of the Company had approved the present Issue of Equity Shares vide a resolution passed at their meeting held on 21-08-2006.

ii. Principal Terms and Conditions Of The Issue

The Equity Shares being offered are subject to the provisions of the Companies Act, Memorandum and Articles of the Company, the terms of this Prospectus, Application Form, and other terms and conditions as may be incorporated in the Letters of Allotment/Equity Share Certificates or other documents that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, guidelines, notifications and regulations relating to the Issue of capital and listing of Equity Shares offered from time to time by SEBI, Government of India, Stock Exchanges, RBI, Registrar of Companies and/or other authorities, as in force on the date of the Issue and to the extent applicable.

iii. Availability of Prospectus and Application Forms

Application forms together with Memorandum containing salient features of the Prospectus may be obtained from the Registered Office of the Company, Lead Manager to the Issue, Registrar to the Issue and Bankers to the issue named herein or from their branches as stated on the reverse of the application form. Any individual desiring to have a full copy of the Prospectus may write to the Lead Manager or to the Registered Office of the Company.

iv. Reservations

The company has not reserved Equity Shares for any category of investors.

v. Application may be made by:

- a) Indian Nationals, who are resident in India and are Adult Individuals and are not lunatic, in single name or joint names (not more than three)
- b) Hindu Undivided Families through the Karta of the Hindu Undivided Family
- c) Companies, Bodies Corporate and Societies registered under the applicable laws in India and authorised to invest in the Shares
- d) Indian Mutual Funds registered with SEBI
- e) Indian Financial Institutions & Banks
- f) Indian Venture Capital Funds / Foreign Venture Capital Funds registered with SEBI subject to the applicable RBI Guidelines and Approvals, if any.
- g) State Industrial Development Corporations

- h) Insurance Companies registered with Insurance Regulatory and Development Authority
- i) Provident Funds with minimum corpus of Rs.2500 Lacs
- j) Pension Funds with minimum corpus of Rs.2500 Lacs
- k) Trusts or Societies registered under the Societies Registration Act, 1860 or any other applicable Trust Law and are authorised under its constitution to hold and invest in Equity Shares of a Company
- l) Commercial Banks and Regional Rural Banks. Co-operative Banks may also apply subject to permission from Reserve Bank of India
- m) Permanent and Regular employees of the Company
- n) Non-Resident Indians (NRIs) on repatriation / non-repatriation basis
- o) Foreign Institutional Investors (FIIs) on repatriation / non-repatriation basis
- p) Multilateral and bilateral development financial institutions

vi. Applications not to be made by

- a) Minors
- b) Partnership firms or their nominees
- c) Foreign Nationals (except NRIs)
- d) Overseas Corporate Bodies (OCBs)

vii. Applications by Hindu Undivided Families (HUF)

Applications may be made by Hindu Undivided Families (HUF) through the Karta of the HUF and will be treated at par with individual applications

viii. Minimum and Maximum Application Size

Applications should be for minimum of 500 Equity Shares and in multiples of 500 Equity Shares thereafter. An applicant in the net public category cannot make an application for that number of Equity Shares exceeding the number of Equity Shares offered to the public.

ix. Option to Subscribe

As on the date of this document, there are no pending options to subscribe to Equity Shares or convertible instruments pending conversion into Equity Shares of any kind. The equity shares in this offer shall be allotted only in dematerialised form (i.e. not in the form of physical certificates but the fungible and be represented by the statement issued through electronic mode). Investors shall have an option to hold the shares post allotment in physical or demat form

x. Availability of Prospectus and Application Forms

The Memorandum Form 2A containing the salient features of the Prospectus together with Application Forms and copies of the Prospectus may be obtained from the Registered Office of the Company, Lead Manager to the Issue, Registrar to the Issue, and at the collection centers of the Bankers to the Issue, as mentioned on the Application Form.

xi. Applications under Power of Attorney

In case of applications under Power of Attorney or by Companies, Bodies Corporate, Societies registered under the applicable laws, Trustees of Trusts, Provident Funds, Superannuation Funds, Gratuity Funds; a certified copy of the Power of Attorney or the relevant authority, as the case may be, must be lodged separately at the office of the Registrar to the Issue simultaneously with the submission of the application form, indicating the serial number of the application form and the name of the Bank and the branch office where the application is submitted.

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 Application Form subject to such terms and conditions as it may deem fit.

xii. Instructions for Applications by NRIs/FIIs (on Repatriable Basis)

1. As per Notification No. FEMA 20 / 2000 - RB dated 3rd May 2000, as amended from time to time, under automatic route of Reserve Bank, the Company is not required to make an application for Issue of Equity Shares to NRIs/FIIs with repatriation benefits.
2. However, the allotment / transfer of the Equity Shares to NRIs/FIIs shall be subject to prevailing RBI Guidelines. Sale proceeds of such investments in Equity Shares will be allowed to be repatriated along with the income thereon subject to the permission of the RBI and subject to the Indian tax laws and regulations and any other applicable laws.

3. In case of application by NRIs 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 Subscribers applying on a repatriation basis. Payment by bank drafts should be accompanied by bank certificate confirming that the bank draft has been issued by debiting to NRE or FCNR account.
4. In case of application by FIIs on repatriation basis, the payment should be made out of funds held in Special Non-Resident Rupee Account along with documentary evidence in support of the remittance like certificates such as FIRC, bank certificate etc. from the authorised dealer. Payment by bank drafts should be accompanied by bank certificate confirming that the bank draft has been issued by debiting to Special Non-Resident Rupee Account.
5. Duly filled Application Forms by NRIs / FIIs will be accepted at designated branches of the Bankers to the Issue at Mumbai, New Delhi and Kolkata only.
6. Refunds/dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges / commission. In case of applicants who remit their application money from funds held in NRE / FCNR accounts, such payments shall be credited to their respective NRE / FCNR accounts (details of which shall be furnished in the space provided for this purpose in the Application Form), under intimation to them. In case of applicants who remit their money through Indian Rupee Drafts from abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as maybe permitted by RBI at the exchange rate prevailing at the time of remittance and will be dispatched by registered post, or if the applicants so desire, will be credited to their NRE / FCNR accounts, details of which are to be furnished in the space provided for this purpose in the Application Form. The Company will not be responsible for loss, if any, incurred by the applicant on account of conversion of Foreign Currency into Indian Rupees and vice versa.

Applications in this category may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment under the reserved category. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians and shall not use the forms meant for reserved category

APPLICATIONS BY QUALIFIED INSTITUTIONAL BUYERS

1. Application by Qualified Institutional Buyers shall be made only in the prescribed Application Form
2. Allocation has been made in the public issue for the QIBs in terms of clause 2.2.2 (a) (ii) & (b) (i) of SEBI (DIP) Guidelines, 2000 as amended from time to time
3. In case of Mutual funds, a separate application must be made in respect of each scheme of a Mutual Fund registered with SEBI and such applications will not be treated as multiple applications. The applications made by the Asset Management Company or Trustee / Custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which application is being made.
4. Eligible Qualified Institutional Buyers should apply in this Public Issue based on their own investment limits and approvals.
5. All cheques/bank drafts should be made payable to the Bankers to the Issue with whom the application forms are lodged.
6. The maximum application size in this category can be of 5,00,000 Equity Shares, full allotment shall be made to QIBs to the extent of their demand.

If the number of shares applied for in this category is greater than 5,00,000 Equity Shares, the allotment shall be made on a proportionate basis subject to a minimum of 500 Equity Shares. For the method of proportionate basis of allotment, please refer paragraph "Basis of Allotment" on page 150 of this Offer Document

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 equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

xiii. Terms of Payment

The entire Issue price of Rs. 12/- per share is payable on application only. In case of allotment of lesser number of Equity Shares than the number applied, the Company shall refund the excess amount paid on application to the applicants.

xiv. Pre-Issue Advertisement

The Company will issue a statutory advertisement after filing of the Prospectus with the RoC. This advertisement will contain the information that has to be set out in the statutory advertisement. Material updates, if any, between the date of filing the Prospectus with the RoC and the date of release of this statutory advertisement will be included in the statutory advertisement.

xv. General Instructions for Applicants

- Applications must be made only on the prescribed Application Form and should be completed in BLOCK LETTERS in English as per the instructions contained herein and in the Application Form, and are liable to be rejected if not so made.

The prescribed application forms will have the following colours:

Category	Colour of Application Form
Net Offer to Public including NRIs / FIIs on non-repatriation Basis	White
NRIs / FIIs on repatriation basis	Blue
QIBs	Pink

- Thumb impressions and signatures other than in English/ Hindi or any other language specified in the 8th Schedule to the Constitution of India, must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under his/ her official seal.
- Bank Account Details of Applicant
The name of the Applicant, Depository Participant's name, Depository Participant's Identification (DPID) number and the Beneficiary number provided by the Depository Participant must be mentioned correctly in the Application Form at the appropriate place. The Registrar will obtain the Demographic details such as Address, Bank account details and occupation from the depository participants. The refunds, if any, will be printed with the Bank details as given by the Depository participant.
- Applicants should write their names and application serial number on the reverse of the instruments by which the payments are being made to avoid misuse of instruments submitted along with the applications for Equity Shares.
- Applications by NRIs on non-repatriation basis can be made using the Form meant for Public out of the funds held in Non- Resident Ordinary (NRO) Account. The relevant bank certificate must accompany such forms. Such applications will be treated on par with the applications made by the public.

xvi. Payment Instructions

- Payments should be made in cash or cheque or bank draft drawn on any Bank (including a Co-operative Bank), which is located at the Centers (indicated in the Application Form) where the Application is accepted. However, if the amount payable on application is Rs. 20,000/- or more, in terms of section 269SS of the Income-Tax Act, 1961; such payment must be effected only by way of an account payee cheque or bank draft. In case payment is effected in contravention of the conditions mentioned herein, the application is liable to be rejected and application money will be refunded and no interest will be paid thereon.
- Money orders, postal orders, outstation cheques or bank drafts, cheques / draft drawn on Banks not participating in the "clearing" will not be accepted and applications accompanied with such instruments may be rejected.
- A separate cheque / bank draft must accompany each application form.
- All cheques / bank drafts accompanying the application should be crossed "A/c Payee Only" and made payable to the Bankers to the Issue and marked:

Category of Application	Cheques / Bank Drafts favouring
Net Offer to Public including NRIs / s FIIs on non-repatriation Basis	"Name of the Bank- A/c ACI – Public Issue"
NRIs / FIIs on repatriation basis	"Name of the Bank- A/c ACI – Public Issue – NRI/FII"
QIBs	"Name of the Bank - A/c ACI – Public Issue –QIB"

5. Investors will not have facility of applying through stock invest instruments as RBI has withdrawn the stock invest scheme vide notification no. DBOD.NO.FSC.BC. 42/24.47.001/2003-04 dated 5/11/2003.

xvii. Submission of Completed Application Forms:

All applications duly completed and accompanied by cash/ cheques/ bank drafts shall be submitted at the branches of the Bankers to the Issue (listed in the Application Form) before the closure of the Issue. Application(s) should not be sent to the office of the Company or the Lead Manager to the Issue.

Applicants residing at places where no collection centers have been opened may submit / mail their applications at their sole risk along with application money due there on by Bank Draft to the Registrar to the Issue, super scribing the envelope "Allied Computer – Public Issue" so as to reach the Registrar on or before the closure of the Subscription List. Such bank drafts should be payable at Mumbai only.

The Company will not be responsible for postal delays and loss in transit. The Company will not entertain any claims, damage or loss due to postal delays or loss in transit.

No separate receipts will be issued for the application money. However, the Bankers to the Issue or their approved collecting branches receiving the duly completed application form will acknowledge receipt of the application by stamping and returning to the applicant the acknowledgement slip at the bottom of each application form. The acknowledgement of receipt of application moneys given by the collection agents shall be valid and binding on the issuer company and other persons connected with the issue. Applications shall be deemed to have been received by the Company only when submitted to the Bankers to the Issue at their designated branches or on receipt by the Registrar as detailed above and not otherwise.

xviii. Other Instructions

GENERAL INFORMATION

An applicant who wishes to apply for shares in the electronic form must have atleast one Beneficiary Account with any of the Depository Participant (DP) of NSDL/CDSL registered with SEBI, prior to the application.

Shares allotted to an applicant in the electronic form will be credited directly to the respective Beneficiary Account (with a DP).

For subscription in electronic form, names in the share application form should be identical to those appearing in the account details in the Depository. In case of joint holders, the name should necessarily be in the same sequence as they appear in the account details in the Depository.

Non-transferable allotment letters/ refund orders will be directly sent to the applicant by the Registrar to the present Public Issue

The applicant is responsible for the correctness of the applicant demographic details given in the share application form vis-à-vis those with his/her DP.

It may be noted that electronic shares can be traded only on the stock exchange(s) having electronic connectivity with NSDL/CDSL.

The applicant should note that on the basis of the name of the Applicant, Depository Participant's name, Depository Participants identification number and beneficiary account number provided by them in the Application Form, the Registrar to the Offer may obtain applicant's correspondence address from the said Depository Account of the Applicant. The applicants are advised to update the correct correspondence address in their respective DP A/cs.

INVESTORS SHOULD NOTE THAT TRADING IN SECURITIES OF THE COMPANY SHALL BE IN DEMATERIALISED FORM ONLY.

a. Joint Applications in case of Individuals

Applications may be made in single or joint names (not more than three). In case of Joint Applications, refund, pay orders, dividend warrants etc. if any, will be drawn in favour of the first applicant and all communications will be addressed to the first applicant at her/his address as stated in the application form.

b. Multiple Applications

An applicant should submit only one application form (and not more than one) for the total number of Equity Shares applied for. Two or more applications in single or joint names will be deemed to be multiple applications if the sole and/ or first applicant is one and the same. Applicants in the reserved categories shall not make an application in the public category and such applications made in both the categories i.e. reserved category and Public Category shall be treated as multiple applications. The Company reserves the right to accept or reject, in its absolute discretion, any or all-multiple applications. Unless the Company specifically agrees in writing with or without such terms and conditions it deems fit, a separate cheque/draft must accompany each application form.

c. PAN / GIR Number

Where application(s) is/are for Rs. 50,000 or more, the applicant or in the case of an application in joint names, each of the applicants, should mention his/her Permanent Account Number (PAN) allotted under the IT Act. **The copy of the PAN card or PAN allotment letter is required to be submitted with the application form.** Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that applicants should not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.** In case the sole/first applicant and joint applicant(s) is/are not required to obtain PAN, each of the applicant(s) shall mention "Not Applicable" and in the event that the sole applicant and/or the joint applicant(s) have applied for PAN, which has not yet been allotted, each of the applicant(s) should mention "Applied for" in the Application Form. Further, where the applicant(s) has mentioned "Applied for" or "Not Applicable", the sole/first applicant and each of the joint applicant(s), as the case may be, would be required to submit Form 60 (form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in Rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income-tax in respect of transactions specified in Rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration card (b) Passport (c) Driving licence (d) Identity card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance. All applicants are requested to furnish, where applicable, the revised Form 60 or Form 61 as the case may be.**

d. Equity Shares in Dematerialized Form with NSDL or CDSL

To enable all shareholders of the Company to have their shareholding in electronic form, the Company had signed the following tripartite agreements with the Depositories and the Registrar and Share Transfer Agent, Bigshare Services Private limited.:

- a) An agreement dated 7th June, 2007 with NSDL and Bigshare Services Private limited.
- b) An agreement dated 4th July, 2007 with CDSL and Bigshare Services Private limited.

The Company's shares bear an ISIN no. INE335I01015

- a. An applicant applying for shares must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or of CDSL, registered with SEBI, prior to making the application.
- b. The Applicant must necessarily fill in the details (including the Beneficiary Account no. and DP ID no.) in the Application Form.
- c. equity Shares allotted to an applicant in the electronic mode will be credited directly to the respective Beneficiary Accounts (with the DP)
- d. Name(s) in the Share Application 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. The Registrar to the Issue will directly send non-transferable Allotment Letters/ Refund Orders to the Applicant.
- f. Application will be liable to be rejected if incomplete or incorrect details are given under the heading 'Request for shares in electronic form' in the Application Form.
- g. The applicant is responsible for the correctness of the Applicant's demographic details given in the Application Form vis-à-vis those with his/ her DP.
- h. It may be noted that Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where the Equity Shares of the Company are proposed to be listed are connected to NSDL and CDSL.
- i. Trading in the Equity Shares of the Company would be in only dematerialized form for all investors.

Investors can contact the Compliance Officer in case of any Pre-Issue related problems. In case of Post-Issue related problems such as non-receipt of letters of allotment / share certificates / credit of securities in depositories beneficiary account / refund orders, etc., Investors may contact Compliance Officer or Registrar to the Issue.

For further instructions regarding application for the Equity Shares, investors are requested to read the application form carefully. Disposal of Applications and Application Money

The Company reserves, in its own, absolute and uncontrolled discretion and without assigning any reason, the right to accept in whole or in part or reject any application. If an application is rejected in full, the entire application money received will be refunded to the applicant. If the application is rejected in part, excess of the application money received will be refunded to the applicant within 30 (thirty) days from the date of closure of the Issue. No interest will be payable on the application money so refunded. Refund will be made by Cheques or demand drafts drawn in favour of the sole/first applicant (including the details of his/her savings/current account number and the name of the bank with whom the account is held) to the Issue and will be dispatched by Registered Post/ Speed Post for amounts above Rs.1,500 and by Certificate of Posting otherwise. Such refund orders will be payable at par at all the collection centers.

The Company has undertaken to make adequate funds available to the Registrar to the Issue for complying with the requirements of despatch of Allotment Letters/Refund Orders by Registered Post/Speed Post.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, 1956, which is reproduced below:

“Any person who:

- a. makes in a fictitious name, an application to a Company for acquiring or subscribing for, any shares therein, or**
- b. otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”**

Interest on excess Application Money

Payment of interest at rate of 15% per annum on the excess application money, after adjusting the amount due on allotment will be made to the applicants, if the refund orders are not dispatched within 30 days from the date of closure of the subscription list.

GROUND FOR TECHNICAL REJECTIONS

Applicants are advised to note that Applications are liable to be rejected on among others on the following technical grounds:

1. Amount paid doesn't tally with the amount payable for the Equity Shares applied for;
2. Bank account details (for refund) are not given;
3. Age of First Applicant not given;
4. Application by minors;
5. PAN or GIR Number not given if application is for Rs. 50,000 or more;
6. Application is not in multiple of 500 shares;
7. Application at a price less than the offer price;
8. Application at a price higher than the stated price;
9. Category not ticked;
10. Multiple applications
11. In case of application by limited companies, corporate, trust etc., relevant documents are not submitted;
12. Application Form does not have Applicant's depository account details;
13. Application Forms are not delivered by the applicant within the time prescribed as per the Application Form, Issue Opening Date advertisement and this Prospectus and as per the instructions in this Offer Document and Application Form;
14. Applications for amounts greater than the maximum permissible amounts prescribed by the regulations.
15. Applications not duly signed by the sole/joint Applicants;
16. Applications by OCBs;
17. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the applicant (including the sequence of names of joint holders), the depository participant's identity (DP ID) and the beneficiary's identity except for Permanent Employees.

Basis of Allotment

Allotment will be made in consultation with BSE (The Designated Stock Exchange). In the event of oversubscription, the allotment will be made on a proportionate basis in marketable lots as set forth here:

- a. Applicants will be categorised according to the number of Shares applied for.
- b. The total number of Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of Shares applied for in that category multiplied by the inverse of the oversubscription ratio (number of applicants in the category x number of Shares applied for).
- c. The number of Shares to be allocated to the successful applicants will be arrived at on a proportionate basis (i.e. Total number of Shares applied for into the inverse of the oversubscription ratio).
- d. For applications where the proportionate allotment works out to less than 500 Shares the allotment will be made as follows:
 - (i) each successful applicant shall be allotted 500 Shares; and
 - (ii) the successful applicants out of the total applicants for that category shall be determined by the drawal of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (b) above.
- e. If the proportionate allotment to an applicant works out to a number that is not a multiple of 500, the applicant would be allotted Shares by rounding off to the nearest integer subject to a minimum allotment of 500 equity shares.
- f. If the Shares allotted on a proportionate basis to any category is more than the Shares allotted to the applicants in that category, the balance available Shares for allocation shall be first adjusted against any category, where the allotted Shares are not sufficient for proportionate allotment to the successful applicants in that category. The balance Shares, if any, remaining after such adjustment will be added to the category comprising of applicants applying for the minimum number of Shares
- g. The above proportionate allotments of Equity Shares in an Issue that is oversubscribed shall be subject to the reservation for Retail individual investors as described below:
 - I) A minimum 50% of the net offer to public shall initially be made available for allotment to retail individual investors, as the case may be.
 - II) The balance net offer to public shall be made available for allotment to:
 - i) Individual applicants other than retail individual investors, and;
 - ii) Other investors including corporate bodies/ institutions irrespective of the number of shares applied for.
 - III) The Unsubscribed portion of the net offer to any one of the categories specified in (I) or (II) shall / may be made available for allotment to applicants in the other category, if so required.

The drawal of lots (where required) to finalize the basis of allotment shall be done in the presence of a public representative on the Governing Board of BSE (designated stock exchange).

The basis of allotment shall be signed as correct by the Executive Director/Managing Director of BSE (designated stock exchange) and the public representative in addition to the Lead Manager and the Registrar to the Issue

Letters of Allotment or Refund Orders

The Company shall give credit to the beneficiary account with Depository Participants within two working days from the date of the allotment of Equity Shares. Applicants having bank accounts at any of the 15 centres where clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through Electronic Credit Service (ECS) only, except where applicant is otherwise disclosed as eligible to get refunds through direct credit or Real Time Gross Settlement (RTGS). In case of other applicants, the Company 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 of Rs. 1,500 and above, if any, by registered post or speed post. Applicants to whom refunds are made through Electronic transfer of funds will be sent a letter (refund advice) through "Under Certificate of Posting" intimating them about the mode of credit of refund within 30 days of closure of Issue.

The Company shall ensure despatch of refund orders/refund advice, if any, by "Under Certificate of Posting" or registered post or speed post or Electronic Clearing Service or Direct Credit or RTGS, as applicable, only at the sole or First Applicant's sole risk within 30 days of the Issue Closing Date, and adequate funds for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar by the Issuer.

In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI Guidelines, the Company further undertakes that:

- Allotment of Equity Shares will be made within 30 days from the Issue closing date
- Dispatch of refund orders/ refund advice will be done within 30 days from the Issue closing date
- The Company shall pay interest at 15.0% per annum (for any delay beyond the 30-day time period as mentioned above), if allotment is not made, refund orders/ credit intimation are not despatched and in case where a refund is made through electronic mode, the refund instructions have not been given to the clearing system, and demat credit within the time prescribed above, provided that the beneficiary particulars relating to such Applicants as given by the Applicants is valid at the time of the upload of the electronic transfer.

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 or pay-orders drawn on the bank(s) appointed by the Company, as refund banker(s). Such instruments will be payable at par at the places where applications are accepted. Bank charges, if any, for encashing such cheques or pay orders will be payable by the applicant.

PAYMENT OF REFUND

Applicants should note that on the basis of name of the Applicants, Depository Participant's name, Depository Participant Identification (DP ID) number and Beneficiary Account Number provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository, the Applicant's bank account details including the nine digit Magnetic Ink Character Recognition (MICR) code as appearing on a cheque leaf. Hence, Applicants are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to Applicants at the Applicants sole risk and neither the LM nor our company nor the Refund Banker nor the Registrar shall have any responsibility and undertake any liability for the same.

MODE OF MAKING REFUNDS

The payment of refund, if any, would be done through various modes in the following order of preference

- ECS** - Payment of refund would be done through ECS for applicants having an account at any of the 15 centers where clearing houses for ECS are managed by Reserve Bank of India, namely Ahmedabad, Bangalore, Bhubneshwar, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Kolkata, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the nine digit Magnetic Ink Character Recognition (MICR) code as appearing on a cheque leaf, from the depository. The payment of refund through ECS is mandatory for applicants having a bank account at any of the 15 centers named hereinabove, except where applicant is otherwise disclosed as eligible to get refunds through direct credit or RTGS
- Direct Credit** – Applicants having their bank account with the Refund Banker shall be eligible to receive refunds, if any, through direct credit. The refund amount, if any would be credited directly to the eligible applicant's bank account with the Refund Banker.
- RTGS** – Applicants having a bank account at any of the 15 centers detailed above, and whose application amount exceeds Rs. 1 million, shall be eligible to exercise the option to receive refunds, if any, through RTGS. All applicants eligible to exercise this option shall mandatorily provide the IFSC code in the Application form. In the event of failure to provide the IFSC code in the Application form, the refund shall be made through the ECS or direct credit, if eligibility disclosed.

Please note that only applicants having a bank account at any of the 15 centres where clearing houses for ECS are managed by the RBI are eligible to receive refunds through the modes detailed in i, ii and iii hereinabove. For all the other applicants, including applicants who have not updated their bank particulars along with the nine digit MICR Code, the refund orders would be despatched "Under Certificate of Posting" for refund orders of value up to Rs. 1,500 and through Speed Post/Registered Post for refund orders of Rs. 1,500 and above.

Interest in case of delay in dispatch of Allotment Letters / Refund Orders

The Company agrees that as far as possible allotment of Equity Shares offered to the public shall be made within 30 days of the closure of Public Issue. The Company further agrees that it shall pay interest @ 15% per annum if the allotment letters/ refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner within 30 days from the date of the closure of the Issue.

ACCESS TO THE FUNDS:

Subscription received against this issue would be kept in a separate bank account and the Company will not have access to these funds so collected until it has received approval for allotment from BSE and listing and trading permission is received from BSE where listing is proposed in terms of this Prospectus.

Undertaking by the Company

The Company undertakes:

- a) that the complaints received in respect of the Issue shall be attended to by the Company expeditiously and satisfactorily.
- b) that all steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the Equity Shares are to be listed are taken within seven working days of finalization of basis of allotment.
- c) that the funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Company.
- d) that where refunds are made through electronic transfer of funds, suitable communication shall be sent to the applicant within 30 days of the issue, giving details of Bank where refund shall be credited along with amount and expected date of electronic credit of refund
- e) that the promoter's contribution in full, wherever required, shall be brought in advance before the Issue opens for public subscription and the balance, if any, shall be brought in pro rata basis before the calls are made on public.
- f) that the certificates of the Equity Shares / refund orders to the non-resident Indians shall be dispatched within specified time.
- g) that no further Issue of Equity Shares shall be made till the Equity Shares offered through this Prospectus are listed or till the application moneys are refunded on account of non-listing, under subscription etc.

Utilization of Issue Proceeds

The Board of Directors of the Company certifies that:

- a) all monies received out of this Issue of Equity Shares to public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of section 73 of the Companies Act, 1956;
- b) details of all monies utilized out of the Issue referred to in sub-item(a) shall be disclosed under an appropriate separate head in the balance-sheet of the Company indicating the purpose for which such monies had been utilized; and
- c) details of all unutilized monies out of the Issue of Equity Shares, if any, referred to in sub-item(a) shall be disclosed under an appropriate separate head in the balance-sheet of the Company indicating the form in which such unutilized monies have been invested.

The Board of Directors of the Company further certifies that:

- a) the utilization of monies received under promoter's contribution shall be disclosed under an appropriate head in the balance sheet of the Company indicating the purpose for which such monies have been utilized.
- b) the details of all unutilized monies out of the funds received under promoter's contribution shall be disclosed under a separate head in the balance sheet of the Company indicating the form in which such unutilized monies have been invested.

The Company shall not have any recourse to the Issue proceeds until the approval for trading the Equity Shares is received from the Stock Exchange where listing is sought is received. Pending utilisation of the proceeds of the Issue as specified under the heading "Objects of the Issue", the net proceeds from the Issue may be invested by the Company in high quality interest bearing liquid instruments including but not limited to deposits with banks for the necessary duration.

SECTION IX

MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY

Pursuant to Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting as detailed below. Please note that each provision herein below is numbered as per the corresponding article number in the Articles of Association and defined terms herein have the meaning given to them in the Articles of Association.

Applicability of Table A

The regulations contained in Table 'A' in the first schedule to the Companies Act, 1956 shall not apply to this company, but the regulations for the management of the Company and for the observance of the Members thereof and their representative shall, subject to any exercise of the statutory powers of the Company with reference to the repeal or alteration of, or addition to, its regulations by Special Resolutions, as prescribed by the Companies Act, 1956, be such as are contained in these Articles.

Share Capital

4. The Share Capital of the Company shall be as mentioned in Clause No. V of Memorandum of Association and as amended time to time.
- 4 A. Subject to the provisions of Section 114 and 115 of the Act and subject to any directions which may be given by the Company in General Meeting, the Board may issue share warrants in such manner and on such terms and conditions as the Board may deem fit. In case of such issue Regulations 40 to 43 of Table "A" in Schedule 1 to the Act shall apply.
5. Any unclassified shares of the Company for the time being (whether forming part of the original capital or of any increased capital of the Company), may be issued either with the sanction of the Company in General Meeting or by the Board with such rights and privileges annexed thereto and upon such terms and conditions as the General Meeting sanctioning the issue of such shares may direct, and if no such direction shall be given and in all other cases as the Directors shall determine and, in particular, such shares may be issued with a preferential or qualified right to dividends and in distribution of assets of the company and any preference shares may be issued on the terms that they are or at the option of the Company are liable to be redeemed.

New Capital same as existing capital

6. Except in so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares, shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and instalments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.
7. Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue Preference Shares which are or at the option of the Company are liable to be redeemed and the resolution authorizing such issue shall prescribe the manner, terms and conditions of redemption.

Provisions to apply on issue of Redeemable preference shares.

8. On the issue of Redeemable Preference Shares under the provisions of Articles 7 hereof the following provisions shall take effect :-
 - (a) no such shares shall be redeemed except out of profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of the redemption ;
 - (b) no such shares shall be redeemed unless they are fully paid;
 - (c) the premium, if any, payable on redemption must have been provided for out of the profits of the Company or out of the Company's Share Premium Account before the shares are redeemed;
 - (d) where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits which would otherwise have been available for dividend, be transferred to a reserve fund to be called "Capital Redemption Reserve Account" a sum equal to the nominal amount of the shares redeemed and the provisions of the Act relating to the reduction of the Capital of the Company shall, except as provided in Section 80 of the Act, apply as if the Capital Redemption Reserve Account were Paid up share capital of the Company.

Increase of capital by the Company and how carried into effect

9. The Company in General Meeting may, by Ordinary Resolution from time to time, increase the capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. The new shares shall be issued upon 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 dividend, and in the distribution of assets of the Company, and with a right of voting at the General Meeting of the Company in conformity with Section 87 and 88 of the Act, Whenever the capital of the company has been increased under the provisions of this articles Directors shall comply with the provisions of Section 97 of the Act.

Reduction of Capital

10. The Company may (subject to the provisions of Section 78, 80 and 100 to 104 inclusive 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 authorised by law, and in particular capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power the Company would have if it were omitted.

Consolidation Subdivision and Cancellation of shares

11. Subject to Section 94 of the Act, the Company in General Meeting may by an ordinary resolution alter the conditions of its Memorandum as follows :-
- (a) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares.
 - (b) Sub-divide its shares, or any of them into shares of smaller amount than fixed by the Memorandum, so however, that in the subdivision the proportion between the amount paid and the amount, if any unpaid on each reduced share, shall be the same as it was in the case of the share from which the reduced share is derived.
 - (c) Cancel any shares which, at the date of the passing of the resolution 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. A Cancellation of shares in pursuance of this sub-clause shall not be deemed to be reduction of the capital within the meaning of the Act.

Whenever the Company shall do any one or more of the things provided for in the foregoing sub-clause (a), (b) and (c) the Company shall, within one month thereafter, give notice thereof to the Registrar as required by Section 95 of the Act, specifying as the case may be, the shares consolidated, divided, converted, sub-divided or cancelled.

Modification of right

12. Whenever the capital, by reason of the issue of Preference Shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Section 106 and 107 of the Act, be modified commuted, affected, abrogated, dealt with or varied with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a special resolution passed at separate General meeting of the holders of shares of that class, and all the provisions hereafter contained as to General Meeting shall, mutatis mutandis, apply to every such meeting. This Article is not to derogate from any power the Company would have if this article were omitted.

The rights conferred upon the holders of the shares (including Preference Shares if any) of any class issued with preferred or other rights or privileges shall, unless otherwise expressly provided by the terms of the issue of shares of that class, be deemed not to be modified, commuted, affected, abrogated, dealt with or varied by the creation or issue of further shares ranking *pari passu* therewith.

Restriction on allotment

13. The Board shall observe the restrictions as to allotment of shares to the public contained in Sections 69 and 70 of the Act, and shall cause to be made the returns as to allotment provided for in section 75 of the Act.

Buyback

14. The Company may as per Sec 77A, 77AA & 77B purchase its own securities out of free reserves or share-premium account or proceeds of any shares or other specified securities by passing in general meeting as per the provisions of the Act and Rules and Regulations that may be in force from time to time. The Board of Directors shall comply all the provisions of the Act in purchase of companies own securities and authorized to do all such other acts that are required there on.

Demat of Shares

- 14 A. Either the Company or the investor may exercise an option to issue, deal in, hold the securities (including shares) with a Depository in electronic, form and the certificates in respect thereof shall be dematerialised, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereof, shall be governed by the provisions of the Depositories Act, as amended from time to time or any statutory modification thereto or enactment thereof.

Notwithstanding anything contained in these Articles, the Company shall be entitled to de-materialise its existing securities, rematerialise its securities held in the Depositories and/or offer its fresh securities in a dematerialised form pursuant to the Depositories Act and the rules framed thereunder, if any.

Every person subscribing to or holding securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository. If a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of the information, the Depository shall enter in its record the name of the allottees as the Beneficial Owner of the security.

All securities held by a Depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the securities held by it on behalf of the Beneficial 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 purposes of effecting transfer of ownership of security on behalf of the Beneficial Owner.

Every person holding securities of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a member of the Company. The Beneficial Owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities, which are held by a Depository.

Except as ordered by a Court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or where the name appears as the Beneficial Owner of shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognise any benami trust or equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has express or implied notice thereof, but the Board shall be at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

Every Depository shall furnish to the Company information about the transfer of securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.

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 certificate and substitute in its records the name of Depository as the registered owner in respect of the said securities and shall also inform the Depository accordingly.

If a Beneficial Owner seeks to opt out of a Depository in respect of any security, the Beneficial Owner shall inform the Depository accordingly.

The Depository shall on receipt of information as above make appropriate entries in its records and shall inform the Company.

The Company shall, within thirty (30) days of the receipt of intimation from the 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.

Except as specifically provided in these Articles, the provisions relating provisions 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 held in physical form subject to the provisions of the Depository Act.

The shares in the capital shall be numbered progressively according to their several denominations, provided however, that the provision relating to progressive numbering shall not apply to the shares of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form. Except in the manner herein before mentioned, no share shall be sub-divided. Every for felted or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished.

The Company shall cause to be kept a Register and Index of Members and a Register and Index of Debenture holders in accordance with Sections 151 and 152 of the Act respectively, and the Depositories Act, with details E of shares and debentures held in material and dematerialized forms in (any media as may be permitted by law including in any form of electronic media. The Register and Index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be Register and Index of Members and Register and Index of Debenture holders, as the case may be, for the purposes of the Act. The Company shall have the power to keep in any state or country outside India, a branch Register of Members resident in that state or country.

Issue of Employees Stock Options & Sweat Equity Shares

15. The Company in General Meeting may consider by passing a special resolution for issue of equity shares to the employees / Directors under Employees stock Option Scheme and or any other Scheme as per the guide lines and rules that are in force from time to time. The company may also issue sweat equity shares as per Sec 79A of Act to the directors by passing a Special resolution in General Meeting as per the regulations made by SEBI or Department of Company Affairs from time to time. The Board of Directors shall be duly authorised to frame the guidelines for consideration of issue of shares under Employees Stock Option Scheme or any other scheme and for issue of Sweat Equity shares.

NOMINATION OF SHARES

- (i) Notwithstanding anything contained in the Articles of Association or in any other law for the time being in force, and subject to the provisions of the companies Act, 1956 every member and debenture holder of the company may at any time nominate in the prescribed manner, a person to who his shares or debentures of the company shall vest in the event of his death.
 - (ii) In case of more than one holder, the joint holders may together nominee, in the prescribed manner a person to whom all the rights in the shares or debentures of the Company shall vest in the event of death of all the joint holders.
 - (iii) Notwithstanding anything 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 trade 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 holder of shares or debentures of the Company or all the joint holders thereof as the case may be, become entitled to all the rights in such shares or debentures of the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.
 - (iv) Where nominee is a minor, the holder of shares or debenture of the Company may appoint a person to become entitled to such shares or debentures, in the event of his death during the minority of nominee.
15. (A) **Further Issue of Shares**

Further issue of capital

- (1) Where at the 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 whether out of the unissued capital or out of the 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 shares at the date.
 - (b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and 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 expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person(s) as they may think, in their sole discretion, fit.

- (2) Notwithstanding anything contained in sub-clause (1) hereof, 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 hand 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 offer should be accepted; or
 - (b) To authorise any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made 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 :
- (i) To convert such debentures or loans into shares in the Company; or
 - (ii) To subscribe for shares in the Company (whether such option is conferred in these Articles or otherwise)

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term :

- a) Either has been approved by the Central Government before the issue of the debenture or the raising of the loans or is in conformity with the Rules, if any, made by that Government in this behalf; and
- b) In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debentures or raising of the loans.

(B) Shares at the Disposal of the Directors

Subject to the provisions of Section 81 of the Act, and these articles, the shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose off 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 provisions 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 share in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.

(C) 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, within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every Certificate of share shall be under the seal of the Company and shall specify the numbers 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 certificate of shares to one or several joint holders shall be sufficient delivery to all such holders.

(D) Issue of new certificate in place of one defaced, lost or destroyed

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, and 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, decrepit 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 provisions of this Article shall mutatis mutandis apply to debentures of the Company.

(E) Directors may refuse to register transfer :

Subject to the provisions of Section 111 of the Act and Section 22 A of the Securities Contracts (Regulation) Act, 1956, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register 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. Transfer of shares/ debentures in whatever lot shall not be refused

(F) Instrument of Transfer

The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.

(G) No fee on transfer or transmission

No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document.

(H) Payment in anticipation of call may carry interest

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 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 dividends. The Directors may at any time repay the amount so advanced. The member 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. The provisions of this article shall mutatis mutandis apply to the calls on debentures of the Company.

(I) 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 a fixed time in respect of such shares/debentures and no equitable interest in any shares shall be created except upon the footing and conditions that this article will have full effect. And such lien shall extend to all the dividends and bonuses 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 anytime declare any shares/ debentures wholly or in part to be exempt from the provisions of this clause.

(J) Term of issue of debenture

Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.

(K) Unpaid or unclaimed dividend

Where the company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 42 days from the date of declaration to any shareholder entitled to the payment of dividend, the Company shall within 7 days from the date of expiry of the said period of 42 days, open a special account in that behalf in any scheduled bank called "Unpaid Dividend of Allied Computers International (Asia) Limited" and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted. Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of three years from the date of such transfer, shall be transferred by the Company to the general revenue account of the Central Government. A claim to any money so transferred to the General Revenue Account may be preferred to the Central Government by the Shareholders to whom the money is due. These provisions are subject to amendment as in force time to time.

No unclaimed or unpaid dividend shall be forfeited by the board.

Application of premium received on shares

16. (1) Where the Company issued shares at a premium whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on these shares shall be transferred to an account to be called "THE SHARE PREMIUM ACCOUNT" and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in this Article, apply, as if the share premium amount were paid up share capital of the Company.
- (2) The share premium account may, notwithstanding anything in clause (1) hereof be applied by the Company :-
 - (a) in paying up unissued shares of the Company to be issued to the members of the Company as fully paid bonus shares;
 - (b) in writing off the preliminary expenses of the Company;
 - (c) in writing off the expenses of, or the commission paid or discount allowed on, any issue of shares or of any debentures of the Company ; or
 - (d) in providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company.

Power also to company in General Meeting to issue shares

17. In addition to and without derogating from the powers for that purpose conferred on the Board under Articles 15 and 16, the Company in General Meeting may, subject to the provisions of Section 81 of the Act, determine that any shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether members or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of Section 78 and 79 of the Act) at a premium or at par or at a discount, as such General Meeting shall determine and with full power to give any person (whether a Member or not) the option to call for or be allotted shares of any class of the Company either (subject to compliance with provisions of Section 78 and 79 of the Act) at a premium or at a par or at a discount, such option being exercisable at such times and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provisions whatsoever for a issue, allotment or disposal of any shares.
18. The Company may issue at a discount shares in the Company of a class already issued if the following conditions are fulfilled, namely :-
 - (i) the issue of the shares at discount is authorised by a Resolution passed by the Company in General Meeting and sanctioned by the Company Law Board;

- (ii) the resolution specifies the maximum rate of discount (not exceeding ten per cent, or such higher percentage as they may permit in any special case) at which the shares are to be issued
- (iii) the shares to be issued at a discount are issued within two months after the date on which the issue is sanctioned or within such extended time as the Court may allow; and
- (iv) not less than one year has at the date of issue elapsed since the date on which the Company was entitled to commence business.

Instalments on shares to be duly paid

19. If by the conditions of allotment of any shares the whole or part of the amount or issue price thereof shall be payable by instalments, every such instalment shall, when due, be paid to the Company by the person who for the time being shall be the registered holder of the shares or his legal representatives, and shall for the purposes of these Articles be deemed to be payable on the date fixed for payment and in case of non-payment the provisions of these articles as to payment of interest and expenses, forfeiture and the like and all the other relevant provisions of these Articles shall apply as if such instalments were a call duly made and notified as hereby provided.

The Board may issue shares as fully paid-up

20. Subject to the provisions of the Act and these Articles; the Board may allot and issue shares in the capital of the Company as payment for any property sold or transferred or for services rendered to the Company in the conduct of its business or in satisfaction of any outstanding debt or obligation of the Company and any shares which may be so issued shall be deemed to be fully paid-up shares.

Acceptance of shares

21. Any application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any share therein, shall be an acceptance of shares within the meaning of these Articles; and every person who thus or otherwise accepts any shares and whose name is therefore placed on the register shall, for the purpose of these Articles, be a member

Deposit and calls etc., to be a debt payable immediately

22. The money (if any) which the Board of Directors 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 the 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.

Liability of members

23. Every member, or his heirs, executors or administrators to the extent of his assets which come to their hands, shall be liable to 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 of Directors shall, from time to time in accordance with the Company's regulations require or fix for the payment thereof.

Liability of joint holders of shares

24. The joint-holders of shares shall be severally as well as jointly liable for the payment of all instalments and calls due in respect of such shares.
25. Save as herein otherwise provided, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof, and accordingly shall not, except as ordered by a Court of competent jurisdiction, or as by statute required be bounded to recognise even when having notice thereof any equitable, contingent, future or other claim to or interest in such share on the part of any other person, but the Board shall be at liberty at its sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them

V. LIEN

As to enforcing lien by sale

28. For the purpose of enforcing lien the Board may sell the shares subject thereto in such manner as it shall think fit, and for the purpose may cause to be issued a duplicate certificate in respect of such shares and may authorise one of their members to execute a transfer thereof on behalf and in the name of such Member. No sale shall be made unless a sum in respect of which the lien exists is presently payable and until notice in writing of the intention to sell shall have been 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

Application of proceeds of sale

29. The net proceeds of any such sale shall be received by the Company and applied in or towards satisfaction of such part of the amount in respect of which the lien exists as is presently payable and the balance (if any) shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the member or the person (if any) entitled to the shares at the date of the sale.

VI. CALLS

Directors may make calls

30. Subject to provisions of Section 91 of the Act, the Board of Directors may, from time to time, subject to the terms on which any shares have been issued and subject to the conditions of allotment by a resolution passed at a meeting of the Board (and not by a circular resolution) make such calls as it thinks fit upon the members in respect of all moneys unpaid on the shares, whether on account of the nominal value of the shares or by way of premium, held by them respectively and each member shall pay the amount of every call so made on him to the person or persons and at the times and places appointed by the Board of Directors. A call may be made payable by instalments.

Call may be post-poned or revoked

31. A call may be postponed or revoked as the Board may determine.

Calls to date From Resolution

32. A call shall be deemed to have been made at the time when the resolution authorising such call was passed at a meeting of the Board of Directors and may be made payable by the members whose names appear on the Register of members on such date or at the discretion of the Board on such subsequent date as shall be fixed by the Board.

Notice of Calls

33. Not less than fourteen days' notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid, provided that before the time for payment of such call the Board may by notice in writing to the members revoke the same.

Directors may extend time.

34. 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 whom the Board may deem fit entitled to such extension as of right except as a matter of grace and favour.

When interest on call or instalment

35. If the sum payable in respect of any call or instalment be not paid on or before the day appointed for payment thereof the holder for the time being of the share in respect of which the call shall have been made or the instalment shall be due shall pay interest for the same at the rate of 9 per cent per annum as the Directors may determine, from the date appointed for the payment thereof to the time of the actual payment, but the Directors shall be at liberty to waive payment of such interest wholly or in part.

payable. Sums deemed to be calls

36. Any sum, which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall for the purposes of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such had become payable by virtue of a call duly made and notified

Evidence in action for a call

37. On the trial or hearing of any action or suit brought by the Company against any member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the member in respect of whose shares the money is sought to be recovered is entered in the Register of Members as the holder or one of the holders at or subsequently to the date at which the money sought to be recovered is alleged to have become due on the shares in respect of which such money is sought to be recovered, that the resolution making the call is duly recovered in the minute book and that notice of such call was duly given to the member or his representative sued in pursuance of these Articles and it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of Directors, was present at the Board at which any call was made, nor that the meeting at which any call was made, nor that the meeting at which any call was made was duly convened or constituted nor any other matter whatsoever, but the proof of the matter aforesaid shall be conclusive evidence of the debt.

VII. FORFEITURE

If call or instalment not paid, notice may be given

38. If any member fails to pay the whole or any part of any call or instalment of a call on or before the day appointed for the payment of the same or any extension thereof the Directors may, at any time thereafter during such time as the call or instalment remains unpaid, serve a notice on such member 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. For the purposes of the provisions of these presents relating to forfeiture of shares, the sum payable upon allotment in respect of a share be deemed to be a call payable upon such share on the day of allotment.

Terms of Notice

39. The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and at which such call or instalment and such interest thereon at such rate not exceeding 9 per cent per annum as the Directors shall determine from the day on which such call or instalment ought to have been paid, and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at, or before the time, and at the place appointed, the shares in respect of which the call was made or instalment was payable will be liable to be forfeited.

If notice not complied with shares may be forfeited

40. If the requirements of any such notice as aforesaid are not complied with any shares in respect of which such notice has been given may at any time thereafter before payment of all calls or instalments, interest and expenses due in respect thereof be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited shares and not actually paid before the forfeiture.

Notice of forfeiture

41. When any share shall have been so forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof shall forthwith be made in the Register, but no forfeiture shall be invalidated by any failure to give such notice or make such entry as aforesaid.

Forfeited shares to become property of the Company

42. Any shares so forfeited shall be deemed to be the property of the Company, and the Directors may sell, re-allot, or otherwise dispose of the same either to the original holder thereof or to any other person, upon such terms and in such manner as they think fit

Powers to annul forfeiture

43. The Directors may at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed off, annul the forfeiture thereof upon such conditions as they think fit

Arrears to be paid notwithstanding— Standing forfeiture.

44. 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, instalments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment, at such rate as the Directors decide and the Directors may enforce the payment thereof if they think fit but shall not be under any obligation to do so.

Effect of forfeiture

45. The forfeiture of a share shall involve the extinction, at the time of the forfeiture, of all interest in and also of all claims and demands against the Company in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved

Evidence of forfeiture

46. A declaration in writing that the declarant is a Director or the Secretary of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares.

Validity of sale under Article 33 and 48

47. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers herein before given, the Board may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the Register in respect of the shares sold, and the purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money and after his name has been entered in the Register in respect of such shares, the validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

Cancellation of share certificate in respect of forfeited shares

48. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Member) stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a new certificate or certificates in respect of the said shares to the person or persons entitled thereto.

Surrender of shares

49. The Directors may, subject to the provisions of the Act, accept a surrender of any share from or for any member desirous of surrendering on such terms as they think fit

VIII. TRANSFER AND TRANSMISSION OF SHARES

Form of transfer

50. The instrument of transfer of any share shall be in writing and shall be in such a common form as may be prescribed by the company 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 transfers of shares and of the registration thereof.

Application for transfer

51. (i) An application for the registration of a transfer of the shares in the Company may be made either by the transferor or the transferee.
- (ii) Where the application is made by the transferor and relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.
- (iii) For the purpose of clause (ii), the above notice to the transferee shall be deemed to have been duly given if it is despatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.

Execution of transfer, etc

52. The instrument of transfer of any share shall be duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and attested. The transferor shall be deemed to remain the holder of such shares until the name of the transferee is entered in the Register in respect thereof.

Transfer to be presented with evidence of title

53. 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 generally under the subject to such conditions and regulations as the Board may from time to time prescribe, and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board.

Transfer by legal representative

54. Transfer of the shares in the Company of a deceased member thereof made by his legal representative shall, although the legal representative is not himself a member, be as valid as if he had been a member at the time of the execution of the instrument of transfer.

Notice of refusal to be given to Transferor and transferee

55. If the Company refuse to register the transfer of any share or transmission of any right therein, the Company shall within two months form the date on which the instrument of transfer or intimation of transmission, was lodged with the Company send notice of refusal to the transferee and transferor or to the person giving intimation of the transmission as the case may be, and thereupon the provisions of Section 111 of the Act, or any statutory modification or re-enactment thereof for the time being in force shall apply.

No transfer to insolvent or person of unsound mind

56. The Board shall not issue or register a transfer of any share to insolvent or person of unsound mind.
57. Notwithstanding anything contained in these Articles, the Directors of the Company may in their absolute discretion refuse sub-division of share certificates or debenture certificates into denominations of less than the marketable lots except where such sub-division is required to be made to comply with a statutory provision or an order of a competent court of law.

The Company not liable for disregard of notice prohibiting registration of a transfer

58. 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 right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or referred thereto, any book of the Company, and the Company shall not be bound or require to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company, but the company shall nevertheless, be at liberty to regard and attend to any such notice, and give effect thereto if the Board of Directors shall so think fit.

When register of members or Debentures holders may be closed

59. The Directors may, on giving seven days previous notice by advertisement in some newspaper circulating in the district in which the registered office is situated, close the register of members and/or register of debenture holders at such time or times and for such period or periods as the Directors think fit, not exceeding in the aggregate forty-five days in each year, but not exceeding thirty days at any one time.

Death of one or more joint holders of shares

60. In the case of the death of any one or more of the persons named in the Register of Members as the joint holders of any share, the survivor or survivors shall be the only persons recognised by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him jointly with any other person.

Title of shares of Deceased member

61. The executors or administrators or holders of a Succession Certificate or the legal representatives in respect of the shares of a deceased member (not being one or two or more joint holders) shall be the only persons recognised by the Company as having any title to the shares registered in the name of such member, and the Company shall not be bound to recognise such executors, or administrators or holders of a Succession Certificate, or the legal representatives shall have first obtained Probate or Letter of Administration or Succession Certificate, as the case may be, from a duly constituted Court in the Union of India; provided that in any case where the Board in its absolute discretion may decide and under Article 70 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.

Registration of persons entitled to Shares otherwise than by transfer

62. Subject to the provisions of Articles 67 and 68, any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any Member or by any lawful means other than by a transfer in accordance with these Articles may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of his title, as the Board thinks sufficient, either be registered himself as the holder of the shares or elect to have some person nominated by him and approved by the Board registered as such holder, provided, nevertheless, that if such person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained, and until he does so, he shall not be freed from any liability in respect of the shares. This Articles is referred to in these Articles as the "Transmission Articles".

Person entitled may Receive dividends without being registered as member.

63. A person entitled to a share by transmission shall, subject to the right of the Directors to retain such dividend or moneys as is hereafter provided, be entitled, to receive, and may give a discharge for, any dividends or other moneys payable in respect of the share.

Refusal to nominee

64. Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse to register a person entitled by transmission to any shares or his nominee as if he were the transferee named in an ordinary transfer presented for registration. The above provisions regarding restriction on transfer of shares shall not be applicable to shares held by Unit Trust of India (VECAUS - I Scheme) and/or to the shares held by any other person party as may be approved by the Board of Directors and notwithstanding anything to the contrary contained in these articles, the Board of Directors shall give effect to any transfer of fully paid up shares pertaining to and or lodged by such person party including those lodged by Unit Trust of India (VECAUS-I Scheme).

IX. BORROWING POWERS

Power to borrow

65. Subject to the provisions of Section 292 and 293 of the Act, the Board of Directors, may, from time to time at its discretion, by a resolution passed at a meeting of the Board, accept deposits from members (either in advance of calls or otherwise) and from other persons generally borrow or raise or secure the payment of any sum or sums of money for the purposes of the Company. Provided, however, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the Ordinary course of business) exceed the aggregate of the paid-up capital of the Company and its free reserves (not being reserves set apart to any specific purpose) the Board of Directors shall not borrow such moneys without the sanction of the Company in General Meeting. No debt incurred by the Company in the excess of the limit imposed by this Article shall be valid or effectual unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by this article had been exceeded.

The payment or re-payment of moneys borrowed

66. The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board of Directors may think fit, and in particular in pursuance of resolution passed at a meeting of the Board (and not by circular resolution) by the issue of bonds, debentures or debenture stock of the Company or any mortgage charge or other security upon all or any part of the property of the Company (both present and future), including its uncalled capital for the time being, and debentures, debenture-stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

Terms of issue of debentures

67. Any debenture, 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 special privileges and conditions as to redemption, surrender, drawing, allotment of shares attending (but not voting) at General Meetings, right to appoint Directors and otherwise, [Provided that debentures with the right to allotment of or conversion into shares shall not be issued except with sanction of the Company in general Meeting, by Special Resolution and also with the sanction of the Central Government].

Mortgage of uncalled capital

68. If any uncalled capital of the Company is included in or charged by any mortgage or other security, the Directors may, subject to the provisions of the Act and these Articles, make call on the members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security is executed.

X. GENERAL MEETINGS

Annual General Meeting

69. (1) The Company shall, in addition to any other meetings hold a general meeting (hereinafter called an "Annual General Meeting") at the intervals and in accordance with the provisions herein specified. The Annual General Meeting of the Company shall be held within six months after the expiry of each financial year provided however that if the Registrar of Companies shall have for any special reason extended the time within which any Annual General Meeting shall be held by a further period not exceeding three months, the Annual General Meeting may be held within the additional time fixed by the Registrar. Except in the case where the Registrar has given an extension of time as aforesaid for holding an Annual General Meeting, not more than fifteen months shall elapse between the date of one Annual General Meeting and that of the next.
- (2) Every Annual General Meeting shall be called for a time during business hours and on such day (not being a public holiday) as the Directors may from time to time determine and it shall be held either at the Registered Office of the Company or at some other place within the city or town in which the Registered Office of the Company is for the time being situated. The Notice calling t he meeting shall specify it as the Annual General Meeting.

Report Statements And Registers to be laid before the Annual General Meeting.

70. Every member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any general meeting which he attends or any part of the business which concerns him as auditor. At every Annual General Meeting of the Company there shall be laid on the table the Directors' Report and Audited Statements of Account, Auditors' Report (if not already incorporated in the Audited Statements of Account), and the Register of Directors' shareholding which latter Register shall remain open and accessible during the continuance of the meeting.

Extraordinary General Meeting. Circulation of Members Resolution

71. All General Meetings other than Annual General Meetings shall be called "Extraordinary General Meeting".
72. (1) Subject to the provisions of section 188 of the Act, the Directors shall on the requisition in writing of such number of members as is hereinafter specified and (unless the Annual General Meeting otherwise resolves) at the expenses of the Requisitionists.
- (a) give to members of the Company entitled to receive a notice of the next Annual General Meeting, notice of any resolution which may properly be moved and is intended to be moved at that meeting.
 - (b) circulate to members entitled to have notice of any General Meeting sent to them, any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.
- (2) The number of members necessary for a requisition under clause (1) hereof shall be :-
- (a) such number of members as represent not less than one-twentieth of the total voting power of all members having at the date of the requisitions a right to vote on the resolution or business to which the requisition relates; or
 - (b) not less than one hundred members having the right aforesaid and holding shares in the Company on which there has been paid up an aggregate sum of not less than rupees one lakh in all.
- (3) Notice of any such resolution shall be given and any such statement shall be circulated to members of the Company entitled to have notice of the meeting sent to them by serving a copy of the resolution or statement on each member in any manner permitted by the Act of service of notice of the meeting; and notice of any such resolution shall be given to any other member of the Company by giving notice of the general effect of the resolution in any manner permitted by the Act for giving him notice of meeting of the Company. The Copy of the resolution shall be served or notice of the effect of the resolution shall be given, as the case may be, in the same manner and, so far as practicable, at the same time as notice of the meeting, and where it is not practicable for it to be served or given at that time, it shall be served or given as soon as practicable thereafter.
- (4) The Company shall not be bound under this Article to give notice of any resolution or to circulate any statement unless (a) a copy of the requisition signed by the requisitionists (or two or more copies which between them contain the signatures of all the requisitionists) is deposited at the Registered Office of the Company :-
- (i) in the case of a requisition requiring notice of resolution, not less than six weeks before the meeting, and
 - (ii) in the case of any other requisition, not less than two weeks before the meeting. and (b) there is deposited or tendered with the requisition a sum reasonably sufficient to meet the Company's expenses in giving effect thereto; Provided that if after a copy of the requisition requiring notice of a resolution has been deposited, at the registered office of the Company, an Annual General Meeting is called for a date six weeks or less after such copy has been deposited, the copy although not deposited within the time required by this clause, shall be deemed to have been properly deposited for the purpose thereof.
- (5) The Company shall also not be bound under this Article to circulate any statement if, on the application either of the Company or of any other person who claims to be aggrieved, the Court is satisfied that the rights conferred by this Article are being abused to secure needless publicity for defamatory matter.
- (6) Notwithstanding anything in these presents contained, the business may be dealt with at an Annual General Meeting shall include any resolution of which notice is given in accordance with this Article and for the purposes of this clause notice shall be deemed to have been so given, notwithstanding the accidental omission in giving it, to one or more members.

Extraordinary General Meeting

73. The Board may, whenever it thinks fit, call an Extraordinary General Meeting and it shall do so upon a requisition in writing by any Member or Members holding in the aggregate not less than one-tenth of such of the paid up capital as at that date carries the right of voting in regard to the matter in respect of which the requisition has been made, and upon which all calls or other sums then due have been paid.

Requisition of Members to state object of Meeting

74. Any valid requisition so made by Members must set out the matters for the consideration of which the meeting is called and must be signed by the requisitionists and be deposited at the Office; provided that such requisition may consist of several documents in like form each signed by one or more requisitionists.

On receipt of requisition Directors to call meeting and in default requisitionists may do so.

75. Upon receipt of any such requisition, the Board shall forthwith call an Extraordinary General Meeting, and if it does not proceed within twenty-one days from the date of the requisition being deposited at the office to cause a meeting to be called on a day not later than 45 days from the date of deposit of the requisition, the requisitionists, or such of their number as represent either a majority in value of the paid up share capital held by all of them or not less than one-tenth of such of the paid-up share capital for the Company as is referred to Section 169 (4) of the Act, whichever is less, may themselves call the meeting, but in either case any meeting so called shall be held within three months from the date of the delivery of the requisition as aforesaid

Meeting called by requisitionists

76. Any meeting called under the foregoing Articles by the requisitionists shall be called in the same manner, as nearly as possible as that in which meetings are called by the Board.

When a Director or any two members may call an extraordinary meeting

77. If at any time there are not within India sufficient directors capable of acting to form a quorum, or if the number of directors be reduced in number to less than the minimum number of directors prescribed by these Articles and the continuing directors fail or neglect to increase the number of directors to that number or to convene a general meeting any director or any two or more members of the Company holding not less than one-tenth of the total paid up share capital of the Company may call an Extraordinary General Meeting in the same manner as nearly as possible as that in which meetings may be called by the Directors.

Length of notice of meeting

78. (1) A general meeting of the Company may be called by giving not less than twenty-one days notice in writing.
(2) A general meeting may be called after giving shorter notice than that specified in clause (1) hereof if consent is accorded thereto :
- (i) in the case of Annual General Meeting, by all the members entitled to vote thereat and
 - (ii) in the case of any other meeting, by members of the Company holding not less than ninety-five per cent of such part of the paid-up share capital of the Company as gives a right to vote at the meeting; PROVIDED that where any members of the Company are entitled to vote only on some resolution or resolutions to be moved at a meeting and not on the others, those members shall be taken into account for the purposes of this clause in respect of the former resolution or resolutions and not in respect of the latter.
79. (1) Every notice of the meeting of the Company shall specify the place and the day and hour of the meeting, and shall contain a statement of the business to be transacted thereat.
(2) Notice of every meeting of the Company shall be given :
- (i) to every member of the Company, in any manner authorised by sub-sections (1) to (4) of Section 53 of the Act.
 - (ii) to the persons entitled to a share in consequence of the death, or insolvency of a member by sending it through the post in a pre-paid letter addressed to them by name, or by the title of representatives of the deceased, or assignees of the insolvent, or by any like description, at the address, if any, in India supplied for the purpose by the persons claiming to be so entitled, or until such an address has been so supplied by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred; and
 - (iii) to the auditor or auditors for the time being of the Company, in any manner authorised by Section 53 of the act in the case of any member or members of the Company; PROVIDED that where the notice of a

meeting is given by advertising the same in the newspaper circulating in the neighbourhood of the registered office of the Company under subsection (3) of section 53, the statement of material facts referred to in section 173 need not be annexed to the notice as required by that section but it shall be mentioned in the advertisement that the statement has been forwarded to the members of the Company.

- (3) Every notice convening a meeting of the Company shall state with reasonable prominence that a member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself and that a proxy need not be a member of the Company.

Omission to give notice not to invalidate proceedings

80. The accidental omission to give any such notice as aforesaid, to, or the non-receipt thereof by any member or other person to whom it should be given, shall not invalidate the proceedings of any such meeting.
81. (1) (a) in the case of an annual general meeting, all business to be transacted at the meeting shall be deemed special with the exception of business relating to
- (i) the consideration of the accounts, balance sheet and the reports of the Board of Directors and Auditors;
 - (ii) the declaration of a dividend;
 - (iii) the appointment of directors in the place of those retiring; and
 - (iv) the appointment of, and the fixing of the remuneration of the auditors, and
- (2) Where any items of business to be transacted at any meeting of the Company are deemed to be special as aforesaid there shall be annexed to the notice of the meeting a statement, setting out all material facts concerning each such item of business, including in particular the nature of the concern or interest, if any, therein, of every director.
- PROVIDED that where any such item of special business to be transacted at a meeting of the Company relates to, or effects any other Company, the extent of shareholding interest in that other Company of every director; of the Company shall also be set out in the statement if the extent of such shareholding interest is not less than twenty per cent of the paid-up share capital of that other Company.
- (3) Where any item of business consists of according of approval to any document by the meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.

XI. PROCEEDING AT GENERAL MEETING

Notice of business to be given

82. No General Meeting, Annual or Extraordinary shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices convening the meeting.

Quorum

83. Five members present personally at any General Meeting shall be the quorum for a General Meeting.

Quorum to be present when Business commences

84. No business shall be transacted at any General Meeting unless a quorum of members is present at the time when the meeting proceeds to business.

Chairman of General Meeting

85. The Chairman of the Board of Directors shall be entitled to take the chair at every General Meeting, or if there be no such Chairman, or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding such meeting, or shall decline to take the Chair, the Vice-Chairman, if any, shall be entitled to take the Chair. If the Vice-Chairman is also not present or is unwilling to take the chair the Directors present shall elect one of them as Chairman, and if no Directors be present or if all the Directors present decline to take the Chair, then the members present shall elect one of their number to be the Chairman. If poll is demanded on the election of the Chairman it shall be taken forthwith in accordance with the provisions of the Act and the Chairman elected on a show of hands shall exercise all the powers of the Chairman under the said provisions. If some other person is elected Chairman as a result of the poll, he shall be the Chairman for the rest of the meeting.

Business confined to election of Chairman whilst chair vacant.

86. No business shall be discussed at any general meeting except the election of a Chairman, whilst the Chair is vacant.
87. If within half an hour from the time appointed for the meeting a quorum is not present the meeting if convened upon the requisition of members shall be dissolved, but in any other case it shall stand adjourned to the same day in the

next week or if that day is a public holiday until the next succeeding day which is not a public holiday at the same time and place, or to such other day and at such other time and place as the Board may determine and if at such adjourned meeting also a quorum is not present, within half an hour for the time appointed for holding the meeting those members who are present shall be quorum and may transact the business for which the meeting was called.

Resolution passed at Adjourned Meeting

88. Where a resolution is passed at an adjourned meeting of the Company, the resolution shall, for all purposes be treated as have been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date.

How questions to be decided at meeting

89. Every question submitted to a general meeting shall be decided in the first instance by a show of hands unless a poll is demanded as provided in these Articles.

Chairman to have a casting vote.

90. In the case of an equality of votes the Chairman shall both on a show of hands and at a poll, have a casting vote in addition to the vote or votes to which he may be entitled as a member.

Chairman's declaration of result of voting by show of hands conclusive

91. A declaration by the Chairman of the meeting that on a show of hands, a resolution has or has not been carried, or has or has not been carried either unanimously or by a particular majority, and an entry to that effect in the books containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of votes cast in favour of or against such resolution.

Demand for poll

92. (1) Before or on the declaration of the result of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the meeting of his own motion and on demand made in that behalf by any member or members present in person or by proxy fulfilling the requirements as laid down in Section 179 of the Companies Act, 1956 for the time being in force.
- (2) The demand for a poll may be withdrawn at any time by the person or persons, who made the demand.

Time of taking the poll

93. A poll demanded on a question of adjournment shall be taken forthwith. A poll demanded on any other question (not being a question relating to the election of a Chairman which is provided for in Articles 85) shall be taken at such time not being later than forty-eight hours from the time where the demand was made and in such manner and place as the Chairman of the meeting may direct and the result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken.

Scrutineers at poll

94. Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinise the votes given on the poll and to report thereon to him. One of the scrutineers so appointed shall always be a member (not being an officer or employee of the Company) present at the meeting, provided such a member is available and willing to be appointed. The Chairman shall have power at any time before the result of the poll is declared to remove a scrutineer from office and to fill vacancies in the office of scrutineer arising from such removal or from any other cause.

Chairman may adjourn meeting with consent

95. (1) The Chairman may, with the consent of any adjourned meeting at which a quorum is present and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.
- (2) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- (3) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.
- (4) Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at any adjourned meeting.

Business may Proceed notwithstanding demand for poll

96. The demand for a poll except on the question of the election of the Chairman and of adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

Resolution requiring Special notice

97. Where by any provision contained in the Act, special notice is required of any resolution, notice of the intention to move the resolution shall be given to the Company not less than fourteen days before the meeting at which it is to be moved exclusive of the day on which the notice is served and the day of the meeting. The Company shall immediately after the notice of the intention to move any such resolution has been received by it, give its members notice of the resolution, in the same manner as it gives notice of the meeting or if that is not practicable, shall give them notice thereof, either by advertisement in newspaper having an appropriate circulation or in any other mode allowed by these presents, not less than seven days before the meeting.

Restriction on exercise of voting right of members who have not paid calls

98. No member shall exercise any voting rights in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.

Number of votes to which Member entitled

99. Subject to the provisions of these Articles and without prejudice to any special privileges or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the Company, every Member, not disqualified by the last preceding Articles shall be entitled to be present and to speak and vote at such meeting, and on a show of hand every Member present in person shall have one vote and upon a poll every Member present in person or by proxy shall have the right to vote in proportion to his share of the paid up Equity capital of the Company either alone or jointly with any other person or persons provided, however, if any preference shareholder be present at any meeting, of the Company, save as provided in clause (b) of subsection(2) of Section 87, he shall have a right to vote only on resolutions placed before the meeting which directly affect the rights attached to his preference shares.

Vote of member of unsound mind

100. A member of unsound mind or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote whether on a show of hands or on a poll by his committee or other legal guardian and any such committee or guardian may on a poll vote by proxy.

Voting in person or by Proxy

101. Subject to the provisions of these Articles votes may be given either personally or by proxy. A body corporate being a member may vote either by a proxy or by a representative duly authorised in accordance with Section 187 of the Act.

Casting of votes by a Member entitled to more than one vote

102. On a poll taken at a meeting of the Company a member entitled to more than one vote, or his proxy, or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.

Votes in respect of shares of deceased and insolvent members

103. Any person entitled under Article 70 to transfer any shares may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that not later than fortyeight hours before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Directors of his right to transfer such shares and give such indemnity (if any) as the Directors may require unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof.

Joint holders

104. Where there are joint registered holders of any share, any one of such persons may vote at any meeting either personally or by proxy in respect of such share as if he were solely entitled thereto. If more than one such joint holders be present at any meeting personally or by proxy, the vote of the senior member who tenders a vote shall be accepted to the exclusion of the votes of other joint holder. For this purpose, seniority shall be determined by the order in which the names stand in the register of members. Several executors or administrators of a deceased member in whose name any share stands shall for the purpose of this Article be deemed joint holders thereof.

Representation of body corporate

105. (1) (i) A body corporate (whether a Company within the meaning of the Act or not) may, if it is a member or creditor of the Company (including a holder of debentures) having a right to vote may in pursuance of Section 187 of the Act, authorise such person as it thinks fit by a resolution of its Board of Directors or other Governing Body to act as its representative at any meeting of the Company or of any class of members of the Company or at any meeting of the creditors of the company or debenture holders of the Company.

- (ii) A person authorised by resolution as aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual member, creditor, or holder of debentures of the Company. The production of a copy of the resolution aforesaid certified by a Director or the Secretary of such body corporate before the commencement of the meeting shall be accepted by the Company as sufficient evidence of the validity of the said representatives appointment and his right to vote thereat.
- (2) (i) The President of India or the Governor of a State, if he is a member of the Company, may appoint such person as he thinks fit to act as his representative at any meeting of the Company or at any meeting of any class of members of the Company.
- (ii) A person appointed to act as aforesaid shall, for the purpose of this Act, be deemed to be a member of the Company and shall be entitled to exercise the same rights and powers (including the right to vote by proxy) as the President or, as the case may be, the Governor could exercise as a member of the Company.

Instrument appointing a proxy to be deposited at the office

106. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or if hand of an Officer or attorney duly authorised by it and any Committee or guardian may appoint such proxy. The proxy so appointed unless he is a member shall not have any right to speak at the meetings, Provided, however, the instrument appointing proxy shall be deemed to confer authority to demand or join in demanding poll.

Form of Proxy

107. Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances admit, be in any of the forms set out in Schedule IX of the Act.

No proxy to vote on a show of hands

108. No member present only by proxy shall be entitled to vote on a show of hands, unless such member is a company or a corporation present by proxy or by a representative duly authorised under Section 187 of the Act, in which case such proxy or representative may vote on a show of hands as if he were a member of the Company.

Proxy either for specified meeting or for a period.

109. An instrument of a proxy may appoint a proxy either for the purposes of a particular meeting specified in the instrument and any adjournment thereof or it may appoint a proxy for the purpose of every meeting of the Company and every adjournment of any such meeting or other authority (if any) under which it is signed or a notarially before a date specified in the instrument and any adjournment of any such meeting.
110. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office not later than forty-eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.

When vote by proxy valid though authority revoked etc

111. A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the instrument of proxy or of any power of attorney or authority under which such proxy was signed or the transfer of the share in respect of which the vote is given, provided no intimation in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Company at the Office before the commencement of the meeting or the adjourned meeting at which a proxy is used. Provided nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and of the same not having been revoked.

Time for objections to Vote

112. No objection shall be made to the qualification of any vote or validity of any vote except at the meeting or adjourned meeting at which the vote objected to is given or tendered. Any such objection made in due time shall be referred to the Chairman of the meeting.

Chairman of any meeting to be the judge of any vote

113. The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll. The decision of the Chairman shall be final and conclusive

Custody of the instrument

114. If any such instrument of appointments be confined to the object of appointing any attorney or proxy for voting at meetings of the Company it shall remain permanently or for such time as the Directors may determine, in the custody of the Company; if embracing other objects a copy thereof examined with the original, shall be delivered to the Company to remain in the custody of the Company.

XII. DIRECTORS

Number of Directors

115. Unless and until otherwise by a General Meeting and subject to Section 252 of the Act, the number of Directors (excluding debenture, alternate and corporation Directors) shall not be less than three or more than twelve.

Directors may fill up Vacancies

117. The Directors shall have power at any time and from time to time to appoint any person to be a Director to fill a casual vacancy. Such casual vacancy shall be filled by the Board of Directors at a meeting of the Board and such Director shall hold office only upto the date upto which the Director in whose place he is appointed would have held office, if it had not been vacated as aforesaid but he shall then be eligible for re-election.

Additional Director

118. The Directors shall also have power at any time and from time to time to appoint any other person to be a Director as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum fixed. Any person so appointed as an addition to the Board shall hold his office only upto the date of the next Annual General Meeting but shall be eligible for election at such meeting.

Debenture Director

119. Any trust deed securing and covering the issue of any debentures or debenture stock of the Company may provide for the appointment of a Director (in these presents referred to as "The Debenture Director") for and on behalf of the debenture holders for such period as may therein be provided for not exceeding the period for which the debentures or any of them shall remain outstanding and for the removal from office of such Debenture Director and on a vacancy being caused whether by resignation, death, removal or otherwise for the appointment of another Debenture Director in the vacant place.

Corporation Director

120. Any bond or any other writing giving security issued or executed by the Company in favour of any credit corporation or any agreement executed by the Company in favour of credit corporation may provide for the appointment of a Director (in these presents referred to as "the Corporation Director") for and on behalf of the holder of such bond or such creditor for such period as therein provided for not exceeding the period for which any amount may be outstanding under such bond or writing or agreement and for removal from office of such Director, and on a casual vacancy being caused whether by resignation, death, removal or otherwise, for the appointment of another Director in the vacant place.

Retirement of Debenture Director and Corporation Director

121. The Debenture Director and the Corporation Director shall not be liable to retire by rotation or be removed from office except as provided as aforesaid.

Company may increase or reduce the number of Directors or may remove any directors

122. Subject to the provisions of Sections 252, 255 and 259 of the Act, the Company may, by Ordinary Resolution from time to time, increase or reduce the number of Directors, and may alter their qualification and the Company may (subject to the provisions of Section 284 of the Act) remove any Director before the expiration of his period of office and appoint another suitable and competent person in his stead. The person so appointed shall hold office during such time as the Director in whose place he is appointed would have held the same if, he had not been removed.

Qualifications of Director

123. A Director need not hold any qualification share.

Nominee Directors of Financial Institutions

124. Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to the Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), Industrial Credit and Investment Corporation of India Limited (ICICI), The Industrial Reconstruction Bank of India Limited (IRBI), Life Insurance Corporation of India (LIC), Unit Trust of India (UTI), General Insurance Corporation of India

(GIC), National Insurance Company Limited (NICL), The Oriental Insurance Company Limited (OIC), The New India Assurance Company Limited (NIA), United India Insurance Company Limited (UII), TDICI Limited or a State Financial Corporation or any Body Corporate and/or any financial institution whether or not owned or controlled by the Central Government or a State Government or the Reserve Bank of India or by two or more of them or by Central Government or State Government by themselves (each of the above is hereinafter in this Article referred to as “the Corporation”) out of any loans debenture assistance granted by them to the Company or so long as the Corporation 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 by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time, any person or persons as a Director or Directors, whole-time or non-whole-time, (which Director or Directors, is hereinafter referred to as “Nominee Director/s”) on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their places.

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 required to hold any share qualification in the Company. Also at the option of the Corporation such Nominee Director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee 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 the Corporation holds or continues to hold Debentures/ Shares in the Company as a 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 ipso facto vacate such office immediately the moneys owing by the Company to the Corporation are paid off or on the corporation ceasing to hold Debentures / Shares in the Company or on the satisfaction of the liability of the Company arising out of the guarantee furnished by the Corporation.

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 the Nominee Director/s is /are member/s also the minutes of such meetings. The Corporation shall also be entitled to receive all such notices and minutes.

The Company shall pay to the Nominee Director/s sitting fees and expenses to which the other Directors of the Company are entitled, but if any other fees, Company, the fees, commission, monies and remuneration in relation to such Nominee Director/s shall accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Director / is in connection with their appointment of Directorship shall also be paid or reimbursed by the Company to the Corporation or as the case may be, to such Nominee Director/s.

Provided that if any such Nominee Director/s is an officer of the Corporation the sitting fees, in relation to such Nominee Director/s shall accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation.

Provided also that in the event of the Nominee Director/s is being appointed as whole time Director/s, such Nominee Director/s shall exercise such powers and duties as may be approved by the Corporation and have such rights as are usually exercised or available to a whole time Director in the management of the affairs of the Company. Such whole time Director/s shall be entitled to receive such remuneration, fees, commission and monies as may be approved by the Corporations.

Directors Fees

125. a) The fees payable to a Director for attending a meeting of the Board or Committee thereof or a General Meeting shall be decided by the Board of Directors from time to time within the maximum limits of such fees that may be prescribed by the Act.
- b) The Board may allow and pay to any Director who travels for the purpose of attending and returning from a Meeting of the Board of Directors or any Committee thereof or general meetings of the Company or in connection with the business of the Company or for the purposes of the Company such sum as the Board may consider fair compensation for travelling, boarding, lodging, and /or other expenses, in addition to any fee for attending such meetings as specified in sub clause (a) hereof or other remuneration payable to him.
- c) Notwithstanding anything contained in Articles 125 (b) and 126, if the Directors nominated or appointed pursuant to the provisions of Article 120 are officers of Industrial Development Bank of India (IDBI) or Reserve Bank of India (RBI) no sitting fees referred to in Article 125 (a) shall be paid to such Directors but the

Company shall reimburse IDBI or RBI as case may be, the amount payable under the respective rules of IDBI or RBI to such Directors on account of travelling and halting allowances and any other expenses for attending any general meeting, Board meeting or meeting of any Committee of the Board of Directors of the Company.

Remuneration of Directors

126. (A) Subject to the provisions of Sections 198, 309 to 311 and 314 of the Act, and in the case of the Managing Director, subject to the provisions of Article 160 the Board shall have power to pay such remuneration and / or commission to a Director for his services, whole-time or part-time, to the Company or for services, of a professional or other nature rendered by him as may be determined by the Board.

If any Director, being willing, shall be called upon to perform extra services, or to make any special exertions in going to or residing at a place other than the place where the Office of the Company is situated or where such Director usually resides, or otherwise for the Company's business or for any of the purposes of the Company then, subject to provisions of Sections 309 to 311 of the Act, the Board shall have power to pay to such Directors such remuneration as may be determined by the Board.

- (B) A director who is neither in the whole-time employment of the Company nor a Managing Director may be paid remuneration:

either

- (a) by way of a monthly, quarterly or annual payment with the approval of the Central Government.

OR

- (b) by way of commission if the Company by special resolution authorises such payment:

"Provided that the remuneration paid to such director, or where there is more than one such director, to all of them together shall not exceed:

- (i) one per cent of the net profits of the Company if the Company has a managing or whole-time director;
(ii) three per cent of the net profits of the Company, in any other case.

- (C) the net profits referred to in sub-clause (b) shall be computed in the manner referred to in Section 198, Sub-Section (1) of the Act.

Retirement of Directors by rotation

127. At every Annual General Meeting in each year one-third of the Directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three then the number nearest to onethird shall retire from Office but shall be eligible for re-election.

Senior Director to retire

128. The Directors to retire by rotation under Article 127 at every Annual General Meeting shall be those who have been longest in Office since their last election but as between persons who become Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

Company to appoint successors

129. At the Annual General Meeting at which a Director retires as aforesaid the Company may fill up the vacancy by appointing the retiring Director or some person thereto.

Provision in default of appointment

130. (1) (a) If the place of the retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy the meeting shall stand adjourned till the same day in the next 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.
(b) If at the adjourned meeting also, the place of the retiring director is not filled up and that meeting also has not expressly resolved not to fill the vacancy the retiring Director shall be deemed to have been reappointed at the adjourned meeting, unless
(i) at that meeting or at the previous meeting a resolution for the reappointment of such director has been put to the meeting and lost;
(ii) the retiring director has, by a notice in writing addressed to the Company or its Board of Directors expressed his unwillingness to be so reappointed;

- (iii) he is not qualified or is disqualified for appointment;
- (iv) a resolution, whether special or ordinary is required for his appointment or reappointment by virtue of any provisions of the Act; or
- (iv) the proviso to sub-section (2) of Section 263 of the Act, is applicable to the case.

Notice of candidature for office of Directors except in certain cases

131. No person, not being a retiring Director, shall be eligible for election to the Office of Director at any general meeting, unless he or some other member intending to propose him has, at least fourteen days before the meeting, left at the office a notice in writing under his hand signifying his candidature for the office of Director or the intention of such member to propose him as a Director for the office as the case may be alongwith a deposit of five hundred rupees which shall be refunded to such person or, as the case may be, to such member, if the person succeeds in getting elected as a Director. On receiving such a notice the Company shall comply with the requirements under Section 257 of the Act.

Disclosure by director of appointment to or relinquishment from any other body corporate

132. (a) Every Director (including a person deemed to be a Director of the Company by virtue of the explanation to Section 303 of the Act) or Secretary of the Company who is appointed to or relinquishes office of Directors, Managing Director, manager or Secretary of any other body as the case may be, shall, within prescribed time, disclose to the Company the particulars relating to the office in the other body corporate which are required to be specified under subsection (1) of Section 303 of the Act.

Disclosure by a Director of holdings of shares and debentures of the Company etc

- (b) Every Director and every person deemed to be Director of the Company by virtue of sub-section (10) of Section 307 of the Act, shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the company to comply with the provisions of that section. Any such notice shall be given in writing and if it is not given at a meeting of the Board the person giving the notice shall take all reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.

Alternate Directors

133. (1) The Board may appoint an alternate Director recommended for such appointment by the Director (hereinafter in this clause called "the Original Director") to act for him during his absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held.
- (2) An alternate Director appointed under sub-clause (1) of this Article shall not hold office as such for a period longer than that permissible to the original Director in whose place he has been appointed and shall vacate office if and when the original Director returns to the said state.
- (3) If the term of office of the original Director is determined before he returns to the State aforesaid any provision in the Act or these presents for the automatic reappointment of retiring Director in default of another appointment shall apply to the original, and not to the alternate Director.

Directors may act notwithstanding vacancy

134. The Continuing Director or Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the quorum fixed by these Articles for a meeting of the Board of Directors, the continuing Director or Directors may act, for the purpose of increasing the number of Directors to the quorum fixed in these Articles or for summoning a General Meeting of the company but for no other purpose.

Holding of Office of profit by Directors.

135. (1) Except with the consent of the Company accorded by a special resolution :-
- (a) no Director of the Company shall hold any office or place of profit, and
 - (b) no partner, or relative of such a Director, no firm in which such a Director or relative is a partner, no private company of which such a Director is a Director or member, and no director, or manager of such a private Company shall hold any office or place of profit carrying a total monthly remuneration as prescribed by the Act except that of Managing Director or Manager, banker or trustee for the holders of debentures of the Company :-
 - (i) under the Company; or
 - (ii) under any subsidiary of the Company, unless the remuneration received from such subsidiary in respect of such office or place of profit is paid over to the Company or its holding Company;

Provided that it shall be sufficient if the special Resolution according the consent of the company held for the first time after the holding of such office or place of profit; Provided further that such relative is a partner, is appointed to the subsidiary thereof without the knowledge of the Director, the consent of the Company may be obtained either in the General Meeting aforesaid or within three months from the date of the appointment, whichever is later.

For the purpose of this sub-clause, a special resolution according consent shall be necessary for every appointment in the first instance to an office or place of profit and to every subsequent appointment to such an office or place of profit on a higher remuneration not covered by the special resolution, except where an appointment on a time scale has already been approved by the special resolution.

- (2) Nothing in sub-clause (1) hereof shall apply where a relative of a Director or a firm in which such relative is a partner holds any office or place of profit under the Company or a subsidiary thereof having been appointed to such office or place before such Director becomes a Director of the Company.
- (3) If any office or place of profit is held in contravention of the provisions of sub-clause (1) hereof, the Director, partner, relative, firm, private Company or the Manager concerned shall be deemed to have vacated his or its office as such on and from the date next following the date of the General Meeting of the Company referred to in the second proviso to that sub-clause (1) hereof or, as the case may be, the date of the expiry of the period of three months referred to in the second proviso to that sub-clause, and shall also be liable to refund to the Company any remuneration received or the monetary equivalent of any perquisite or advantage enjoyed by him or it for the period immediately preceding the date aforesaid in respect of such office or place of profit.
- (4) Every individual, firm, private Company or other body corporate proposed to be appointed to any office or place of profit to which this clause applies shall, before or at the time of such appointment, declare in writing whether he or it is or is not connected with a Director of the Company in any of the ways referred to in sub-clause (1) hereof. Notwithstanding anything contained in sub-clause (1).
 - (a) no partner or relative of a director or manager;
 - (b) no firm in which such director or manager or relative of either, is a partner;
 - (c) no private company of which such a director or manager, or relative of either, is director or member, shall hold any office or place of profit in the Company which carries a total monthly remuneration prescribed by the Act, except with the prior consent of the Company by a special resolution and the approval of the Central Government.
- (5) Any office or place shall be deemed to be an office or place of profit under the Company within the meaning of this clause.
 - (a) In case the office or place is held by a Director, if the Director holding it obtains from the Company anything by way of remuneration over and above the remuneration to which he is entitled as such Director, whether as salary, fees, commission, perquisites, the right to occupy free of rent any premises as a place of residence or otherwise;
 - (b) In case the office or place is held by an individual other than a Director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it obtains from the Company any thing by way of remuneration whether is salary, fees, commission, perquisites, the right to occupy free of rent any premises as a place of residence, or otherwise.

Office of Directors to be vacated.

136. (1) Subject to the provisions of Sections 283 (2) and 314 of the Act, the office of a Director shall be vacated if :-
- (a) he is found to be of unsound mind by Court of competent jurisdiction; or
 - (b) he applies to be adjudged an insolvent; or
 - (c) he is adjudged an insolvent; or
 - (d) he is convicted by a Court of any offence involving moral turpitude and is sentenced in respect thereof to imprisonment for not less than six months; or
 - (e) he fails to pay any call in respect of shares of the Company held by him, whether alone or jointly with others, within six months from the last date fixed for the payment of the call unless the Central Government has by notification in the official Gazette removed the disqualifications incurred by such failure;
- or

- (f) he absents himself from three consecutive meetings of the Board of Directors or from all meetings of the Board for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board; or
 - (g) he (whether by himself or by any person for his benefit or on his account) or any firm in which he is a partner or any private company of which he is a Director, accepts a loan or any guarantee or security for a loan, from the Company in contravention of Section 295 of the Act; or
 - (h) he acts in contravention of Section 299 of the Act; or
 - (i) he becomes disqualified by an Order of Court under Section 203 of the Act; or
 - (j) he is removed in pursuance of Section 284 of the Act; or
 - (k) he is deemed to have vacated office under the provisions of Section 314 by any place of profit being held in contravention thereof; or
 - (l) having been appointed a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company.
- (2) Subject to the provisions of the Act, a Director may resign his office at any time by notice in writing addressed to the Board of Directors.

Directors may contract with Company

137. Subject to compliance with the provisions of Sections 297, 299, 300 and 314 of the Act and save as therein provided no Director or his relative, a firm in which such Director or relative is a partner, any other partner in such firm or a private Company of which the Director is a member or a Director shall be disqualified by his office from contracting with the Company either as a vendor, purchaser, agent, broker, underwriter or otherwise nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any Director, relative firm, partner or a private company aforesaid shall be in any way interested be avoided, nor shall any Director be liable to account to the Company for any profit arising from any such contract or arrangement by reason only of such Director holding that office or of the fiduciary thereby established.

Disclosure of Directors interest.

138. (1) Every Director of the Company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement, or proposed contract or arrangement, entered into or to be entered into, by or on behalf of the Company, shall disclose the nature of his concern or interest at a meeting of the Board of Directors.
- (2) (a) In the case of a proposed contract or arrangement, the disclosure required to be made by a Director under Sub-clause (1) shall be made at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, or if the Director was not, at the date of that meeting concerned or interested in the proposed contract or arrangement, at the first meeting of the Board held after he becomes so concerned or interested.
 - (b) in the case of any other contract or arrangement, the required disclosure shall be made at the first meeting of the Board held after the Director becomes concerned or interested in the contract or arrangement.
- (3) (a) For the purpose of Clause (1) and (2) a general notice given to the Board by a Director to the effect that he is a Director or a member of a specified body corporate or is a member of a specified firm and is to be regarded as concerned as interested in any contract or arrangement, which may, after the date of the notice, be entered with that body corporate or firm, shall be deemed to be sufficient disclosure of concern or interest in relation to any contract or arrangement so made.
- (b) Any such general notice, shall expire at the end of the financial year in which it is given but may be renewed for further periods of one financial year at a time, by a fresh notice given in the last month of the financial year in which it would otherwise expire.
 - (c) No such notice, and no renewal thereof, shall be of effect unless either it is given at a meeting of the Board, or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.
 - (d) Nothing in this Article shall be taken to prejudice the operation of any rule of law restricting a Director of the Company from having any concern or interest in any contract or arrangements with the Company or shall apply to any contract or arrangement entered into or to be entered into between two companies where one of the Directors of the one Company or two or more of them together holds or hold not more than two percent of the paid up share capital in the other Company.

Board resolution necessary for certain contract.

139. (1) Except with the consent of the Board of Directors, a Director or his relative, a firm in which such a Director or relative is a partner, any other partner in such a firm, or a private company of which the Director is a member or director, shall not enter into any contract with the Company :-
- (a) for the sale, purchase or supply of any goods, materials or services; or
 - (b) for underwriting the subscription of any shares in or debentures of the Company.
- (2) Nothing contained in clause (a) of sub-clause (1) hereof shall affect :-
- (a) the purchase of goods and materials from the Company or the sale of goods and materials to the Company by any Director, relative, firm, partner or private company as aforesaid for cash at prevailing market prices; or
 - (b) any contract or contracts between the Company on one side and any such director, relative, firm, partner or private company on the other for sale, purchase or supply of any goods, materials and service in which either the Company or the Director, relative, firm, partner or private company as the case may be, regularly trades or does business.
- Provided that such contract or contracts do not relate to goods and materials the value of which or services the cost of which exceeds Rs. 5,000/- in the aggregate in any year comprised in the period of the contract or contracts.
- (3) Notwithstanding anything contained in sub-clause (1) and (2) hereof, a director relative, firm, partner or private company as aforesaid may in circumstances of urgent necessity, enter without obtaining the consent of the Board into any contract with the Company for the sale, purchase or supply of any goods, materials or services even if the value of such goods or cost of such services exceeds Rs.5,000/- in the aggregate in any year comprised in the period of the contract but in such a case, the consent of the Board shall be obtained at a meeting within three months of the date on which the contract was entered into.
- (4) Every consent of the Board required under this Article shall be accorded by a resolution passed at a meeting of the Board and not otherwise and the consent of the Board required under sub-clause (1) hereof shall not be deemed to have been given with in the meaning of that sub-clause unless the consent is accorded before the contract is entered into or within three months of the date on which it was entered into.
- (5) If consent is not accorded to any contract under this Article anything done in pursuance of the contract shall be voidable at the option of the Board.

Disclosures to members of Directors interest in contract appointing Manager, Managing Director or Whole-time Director

140. When the Company :-
- (a) enters into a contract for the appointment of a Manager, Managing Director or whole-time Director in which contract any Director of the Company is in any way whether directly or indirectly concerned for interested; or
 - (b) varies any such contract already in existence and in which a Director is concerned or interested as aforesaid; the provisions of Section 302 of the Act shall be complied with.

Loans to Directors etc

141. Save as otherwise provided in sub-section (2) of Section 295 of the Act, the Company shall not without obtaining the previous approval of the Central Government in that behalf directly or indirectly make any loan to, or give any guarantee or provide any security in connection with a loan made by any person to, or to any other person by:
- (a) any Director of the Company or any partner or relative of any such Director;
 - (b) any firm in which any such Director or relative is a partner;
 - (c) any private company of which any such Director is a Director or member;
 - (d) any body corporate at a general meeting of which not less than twenty-five per cent of the total voting may be exercised or controlled by any such director or by to or more such director or directors of the Company.

Loans etc to Companies

142. The Company shall observe the restrictions imposed on the company in regard to making any loans, giving any guarantee or providing any security to the companies or bodies corporate under the same management as provided in section 370 of the Act.

143. No Director of the Company shall as a Director take any part in the discussion of, or vote on any contract or arrangement entered into, or to be entered into, by or on behalf of the Company, if he is in any way whether directly or indirectly concerned or interested in such contract or arrangement nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote, and if he does vote, his vote shall be void; Provided that the Board of Director or any of its number may vote on any contract of indemnity against any loss which it or any one or more of its number may suffer by reason of becoming or being sureties or surety for the Company. Nothing in this Article shall apply to any contract or arrangement entered into or to be entered into with a public Company or a private company which is a subsidiary of a public company in which the interest of the Director aforesaid consists solely:

- (1) in his being a Director of such company and the holder of not more than shares of such number or value therein as is requisite to qualify him for appointments as a Director thereof, he having been nominated as such Director by the Company, or
- (2) in his being a member holding not more than two per cent of its paid up share capital

Directors may be Directors of Companies promoted by the company

144. A Director of this Company may be or become a director of any Company, promoted by this Company, or in which it may be interested as a vendor, shareholder, or otherwise, and no such director shall be accountable for any benefits received as director or member of such company except in so far as Section 309(6) or Section 314 of the Act, may be applicable.

XIII. PROCEEDINGS OF DIRECTORS

Meetings of Directors

145. A meeting of the Board of Directors shall be held at least once in every three months and at least four such meeting shall be held every year. The Board may adjourn or otherwise regulate their meetings and proceedings as they think fit. The provisions of this article shall not be deemed to have been contravened merely by reason of the fact that a meeting of the Board which had been called in compliance with the terms of this article could not be held for want of a quorum.

Notice of Meetings and when to beconvened

146. A Director may at any time and the Secretary upon the request of a Director shall convene a meeting of the Board of Directors by giving a notice in writing to every Director for the time being in India, and at his usual address in India to every other Director.

Quorum

147. Subject to Section 287 of the Act, the quorum for a meeting of the Board of Directors shall be one third of its total strength (excluding Directors, if any, whose places may be vacant at the time and any fraction contained in that one-third being rounded off as one) or two Directors whichever is higher.

PROVIDED that where at any time the number of interested Directors at any meeting exceeds or is equal to two-third of the total strength the number of the remaining Directors that is to say, the number of Directors who are not interested, present at the meeting being not less than two shall be the quorum during such time.

How Questions be decided

148. Questions arising at any meeting shall be decided by a majority of votes, and in case of an equality of votes the Chairman shall have a second or casting vote.

Procedure when Meeting adjourned for want of Quorum

149. If a meeting of the Board could not be held for want of a quorum then meeting shall automatically stand adjourned till the same day in the next week, at the same time and place or if that day is a public holiday till the next succeeding day which is not a public holiday, at the same time and place.

Chairman

150. The directors from among their number may elect a Chairman and a Vice-Chairman of the Board of Directors. The Chairman and in his absence the Vice-Chairman, if any, shall preside at all meetings. If no such Chairman or Vice-Chairman is elected, or if at any meeting the Chairman as well as the Vice-Chairman are not present at the time appointed for holding the same, the Directors present shall choose one of the number to be the Chairman of such meeting.

Power of Board Meetings

151. A meeting of the Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions which by or under the Act or the Articles of the Company for the time being vested in or exercisable by the Board generally.

Directors may appoint committee

152. The Board of Directors may subject to the provisions of Section 292 of the Act delegate any of their powers, to committees of the Board consisting of such member or members of its body as it thinks fit, to Managing Director or any other Principal Officer of the Company and it may from time to time revoke the power so delegated either wholly or in part, and either as to persons or purposes; but every committee of the Board so formed, shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Board of Directors. All acts done by any such committee of the Board in conformity with such regulations in fulfillment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board.

Meeting of Committee how to be governed

153. (1) A Committee may elect a Chairman of its meetings.
- (2) 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 of their number to be the Chairman of the Meeting.
- (3) A committee may meet and adjourn as it thinks proper.
- (4) Questions arising at any meeting shall be determined by a majority of votes of the members present and in case of an equality of votes the Chairman shall have a second or casting vote.

When acts of Directors or Committee valid notwithstanding defective appointment etc

154. All acts done by any meeting of the Directors or by Committee of Directors or by any person acting as a Director shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Director or persons acting as aforesaid, or that they or any of them were disqualified or that the appointment of any of them was deemed to be terminated by virtue of any provision contained in the Act or these presents, be as valid as if every such person had been duly appointed and was qualified to be a Director or his appointment had not been terminated. Provided that nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.

Resolution by circular

155. (1) A resolution passed by a circular, without a meeting of the Board or a committee of the Board appointed under Article 160 shall subject to the provisions of sub-clause (2) hereof and the Act be as valid and effectual as a resolution duly passed at a meeting of the Directors or of a committee duly called and held.
- (2) A resolution shall be deemed to have been duly passed by the Board or by a committee thereof by circulation if the resolution has been circulated in draft together with the necessary papers, if any, to all the Directors or to all the members of the committee then in India (not being less in number than the quorum for a meeting of the board or committee as the case may be), and to all other Director or members of the committee at their usual address in India and has been approved by such of the Directors or members of the committee as are then in India or by a majority of such of them as are entitled to vote on the resolution.

XIV. POWERS OF DIRECTORS

156. The business of the Company shall be managed by the Directors who may exercise all such powers of the Company and do all such acts and things as are not, things as are not, by the Act, or any statutory modification thereof for the time being in force, or by these Articles required to be exercised by the Company in General Meeting, subject nevertheless to any regulation of these Articles, to the Provisions of the Act, and to such regulations being not inconsistent with the aforesaid regulations or provisions as may be prescribed by the Company in General Meeting but no regulation made by the Company in General Meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made. Provided that the Board of Directors shall not, except with the consent of the Company in General Meeting
- a) Sell, lease or otherwise dispose of the whole or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking, of the whole, or substantially the whole, of any such undertakin

- b) remit or give time for the repayment of, any debt due by the director;
- c) invest, otherwise than in trust securities, the amount of compensation received by the Company resulting from the acquisition, by government or by any local authority of any such undertaking as is referred to in clause (a) or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time;
- d) borrow money where the money to be borrowed together with the money already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid up capital of the Company and its free reserves; that is to say reserves not set apart for any specific purpose; or
- e) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed twenty-five thousand rupees or five percent of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the three financial years immediately preceding whichever is greater.

Provided that the Board of Directors shall contribute such amount to any political party or for any political purpose to any individual or body as permitted by the Act.

Certain Powers to be exercised by the board only at Meeting

157. (1) Without derogating from the powers vested in the Board of Directors under these Articles the Board shall exercise the following powers on behalf of the Company and they shall do so only by means of resolutions passed at meetings of the Board :
- (a) The power to make calls on shareholders in respect of moneys unpaid on their shares;
 - (b) The power to issue debentures;
 - (c) The power to borrow moneys otherwise than on debentures;
 - (d) The power to invest the funds of the Company;
 - (e) The power to make loans;
- Provided that the Board may by resolution passed at a meeting delegate to any committee of Directors, or the Managing Director, Manager or any other principal officer of the Company the powers specified in (c), (d) and (e) of this sub-clause to the extent specified below on such conditions as the Board may prescribe.
- (2) Every resolution delegating the power referred to in subclause (1) (c) shall specify the total amount upto which moneys may be borrowed by the delegates,
 - (3) Every resolution delegating the power referred to in subclause (1) (c) shall specify the total amount upto which the funds of the Company may be invested, and the nature of the investments which may be made by the delegates.
 - (4) Every resolution delegating the power referred to in Subclause (1) (d) shall specify the total amount upto which loans may be made by the delegates, the purpose for which the loans may be made for each such purpose in individual cases.
 - (5) Nothing in this clause shall be deemed to affect the right of the Company in General Meeting to impose restrictions and conditions on the powers specified in sub-clause (1).

Certain powers of the Board

158. Without prejudice to the general powers conferred by the Article 156 and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by Articles, but subject to the restrictions contained in the 1st preceding Articles, it is hereby declared that the Directors shall have the following powers that is to say power :-
- (1) To pay and charge to the capital account of the Company any commission or interest lawfully payable thereout under the provisions of Sections 76 and 208 of the Act.
 - (2) Subject to Sections 292 and 297 and other applicable provisions of the Act, to purchase or otherwise acquire for the Company any property, right or privileges which the Company is authorised to acquire at or for such price or consideration and generally on such terms and conditions as they may think fit; and in any such purchase or other acquisition to accept such title as the Board may believe or may be advised to be reasonably satisfactory;

- (3) To purchase or otherwise acquire any lands, building, machinery, premises, hereditaments property, effects, assets, rights, credits, royalties, business and goodwill of any joint stock company carrying on the business which the Company is authorised to carry on in any part of India.
- (4) To purchase, take on lease, for any term or terms of years, or otherwise acquire any factories or any lands, with or without building and outhouses thereon situate in any part of India, at such price or rent, and under subject to such terms and conditions as the Directors may think fit, and in such purchase, lease or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.
- (5) At their discretion and subject to the provisions of the Act, to pay for any property, right and privileges acquired by or services rendered to the Company, either wholly or partially, in cash or in shares, bonds, debentures, mortgages or other securities of the Company, and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, debentures, mortgages or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital not so charged.
- (6) To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as it may think proper all or any of the buildings, machinery, goods, stores, produce and other moveable property of the Company, either separately or conjointly; also to insure all or any portion of the goods, produce machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power.
- (7) To secure the fulfillment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as the directors may think fit.
- (8) To accept from any member, as far as may be permissible by law, a surrender of his shares or any part thereof, on such terms and conditions as shall be agreed.
- (9) To purchase or otherwise acquire or obtain license for the use of and to sell, exchange or grant license for the use of any trade mark, patent, invention or technical know-how.
- (10) To appoint any person or accept and hold in trust for the Company, and property belonging to the Company, or in which it is interested or for any other purposes; and to execute and do all such deeds and things as may be required in relation to any such trust and to provide for the remuneration of such trustee or trustees.
- (11) To institute, conduct, defend, compound, or abandon any legal proceedings by or against the Company or its officers, or otherwise concerning the affairs of the Company and also to compound and allow time for payment or satisfaction of any debts due, and of any claims or demands by or against the Company, and to refer any claims or demand by or against the Company to arbitration and observe the terms of any awards made therein.
- (12) To act on behalf of the Company in all matters relating to bankruptcy, insolvency and winding up and liquidation of Companies.
- (13) To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company.
- (14) Subject to the provisions of Sections 292, 293 (1), 295, 370 and 372 and other applicable provisions of the Act and these Articles, to invest and deal with any moneys of the Company not immediately required for the purpose thereof, upon such security (not being shares of this Company) or without security and in such manner as they may think fit, and from time to time vary or realise such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name.
- (15) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company, such mortgages of the Company's property, (present and future), as they think fit; and any such mortgages may contain a power of sale and such other powers, provisions covenants and agreements as shall be agreed upon.
- (16) To open and operate upon bank accounts and to determine from time to time who shall be entitled to sign on the Company's behalf, bills, notes, receipts acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose.

- (17) To distribute by way of bonus amongst the staff of the Company, a share or shares in the profits of the Company, and to give to any Director, officer or other person employed by the Company, a commission on the profits or any particular business or transaction and to charge such bonus or commission as part of the working expenses of the Company.
- (18) To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and the wives, widows and families, or the dependants or connections of such persons, by building or contributing to the building of houses, dwelling or chawls, bonus or other payments or by creating and from time to time subscribing or contributing to provident and other associations, institutions, funds or trust and by places of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit; and to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or objects which shall have any moral or other claim to support or aid by the Company, either by reasons of locality of operation or of public and general utility or otherwise.
- (19) Before recommending any dividend, to set aside, out of the profits of the Company such sum as they may think proper for depreciation or to depreciation fund, or an insurance or any special or other fund or funds or account or accounts to meet contingencies or to repay redeemable preference shares, debentures or debenture stock, or for special dividends or for equalizing dividends or for repairing, improving, expending and maintaining any part of the property of the Company or for such other purposes (including the purposes referred to in the preceding article) as the Board may in their absolute discretion, think conducive to the interest of the Company and subject to Section 292 of the Act, to invest the several sums so set aside or so much thereof as the Board may think fit upon such investment, (Other than shares of the Company), and from time to time to deal with and vary such investments and dispose of and apply and expend all or any part thereof for the benefit of the Company in such manner and for such purposes as the Board in their absolute discretion, think conducive to the interest of the Company, notwithstanding that the matters to which the Board apply or upon which they expend the same, or any part thereof, may be matters relating to or upon which the capital moneys of the Company might rightly be applied or expended; and to divide the reserve, general reserve or reserve fund into such special funds as the Board may think fit, with full power to transfer the whole or any portion of a reserve fund or division of a reserve fund to another reserve fund or division of a reserve fund and full power to employ the assets constituting all or any of the above funds and accounts including the depreciation fund, in the business of the Company or in the purchase or repayment of redeemable preference shares, debentures or debenture stock, and without being bound to keep the same separate from other assets with power however to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper.
- (20) To erect, construct, and build any factories, warehouses, godowns, engine houses, tanks, wells or other constructions, adopted to the objects of the Company as may be considered expedient or desirable for the object or purposes of the Company or any of them.
- (21) To sell from time to time any articles, materials, machinery, plant, stores and other articles and things belonging to the Company as the Board may think proper and to manufacture, prepare and sell waste and by-products.
- (22) From time to time extend the business and undertake of the Company by adding to, altering or enlarging all or any of the buildings, factories, workshops, premises, plant and machinery, for the time being the property or in the possession of the Company, or by erecting new or additional buildings, and to expend such sums of money for the purposes aforesaid or any of them as may be thought necessary or expedient.
- (23) To undertake on behalf of the Company payment of all rents and the performance of the covenants, conditions and agreements contained in or reserved by any lease that may be granted or assigned to or otherwise acquired by the Company; and to purchase the reversion or reversions, and otherwise to acquire the free-hold fee-simple of all or any of the lands of the Company for the time being held under the lease or for an estate less than freehold estate.
- (24) To improve, manage, develop, exchange, lease, sell, resell and repurchase, dispose off, deal with or otherwise turn to account, any property (moveable or immoveable) or any rights or privileges belonging to or at the disposal of the Company or in which the Company is interested.
- (25) To appoint, and at their discretion remove or suspend such general managers, managers, secretaries, stenographers, assistants, supervisors, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and duties and fix their

salaries or emoluments or remuneration and to require security in such instances and for such amounts as they may think fit. And also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit.

- (26) To let, sell or otherwise dispose of subject to the provisions of Section 293 of the Act and of other Articles any property of the Company either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as it thinks fit and to accept payment or satisfaction for the same in cash or otherwise as it thinks fit.
- (27) To comply with requirements of any local law which in its opinion, it shall in the interest of the Company be necessary or expedient to comply with.
- (28) From time to time and at any time to establish any local Board for managing any of the affairs of the Company in any special locality in India or elsewhere and to appoint any persons to be members of such local boards or managers and agents and to fix their remuneration.
- (29) Subject to Section 292 of the Act, from time to time and at any time to delegate, to any Local Board or Member or members thereof of any managers or agents so appointed any of the powers, authorities and discretions for the time being vested in the Board and to authorise the members for the time being of any such Local Board or any of them to appoint persons to fill up any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation under the preceding and this Article may be made on such terms and subject to such conditions as the Board may think fit and the Board may at any time remove any person or persons so appointed and may annul or vary any such delegation.
- (30) At any time and from time to time by power of attorney under the Seal of the Company, to appoint any person or persons to be attorney or attorneys of the Company, for such purposes and with such powers, authorities and discretions, (not exceeding those vested in or exercisable by the Board under these presents and excluding the powers which may, under the Act or these Articles, be exercised only by the Board), and for such period and subject to such conditions as the Board may from time to time think fit, and any such appointment may, (if the Board thinks fit), be made in favour of the members or any of the members of any Local Board established as aforesaid or in favour of the Company, or the shareholders, directors, nominees or managers of any Company or firm or otherwise in favour of any fluctuating body or persons whether nominated directly or indirectly by the Board and any such power of attorney may contain such powers for the protection or convenience of persons dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegates or attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them.
- (31) Subject to Sections 294, 297, 300 and other applicable provisions of the Act and the Articles, for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company to enter into all such negotiations and contracts and rescind, vary all such contracts, and execute and do all such acts, deed and things in the name and on behalf of the Company as they may consider expedient.
- (32) To pay the costs, charges and expense preliminary and incidental to the promotion, formation, establishment and registration of the Company.
- (33) From time to time to make, vary and repeal bye-laws for the regulations of the business of the Company, its officers and servants.

Power to appoint Chairman and Managing Director, Vice-Chair-man and joint Managing Director and/or whole-time Director(s)

XV. CHAIRMAN AND MANAGING DIRECTOR

159. Subject to the provisions of the Act, the Directors may from time to time appoint one or more of their body to be Managing Director, and Joint managing Director and/or wholetime Director(s) of the Company for such term not exceeding five years at a time as they think fit, to manage the affairs and business of the Company and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or other in his or their place or places.

What provisions they will be subject to

160. Subject to the provisions of the Act and these Articles, the managing Director shall not, while he continues to hold that office be subject to retirement by rotation under Article 135 but he shall be subject to provisions as to resignation and removal as the other directors of the Company and he shall ipso facto and immediately cease to be managing Director if he ceases to hold the office of the Director from any cause.

Remuneration of Managing and/ or whole time Director(s)

161. The remuneration of the Managing Director and Joint Managing Director and/or Whole-time Director(s) shall (subject to Section 309 and other applicable provisions of the Act and of these Articles and of any contract between him and the Company) be fixed by the Directors, from time to time and may be by way of fixed salary, or commission on profits of the Company, or by participation in such profits, perquisites, benefits or by any or all of these and/or other modes.

Powers and duties of managing and/or Whole-time Director(s)

162. Subject to the Superintendence, control and direction of the Board of Directors, the day to day management of the Company shall be in the hands of the Directors appointed under Article 167, with power to the Board of Directors to distribute such day to day management functions among such Directors in any manner as deemed fit by the Board, or to delegate such power of distribution to any one of them. The Directors may from time to time entrust to and confer upon the Directors appointed under Article 159 save as prohibited in the Act, such of the powers exercisable under these presents by the Directors as they may think fit, and may confer such powers for such time, and to be exercised for such objects and purposes, and upon such terms and conditions and with such restrictions as they think expedient and they may subject to the provisions of the Act and these Articles confer such powers, either collaterally with or to the exclusion of or in substitution for all or any of the powers of the Directors in that behalf, and may from time to time revoke withdraw, alter or vary all or any of such powers.

XVI. MINUTES

163. 1) The Company shall cause minutes of all proceedings of General Meetings and of all proceedings of every meeting of its Board of Directors or every committee of the Board to be kept by making within thirty days of the conclusion of every such entries thereof in books kept for that purpose with their pages consecutively numbered.
- 2) Each page of every such book shall be initialled or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed:-
- a) in the case of minutes or proceedings of a meeting of the Board or of a Committee thereof by the Chairman of the said meeting or Chairman of the next succeeding meeting.
 - b) in the case of minutes of the proceedings of the General Meeting, by the Chairman of the said meeting within the aforesaid period of thirty days or in the event of the death or inability of that Chairman within that period, by a Director duly authorised by the Board for the purpose.
- 3) In no case the minutes of the proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.
- 4) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.
- 5) All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.
- 6) In the case of a meeting of the Board of Directors or a Committee of the Board, or Members, the minutes shall not contain what:-
- a) is or could reasonably be regarded as defamatory of any person;
 - b) is irrelevant or immaterial to the proceedings; or
 - c) is detrimental to the interests of the Company.

The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in this sub-clause.

164. Any such minutes, if purporting to be signed by the Chairman of the meeting at which the proceedings took place or by the Chairman of the next succeeding meeting, shall be evidence of the proceedings.

165. Where minutes of the proceedings of any General Meeting of the Company or of any meeting of the Board or a Committee of the Directors have been made and signed in accordance with the provisions of Article 163 then until the contrary is proved, the meeting shall be deemed to have been duly called and held and all proceedings thereat to have been duly taken place and in particular all appointments of Directors or Liquidators made at the meeting shall be deemed to be valid.

The Company in General Meeting may declare dividend

169. The Company in General Meeting may declare dividends, to be paid to members according to their respective rights and the Company shall comply with the provisions of Section 207 of the Act. No dividends shall exceed the amount recommended by the Board of Directors, but the Company in General Meeting may declare a smaller dividend.

Dividend Out of profit only

170. No dividend shall be payable except out of the profits of the Company, arrived at in the manner provided for in Section 205 of the Act.

Declaration of Directors as to net profits conclusive

171. The declaration of the Directors as to the amount of the net profits of the Company shall be conclusive.

Interim Dividends

172. The Directors may from time to time pay to the members such interim dividends as in their judgement the position of the Company justifies.

Effect of transfer

173. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

No Members to receive dividend whilst indebted to the Co. and Company's right to reimbursement thereof

174. No member shall be entitled to receive payment of any interest or dividend in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or shares and the Board of Directors may deduct from the interest or dividend payable to any member all such sums of money so due by him to the Company.

Dividend how remitted

175. Unless otherwise directed any dividend may be paid by cheque or warrant or by a pay-slip or receipt having the force of a cheque or warrant, sent through the post of the registered address of the member or person entitled or in the case of joint holders to the one of them first named in the register in respect of the joint holding. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant or pay-slip or receipt lost in transmission or for any dividend lost to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the forged signature of any payslips or receipt or the fraudulent recovery of the dividend by any other means.

Dividends in proportion to amount paid up

- 176 (1) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect where of the dividend is paid, but if and so long as nothing is paid up on any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.
- (2) No amount paid or credited as paid on a share in advance of calls shall be treated for the purpose of this regulation as paid on the share.
- (3) All dividends shall be appropriated and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

Reserves

177. The Directors may, before recommending or declaring any dividend, set aside out of the profits of the Company such sums as they think proper as a reserve or reserves which shall, at the discretion of the Directors be applicable for meeting contingencies or for any other purpose to which the profits of the Company may be properly applied 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 Directors may from time to time think fit. The Board may also carry forward any profit which it may think prudent not to divide without setting them aside as a reserve.

Receipts

178. If two or more persons are registered as joint holders of any share, any one of such persons may give effectual receipts for any dividend or other moneys payable in respect of such share.

No interest on dividends

179. No dividends shall bear interest against the Company save as provided by Section 205 A (4) of the Act.

Dividends in cash

180. No dividend shall be payable except in cash. Provided that nothing in this Article shall be deemed to prohibit the capitalisation of the profits or reserves of the Company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on any shares held by members of the Company.

Dividends and call together

181. Any General Meeting declaring dividend may make a call on the members of such amount as the meeting fixes but so that the call on each member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend; and the dividend may, if so arranged between the Company and the member be set off against the calls.

XIX. CAPITALISATION OF PROFITS AND RESERVES

Capitalisation

182. (1) The Company in General Meeting may, upon the recommendation of the Board, resolve :
- (a) That it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution and
 - (b) that such sum be accordingly set free for distribution in the manner specified in Clause (2) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.
- (2) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (3) either in or towards.
- (i) Paying up any amounts for the time being unpaid on any shares held by such members respectively;
 - (ii) Paying up in full, unissued shares of the Company to be allocated 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 in that specified in sub-clause (ii)
- (3) A share premium account and a Capital Redemption Reserve Account may, for the purpose of this regulation, only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.
- (4) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.

Fractional Certificates

183. (1) Whenever such a resolution as aforesaid shall have been passed, the Board shall :
- (a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares;
 - and
 - (b) generally do all acts and things required to give effect thereto.
- (2) The Board shall have full power :
- (a) 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 becoming distributable in fractions; and also
 - (b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares to which they may be entitled upon such capitalisation, or (as the case may require) for the payments by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalised of the amounts remaining un-paid on their existing shares.
- (3) Any agreement made under such authority shall be effective and binding on all such members.

- (4) That for the purpose of giving effect to any resolution under the preceding paragraph of this Article the Directors may give such directions as may be necessary and settle any questions or difficulties that may arise in regard to any issue including distribution of new equity shares and fractional certificates as they think fit.

XX. BOOKS AND DOCUMENTS

Books to be kept by the Company Inspection by members

184. (a) The Company shall keep proper books of account in accordance with Section 209 of the Act at the Registered Office of the Company or at such other place in India as the Board of Directors think fit with respect to :
- (i) All sums of money received and expended by the Company and the matters in respect of which the receipts and expenditure take place;
 - (ii) All sales and purchases of goods by the Company;
 - (iii) The assets and liabilities of the Company
 - (iv) If so required by the Central Government, such particulars relating to utilisation of material or labour or to other items of costs as may be prescribed by that Government;
- (b) Where the Company has branch office, whether in our outside India, the Company shall be deemed to have complied with the provisions of Clause (a) if proper books of account relating to the transactions effected at the branch office are kept at that office and proper summarised returns made upto dates of intervals of not more than three months are sent by the branch offices of the Company at its Registered office or other place referred to in Clause (a).
- (c) The books of account and other books and papers shall be open to inspection by any Director during business hours.

Certain Powers to be exercised by the board only at Meeting

185. Subject to the Act the Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books and documents of the Company or any of them shall be open to the inspection of the members, and no member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by statute or authorised by the Directors.

Statements of accounts to be furnished to General meeting

186. The Directors shall from time to time, in accordance with Sections 210, 211, 212, 215, 216 and 217 of the Act, cause to be prepared and to be laid before the Company in General Meeting, such Balance Sheets, Profit and Loss Accounts and Reports as are required by these Sections.

Right of Member to copies of Balance Sheet and Auditors' Report

187. Subject to the provisions of Section 219 of the Act, a copy of every Balance Sheet (including the Profit and Loss Account, the Auditors' Report and every other document required by law to be annexed or attached as the case may be, to the Balance Sheet) which is to be laid before the Company in General Meeting shall not less than twenty-one days before date of the meeting be sent to every member of the Company (not being debentures, which ex-facie are payable to the bearer thereof to every trustee for the holders of any debentures issued by the Company (whether such member, holder, or trustee is or is not entitled to have notice of General Meetings of the Company sent to him), and to all persons entitled to receive persons entitled to receive notice of General Meetings of the Company.

XXI AUDIT

Audit

188. Auditors shall be appointed and their qualifications, rights and duties regulated in accordance with Section 224 to 229 and 231 of the Act.

Accounts when Audited to be conclusive except as to errors discovered within three months

189. Every account of the Company when audited and approved by a General Meeting shall be conclusive except as regards any error discovered therein within three months next after approval thereof. Whenever any such error is discovered within that period the account shall forthwith be corrected, and thenceforth shall be conclusive.

XXII. NOTICES

Services of documents on members by the Company

190. (1) A document or notice may be served by the Company on any member thereof either personally or by sending it by post to him at 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 giving of notices to him.
- (2) Where a documents or notice is sent by post:
- (a) service thereof shall be deemed to be effected by properly addressing prepaying and posting a letter containing the documents or 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 with or without acknowledgement due and has deposited with the Company a sum sufficient to defray the expense of doing so, service of the documents or notice shall not be deemed to be effected unless it is sent in the manner intimated by the member; and
- (b) such service shall be deemed to have been effected:
- (i) in the case of notice of a meeting at the expiration of forty-eight hours after the letter containing the same is posted; and (i) in any other case, at the time at which the letter would be delivered in the ordinary course of post
- (3) A document or notice advertised in a news paper circulating in the neighbourhood of the Registered office of the Company shall be deemed to be duly served on the day on which the advertisement appears on every member of the Company who has no registered address in India within India for giving of notices to him.
- (4) A document or notice may be served by the Company on the jointholders of a share by serving it on the joint-holder named first in the Register in respect of the shares.
- (5) A document or notice may be served by the Company on the persons entitled to a share in consequences 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 of representatives of the deceased, or assignees of the insolvent, or by any like description, at the address, if any in India supplied for the purpose by the persons claiming to be so entitled or until such an address has been so supplied, by serving the document or notice in any manner in which it might have been served if the death or insolvency had not occurred.
- (6) The signature to any document or notice to be given by the Company, may be written or printed or lithographed.

Service of documents on Company

191. A document may be served on the Company or an Officer thereof by sending it to the Company or Officer at the Registered Office of the Company by post under a certificate of posting or by registered post or by leaving it at its registered office.

Authentication of documents and Proceedings

192. Save as otherwise expressly provided in the Act, a document or proceeding requiring authentication by the Company may be signed by a Director, the Secretary or other authorised officer of the Company and need not be under the Common Seal of the Company.

XXIII. REGISTERS AND DOCUMENTS

Registers and Documents to be Maintained by the Company

193. The Company shall keep and maintain the following Registers:
- (1) Register of Investments made by the Company but not held in its own name, as required by Section 49(7) of the Act.
- (2) Register of Mortgages and charges as required by Section 143 of the Act and Copies of instruments creating any charge requiring registration according to Section 136 of the Act.
- (3) Register and Index of Members and Debentures Holders under Sections 150, 151 and 152 of the Act. The same shall be kept open for inspection of any member or debenture holder without fee and any other person on a fee of Rs.1/- for each inspection.
- (4) Foreign Register if thought fit as required by Section 157 of the Act.
- (5) Register of Contracts with companies and firms in which Directors are interested, as required by Section 301 of the Act,.
- (6) Register of Directors, Managing Director and Secretary, as required by Section 303 of the Act.

- (7) Register as to holding by Directors of shares and/or debentures in the Company as required by Section 307 of the Act.
 - (8) Register of loans, guarantee or security given to other companies under the same management as required by Section 370 (I-C) of the Act.
 - (9) Register of investments made by the Company in shares and debentures of the bodies corporate in the same group as required by the Section 372 (6) of the Act.
 - (10) Copies of Annual Returns prepared under Section 159 of the Act together with the copies of certificates and documents required to be annexed thereto under Section 161 of the Act.
194. The Registers mentioned in the foregoing Article shall be open to inspection and extracts may be taken therefrom and copies thereof may be required by any member of the Company in the same manner to the same extent and on payment of the same fees as in the case of Register of Members of the Company as provided for in item (3) thereof Copies of entries in the Registers mentioned in the foregoing Article shall be furnished to the persons entitled to the same on payment of fifty paise for every hundred words or fractional part thereof required to be copied; the Company shall give inspection of the said Registers to the person entitled to the same on such days and during such business hours as may consistent with the provisions of the Act, in that behalf be determined by the Company in general meeting.

XXV. INDEMNITY

Indemnity

198. Subject to provisions of Section 201 of the Act, every Director, or officer or servant of the Company or any person (whether an officer of the Company or not) employed by the Company as auditor, shall be indemnified out of the funds of the Company against and it shall be the duty of the Directors out of the funds of the Company to pay all costs, charges, losses and damages which any such person may incur or become liable to by reason of any contract entered into or act or thing done, concurred in or omitted to be done by him in any way in or about the execution or discharge of his duties or supposed duties (except such if any as he shall incur or sustain through or by his own wrongful act, neglect or default) including expenses, and in particular and so as not to limit the generality of the foregoing provisions, against all liabilities incurred by him as such director, officer or auditor in defending any proceedings whether civil or criminal in which judgement is given in his favour or in which he is acquitted or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court.
199. Subject to the provisions of Section 201 of the Act, no Director, Manager or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of another Director or Officer or for joining in any receipt or other act for conformity or for any loss or expense happening to the Company through the insufficiency or deficiency of the title to any property acquired by order of the Directors 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, firm or company with whom any moneys, securities or effects shall be deposited or for any loss occasioned by any error of judgement or oversight on his part, or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto unless the same shall happen through his own dishonesty.

XXVI. SECRECY CLAUSE

Secrecy Clause

200. No member shall be entitled except to the extent expressly permitted by the Act or these Articles to visit to inspect the Company's works or to enter upon the property of the Company without the permission of the Board of Directors or the Managing Director or to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Directors, it will be inexpedient in the interest of the Company to communicate to the public.

SECTION X

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 Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which shall be attached to the copy of this Prospectus, shall be delivered to the Registrar of Companies for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered office of our Company situated at 501-503, Morya Estate, New Link Road, Andheri (W), Mumbai-400053 from 10.00 am to 4.00 pm on working days from the date of the Prospectus until the Issuing closing date.

Material Contracts

1. Memorandum of Understanding dated 23-10-2006 amongst our Company and the Lead Manager
2. Memorandum of Understanding dated 30-10-2006 executed by our Company with Registrar to the Issue
3. Memorandum of Understanding dated 30-06-2006 executed between the company and Mr. Hirji Kanji Patel for Trade Mark License/assignment
4. Memorandum of Understanding dated 17-11-2006 executed between the company and Mr. Hirji Kanji Patel for purchase of office premises
5. Agreement for Sale dated 11-08-2007 executed between the company and Mr. Hirji Kanji Patel for purchase of office premises

Material Documents

1. Our Memorandum and Articles of Association as amended till date
2. Shareholders' resolution dated 18-09-2006 in relation to this Issue and other related matters.
3. Resolutions of the Board dated 21-08-2006 authorising the Issue.
4. Resolutions of the general body for appointment and remuneration of our Managing Director and whole-time Directors.
5. Resolutions dated 23-11-2006 of the general body in relation to further issue of 27,00,000 Equity Shares to Mr. Hirji Kanji Patel
6. Report of the Auditors, **M/s. G.C.Patel & Co.**, Chartered Accountants, prepared as per Indian GAAP and mentioned in this Prospectus and letters from the auditors dated 14-08-2007.
7. Copy of Tax Benefit Statement dated 14-11-2006 prepared by the Auditors, **M/s. G.C.Patel & Co.**, Chartered Accountants.
8. Copies of annual reports of our Company for the past five financial years.
9. Valuation report dated 29th December, 2006 of M/s Sigma Engineering Consultants, a registered valuer, for valuation of property at 501-503, Morya Estate, New Link Road, Andheri (W), Mumbai-400053
10. Valuation report dated 23rd February 2007 of M/s Crea arch Associates for valuation of the Property to be Purchased from M/s Rohan Developers at Vasai, Mumbai
11. IPO Grading Report by ICRA Limited dated 21st March, 2007 and 14th September, 2007
12. General Powers of Attorney executed by the Directors of our Company in favour of person(s) for signing and making necessary changes to this Prospectus and other related documents.
13. Consents of Bankers to the Company, Lead Manager Registrar to the Issue, Banker to the Issue, Legal Advisors to the Issue, Directors of our Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities.

14. Application dated 29th November, 2006 and subsequent correspondence submitted on 11th December, 2006 for in-principle listing approval from BSE.
15. In-principle listing approvals dated March 26, 2007 from BSE.
16. Agreement between NSDL, our Company and the Registrar to the Issue dated 7th June, 2007.
17. Agreement between CDSL, our Company and the Registrar to the Issue dated 4th July 2007.
18. Due diligence certificate dated 24-11-2006 to SEBI from CIL Securities Limited, Lead Managers to the Issue
19. SEBI observation letter No. CFD/DIL/ISSUES/NB/DM/99280/2007 dated 23rd July, 2007 and LM in-seraitim reply to the same dated 16-08-2007.
20. Certificate from the Compliance Officer dated 16-08-2007 that the observations of the SEBI vide SEBI's letter dated 23rd July, 2007 have been incorporated in the Prospectus.
21. The Net worth certificate issued by M/s. G.C. Patel & Co., Chartered Accountants. certifying the networth of Mr. Hirji Kanji Patel as on 31-03-2007 for the properties & other assets in India vide his Certificate dated 03-09-2007
22. The Net worth certificate issued by Mr. Jayantilal Lalji Patel, a Practicing Barrister at Law, UK, having address at 65 The Avenue, London, NW6 7NS certifying the networth of Mr. Hirji Kanji Patel as on 06-09-2007 for the properties & other assets in UK vide his Certificate dated 06-09-2007.
23. Correspondences exchanged in the matter of complaints received against the Company after filing of the Draft Prospectus with SEBI

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

SECTION XI

DECLARATION

All the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines issued thereunder, as the case may be. We further certify that all statements in this Prospectus are true and correct.

Signed by all Directors

Mr. Hirji Kanji Patel	Sd/-
Mr. Bharat Shivshankar Vyas	Sd/-*
Mr. Kunverji Kanji Patel	Sd/-*
Mr. Kanti Ramji Pindoria	Sd/-*
Mr. Govindbhai Khetabhai Kara	Sd/-*
Mr. Sanjay Bharatkumar Mehta	Sd/-*

* Through their duly constituted attorney Mr. Hirji Kanji Patel

Date : 15-10-2007

Place : Mumbai

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