

**AISHWARYA TELECOM LIMITED**

Red Herring Prospectus
Please read Section 60B of the Companies Act, 1956
Dated March 27, 2008
100% Book Built Issue

(The Company was incorporated as Aishwarya Telecom Private Limited on June 2, 1995 with the Registrar of Companies, Andhra Pradesh, Hyderabad and took over the business of the partnership firm named 'Advanced Electronics & Communications System'. Subsequently, it was converted into a Public Limited Company on July 12, 2005 in terms of Section 31(1)/44 of the Companies Act, 1956 and the name of the Company was changed to Aishwarya Telecom Limited and a fresh Certificate of Incorporation obtained from the Registrar of Companies, Andhra Pradesh, Hyderabad). (For details of changes in Registered Office of the Company, please refer to page no. 7 of this Red Herring Prospectus).

Registered Office: 3-C Samrat Commercial Complex, Opp. A G Office, Saifabad, Khairatabad, Hyderabad, Andhra Pradesh, India, Pin - 500 004

Telephone: +91 40 2323 6019, 2323 5439; **Fax:** +91 40 2329 6282, **E-mail:** ipo@aishwaryatelecom.com

Website: www.aishwaryatelecom.com, **Contact Person/Compliance Officer:** Mr C N Bhavani Prasad, Company Secretary

INITIAL PUBLIC ISSUE OF 40,00,000 EQUITY SHARES OF RS. 10 EACH FOR CASH AT A PRICE OF RS. [•] PER EQUITY SHARE (INCLUDING SHARE PREMIUM OF RS. [•] PER EQUITY SHARE) AGGREGATING RS. [•] LAKHS (HEREINAFTER REFERRED TO AS "THE ISSUE"). THE ISSUE COMPRISES A RESERVATION FOR ELIGIBLE EMPLOYEES OF UPTO 1,00,000 EQUITY SHARES OF RS. 10 EACH ("THE EMPLOYEE RESERVATION PORTION") AGGREGATING RS. [•] LAKHS AND THE NET ISSUE TO THE PUBLIC OF 39,00,000 EQUITY SHARES OF RS. 10 EACH ("THE NET ISSUE") AGGREGATING RS. [•] LAKHS

THE ISSUE WOULD CONSTITUTE 37.53% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF THE COMPANY. THE NET ISSUE TO THE PUBLIC WOULD CONSTITUTE 36.59% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF THE COMPANY.

PRICE BAND: RS. 32/- TO RS. 35/- PER EQUITY SHARE OF FACE VALUE OF RS 10/-

THE FACE VALUE OF THE EQUITY SHARE IS RS. 10 EACH. THE FLOOR PRICE IS 3.2 TIMES OF THE FACE VALUE AND THE CAP PRICE IS 3.5 TIMES OF THE FACE VALUE.

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

The Issue is being made through the 100% Book Building Process wherein up to 50% of the Net issue shall be allocated on proportionate basis to Qualified Institutional Buyers (QIBs) out of which 5% will be available for allocation on a proportionate basis to Mutual Funds. The remaining QIB portion shall be available for allotment on a proportionate basis to QIB bidders including Mutual Funds, subject to valid bids being received at or above the Issue Price. Further, not less than 15% of the Net issue would be allocated to Non-Institutional Bidders on proportionate basis and not less than 35% of the Net issue would be allocated to Retail Individual Bidders on a proportionate basis, subject to valid bids being received from them at or above the Issue Price.

RISK IN RELATION TO THE FIRST ISSUE

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

GENERAL RISKS

Investments in Equity and Equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this Red Herring Prospectus. **Specific attention of investors is invited to the section titled 'Risk Factors' beginning on page no. x of this Red Herring Prospectus.**

ISSUER'S ABSOLUTE RESPONSIBILITY

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

LISTING

The Equity Shares offered through this Red Herring Prospectus are proposed to be listed on the Bombay Stock Exchange Limited ("BSE"). The in-principle approval from BSE for the listing of Equity Shares has been received vide their letter no. DCS/IPO/SI/IPO-IP/0931/2007-08 dated September 4, 2007. For the purposes of this Issue, BSE is the Designated Stock Exchange.

IPO GRADING

CARE has assigned "IPO Grade 2 out of 5" to the proposed Public Issue of the Company indicating 'below average fundamentals', vide its letter dated August 30, 2007 and the Grading has been subsequently revalidated vide its letter dated January 29, 2008. For more information on IPO grading and CARE's disclaimer, refer to page no. 12 of this Red Herring Prospectus.

BOOK RUNNING LEAD MANAGER TO THE ISSUE**SREI CAPITAL MARKETS LIMITED**

'Vishwakarma'
86C, Topsia Road (South)
Kolkata - 700 046.
Tel: +91 33 3987 3845
Fax: +91 33 3987 3861
Contact Person: Mr Manoj Agarwal
E-Mail: capital@srei.com
Investors' Email: scminvestors@srei.com
Website: www.srei.com
SEBI Regn No.: INM 000003762

REGISTRAR TO THE ISSUE**BIGSHARE SERVICES PRIVATE LIMITED**

E/2, Ansa Industrial Estate, Sakivihar Road
Saki Naka, Andheri (E), Mumbai 400 072
Tel : +91- 22 4043 0200
Fax: +91 -22 2847 5207
Contact Person: Mr Ashok Shetty
Email: ipo@bigshareonline.com.
Website: www.bigshareonline.com
SEBI Regn No. INR000001385

BID/ISSUE PROGRAMME

BID/ ISSUE OPENS ON : TUESDAY, APRIL 15, 2008

BID/ISSUE CLOSURES ON : THURSDAY APRIL 17, 2008.

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SECTION I: DEFINITIONS AND ABBREVIATIONS

Conventional/General Terms

Term	Description
"Aishwarya Telecom Limited" or "Aishwarya Telecom" or "the Issuer" or "the Company" or "ATL" or "Aishwarya" or "we" or "us" or "our"	Unless the context otherwise requires, refers to Aishwarya Telecom Limited, a public limited company incorporated under the Companies Act, 1956 and having its registered office at 3-C, Samrat Commercial Complex, Opp. A G Office, Saifabad, Khairatabad, Hyderabad, Andhra Pradesh, India, Pin - 500 004
Promoter(s)	Shall mean jointly Mr G Rama Manohar Reddy, Mrs G Amulya Reddy and Mr G Ramakrishna Reddy
Promoters' Group	As defined in Explanation II of Clause 6.8.3.2 of SEBI (Disclosure and Investor Protection) Guidelines, 2000 and amendments thereof Promoters' Group includes: Mr Krupakar Reddy Manthani Mr G Rama Murthy Reddy Mrs G Shailaja Reddy Mr B N Reddy Mr B Avinash Reddy Mrs C Venkata Lakshamma Mrs B Vijayalakshmi Mst G Ashish Reddy Ms G Aishwarya Mrs B Rajakumari Mrs M Namratha
You, Your, Yours	Unless the context otherwise requires, refers to investors.

Issue Related Terms

Term	Description
Allotment	Unless the context otherwise requires, the allotment of Equity Shares pursuant to the Offer, to the successful applicants/bidders in the Issue.
Allottee	The successful applicant/bidder to whom the Equity Shares are being/have been issued.
Articles/Articles of Association/ AOA	Articles of Association of Aishwarya Telecom Limited
Auditors	The statutory auditors of the Company, M/s A M Reddy & Co., Chartered Accountants
Banker(s) to the Issue	Bankers to the Issue being HDFC Bank and ICICI Bank
Bid	An indication to make an offer made by a prospective investor to subscribe to the Equity Shares of the Company at a price within the Price Band, during the Bidding Period and includes all revisions and modifications thereto.
Bid Price/Bid Amount	The highest value of the optional Bids indicated in the Bid-cum-Application Form and payable by the Bidder on submission of the Bid in the Issue
Bid / Issue Closing Date	The date after which the Syndicate Members to the Issue will not accept any Bids for the issue; any such date shall be notified in a widely circulated English national newspaper, a Hindi national newspaper and a Telugu newspaper
Bid / Issue Opening Date	The date on which the Syndicate Members to the Issue shall start accepting Bids for the Issue, which shall be the date notified in a widely circulated English national newspaper, a Hindi national newspaper and a Telugu news paper
Bid-cum-Application Form	The form in terms of which the Bidder shall make an indication to make an offer to subscribe to the Equity Shares of the Company and which shall be

Term	Description
	considered as the application for the issue of the Equity Shares pursuant to the terms of this Red Herring Prospectus
Bidder(s)/ Applicant(s)	Any prospective investor who makes a Bid for Equity Shares in terms of this Red Herring Prospectus and the Bid-cum-Application form through the Book Building Process
Bidding / Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which period prospective investors can submit their Bids.
Board/Board of Directors	Board of Directors of Aishwarya Telecom Limited, or a committee constituted thereof
Book Building Process / Method	Book building route as provided in Chapter XI of the SEBI Guidelines, in terms of which this Issue is made
BRLM/ Book Running Lead Managers	Book Running Lead Managers, in this case being SREI Capital Markets Limited and Sobhagya Capital Options Limited
BSE	Bombay Stock Exchange Limited
CAN / Confirmation of Allocation Note	Means the note, advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process
Cap Price	The higher end of the Price Band, Rs. 35/- per equity share in the issue above which the Issue Price will not be finalized and above which no bids will be accepted
CARE	Credit Analysis & Research Limited, a public limited company incorporated under the provisions of the Companies Act with its office at #303, Priya Arcade, 8-3-826/827, Lane Adjacent to Indian Bank, Srinagar Colony, Hyderabad – 500 073, Andhra Pradesh
Companies Act / the Act	The Companies Act, 1956, as amended from time to time.
Cut-off / Cut-off Price	Cut-off/ Cut-off Price refers to any price within the Price Band. A Bid submitted at Cut-off Price is a valid Bid at all price levels within the Price Band.
Committee	Committee of the Board of Directors having the powers as delegated by the Board of Directors, from time to time, unless otherwise specified
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996, as amended from time to time.
Depository Participant/DP	A depository participant as defined under the Depositories Act.
Designated Date	The date on which Escrow Collection Banks transfer the funds from the Escrow Account to the Public Issue Account, after the Prospectus is filed with the ROC, following which the Board of Directors shall allot the Equity Shares to successful Bidders/Allottees.
Designated Stock Exchange	Bombay Stock Exchange Limited
Directors	Directors of Aishwarya Telecom Limited, unless otherwise specified.
Draft Red Herring Prospectus/ DRHP	The Draft Red Herring Prospectus issued in accordance with Section 60 of the Companies Act, 1956 which does not have complete particulars on the price at which the Equity Shares are offered and the size of the Issue..
Eligible Employee	Means a permanent employee or the director(s) of the Company, who is an Indian National, based in India and is physically present in India on the date of submission of the Bid-cum-Application Form. In addition, such person should be an employee or director(s) during the period commencing from the date of filing of the Red Herring Prospectus with RoC up to the Bid/Issue closing date. Individuals forming part of Promoter/Promoter group are not eligible to be treated as eligible employees.

Term	Description
Employee Reservation Portion	The portion of the Issue being a maximum of 1,00,000 Equity Shares available for allocation to Eligible Employees.
Equity Shares	Equity shares of the Company of Rs. 10 each, unless otherwise specified in the context thereof.
Equity Shareholders	Person(s) holding equity share(s) of the Company unless otherwise specified in the context thereof
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Bidder will Issue cheques/drafts in respect of the Bid amount/margin money, when submitting a Bid.
Escrow Agreement	Agreement entered into amongst the Company, the Registrar, the Escrow Collection Bank(s) and BRLMs for collection of the Bid Amounts and for remitting refunds, if any of the amounts collected to the Bidders
Escrow Collection Bank(s)	The banks, which are clearing members and registered with SEBI as Bankers to the Issue and with whom the Escrow Account will be opened
FII(s)/Foreign Institutional Investors	Foreign institutional investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India
First Bidder	The bidder whose name appears first in the Bid-cum-Application Form or revision form
Floor Price	The lower end of the Price Band, Rs. 32/- per equity share in the Issue below which the Issue Price will not be finalised and below which no bids will be accepted
Fresh Issue/ Issue/ Public Issue/ Offer	Public Issue of 40,00,000 Equity Shares of Rs. 10 each for cash at the Issue Price of Rs. [•] aggregating to Rs. [•] lacs by the Company in terms of this Red Herring Prospectus
Issue Opening Date	The date on which the Issue opens for subscription (i.e., April 15, 2008)
Issue Closing Date	The date on which the Issue closes for subscription (i.e., April 17, 2008)
Issue Period	The period between the Issue Opening Date and Issue Closing Date and includes both the dates.
Issue Price	The price at which the equity shares will be issued and allotted by the Company in terms of this Red Herring Prospectus (i.e., Rs. [•] per Equity Share) The Issue Price will be decided by the Company in consultation with the Book Running Lead Mangers prior to filing of the Prospectus with the RoC.
Issuer	Aishwarya Telecom Limited
Management Committee	Management Committee of the Board of Directors of the Company authorised to take decisions on matters related/incidental to this issue
Margin Amount	The amount paid by the bidder at the time of submission of his/her bid, being 10% to 100% of the bid amount
Memorandum/MoA/ Memorandum of Association	The Memorandum of Association of Aishwarya Telecom Limited
Mutual Funds	Means Mutual Funds registered with SEBI pursuant to the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.
Mutual Fund Portion	5% of the QIB Portion or 97,500 Equity Shares (assuming the QIB Portion is for 50% of the Net Issue size) available for allocation to Mutual Funds only, out of the QIB Portion.
Net Issue to Public/ Net Offer to Public/ Net Issue	The Issue less the Employee Reservation Portion being 39,00,000 Equity Shares of Rs. 10 each of the Company.
Non-Institutional Bidders	All Bidders who are not Qualified Institutional Buyers or Retail Individual Investors and who have applied for Equity Shares for an amount more than Rs. 1,00,000.
Non-Institutional	The portion of the Net Issue to Public being 5,85,000 Equity Shares of

Term	Description
Portion	Rs.10 each available for allocation to Non Institutional Bidders
NSE	National Stock Exchange of India Limited
Offer Document/ Prospectus	The Prospectus filed with RoC in accordance with the provisions of section 60 of the Companies Act containing inter alia the Issue Price and the number of Equity Shares to be issued and certain other information.
OCB / Overseas Corporate Body	Means and includes an entity defined in Clause (xi) of Regulation 2 of the Foreign Exchange Management (Deposit) Regulations, 2000 and which was in existence on the date of commencement of the withdrawal of general permission to Overseas Body Corporate Regulations, 2003 and immediate prior to such commencement was eligible to undertake transactions pursuant to the general permission granted under the Foreign Exchange Management (Deposit) Regulations, 2000.
Pay-in-Date	Bid/Issue closing date or the last date specified in the CAN sent to Bidders as applicable
Pre-IPO Investors	The Investors who have been allotted Equity Shares in the Company after the filing of the Draft Red Herring Prospectus with the Securities & Exchange Board of India, but before filing of this Red Herring Prospectus with RoC.
Pre-IPO Allottees	The Pre-IPO allottees are as follows :- M Sandhyashri, E Chandra Sekhar Reddy, S Sankaranand, Valentine Phillips, Arvind Reddy K, Vemuru Radhika, Parandhama Reddy Kalathoor, Sangeeta Manish Mandhana, Priyavrat P Mandhana, Prema P Mandhana, Sudha Biharilal Mandhana, Santosh Kumar Jhunjhunuwala, Vicky P Jhunjhunuwala, Kaushal Ashwin Gandhi, Jayant J Maru & Leena Jayant Maru, Rupa Shah & Pradip Shah, Sheetal Shitanshu Vora & Shitanshu Bipin Vora, Reynold Shirting Pvt Ltd, Preeti S Patel, Vipul J Modi, Leena Vipul Modi, Poorvi A Jethalia, Abhishek O Jethalia, Meenadevi Omprakash Shah and Rasmik Chedda
Pre-IPO Placement	The preferential allotment aggregating to 12,00,000 Equity Shares of Rs. 10/- each made by the Company to Investors after the filing of the Draft Red Herring Prospectus but before the filing of this Red Herring Prospectus
Price Band	Being the price band of minimum price (floor price) of Rs. 32/- and the maximum price (cap price) of Rs. 35/- per Equity Share, including revisions thereof.
Pay-in-Period	i. With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending until the Bid Closing Date, and ii. With respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending until the closure of the Pay-in Date
Pricing Date	The date on which the Company in consultation with the BRLMs finalises the Issue Price.
Public Issue Account	In accordance with Section 73 of the Companies Act, 1956, an account opened with the Banker(s) to the Issue to receive monies from the Escrow Account of the Issue on the Designated Date.
Qualified Institutional Buyers or QIBs	Public Financial Institutions as defined in Section 4A of the Companies Act, Foreign Institutional Investors registered with SEBI, Scheduled Commercial Banks, Mutual Funds registered with SEBI, Venture Capital Funds registered with SEBI, Foreign Venture Capital Investors registered with SEBI, State Industrial Development Corporations, Insurance companies registered with the Insurance Regulatory and Development Authority, Provident Funds with minimum corpus of Rs. 2500 Lakhs, Pension Funds with minimum corpus of Rs. 2500 lakhs, and Multilateral and Bilateral Development Financial Institutions.
QIB Portion	The portion of the Net Issue to the public being 19,50,000 Equity Shares of Rs. 10/- each available for allocation to QIB Bidder(s).
Registered Office	3-C Samrat Commercial Complex, Opp. A G Office, Saifabad, Khairatabad,

Term	Description
	Hyderabad, Andhra Pradesh, India, Pin: 500 004
Registrar/Registrar to the Issue	Being the Registrar appointed for the Issue, in this case Bigshare Services Private Limited having its registered office at E/2, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (E), Mumbai - 400 072
Retail Individual Bidders	Individual Bidders (including HUFs) who have bid for Equity Shares for an amount less than or equal to Rs. 1,00,000
Retail Portion	The portion of the Net Issue to the public being 13,65,000 Equity Shares of Rs. 10 each available for allocation to Retail Individual Bidder(s)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid-cum-Application Forms or any previous Revision Form(s)
RHP/Red Herring Prospectus	Means the offer document issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and the size of the Issue. The Red Herring Prospectus which will be filed with the RoC at least 3 days before the Bid Opening Date and will become a Prospectus after filing with the RoC after pricing and allocation.
RoC	Registrar of Companies, Andhra Pradesh situated at 2nd Floor, CPWD Building, Kendriya Sadan, Sultan Bazar, Koti, Hyderabad – 500 195
SCML/SREI	SREI Capital Markets Limited, a public limited company incorporated under the provisions of the Companies Act, 1956 and having its registered office at “Vishwakarma”, 86C Topsia Road, (South), Kolkata - 700 046
Sobhagya/SCOL	Sobhagya Capital Options Limited, a public limited company incorporated under the provisions of the Companies Act, 1956 and having its registered office at E-227, East of Kailash, New Delhi - 110 065 and branch office at 7-1-32/4, P – 1, Leelanagar, Begumpet, Hyderabad – 500 016
Stock Exchange(s)	BSE & NSE
Syndicate	The BRLMs and Syndicate Member(s).
Syndicate Agreement	The agreement to be entered into among the Syndicate Members and the Company in relation to the collection of bids in this Issue
Syndicate Member(s)	AUM Capital Market Private Limited
TRS or Transaction Registration Slip or Order Confirmation Note	The slip or document issued by the Syndicate Members to the Bidder as proof of registration of the Bid.
Underwriters	The BRLMs and the Syndicate Member
Underwriting Agreement	The Agreements entered into between the Underwriters and the Company before the filing of Prospectus with the RoC.
VCFs	Venture Capital Funds as defined and registered with SEBI under the SEBI (Venture Capital Fund) Regulations, 1996 as amended from time to time.

Glossary of Technical and Industry Terms

Term	Description
3G	3rd Generation
BSNL	Bharat Sanchar Nigam Limited
CDMA	Coded Divisional Multiple Access
dB	Decibels
DoT	Department of Telecommunications
E/O	Electrical-to-Optical
GSM	Global System for Mobile Communication
GPRS	General Packet for Radio Service
HSPA	High Speed Packet Access

Term	Description
Hz	Hertz
IP	Internet Protocol
LED	Light Emitting Diodes
MTNL	Mahanagar Telephone Nigam Limited
NGN	Next Generation Network
OFC	Optical Fibre Cable
OTDR	Optical Time Domain Reflectometer
PDL	Polarisation Dependent Loss
PCB	Printed Circuit Board
QA	Quality Assurance
QoS	Quality of Service
T&M	Test and Measurement
TCIL	Telecommunication Consultants India Limited
TDR	Time Domain Reflectometer
TEC	Telecom Engineering Centre
TRAI	Telecom Regulator Authority of India
UHF	Ultra High Frequency
VoIP	Voice over Internet Protocol
VSNL	Videsh Sanchar Nigam Limited
VHF	Very High Frequency
WiMAX	Worldwide Interoperability Microwave Access

Abbreviation of Conventional/General Terms

Term	Description
AGM	Annual General Meeting of the shareholders.
APAC countries	Asia Pacific countries
AS	Accounting Standards, as issued by the Institute of Chartered Accountants of India.
AY	Assessment Year
BIFR	Board of Industrial and Financial Reconstruction
BOM	Bill of Material
CAGR	Compounded Annual Growth Rate
CEO	Chief Executive Officer
CDSL	Central Depository Services (India) Limited
CFO	Chief Financial Officer
CIN	Corporate Identification Number
CLB	Company Law Board
DIP Guidelines	SEBI (Disclosure & Investor Protection) Guidelines, 2000, as amended
DP	Depository Participant
DRDL	Defence Research & Development Laboratory
DRDO	Defence Research & Development Organisation
ECB	External Commercial Borrowing
ECS	Electronic Clearing System
EGM	Extraordinary General Meeting of the shareholders

Term	Description
EPF & MP Act	Employees' Provident Funds and Miscellaneous Provisions Act, 1952
EPS	Earnings per Equity Share
Euro	The official currency of the European Union (EU)
F & A	Finance & Accounts
FCNR Account	Foreign Currency Non Resident Account
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the Regulations framed there under.
FI	Financial Institution
FII	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995), registered with SEBI under applicable laws in India.
FIPB	Foreign Investment Promotion Board
Fiscal or FY or Financial Year	Twelve months ending March 31st of a particular year, unless otherwise specified.
GAAP	Generally Accepted Accounting Principles
GIR Number	General Index Register Number
GoI	Government of India
HNI	High Networth Individual
HUF	Hindu Undivided Family
IIT-M	Indian Institute of Technology located at Chennai (formerly known as Madras)
INR	Indian National Rupee
IPO	Initial Public Issue
I T Act	The Income Tax Act, 1961, as amended
MNC	Multi National Company
MOU	Memorandum of Understanding
NA	Not Applicable
NAV	Net Asset Value
NEFT	National Electronic Funds Transfer
NRE Account	Non-Resident External Account
NRI	Non-Resident Indian, as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended.
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
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
PLR	Prime Lending Rate
PSU	Public Sector Undertaking
RBI	The Reserve Bank of India.
RCI	Research Centre Imarat
RONW	Return on Net Worth

Term	Description
Rs. / Rupee	Indian Rupee
RTGS	Real Time Gross Settlement
SBH	State Bank of Hyderabad
SCRA	Securities Contracts (Regulation) Act, 1956 as amended
SCRR	Securities Contracts (Regulation) Rules, 1957 as amended.
SEB	State Electricity Board
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended.
SEBI Guidelines	Means the extant Guidelines for Disclosure and Investor Protection issued by Securities and Exchange Board of India, constituted under the Securities and Exchange Board of India Act, 1992 (as amended, called Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000)
TAN	Tax Account Number
USD	United States Dollar
WDV	Written Down Value

CERTAIN CONVENTIONS; USE OF MARKET DATA

Unless stated otherwise, the financial data in this Red Herring Prospectus is derived from the restated financial statements as of and for the years/period ended March 31 2003, March 31 2004, March 31 2005, March 31 2006, March 31 2007 and December 31, 2007, prepared in accordance with Indian GAAP, the Companies Act, 1956 and restated in accordance with SEBI Guidelines, as stated in the report of the Statutory Auditors included on page 117 of this Red Herring Prospectus. The fiscal year of the Company commences on April 1 and ends on March 31 of the following year. In this Red Herring Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word "Lakh" or "Lac" means "one hundred thousand" and the word "million" means "ten lac" and the word "Crore" means "ten million". In this Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

All references to "India" contained in this Red Herring Prospectus are to the Republic of India. All references to "Rupees" or "INR" or "Rs." are to Indian Rupees, the official currency of the Republic of India. All references to "USD" or "US\$" are to United States Dollar, the official currency of the United States of America.

The calculation of revenues by customer geography is based on the location of the specific customer entity for which services are performed, irrespective of the location where a billing invoice may be rendered. Market and Industry Data used throughout this Red Herring Prospectus has been obtained from publications available in the public domain and internal Company reports. These publications generally state that the information contained therein has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Company believes the industry data used in this Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by the Company to be reliable, have not been verified by any independent source.

FORWARD-LOOKING STATEMENTS

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

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

- General economic and business conditions;
- Company's ability to successfully implement its strategy, its growth and expansion plans;
- Factors affecting Telecommunication industry;
- Increasing competition in the Telecommunication and Telecom Equipments industry;
- Increase in labour cost, raw materials price, cost of plant & machinery and insurance premia;
- Inadequate availability of Raw Materials
- Manufacturers' defects or mechanical problems with Company's plant & machineries or incidents caused by human error;
- Changes in the value of the Indian Rupee and other currencies;
- Amount that the Company is able to realize from the clients;
- Changes in laws and regulations that apply to the Telecommunication industry;
- Changes in fiscal, economic or political conditions in India;
- Social or civil unrest or hostilities with neighboring countries or acts of international terrorism;
- Changes in the foreign exchange control regulations, interest rates and tax laws in India.

For further discussion of factors that could cause Company's actual results to differ, please see the section entitled "Risk Factors" "Business Overview" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page nos. x, 71 and 139 of this Red Herring Prospectus respectively. In light of inherent risks and uncertainties, the forward-looking statements, events and circumstances discussed in this Red Herring Prospectus might not occur and are not guarantees of future performance.

Neither the Company, its Directors and Officers, any member of the Issue Management Team nor any of their respective affiliates has 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, for purposes of the Issue, the Company and the Book Running Lead Managers to the Issue will ensure that investors in India are informed of material developments relating to the business until such time as the grant of listing and trading permission by the Stock Exchange.

SECTION II: RISK FACTORS

RISK FACTORS

An investment in the company's Equity Shares involves a high degree of risk. One should carefully consider all of the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment decision. Risks have been quantified, wherever possible. If any of the following risks actually occur, the business, financial condition and results of operations could suffer, the trading price of the Equity Shares may decline and you may lose all or part of your investment.

Unless specified or quantified in the relevant risk factors below, the Company is not in a position to quantify the financial or other implication of any of the risks mentioned herein under:

Materiality

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

- 1. Some events may not be material individually but may be found material collectively.*
- 2. Some events may have material impact qualitatively instead of quantitatively.*
- 3. Some events may not be material at present but may be having material impacts in future.*

A. INTERNAL TO THE COMPANY

1. Dependence on Technology

The Company deals in Test & Measurement (T&M) equipments. Technology plays a major role in this industry. T&M industry is faced with continuous technological changes/upgradations/obsolescence. The Company has to continuously upgrade its technology to compete with the other players in the market. In future, the Company may be required to spend considerable amount on Research & Development activities and on latest machines and equipments.

If the Company is unable to keep itself updated with latest technological changes, the Company may lose out its business and customers.

Management Perception

The Company designs its products based on customer's requirements as per the latest technology available in the market. The Company has its own in-house Research & Development (R&D) unit.

In case of any technological changes/up gradations, the Company may need to re-engineer its assembly lines, processes etc. depending upon the product design and technology, which will largely involve training the manpower and to an extent on redesigning its manufacturing processes.

- 2. The Company's deals in Test & Measurement (T&M) equipments. These products are mainly supplied to the telecom industry. The Company's business is significantly dependent on the business of the telecom operators and hence may vary significantly with the variations in the revenues of these telecom operators.**

Further historically, the Company's revenues were contributed significantly by its supplies to PSU telecom operators. The future business of such PSU telecom operators will be dependent on Government spending and policies. In future if there is any slow down in the Government spending in the telecom sector which reduces Government expenditure in telecom sector, the revenues and profits of the Company may be adversely affected.

Management Perception

To reduce its dependence on the telecom sector and mainly on PSU Operators, the Company is now focusing also on supplies to Defence Labs, Railways, Educational Institutions, Cable TV, ISP's, R&D Organisations, etc.

- 3. The Company's revenue is mainly from Telecom Operators. The Company supplies to both PSU and Private telecom operators. These telecom operators normally go through their own internal procurement policies.**

In case of PSU telecom operators the supply orders are issued through public tender model for the yearly requirements. If the Company is unable to compete with other bidders in terms of quality and prices, and is unable to qualify the tender, it may adversely affect the revenue earning potential of the Company in that year.

The private telecom operators follow the 'need' based procurement model. The orders from private telecom operators are normally huge in terms of value and quantities but are generally not spread uniformly through out the year and hence the revenues and profitability of the Company could differ significantly from quarter to quarter.

Management Perception

The Company has been in the business of T&M equipments for last 12 years and has been able to compete with other players and get orders from the PSU telecom operators. There is a pre-qualification criteria to be eligible to participate in the tenders of the PSU telecom operators and the Company is one of the few companies qualified to participate and get the orders from such tenders. Moreover, 17 products of the Company are approved by Telecom Engineering Centre (TEC), New Delhi (an organization under Department of Telecommunications (DOT)). These approvals are necessary for supplying to the tenders floated by PSU telecom operators.

- 4. The products in which the Company deals in are technological in nature. ATL requires skilled & trained personnel to develop, produce and repair such products. The Company's growth and success is dependant on the continuance and performance of its team of skilled & trained personnel. Competition for skilled & trained personnel in this industry is intense, and the Company may not be able to retain its existing skilled & trained personnel or attract new skilled & trained personnel in the future. The loss of any such personnel may adversely affect the business, results of operations and financial conditions of the Company.**

Management Perception:

The Company has skilled and experienced personnel who have expertise in their chosen fields. The Company is a broad-based organization and has strong systems in place to ensure minimal dependence on any single individual.

- 5. In India there are four leading manufacturers of T&M equipments in the organised sector. Majority of the products requirements of the Indian Telecom Operators are fulfilled by foreign manufacturers through their local distributors or agents. Supplies from Indigenous sources are minimal. The Company may face stiff competition from the foreign players if they establish manufacturing units in India or they decide to increase their presence in India through appointment of distributors, agents or in any other manner.**

Management Perception:

The Company to reduce its dependence on foreign manufacturers/suppliers has decided to manufacture some of the products indigenously. ATL has entered into a MoU with Indian Institute of Technology, Chennai (IIT-M) to develop optical module for Optical Time Domain Reflectometer (OTDR) as per Type I and Type II TEC specifications. For more details on terms of the MoU with IIT-M, please refer to section titled "Technical Collaboration for the Proposed Project" on page no. 82 of this RHP.

6. The Company has distributorship tie-up with 22 foreign manufacturers of T&M equipments for marketing & selling their products in India. If these tie-ups are cancelled/revoked or not renewed, the Company's supplies to the customers for such products will be severely hampered.
7. The Company has entered into an Agreement for Sale with Mr. G Rama Manohar Reddy (seller) for purchase of a Plot of land in Hyderabad admeasuring 643 sq. yards for a purchase consideration of Rs. 225.05 lacs, which is [•]% of the total IPO proceeds. This land is proposed to be utilised for constructing the Corporate, Marketing, Administrative Offices & R&D Center at Hyderabad. The said property is encumbered by a mortgage to Industrial Development Bank of India Limited (IDBI Bank) against a housing loan of Rs. 80 lacs taken by Mr. G Rama Manohar Reddy. As on March 3, 2008, the outstanding loan amount was Rs. 74.20 lakhs. Till such time the loan of IDBI Bank is subsisting, the seller cannot sell the encumbered property without the express consent of IDBI. Similarly, the Company cannot obtain any loan on the said property without the express consent of IDBI Bank. Unless the sale consideration paid by the Company under the above agreement is first applied by the seller towards the repayment of loan taken from IDBI Bank, the Company cannot claim any right of ownership of the said property. Further, no express consent of IDBI Bank has been obtained by Mr G Rama Manohar Reddy, Promoter and Managing Director of the Company for sale of the said property. The consent would be required at the time of transfer of the encumbered land to the Company. The express consent would be obtained at the time of the said sale. The Company had paid an advance of Rs. 3 lakhs to Mr G Rama Manohar Reddy for the said plot of land. Mr. G Rama Manohar Reddy, Promoter and Managing Director of the Company has undertaken that the sale consideration paid to him by the Company under the sale agreement would be first applied by him towards the repayment of the loan taken from IDBI Bank.
8. All the existing properties of the Companies are on a leasehold/rental basis and any termination and/or non-renewal of these lease/rent agreements could adversely affect its operations. Further, the properties in Yanam and Dehradun on which the manufacturing units of the Company are situated are also on a leasehold/rent basis. If the lease / rent agreements of such properties are not renewed, the manufacturing activities/production of the Company will be affected.

Management Perception

Normally, the Lease/Rent Agreements are renewed as soon as they expire. The property on which manufacturing unit at Dehradun is situated is on a leasehold basis for 5 years and the lease is valid till 30.04.2011. The lease is renewable for a further period of 5 years after the expiry.

The property on which manufacturing unit at Yanam is situated is also on a leasehold basis for 5 years and the lease is valid till 26.10.2008.

For more particulars and status of these agreements kindly refer to the Paragraph titled 'Property' on page 93 the Red Herring Prospectus.

9. Various licences/approvals required for the proposed new unit are yet to be applied. Non-receipt /delay in receipt of these licences/approvals may affect the completion of the proposed project of the Company.

Management Perception

The Company requires various consents/permissions/licenses/approvals from various Government Authorities for its proposed new unit at Hyderabad. The applications for such licenses/approvals would be made to the respective authorities at various stages of project completion. Please refer to page no. 150 of this Red Herring Prospectus for details of the pending licences/approvals.

10. The Company has not started recruiting the manpower for the proposed new unit.

Management perception

The Company will start recruiting the required manpower in due course for the proposed expansion project.

11. There are restrictive covenants in the term loan agreements with State Bank of Hyderabad which may impact the Company's business and the rights of the shareholders of the company.

The Lenders have certain rights under the loan agreements with the Company, which include certain restrictive covenants. These restrictive covenants require Lenders' prior approval in writing for the following matters:

- a. Effect any change in the Capital structure of the Company
- b. Formulate scheme of amalgamation or reconstitution
- c. Implement any scheme of expansion or acquire fixed assets
- d. Enter into borrowing arrangement, either secured or unsecured with any other bank, financial institution or otherwise.

12. There are number of units in the unorganized sector and they can give competition on pricing front.

Management Perception

The Company is a supplier to leading Telecom Operators who are quality conscious and hence the Company does not foresee severe competition from the units in unorganized sector.

13. The Company requires approval from Telecom Engineering Center (TEC), a mandatory certification for promoting/selling its products to Public Sector undertakings like BSNL, MTNL, Railways, etc. TEC approves a product for a particular period after which the approval needs to be renewed. As on date 17 products of the Company are approved by TEC. If the Company fails to get such approval for its new product or fails to renew the approval of some existing product, the business and revenues of the Company will be adversely affected.

14. The technology used by the Company is universally available and the product(s) are not yet patented.

Management Perception

While any new competitor can at any time enter this business and capture a sizeable portion of the market, the company is seeking to create barriers to entry by the quality of service offered. The Company is taking necessary steps to patent some of its products. The Company has applied for the patent of one of its products, 'Highly Stabilised Laser Source for Optical Networking Application' on December 26, 2005. For more details, please refer to section titled 'Patents' on page no. 95 of this Red Herring Prospectus.

15. The objects of the issue for which funds are being raised have not been appraised by any Bank or Financial Institution. The estimate of costs is based on quotations received from vendors and management estimates. Though these quotes/ estimates have been taken recently, they are subject to change and may result in cost escalation.

Management Perception

The Objects for which the funds are being raised has not been appraised by any bank or financial institution. The Company has in-house expertise of over a decade in this business. The requirement of working capital has been determined based on the Company's estimates in line with the past trends. The management has done an evaluation of the cost structures involved and has factored in any price escalations expected in the product quotes received.

The management feels that any change or cost escalation can be effectively managed by the organisation at the time of deployment.

16. The Company's proposed expansion plans are subject to the risk of cost and time overruns. The actual costs incurred, time taken for implementation of the expansion plans may vary from the estimated parameters.

17. The Company is party to certain legal proceedings, incidental to its business and operations, which if not determined in its favour, could have a material adverse impact on the business, results of operations and/or financial condition of the Company.

There are no cases filed/preferred against the Company and/or its Promoters/Directors. The Company has filed/preferred the following five cases. The Company can give no assurance that these legal proceedings will be decided favourably. Any adverse decision may have significant effect on the Company's business and its results of operations.

Sl. No.	Type of Litigation	Amount Involved (in Rs)	Present Status
1.	Income Tax	8,52,415.00	<p>The Assistant Commissioner of Income Tax (ACIT) has disallowed certain expenditures and deductions in the return of the Company for the AY 2004-05, aggregating to Rs. 17,40,741. The ACIT has passed an order demanding Rs. 8,52,415 towards additional income tax and interest thereon.</p> <p>The Company has deposited Rs. 4,50,000.00 towards 'Income Tax Paid Under Protest' and preferred an appeal before the Commissioner of Income Tax (Appeals)-II.</p> <p>The matter is sub judice.</p>
2.	Sales Tax	5,83,611.00	<p>The Deputy Commissioner of Sales Tax has vide the assessment order for the year 2001-02, assessed the products manufactured by the Company under a different category which attracts higher rate of Sales Tax.</p> <p>The Company has preferred an appeal for stay in the High Court of Judicature, Andhra Pradesh, Hyderabad. The Hon'ble High Court has granted the stay till disposal of the appeal. As directed by the Hon'ble High Court, the Company has duly deposited 50% of the disputed tax.</p> <p>The matter is sub judice.</p>
3.	Sales Tax	23,01,489.00	<p>The Commercial Tax Officer, while assessing the APGST Sales Tax Return of the Company for the year 2003-04, disallowed certain exemptions and also enhanced the taxable turnover and accordingly issued a demand notice.</p> <p>The Company has filed an appeal under section 19 of APGST Act, 1957 before the Dy. Commissioner of Appeals (CT).</p> <p>The Appellate Deputy Commissioner (CT) of Secunderabad Division has passed an Order on August 30, 2007 wherein it had partly allowed the appeal and partly remanded the matter to the assessing authority with a direction to examine the books of accounts of the appellant</p>

Sl. No.	Type of Litigation	Amount Involved (in Rs)	Present Status
			and grant necessary relief by deleting the disputed turnover from the net turnover, under the APGST Act. The matter is under re-assessment with the assessing authority.
4.	Sales Tax	33,79,692.00	The Commercial Tax Officer, while assessing the CST Sales Tax Return of the Company for the year 2003-04, disallowed certain exemptions and also enhanced the taxable turnover and accordingly issued a demand notice. The Company has filed an appeal under section 19 of APGST Act, 1957 before the Dy. Commissioner of Appeals (CT). The Appellate Deputy Commissioner (CT) of Secunderabad Division has passed an Order on August 30, 2007 wherein it had partly allowed and partly dismissed the appeal and directed the assessing authority to collect the necessary forms from the assessee. The matter is under re-assessment with the assessing authority.
5.	Criminal (u/s 138 of Negotiable Instruments Act)	8,95,000.00	The Company has filed a criminal case under Section 138 of the Negotiable Instruments Act, against one of its customers for non-payment of the amount due towards sale of goods and consequent dishonour of cheque received from the said customer. The matter is sub judice. The next date of hearing is 12.05.2008.

18. Contingent Liabilities

As on December 31, 2007, the contingent liabilities are as follows:

PARTICULARS	Rs. in lakhs
Counter Guarantees given for obtaining Bank Guarantees from various Banks	116.89
Counter Guarantees given for obtaining Letter of Credit from various Banks	46.70
Disputed Income Tax Liabilities	4.02
Disputed Sales Tax Liabilities	53.14
Total	220.75

19. The Company has not yet placed orders for majority of the capital equipments, amounting to Rs. 569.59 lakhs, which constitutes 95.43 percent of the total capital equipments proposed to be bought.

The Company has placed orders for capital equipments worth Rs. 27.30 lakhs only. Orders for equipments worth Rs. 569.59 lakhs, amounting to 95.43% of the proposed expenditure on capital equipments, are yet to be placed. The Company has already identified the equipments/machineries to be acquired and have floated enquiries for the same. Quotations from various suppliers have also been received. Since the Company has set up similar facilities in the past, it will have an advantage in identifying and selecting the right supplier at

competitive rates. For more details, please refer to section titled “proposed project” on page no. 71 of this RHP.

20. Any inability to manage the growth could disrupt the business and reduce profitability.

Management Perception

The Company has experienced significant growth in revenues in the past and expect this growth to place significant demands on both the management and resources. This will require the Company to continuously evolve and improve its operational, financial and internal controls across the organisation. In particular, continued expansion increases the challenges involved in:

- (a) Recruiting, training and retaining sufficient skilled technical, sales and management personnel;
- (b) Adhering to our high quality and process execution standards;
- (c) Maintaining high levels of client satisfaction;
- (d) Preserving our culture, values and entrepreneurial environment; and
- (e) Developing and improving our internal administrative infrastructure, particularly our financial, operational, communications and other internal systems.

21. The Company’s operations and consequently its revenues could be adversely affected by underutilisation or misutilisation of its capacity.

Management Perception

Effective utilisation of capacities is a key factor in the Company’s ability to generate revenue and profits. The Company constantly strives to scale up its operations based on capacity utilisation of its facilities on a long-term basis.

22. The Company’s business generation capabilities, and consequently its revenues and profitability are dependent on a number of factors, and are likely to be impacted on a periodic basis. Therefore, future performance of the Company cannot be gauged from its past financials

Management Perception

The Company’s business and revenues has been on a growth path in the past. The issues that could possibly impact the revenue and profitability of the Company could be on account of the start of new contracts and completion or termination of existing contracts; customer contracts that may require the Company to incur costs in periods prior to recognizing revenue under those contracts; change in business matrix influencing on profit margins; increase in selling, and administrative overheads while procuring new contracts; and the likely changes in the Company’s business in various quarters of the year on account of changing business fortunes of the Company’s clients.

23. The proposed capital expenditure programmes of the Company are partially funded from the Public Issue. Any delay/ failure of the same, may adversely impact the implementation of the project.

Management Perception

The Company requires significant capital to finance its proposed capital expenditure programmes, which is to be funded through the IPO. In case there is a delay in Public Issue/failure of the same, the Company will make alternate funding arrangements through an equitable mix of secured/unsecured loans, private placement of equity and contribution from the promoters.

24. The promoters/promoter group of the Company will continue to retain 45.64% of the company’s shareholding post - IPO, which will allow them to influence the outcome of matters submitted to shareholders for approval.

Management Perception

Upon completion of this issue, the promoters and the promoter group together will continue to hold 45.64% of the post issue equity. As a result, the promoters will have significant influence over all matters requiring shareholders approval, including the election of directors and approval of significant corporate transactions. The promoters will also be in a position to influence any shareholders action or approval requiring a majority vote, except where it is required by applicable laws to abstain from voting. Such a concentration of ownership may also have the effect of delay, preventing or deterring a change in control.

- 25. The Company may require further infusion of funds to satisfy its future capital needs, which it may not be able to procure. Any future equity offering by the Company may lead to dilution of equity and may affect the market price of its equity shares.**

Management perception

In the near future, there are no plans to issue further equity shares. The major part of this issue is being raised for meeting capital expenditure for the proposed expansion. In case the Company decides to raise additional funds through the issuance of equity, it would be for further value creation for the shareholders of the Company and after taking adequate consent from them.

- 26. The Company's inability to meet the quality norms could adversely affect its business and/or profitability.**

Management Perception

The Company maintains the necessary infrastructure for Quality Assurance. The products of the Company have to undergo certain tests like environmental tests, vibration tests, etc. The PSUs like the BSNL, MTNL, Defence Labs, Railways, etc. purchase the T&M equipments which are approved by TEC. The Company has got the required facilities and also possesses the Type Approval Certificates for 17 of its products. For more details on the existing infrastructure for quality assurances of the Company, please refer to the section titled 'Existing Project' on page no. 72 of this RHP.

- 27. The company has not yet registered the "AISHWARYA" trademark used by it.**

Management Perception

The company conducts most of its business under the trademark of "AISHWARYA". The trademark has not been registered and the registration application is pending. Further, it can provide no assurance that third parties will not infringe upon its trademark and/or trade name, causing damage to the company's business prospects, reputation and goodwill. The company also can provide no assurance that the unauthorised use by any third parties of the trademark "AISHWARYA" will not similarly cause damage to its business prospects, reputation and goodwill. For more details, please refer to section titled 'Government Approvals/Licensing Arrangements' on page no. 150 of this Red Herring Prospectus.

- 28. There is a negative cash flow of Rs. 0.09 lacs during the year ended 31.03.2005. This may have an impact on the liquidity of the Company.**

Management Perception

The negative cash flow during the year ended 31.03.2005 of Rs. 0.09 lacs is due to the investment in fixed assets and payment of interest on borrowings.

- 29. The company's ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures and the terms of its financing arrangements.**

Management Perception

The company has paid dividend in the past. The amount of its future dividend payments, if any, will depend upon the company future earnings, financial condition, cash flows, working

capital requirements and capital expenditures. There can be no assurance that it will be able to pay dividends. Additionally, the company is restricted by the terms of its debt financing from making dividend payments.

30. The company cannot guarantee the accuracy or completeness of facts and other statistics with respect to India, the Indian economy, and the Indian telecommunications sector contained in this Red Herring Prospectus.

Management Perception

Facts and other statistics in this Red Herring Prospectus relating to India, the Indian economy and the Indian telecom sector have been derived from various market data and internet sources that is believed to be reliable. The source of all such data have been given at suitable places. However, the Company cannot guarantee the quality or reliability of such source of materials. While the company directors have taken reasonable care in the reproduction of the information, they have not been prepared or independently verified by the company or any of its affiliates or advisers and, therefore, the company make no representation as to the accuracy of such facts and statistics. These facts and other statistics include the facts and statistics included in the section entitled "Industry Overview" on page 65 of this Red Herring Prospectus.

31. The Company has in the last 12 months issued Equity Shares at a price which may be lower than the Issue Price.

Date of allotment and date on which fully paid up	Number of Equity Shares	Issue price	Consideration	Reasons for allotment
07.07.2007	1,29,000	40	Cash	Further Allotment to Promoters & Promoters' relatives
25.01.2008	2,30,000	35	Cash	Allotment to Pre-IPO Investors
30.01.2008	9,70,000	40	Cash	Allotment to Pre-IPO Investors

B. EXTERNAL TO THE COMPANY

1. Change in Import Duty Structure may have financial impact on profitability of the Company.

Management Perception

Currently most of the products in which the Company deals are imported into India by paying customs duty. The Government though can withdraw/increase this duty differential at any point of time, which will impact the profitability and the compatibility of the product to that extent. However, going by the policies of successive governments and the Governments intention to bring in the manufacturing activity into India, especially in Telecom sector, we do not see the increase in the custom duties beyond the current rates and consequential impact on the Company.

2. The Company is exposed to foreign currency risk. Any appreciation/depreciation of Indian Rupee vis-à-vis USD or Euro will have an impact on the revenues & profitability of the Company.

Management Perception

The Company imports a number of products/components, either for its captive consumption or for onward sales. It also exports some of its products. To this extent, the Company is exposed to exchange rate fluctuation risk. However, the Company has made necessary contingency provisions to take care of any adverse exchange fluctuations, which may result in higher costs of the imported machinery/components. As far as exports are concerned, the company takes all the necessary precautions prevalent in the industry to deal with the exchange fluctuation costs, while negotiating the export pricing of its products. However, like any other business, the company's business is subject to the risk of abnormal variation in the exchange rates since it also depends substantially for importation of their raw materials/components.

- 3. The Company is subject to various Indian taxes and avails certain tax benefits offered by the Government of India and the State of Andhra Pradesh and the State of Uttarakhand. The Company's profitability would be impacted due to adverse changes in tax policies of these Governments.**

Management Perception

Taxes and other levies imposed by the Government of India and/or the State of Andhra Pradesh and/or the State of Uttarakhand that may affect the industry include Customs Duty, Excise Duty, Central and State Sales Tax and other levies, Income Tax, Value Added Tax, Entry Tax imposed by various municipalities throughout India, Turnover Tax, Service Tax, and other new or special taxes and surcharges introduced on a permanent or temporary basis from time to time.

- 4. Wage levels in India are rising, which could adversely impact Company's business and profitability.**

Management Perception

Due to the growing demand for professionals in India, the Company may have to increase the levels of employee compensation in order to retain its employees and remain competitive in the employment market. Such wage increases may negatively affect the Company's competitive advantage and its business and profitability.

- 5. An economic downturn may negatively impair the Company's operating results.**

Management Perception

Discretionary spending on telecommunication products and services in most parts of the world has significantly decreased due to a challenging global economic environment. This may result in cancelled, reduced or deferred expenditures for telecommunication products and services. An economic downturn, may adversely affect revenues, gross and operating profits of the Company.

- 6. After this Issue, the price of the Equity Shares may be highly volatile, or an active trading market for the Equity Shares may not develop**

Management Perception

The prices of the Company's Equity Shares on the Indian stock exchanges may fluctuate after this Issue due to several factors, including:

- a) Volatility in the Indian and global securities market;
- b) Results of operations and performance of the Company;
- c) Performance of the competitors, the Indian Telecom Industry and the perception in the market about investments in the Telecom sector;
- d) Adverse media reports on the Company or the Industry segments in which the company operates;
- e) Changes in the estimates of the Company's performance or recommendations by financial analysts;
- f) Significant developments in India's economic liberalisation and deregulation policies;
- g) Significant developments in India's fiscal and environmental regulations.

There has been no public market for the Company's Equity Shares and the prices of the Equity Shares may fluctuate after this Issue. There can be no assurance that an active trading market for the Equity Shares will develop or sustain after this Issue, or that the prices at which the Equity Shares are initially traded will correspond to the prices at which the Equity Shares will trade in the market subsequent to this Issue.

- 7. Effect of Natural Calamities, Terrorism and Violence – Force Majure**

Terrorist attacks and other acts of violence or war and natural disasters involving India, and other countries could adversely affect the financial markets, result in loss

of client confidence, and adversely affect the company's business, results of operations and financial condition.

Management Perception

Certain events that are beyond the control including the recent tsunami or seismatically generated sea wave capable of considerable destruction, which affected several parts of South and South East Asia, including India on December 26, 2005 and terrorist attacks, such as the ones that occurred in New York and Washington DC on September 11, 2001 and in New Delhi on December 13, 2001 and other acts of violence or war (including civil unrest, military activity and hostilities among neighbouring countries, such as between India and Pakistan) which may involve India, the United State or other countries, may adversely affect worldwide financial markets and could lead to global economic recession. These acts may also result in a loss of business confidence and have other consequences that could adversely affect the Company's business, results of operations and financial condition. Furthermore any of these events could lower confidence in India as an outsourcing base in the Global economy. Any such event could adversely affect our financial performance or the market price of the Equity Shares.

8. Regional conflicts in South Asia could adversely affect the Indian economy, disrupt operations and cause the company's business to suffer.

Management Perception

South Asia has, from time to time experienced instances of civil unrest and hostilities amongst neighboring countries. Military activity or terrorist attacks in the future could influence the Indian economy. Such political tensions could create a perception that Indian companies are susceptible to a high degree of risk. This could have a materially adverse effect on the market for securities of Indian companies, including Equity Shares and the market for the company's products and services.

9. Disruption of Utility Services

Any disruption in the supply of power and telecom infrastructure could disrupt the company's business process or subject it to additional costs.

Management Perception

Company has made adequate arrangements of back up infrastructure like DG Sets etc. The company is adequately insured from such happenings except for unusual situations.

10. Any downgrading of India's debt rating by a domestic or international rating agency could have a negative impact on the Company's business.

Management Perception

Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely impact the company's ability to raise additional financing as well as the interest rates and other commercial terms at which such additional financing is available. This may have a material adverse effect on its business and financial performance, ability to obtain financing for capital expenditures and the price of the Equity Shares.

NOTES:

- 1) Initial Public Issue of 40,00,000 Equity Shares of Rs. 10 each for cash at a price of Rs. [•] per Equity Share aggregating Rs. [•] lakhs comprising of 1,00,000 Equity shares of Rs. 10 each reserved for the eligible employees aggregating Rs. [•] lakhs and a net issue to the public of 39,00,000 Equity Shares of Rs.10 each aggregating Rs. [•] lakhs. The face value of the Equity Share is Rs. 10 and the Issue Price is Rs. [•] times the face value. The issue will constitute 37.53% of the fully diluted post issue paid-up capital of the Company. The net issue to the public would constitute 36.59% of the fully diluted post issue paid up capital of the Company. The Company has made Pre-IPO Placement of 12,00,000 equity shares of Rs. 10/- each to the Pre-IPO Investors.

- 2) The Net worth of the Company was Rs. 918.21 lakhs as on March 31, 2007 and Rs. 1653.32 lakhs as on December 31, 2007, as per the Restated Financial Statements under Indian GAAP.
- 3) Book Value of the equity shares of the Company was Rs. 17.23 as on March 31, 2007 and Rs. 30.28 as on December 31, 2007, as per Restated Financial Statements under Indian GAAP.
- 4) The average cost of acquisition of Equity Shares of face value of Rs.10 each held by the Promoters are given in the following table:

Name of the Promoter	Average cost of Acquisition of Equity Shares by the Promoters (Rs.)
Mr. G Rama Krishna Reddy	6.06
Mr. G Rama Manohar Reddy	5.59
Mrs. G Amulya Reddy	3.96

- 5) The Issue is being made through a 100% Book Building Process wherein upto 50% of the Net Issue to public will be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs") including 5% of the QIB portion that would be specifically reserved for Mutual Funds. The remainder QIB portion shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not less than 15% of the net issue to public would be available for allocation to Non-Institutional Investors and not less than 35% of the net issue to public would be available for allocation to Retail Individual Investors on a proportionate basis, subject to valid bids being received at or above the Issue Price.
- 6) Investors are advised to refer to the paragraph on "Basis for Issue Price" on page no. 53 of this Red Herring Prospectus before making an investment in the issue.
- 7) Investors may note that in case of over-subscription in the issue, allotment to Eligible Employees, Qualified Institutional Bidders, Non Institutional Bidders and Retail Bidders shall be on a proportionate basis in accordance with the SEBI Guidelines and in consultation with BSE (the Designated Stock Exchange). For more information, please refer to the section titled "Basis of Allotment" on page 192 of this Red Herring Prospectus.
- 8) The investors are advised to refer the Paragraph on promoter's background and past financial performance of the Company before making an investment in the proposed issue.
- 9) There is no relationship with the statutory auditors to the Company other than auditing and certification of financial statements.
- 10) For details of Related Party Transactions, please refer to Annexure V of the Auditors' Report dated January 28, 2008 in Section V: Financial Information on page no. 117 of this Red Herring Prospectus.
- 11) Investors are free to contact the BRLMs and/or the Issuer for any clarification or information or for any complaint pertaining to the issue who will be obliged to provide the same to the investor at large and no selective or additional information would be available for a section of investors in any manner whatsoever. Investors may contact the BRLMs or the Compliance Officer for any complaint / clarifications / information pertaining to the issue.
- 12) Investors may note that allotment and trading in Equity Shares of the Company shall be in dematerialised form only.
- 13) In addition to the BRLMs, the Company is obliged to update the Red Herring Prospectus and keep the public informed about any material development till listing and trading commences in respect of the shares issued through this Red Herring Prospectus.
- 14) None of the Promoters/Promoter Group have undertaken transactions in the shares of the Company in the last six months preceding the date on which the Red Herring Prospectus is filed with SEBI.
- 15) The Company issued the following Equity Shares to Pre-IPO Investors before the date of the filing of the Red Herring Prospectus. No Pre -IPO shares have been allotted to the Promoters/promoter group of the Company.

Sl. No.	Name of the Pre-IPO Investors	No. of Equity Shares Allotted	Price per Equity Share (Rs.)	Date of Allotment of Equity Shares
1	M Sandhyashri	56,450	35.00	25-01-2008
2	E Chandra Sekhar Reddy	53,200		
3	S Sankaranand	46,450		
4	Valentine Phillips	13,900		
5	Arvind Reddy K	30,000		
6	Vemuru Radhika	10,000		
7	Parandhama Reddy Kalathoor	20,000		
	Sub-Total (i)	2,30,000		
1	Sangeeta Manish Mandhana	62,500	40.00	30-01-2008
2	Priyavrat P Mandhana	62,500		
3	Prema P Mandhana	62,500		
4	Sudha Biharilal Mandhana	62,500		
5	Santosh Kumar Jhunjhunwala	12,500		
6	Vicky P Jhunjhunwala	12,500		
7	Kaushal Ashwin Gandhi	10,000		
8	Jayant J Maru & Leena Jayant Maru	10,000		
9	Rupa Shah & Pradip Shah	50,000		
10	Sheetal Shitanshu Vora & Shitanshu Bipin Vora	50,000		
11	Reynold Shirting Pvt Ltd	250,000		
12	Preeti S Patel	100,000		
13	Vipul J Modi	62,500		
14	Leena Vipul Modi	62,500		
15	Poorvi A Jethalia	20,000		
16	Abhishek O Jethalia	10,000		
17	Meenadevi Omprakash Shah	20,000		
18	Rasmik Chedda	50,000		
	Sub-Total (ii)	9,70,000		
	Total (i) + (ii)	12,00,000		

- 16) The Promoters/ Directors/ Key Managerial Personnel are interested to the extent of the normal remuneration, reimbursement of the expenses incurred, or benefits such as sitting fees and those relating to their respective shareholdings in the Company. Further, the Company has entered into two separate agreement for sale to purchase land at Hyderabad belonging to Mr. G Rama Manohar Reddy, the Managing Director for the purpose of construction of Corporate, Marketing, Administrative and R&D Office of the Company and to purchase land near Hyderabad belonging to Mrs. G Amulya Reddy, the Whole-Time Director of the Company for the purpose of construction of new production unit of the Company. For more details of the said properties, please refer to the section titled "Objects of the Issue" and "Property" on page no. 36 and page no. 93 respectively, of this Red Herring Prospectus.

SECTION III : INTRODUCTION

SUMMARY

This is only a summary and does not contain all the information that one should consider before investing in the Equity Shares of the Company. You should read the following summary together with the Risk factors beginning from page no. X of this Red Herring Prospectus and the more detailed information about Aishwarya Telecom Limited and its financial statements included in this Red Herring Prospectus before deciding to invest in the equity shares offered by the Company.

INDUSTRY OVERVIEW

The Indian economy is on the path of resurgence. The gradual opening of the economy ensured steady growth even at a time when other countries were in the grip of massive slowdown. Progressive reforms such as the removal of restriction on foreign investments and industrial de-licensing are responsible for this growth. The Government of India has placed telecommunication sector in the forefront of reforms and invited private participation for the basic telephone and cellular operations.

Prior to the telecom reforms/privatisation the telecom density was just 2% against the total population, which is quite low when compared to any other developed countries having 70-80% telecom density. The Government of India has anticipated 13.42% growth during 2002-06 every year and growing above to the anticipated. The overall teledensity is 23.89% at the end of December 2007.

(Source: TRAI Press Releases published in their website www.trai.gov.in)

With the growing reliance on telecommunications and data transmission, the test and measuring (T&M) instruments sector is playing a vital role in instrument operations. Advancements in test equipment technology and functionality are providing end-users in the T&M market with test sets that offer enhanced capabilities. With the increasing complexity of networks and the evolving nature of technology, the introduction of highly integrated and scalable products are providing a competitive edge to test equipment vendors.

The Indian market for T&M instruments was estimated at Rs. 602 crore for the year 2006-07. Imported instruments account for the major chunk of the market with sales estimated at Rs. 552 crore, which excludes revenues from power suppliers and video test instruments and testing equipment for aerospace segment. Indigenous instruments account for the balance market with sales estimated at Rs. 50 crores. .

With wireless telephony surpassing fixed line numbers, it is expected to fuel growth for the Indian T&M industry. The massive expansion plans of BSNL and Bharti are expected to give a fillip to the demand for T&M instruments in the near future. The quality of experience (QOE) testing will further give thrust to the requirement for T&M in the triple play converged network, as service providers will be required to display video signal directly on the screen of test instrument. Telecom operators are investing in a high-speed IP-based infrastructure over which they will be able to match the video offerings of cable through IP Television service. Cable operators are working towards providing toll-grade quality voice service using voice over IP (VoIP) technology.

The growth in demand for test and measuring instruments is visible across all sectors. T&M instruments found wide applications in telecom services with the segment accounting for the major chunk of the market, followed by R&D and Software segments and the Defense sector. The manufacturing sector and educational institutions are also making significant investments in T&M instruments.

With the growth of wireless industry and increase in investments in R&D and manufacturing, the Indian T&M instrument industry holds promise. The explosive growth in infotainment industry is another factor that is expected to influence growth in the T&M industry.

After analysing the present trends and forecasting the future developments in the overall communication sector, the Test & Measurement Instrument Industry is considered as an emerging segment in Telecom Industry.

(Source: Communications Today, August 2006 & August 2007 vol xiv no. 8)

Test & Measurement (T&M) Instruments

The entire communications industry is witnessing convergence of services, voice, data, and video from the same interface in the customer premises in the wireline space or the Triple Play services. The operators are moving towards automation and high speed IP based infrastructure over which they will be able to match their offerings through IPTV and Voice over IP technologies (VoIP). As services and networks expand and new ones are introduced, test equipment is required for planning, installation, and testing and maintenance of system performance.

In the competition driven industry, T&M instruments are required not only to offer test solutions but also to improve customers' service reliability of the operator and thus offer a competitive edge to the operator. The current trend in the industry requires T&M instruments to be integrated into multi-technology and distributed network environment. Its vendors cannot remain isolated and unconnected as a T&M instrument provider. Their role has widened to include the ability to look across the end-to-end network and also deep down into the network to resolve quality and performance problems.

The year 2007 has been christened as the year of Broadband by the Indian Government. It stands as the next big development in the telecom space and thus T&M too. The competitive setting, increasing demand for Broadband, and influx of newer technologies like DSL, WLAN, WiMAX and 3G are expected to define the new Indian T&M instrument scene.

As the telecom market matures, customers' expectations from the operators also increase. Their soaring demand and carriers' focus on quality of service (QoS) and quality of experience (QoE) are crucial differentiators that will fuel more technological evolution in T&M instruments.

(Source: <http://www.adi-media/confir.html>)

The impressive growth of Indian telecom sector has been stimulating the growth of Test & Measurement (T&M) industry. Private and public sector telecom service providers are continuously investing in expanding their network to support the exploding number of mobile subscribers, giving a fillip to the demand for mobile and broadband testers. The quality of service (QoS), being the key differentiator in the industry, telecom service providers strategically investing in T&M equipment procurement, while leading handset manufacturers are also investing in this segment.

(Source: *Communications Today*, Aug 2007, Vol. XIV No. 8)

For more details, please refer to the section titled 'Industry Overview' beginning from page no. 65 of the Red Herring Prospectus.

BUSINESS OVERVIEW

ATL deals in hi-tech test & measuring equipments. The Company has its manufacturing facilities situated at two production units.

Aishwarya Telecom is ISO 9001:2000 Certified Company manufacturing Fibre Optic Test Equipments & Cable Fault Locators.

Currently, ATL manufactures products for Telephone Service Providers, Defence Sector, Railways, Telecom equipment manufacturing companies and Cable TV Operators. ATL is planning to expand in to designing products for Defence Sector and Educational Sector also.

The Company proposes to set up a Corporate, Marketing, Administrative office and R&D centre and also a new production unit at Hyderabad.

For more details, please refer to the section titled 'Business Overview' beginning from page no. 71 of the Red Herring Prospectus.

COMPETITIVE STRENGTHS

The management believes that the following are the principal competitive strengths, which have contributed to the current position of the Company in this field:

Experience of the Promoters: ATL is into the business of trading and manufacturing T&M Equipments since its incorporation in 1995. Having successfully run the business for over a decade, the Promoters of ATL have gained experience in the areas of T&M equipments. The

founder promoter of the Company, Mr. G Rama Manohar Reddy is an Engineering Graduate from Sri Venkateswara University having over 12 years of experience in this industry.

Skilled Team and Management: The Promoters of the Company are backed by an experienced management team. The Company has qualified and experienced manpower.

Locational Advantage: ATL have its manufacturing units at Yanam in the State of Pondicherry and at Dehradun in the State of Uttarakhand. Both these locations enjoy tax holidays under Income Tax Act, Sales Tax and Central Excise Act.

In-House Research & Development: ATL has in-house facility for conducting research. The R&D units are situated at Hyderabad. The R&D Team is equipped with the required infrastructure.

Quality Assurance: ATL has in-house facility for Quality Assurance (QA). The Company is an ISO 9001:2000 Company for Quality Management System. ATL has adopted stringent quality control systems based on the requirements of its customers.

Tie up with IIT, Chennai: ATL has entered into a Memorandum of Understanding (MoU) with Indian Institute of Technology, Chennai (IIT-M) to develop optical module for Optical Time Domain Reflectometer (OTDR) as per Type I and Type II TEC specifications. For more details on terms of the MoU with IIT-M, please refer to section titled "Technical Collaboration for the Proposed Project" on page no. 82 of this RHP.

TEC Approval: ATL is one of the few Indian manufacturing companies having approval for its products from Telecom Engineering Center (TEC), a mandatory certification for promoting/selling to Public Sector undertakings like BSNL, MTNL, Railways, etc. The Company has seventeen of its products approved by TEC.

Beside Aishwarya, the other Companies that are empanelled by BSNL as the approved vendors include (as on January 26, 2008):

- i. Trend Communications India Private Limited
- ii. Acterna India Private Limited
- iii. Fastech Communications (I) Private Limited
- iv. Yokogawa India Limited
- v. Tirumala Seven Hills Private Limited
- vi. Aplab Limited
- vii. Andig Systems
- viii. Optiwave Photonics Limited
- ix. Tektronix (India) Private Limited
- x. Agilent Technologies India Private Limited

(Source: <http://www.qa.bsnl.co.in/tsec/vendorlist>)

THE ISSUE

Equity Shares offered:	
Fresh Issue	40,00,000 Equity Shares of Rs. 10 each
Comprising of	
Employee Reservation Portion	1,00,000 Equity Shares of Rs. 10 each
Net Issue to Public	39,00,000 Equity Shares of Rs. 10 each
Of Which	
Qualified Institutional Buyer portion of which	Upto 19,50,000 Equity Shares of Rs. 10 each <i>(Available for Allocation on a proportionate basis)</i>
Available for allocation to Mutual Funds	Upto 97,500 Equity Shares of Rs. 10 each <i>(Available for Allocation on a proportionate basis)</i>
Balance for all QIBs including Mutual Funds	18,52,500 Equity Shares of Rs. 10 each <i>(Available for Allocation on a proportionate basis)</i>
Non Institutional Portion	Not less than 5,85,000 Equity Shares of Rs. 10 each <i>(Available for Allocation on a proportionate basis)</i>
Retail portion	Not less than 13,65,000 Equity Shares of Rs.10 each <i>(Available for Allocation on a proportionate basis)</i>
Equity Shares outstanding prior to the Issue	66,59,400 Equity Shares of Rs. 10 each
Equity Shares outstanding after the Issue	1,06,59,400 Equity Shares of Rs. 10 each
Objects of the Issue	The Company intends to deploy the net proceeds of the fresh issue for part-financing its proposed project, the details of which have been mentioned under the section titled "Objects of the Issue" at page no. 36 of this Red Herring Prospectus.

NOTES:

- ♦ The fresh issue of Equity Shares in terms of this Red Herring Prospectus has been authorised by the Board of Directors of the Company at their meeting held on January 9, 2007 and by a Special Resolution (pursuant to the provisions of Section 81(1A) of the Companies Act, 1956) passed at the Extra Ordinary General Meeting of the Company held on February 15, 2007.
- ♦ Eligible Employees of the Company during the period commencing from the date of filing of the Red Herring Prospectus with ROC up to the Bid/Issue closing date shall be entitled to apply in the category reserved for employees on a proportionate basis.
- ♦ Under subscription, if any, in the Qualified Institutional, Non Institutional and Retail portion would be met with spill over from any other category, at the sole discretion of the Company in consultation with the BRLMs.
- ♦ Under subscription, if any, in the Reservation for Eligible Employees, shall be added back to the net issue to the public and will be considered for allotment only on a proportionate basis.
- ♦ Under-subscription, if any, in any category in the net issue to the public portion, would be allowed to be met with spillover from the reserved category.

SUMMARY OF FINANCIAL AND OPERATING INFORMATION

The following tables which sets forth the summary of financial and operating information should be read in conjunction with the Financial Statements and notes thereto included in the "Financial Statements" and "Management Discussion and Analysis of Financial Condition and Results of Operations" on pages 117 and 139 respectively in this Red Herring Prospectus.

Summary of Assets & Liabilities, as Restated:

(Rs. in lakhs)

PARTICULARS	As On					
	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	31-Mar-07	31-Dec-07
Fixed Assets						
Gross Block	51.79	88.97	179.90	311.20	460.56	551.81
Less: Accumulated Depreciation	17.77	27.94	46.79	76.54	123.50	171.20
Net Block	34.02	61.03	133.11	234.66	337.06	380.61
Capital Work in progress	-	-	-	-	-	-
Total Fixed Assets (A)	34.02	61.03	133.11	234.66	337.06	380.61
Investments (B)	-	-	-	-	-	-
Current Assets, Loans & advances						
Inventories (including WIP)	37.03	43.90	56.00	106.64	179.63	195.92
Sundry Debtors	91.59	150.37	297.98	861.25	1028.24	1376.64
Cash and Bank Balances	4.28	5.70	5.60	9.60	13.88	39.32
Loans and Advances	34.31	59.50	180.58	185.91	293.39	473.03
Total of Current Assets, Loans & advances (C)	167.21	259.47	540.16	1163.40	1515.14	2084.91
Total Assets (A+B+C) = D	201.23	320.50	673.27	1398.06	1852.20	2465.52
Less: Liabilities and Provisions						
Secured Loans	62.96	75.72	145.29	127.11	345.70	251.41
Unsecured Loans	10.02	8.02	2.00	9.00	-	9.05
Current Liabilities & Provisions	28.78	58.93	197.25	567.35	522.36	441.08
Deferred Tax Liability	5.33	4.02	5.34	32.67	65.93	110.66
Total Liabilities (E)	107.09	146.69	349.88	736.13	933.99	812.20
Net Worth (D-E)	94.14	173.81	323.39	661.93	918.21	1653.32
Represented By						
Equity Share Capital (I)	65.00	136.00	187.80	444.20	533.04	545.94
Share Application Money (II)	1.15	9.96	0.69	-	11.60	* 394.37
Reserve & Surplus (III)	28.01	48.07	150.05	227.83	385.26	738.44
Misc. Expenditure (IV)	0.02	20.21	15.15	10.10	11.69	25.43
Net Worth (I+II+III-IV)	94.14	173.81	323.39	661.93	918.21	1653.32

* 12,00,000 Equity Shares of Rs. 10 each were allotted to the Pre-IPO Allottees on 25.01.08 & 30.01.08 against the share application money pending on December 31, 2007. As of date, there is no share application money pending allotment.

Summary Statement of Profits & Losses, as Restated:

(Rs. in lakhs)

PARTICULARS	For the Year/Period Ended					
	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	31-Mar-07	31-Dec-07
Income						
Income from Sales						
- Trading	248.22	350.42	580.32	1502.57	2029.15	1883.43
- Manufacturing	164.77	220.81	202.49	162.47	171.01	347.30
Gross Sales	412.99	571.23	782.81	1665.04	2200.16	2230.73
Less: Sales Tax	12.06	11.62	10.45	20.03	26.41	22.87
Net Sales	400.93	559.61	772.36	1645.01	2173.75	2207.86
Other Income	0.28	0.89	4.48	4.10	12.34	29.26
Increase/(Decrease) of Stock	6.17	6.01	6.23	45.30	63.74	15.54
TOTAL INCOME (A)	407.38	566.51	783.07	1694.41	2249.83	2252.66
Expenditure						
Trade Purchases	139.24	144.04	348.73	1003.74	1345.91	1299.92
Manufacturing Expenses	83.64	143.32	96.25	93.01	77.05	145.49
Staff Cost	39.37	59.34	56.42	67.77	84.06	86.07
Administrative & Other Expenses *	99.07	134.67	111.90	154.55	196.86	162.14
Interest and Financial Charges	10.71	14.69	22.14	32.37	67.88	68.35
Depreciation	5.32	10.17	18.85	29.74	46.96	47.70
TOTAL EXPENDITURE (B)	377.35	506.23	654.29	1318.18	1818.72	1809.67
Net Profit Before Tax & Extra Ordinary Items (A-B)	30.03	60.28	128.78	313.23	431.11	442.99
Provision for Income Tax	5.68	7.47	10.10	46.71	92.58	80.72
Deferred Tax (Asset)/Liability	2.90	(1.31)	1.32	27.33	33.26	44.73
Fringe Benefit Tax	-	-	-	3.81	2.28	1.57
Net Profit Before Extra Ordinary Items & Prior Period Items	21.45	54.12	117.36	235.38	302.99	315.97
Extra-Ordinary Items	-	-	-	-	-	-
Prior Period Items – Corporate Dividend Tax	-	-	-	-	-	1.48
Net Profit After Tax & Extra Ordinary Items & Prior Period Items	21.45	54.12	117.36	235.38	302.99	314.49
Balance of Profit Brought Forward	7.06	25.01	38.57	130.55	173.50	310.75
Dividend	0.50	7.15	13.60	31.55	49.75	-
Corporate Dividend Tax	-	0.91	1.78	4.42	6.98	-
Amount Capitalised (Bonus Issue)	-	26.00	-	131.46	79.01	-
Transfer to General Reserve	3.00	6.50	10.00	25.00	30.00	-
Balance Carried to Balance Sheet	25.01	38.57	130.55	173.50	310.75	625.24

* includes discount on sales. Discount on sales are basically cash discount in nature. It is given to the customers at the time of collection of payments. During the year 2006-07, the Company had collected some major old outstanding amounts by offering cash discounts. As such, there was a sudden spurt in the figures of cash discount in the year 2006-07.

GENERAL INFORMATION

AISHWARYA TELECOM LIMITED

INCORPORATION

The Company was incorporated as Aishwarya Telecom Private Limited on June 2, 1995 with the Registrar of Companies, Andhra Pradesh, Hyderabad and took over the business of the partnership firm named 'Advanced Electronics & Communications System'. Subsequently, it was converted into a Public Limited Company on July 12, 2005 and the name of the company was changed Aishwarya Telecom Limited vide a fresh Certificate of Incorporation obtained from the Registrar of Companies, Andhra Pradesh, Hyderabad.

REGISTERED OFFICE

Aishwarya Telecom Limited

3-C, Samrat Commercial Complex
Opp A G Office
Saifabad, Khairatabad
Hyderabad - 500 004
Andhra Pradesh, India
Tel.: +91 40 2323 6019, 2323 5439
Fax: +91 40 2329 6282
E-mail: ipo@aishwaryatelecom.com
Website: www.aishwaryatelecom.com

The Registered Office of the Company, since incorporation, was located at 6-1-91, 2nd Floor, Vasavi Complex, Khairatabad, Hyderabad – 500 004. The Registered Office was shifted to its present location at 3-C Samrat Commercial Complex, Opp A G Office, Saifabad, Khairatabad, Hyderabad - 500 004, Andhra Pradesh, India with effect from February 21, 2003.

FACTORY

- (i) Industrial Plot No. F-102
UPSIDC Industrial Area
Selaqui
Dehradun, Uttarakhand
Tel.: +91 0135 2698963
- (ii) Door No. 2-330, Thota Street
Yanam, Pondicherry
Tel.: +91 2323784

R & D OFFICE

1-3-1026 & 1027, Singadikunta
Kawadiguda
Hyderabad – 500 004

MARKETING OFFICE

- (i) Door No. 4-291A, Lalitha Lane
Anyam Gardens
Yanam, Pondicherry
Tel.: +91 2698963
- (ii) 17/7, West Patel Nagar
New Delhi – 110 008
- (iii) Flat No. B-601, RNA Heights
Vikhroli Link Road
Jogeshwari, Andheri (E)
Mumbai – 400 093

Company Registration No.: 01-20569

Corporate Identification Number (CIN): U64204AP1995PLC020569

REGISTRAR OF COMPANIES

Registrar of Companies, Andhra Pradesh

2nd Floor, CPWD Building
Kendriya Sadan,
Sultan Bazar, Koti
Hyderabad – 500 195

BOARD OF DIRECTORS

Name of the Director	Designation
Mr. G Rama Krishna Reddy	Chairman (Non-Executive and Non-Independent)
Mr. G Rama Manohar Reddy	Managing Director
Mrs. G Amulya Reddy	Whole-Time Director
Mr. D Venkata Subbiah	Director (Independent)
Mr. K Hari Krishna Reddy	Director (Independent)
Mr. Venkataraman Krishnan	Director (Independent)

For more details on the Board of Directors, please refer to the section titled “Management” beginning on page no. 100 of this Red Herring Prospectus.

BRIEF DETAILS OF THE CHAIRMAN AND MANAGING DIRECTOR

Mr. G Rama Krishna Reddy, *Chairman*

Mr. G Rama Krishna Reddy, aged 71 years is a graduate and a retired Deputy Zonal Manager of LIC Mutual Fund. After his graduation in economics and politics from Sri Venkateswara University, he joined as a Development Officer in the Life Insurance Corporation of India (“LIC”). After completion of five years of his service, he was promoted to the post of Assistant Branch Manager. In 1993, he was promoted to the cadre of Deputy Zonal Manager and posted at Zonal Office at Hyderabad and was in-charge of Mutual Funds. He retired as a Deputy Zonal Manager in the year 1995. Later, he rendered his services as Marketing Consultant for AMP SANMAR Life Insurance Company, an Australia based insurance company and was In-Charge for its South India Marketing Division. Mr. G Rama Krishna Reddy was appointed as a Whole-Time Director of the Company with effect from June 1, 2005. He resigned from the post of Whole-Time Director w.e.f. August 31, 2006 and became a Non-Executive Director & Chairman. He is a member of the Audit Committee, Remuneration Committee, Share Transfer Committee, Management Committee and Chairman of Shareholders’ Grievance Committee of the Company.

Mr. G Rama Manohar Reddy, *Managing Director*

Mr. G Rama Manohar Reddy, aged 43 years, is the founder Director of the Company. Mr. G Rama Manohar Reddy is an Engineer of 1986 batch from Sri Venkateswara University with specialisation in Electronics & Communications. He has worked with M/s Usha Rectifiers, M/s Zenith Computers and M/s Mekaster Ltd. in various Managerial Positions. He is the first generation entrepreneur. In the year 1995, he incorporated Aishwarya Telecom Private Limited. He was appointed as the Managing Director of the Company on July 1, 1995 and holds the position till date. Besides, the day-to-day affairs of the Company, he also looks after the technical, production and marketing department of the Company. He is a Chairman of the Share Transfer Committee and Management Committee of the Company.

Mrs. G Amulya Reddy, *Whole Time Director*

Mrs. G Amulya Reddy, aged 35 years, is the wife of Mr. G Rama Manohar Reddy. She is a commerce graduate having exposure in administration, public relations, corporate communications and manpower management. She is the Whole-Time Director of the Company since incorporation of the Company since 1995. She supervises the administration, public relations and corporate

communications functions of the Company. She is one of the founder Promoter and Director of the Company.

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. C N Bhavani Prasad

Company Secretary
Aishwarya Telecom Limited
3-C, Samrat Commercial Complex
Opp A G Office
Saifabad, Khairatabad
Hyderabad - 500 004
Andhra Pradesh, India
Tel : +91 40 2323 6019, 2323 5439
Fax: +91 40 2329 6282
E-mail: ipo@aishwaryatelecom.com

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

LEGAL ADVISOR TO THE ISSUE

Harish Kumar & Associates

2, Aditya Apartments
Krishnapuri Colony, West Marredpally
Secunderabad - 500 026
Tel : +91 40 2770 1659
Fax: +91 40 2770 7891
Contact Person: Mr. Harish Kumar
Email: mail@harishkumar.com

BANKERS TO THE COMPANY

State Bank of Hyderabad

Bella Vista Branch
Rajbhavan Road
Somajiguda
Hyderabad - 500 082
Tel : +91 40 2341 8252
Fax: +91 40 2341 8272
E-mail: bellavista@sbhyd.co.in

State Bank of India

SIB Saifabad Branch
Haca Bhavan, Opp Assembly
Hyderabad - 500 004
Tel : +91 40 2323 1986
Fax: +91 40 2323 3462
E-mail: SA-07315@SBI.co.in

BOOK RUNNING LEAD MANAGERS



SREI Capital Markets Limited

'Vishwakarma'
86C, Topsia Road (South)
Kolkata - 700 046
Tel: + 91 33 3987 3845
Fax: +91 33 3987 3861
Contact Person: Mr. Manoj Agarwal
E-Mail: capital@srei.com
Investors' Grievance Email: scmlinvestors@srei.com
Website: www.srei.com

SOBHAGYA
CAPITAL OPTIONS LTD.

SOBHAGYA CAPITAL OPTIONS LIMITED

7-1-32/4, P – 1, Leelanagar
Begumpet
Hyderabad – 500 016
Tel.: +91 40 6552 8262 / 6610 7181
Fax: +91 40 2374 0419
Contact person: Ms Lavanya Chandra
Email: lavanya@sobhagyacapital.com
Sebi Regn. No. INM000008571

REGISTRAR TO THE ISSUE



Bigshare Services Private Limited

E/2, Ansa Industrial Estate, Sakivihar Road
Saki Naka, Andheri (East)
Mumbai – 400 072
Tel : +91 22 4043 0200
Fax: +91 22 2847 5207
Contact Person: Mr. Ashok Shetty
E-mail: ipo@bigshareonline.com
Website: www.bigshareonline.com
SEBI Regn. No.: INR00001385

SYNDICATE MEMBER

AUM Capital Market Private Limited

'Akashdeep', 1st Floor
5, Lower Rawdon Street
Kolkata – 700 020
Tel : +91-33-24861040-43
Fax: +91 33 2476 0191
Contact Person: Mr. Aditya Vikram Choudhary/Mr. Sanjay Jain
E-mail: aumcapital@securitiesindia.com

BANKERS TO THE ISSUE AND ESCROW COLLECTION BANKS

ICICI Bank Limited

Capital Markets Limited
30, Mumbai Samachar Marg
Mumbai – 400 001
Tel : +91 22 2262 7600
Fax: +91 22 2261 1138
Contact Person: Mr. Venkataraghavan T A
E-mail: venkataraghavan.t@icicibank.com
Website: www.icicibank.com

HDFC Bank Limited

26A, Narayan Properties
Off Saki Vihar Road
Chanivali, Saki Naka
Andheri (East)
Mumbai - 400 072
Tel : +91 22 2856 9009 / 2847 4900
Fax: +91 22 2856 9256
Contact Person: Mr. Deepak Rane
Email: deepak.rane@hdfcbank.com
Website: www.hdfcbank.com

STATUTORY AUDITORS OF THE COMPANY

M/S A M Reddy & Co.

Chartered Accountants
10-5-6/B, My Home Plaza
II Floor, Off: 103, Masab Tank
Hyderabad – 500 028
Andhra Pradesh
Tel : +91 40 2331 6426
Fax: +91 40 2331 6912
Contact Person: CA Ramana Reddy A V
E-mail: am_reddy83@yahoo.com

STATEMENT OF INTERSE ALLOCATION OF RESPONSIBILITIES AMONGST THE BOOK RUNNING LEAD MANAGERS

(SREI- SREI CAPITAL MARKETS LIMITED, SCOL - SOBHAGYA CAPITAL OPTIONS LIMITED)

In case of under-subscription in this Issue, the Book Running Lead Manager responsible for the underwriting arrangements shall invoke underwriting obligations and ensure that the underwriters pay the amount of devolvement.

The responsibilities and co-ordination for various activities in relation to the Issue have been distributed between the BRLMs as under:

Activities	Responsibility	Co-ordination
Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments, etc.	SREI	SREI
Conducting a due diligence of the Company's operations / management / business plans / legal, etc. Drafting and designing the DRHP/RHP/Prospectus. Ensuring compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI.	SREI	SREI
Assisting the Company for the FIPB and RBI approvals	SREI & SCOL	SCOL
Primary co-ordination with SEBI, RoC and Stock exchanges up to bidding and co coordinating interface with lawyers for agreements	SREI	SREI
Primary coordination of drafting/proofing of the design of the Prospectus, bid forms including memorandum containing salient features of the Prospectus with the printers. Primary coordination of the drafting and approving the statutory advertisement	SREI	SREI
Drafting and approving all publicity material other than statutory advertisement as mentioned above including corporate advertisement, brochure, etc.	SREI	SREI
Appointment of Registrar, Bankers and Ad agency and other intermediaries.	SREI	SREI
Appointment of Printer.	SREI	SREI
Marketing of the Issue, which will cover, inter alia, (HNI & Retail): - Formulating marketing strategies, preparation of publicity budget - Finalizing media & public relations strategy - Finalizing centers for holding conferences for press	SREI & SCOL	SREI

Activities	Responsibility	Co-ordination
and brokers, etc. - Finalizing collection centers - Brokers to the issue - Underwriters and underwriting arrangements - Following-up on distribution of publicity and issue material including application form, prospectus and brochure and deciding on the quantum of the Issue material - Preparing all road show presentations		
Coordinating institutional investor meetings and institutional allocation in consultation with the Company, finalizing the Prospectus and RoC filing.	SREI & SCOL	SREI
Coordinating post bidding activities including management of Escrow accounts, coordinating Non-Institutional allocation, intimating allocation and dispatch of refunds to Bidders, etc. The post-Issue activities for the Issue will involve essential follow up steps, which include finalizing the listing of instruments and dispatch of certificates and dematerialized delivery of Shares with the various agencies connected with the work such as the Registrars to the Issue and Bankers to the Issue and the bank handling refund business. The BRLM shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company.	SCOL	SCOL

CREDIT RATING

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

IPO GRADING

The Company has appointed Credit Analysis and Research Limited ("CARE"), a credit rating agency, for the IPO grading of this Issue. Details of the Grading Agency are as under:

Credit Analysis & Research Limited

#302, Priya Arcade, 8-3-826/827
Lane Adjacent to Indian Bank
Srinagar Colony
Hyderabad – 500 073
Andhra Pradesh
Tel : +91 40 6675 8386
Fax: +91 22 6675 8386
Contact: Mr. Sajjan Goyal
Email: sajan.goyal@careratings.com

This Issue has been graded by CARE Limited and has been assigned "CARE IPO Grade 2 out of 5" indicating below average fundamentals, vide its letter dated August 30, 2007.

The said Grading has been revalidated by CARE vide its letter dated January 29, 2008 for a further period of three months from the date of revalidation. The IPO grading is assigned on a scale of Grade 5 to Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals.

Rationale *

Care has assigned 'CARE IPO Grade 2' to the proposed Initial Public Offer (IPO) of Aishwarya Telecom Limited (ATL). CARE IPO Grade 2 indicates **Below Average Fundamentals**. CARE assigns IPO grades on a scale of Grade 5 to Grade 1, with Grade 5 indicating strong fundamentals and grade 1 indicating poor fundamentals. CARE IPO Grading is an opinion on the fundamentals of the issuer. The grade assigned to any individual issue, represents a relative assessment of the fundamentals of the issuer. ATL proposes an IPO of 52,00,000 equity shares of Rs. 10 each.

The grading factors in ATL's track record in the Telecom Test & Measurement Equipment business for over a decade and the Company's position as one of the few suppliers of Telecom Engineering Centre (TEC) approved products especially to Public Sector Undertakings. The grading also take into account the impressive sales growth and return ratios registered by ATL in the past. The grading is however constrained by the small size of operations characterized by minimal value addition, owing to the trading nature of a large part of its business and possible volatility in sales turnover. The grading is also constrained by the stagnant revenue from ATL's manufacturing operations, liquidity issues on account of the delays in receipt of payment from clients and moderate corporate governance practices.

Background

ATL was initially incorporated as a partnership firm in 1995. Subsequently in June, 1995, ATL was taken over by one of the partners, Mr G R Manohar Reddy and converted into Private Limited Company. ATL became a Public Limited Company in July, 2005.

ATL is an ISO 9001:2000 certified company engaged in trading and manufacturing of Test & Measuring Equipments for Telecom Industry. ATL's main customers are Telephone Service providers, Railways and Defence Establishments. The company has a small R&D facility at Hyderabad, manufacturing units at Dehradun and Yanam and three marketing offices at Delhi, Mumbai and Hyderabad. All facilities of the company operate from leased premises. The company plans to shift its operations at Yanam entirely to its new unit at Dehradun and is in the last stages of doing so. The Dehradun unit commenced operations in 2006 and the shifting of operations to Dehradun is primarily driven by tax exemptions which would be available there.

Promoters & Management

The company's day-to-day operations are looked after by Mr G R Manohar Reddy, Managing Director, who is also the promoter and main shareholder of ATL. Mr Manohar Reddy is a first generation entrepreneur and holds a degree in Electronics & Communication engineering from Sri Venkateswara University. Prior to starting ATL, he worked with other private concerns in various capacities and his primary focus at ATL is on marketing and technical functions. He is assisted by departmental heads in charge of R&D, Finance, Technical and Marketing functions. The company also has a technical board consisting of ex-Indian Telecom Service officers who provide guidance on future business opportunities and assist in establishing contact with various industry players.

Corporate Governance

ATL is a closely held company with promoter and promoter group holding 95% (43% post issue) of the stake. The promoter group also accounts for 3 of the 6 directors on the Board indicating little separation between ownership and management. Mr G Rama Krishna Reddy, father of Mr Manohar Reddy is the Chairman of the board. The board also has three independent Directors who were inducted recently in view of the Company's plan to go in for an IPO. Similarly, the various Committees of the board namely an Audit Committee, Remuneration Committee, Shareholders' Grievance Committee, Share Transfer Committee and Management Committee were also constituted only in FY'07 in view of the company's plan to go for IPO.

Operations

The break up of ATL's revenue from trading and manufacturing activities for the last three years is as given below:

(Rs. in lakhs)			
Year ended March 31,	2005	2006	2007
Gross Trading	580	1503	2029
(Percentage to total sales)	(74)	(90)	(92)
Gross Manufacturing	202	162	171
(Percentage to total sales)	(26)	(10)	(8)
Total Sales	783	1665	2200

ATL registered good growth in sales turnover in the last three years. However, the proportion of manufacturing sales has declined at the expense of growth in the trading segment. ATL does not trade in items which it manufactures, and typically enters the market for a particular tester only through trading of the product. Once the market for that product is established, it undertakes development of the product on its own.

ATL's product portfolio (traded and manufactured) can be classified into three main categories namely Fiber Optic Cable Testing Equipments, Data Network Testers and Copper Cable Testing Equipments. In all, ATL manufactures 22 types of testers out of which 15 are approved by TEC.

The approval from TEC is critical as only products approved by TEC are purchased by PSU majors like BSNL. There are very few manufacturers of Telecom test equipment in India and in certain product lines, ATL is the only Indian manufacturer approved by TEC. Competition for ATL (both manufactured and traded goods) is mainly from imported goods, which are sold in India by trading agencies. ATL's manufactured goods enjoy tax concessions like *nil* excise (in Dehradun) and nil sales tax (in Yanam), while imported goods attract customs duty of either 21.8% or 36.68%. In the trading segment, ATL has distributorships from 9 MNCs for their products in India. As the onus of obtaining a TEC clearance (which is valid for a period of about three years) for these products falls on ATL, effectively, the right to market these products is with ATL for a period of three years. ATL has recently added about 10 more distributors for distribution of its mobile testers.

ATL's clientele is diversified among telecom companies (both PSU and private), defence and railway establishments etc. BSNL is the main customer accounting for 25% of the gross sales in FY'07.

Projects

ATL has planned various expansion projects as detailed below.

Rs. in lakh	
Project cost	
Capital expenditure for R&D of Optical Time Domain Reflectometer	80.39
Capital expenditure for R&D of Ethernet Traffic Analyzer	64.17
Cost of package for GSM/CDMA/GPRS analyzers for providing technical audit services to mobile operators	700.13
Land and construction of building for a new production unit at Hyderabad.	272.31
Land and construction of new corporate, marketing, R&D office at Hyderabad	332.40
Additional working capital requirements	700.00
Public issue expenses	250.60
Total	2400.00

Apart from the IPO proceeds anticipated at about Rs.21cr, debt funding of Rs.4 cr. is expected for which an 'in-principle' sanction from State Bank of Hyderabad has been obtained. A significant portion (Rs.7 crore) of the IPO proceeds is planned to be utilized for working capital purposes.

Optical Time Domain Reflectometer (OTDR) Project

OTDR is a Test and Measurement Instrument for the testing of Fiber Optical Cables used in the Telecom sector. ATL has already developed the mini OTDR which is under commercial production and has planned to develop the main frame OTDRs in consultation with IIT, Chennai. IIT is slated to provide the Optical Module and ATL is to design hardware and software. Work on this project has already commenced and is expected to be completed by May'08.

Ethernet Traffic Analyzers (ETA)

ETAs are used during the installation, commissioning, maintenance and troubleshooting of wire-based and Optic Fiber based digital communication linked with Ethernet connectivity. Errors occur during transportation of data at high speeds due to many reasons like loss of synchronization, jitter and wander, inappropriate functioning of any network element including customer equipment etc. ATL has thus undertaken the design and manufacture of such equipment, banking on its expertise in telecommunications, high speed fiber optic systems and Ethernet domain. ATL commenced work on this project in May'07 and the product is likely to be ready by July'08.

GSM/GPRS/CDMA Analyzers for providing Technical Audit Services to the Mobile Operators

ATL hopes to cash in on the opportunity created in view of the Telecom Regulator TRAI's emphasis on Quality of Service (QoS) standards for mobile operators and also to provide Technical audit services. Till date, the domestic operators relied on manual systems for their QoS audit. However, with the rapid growth in mobile subscriptions and more areas coming under the net of service providers, automation may become necessary. ATL plans to make use of this opportunity and provide audit services by purchasing a testing and benchmarking solution Remote Cellular Automated Test System (RCATS) developed by Casabyte, a USA based firm. This solution will automate the process and is expected to provide real-time information on quality and availability of subscriber services. ATL plans to purchase about 8 sets of the solution initially. ATL has made presentations to prospective clients and is likely to purchase the solution through the IPO proceeds.

Corporate, Marketing, Administrative Offices & R&D Center at Hyderabad

ATL currently operates from rented premises and is planning to construct its own premises for its corporate, marketing and administrative and R&D activities. ATL has entered into an Agreement for Sale on April 28, 2007 with Mr Manohar Reddy, Managing Director, to purchase land at Hyderabad. However, the said property is encumbered by a mortgage to IDBI against a housing loan of Rs. 80 lacs taken by Mr Reddy. Till such time the loan of IDBI is subsisting, the promoter cannot sell the encumbered property without the express consent of IDBI. In the mean time, construction on the site has commenced and the ground and first floor of the premises have been partially completed.

New production unit at Hyderabad

ATL is planning to construct an additional production facility to manufacture its testers. ATL has entered into an Agreement for Sale on April 20, 2007 with Mrs G Amulya Reddy, Whole-Time Director of the Company, to purchase land near Hyderabad. ATL plans to produce certain high-end testers from this facility for which it plans to enter into joint ventures with MNCs. Construction on this facility is expected to be completed by July'08.

Financial Performance

ATL's total operating Income registered a CAGR of 35% in the last 5 years driven mainly by the sharp growth in trading income. ATL's margins have been expanding and are remarkably high especially when most of its revenues are from trading operations. PBILDT and PAT margin for FY'07 were 24% and 14% respectively. ATL has been able to achieve higher margins primarily because there are very few TEC approved players in the segments that it operates and it competes with not more than two or three suppliers for every tender. In certain products, ATL is the only TEC approved vendor resulting in higher margins.

ATL has also exhibited a consistent growth in PAT in the last three years. PAT improved from Rs.117 lakh in FY'05 to Rs.303 lakh for FY'07. Though PAT has improved over the last three years, EPS has declined from Rs.8.61 to Rs.5.56 per share on account of increase in the equity share capital. Equity share capital of ATL has risen from Rs.66 lakh as on March 31, 2003 to Rs.918 lakh as on March 31, 2007, aided by a combination of equity infusion from the promoters as well as capitalization of reserves by way of bonus issues.

Financials

Rs. in lakhs			
Y.E./As on March 31,	2005	2006	2007
Working Results			
Total operating Income**	421	700	917
PBILDT	164	370	529
Operating Profit	124	309	418
PAT	117	235	303
Net Cash Accruals	122	256	326
Financial Position			
Net Fixed Assets	133	235	337
Net Working Capital	257	539	789
Equity Share Capital	188	444	545
Tangible Networth	323	662	918
Capital Employed	391	774	1126
EPS (Rs.)	8.61	6.51	5.56
Ratios			
Profitability (%)			
PBILDT/Total			
Operating Income	38.89	52.81	57.65
PBILDT/Total Sales	21.11	22.29	24.04
PAT/Total Operating Income	27.86	33.62	33.01
PAT/Total Sales	15.13	14.19	13.76
RoCE	39.31	52.02	44.58
RoNW	47.21	47.78	38.30
Solvency (times)			
Total gearing ratio	0.46	0.21	0.38
Interest Coverage	7.01	11.04	7.62
Current Ratio	1.80	1.79	1.96
Turnover (days)			
Average Collection Period	105	127	157

Y.E./As on March 31,	2005	2006	2007
Average Creditors	48	74	78
Average Inventory	29	22	30

*** Total operating income is net profit of trading sales plus manufacturing sales*

ATL's return ratios are high and have steadily improved over the years with growing business volumes and expanding margins. RoNW and RoCE for FY'07 were 38% and 45% respectively.

Current ratio and quick ratio appear comfortable at 1.96 and 1.73 as on March 31, 2007. However, a large part of the current assets consists of debtors. ATL had a high average collection period in the range of 105 to 157 days for the last 3 years. This is primarily because a large part of ATL's clientele consists of PSU units like BSNL, where there are procedural delays in collection. The delays in collection lead to high working capital utilization and at times, the company has resorted to other medium term borrowings at relatively higher costs.

Though the company has availed of many medium term borrowings with high rates of interest, the quantum of these is small compared to its networth. Thus, the total gearing ratio of ATL, at 0.38 times as on March 31, 2007, appears comfortable. ATL's Debt equity ratio was 0.15 on that date. During Q1'08, ATL had reported sales of Rs.6 crore with a PAT of Rs. 0.97 crore.

Industry

ATL forms a part of the Test and Measurement (T & M) segment of the Telecom industry. The Indian market for T&M instruments is estimated at Rs. 575 crore¹ for the year 2005-06. Imported instruments account for the major chunk of the market and there are very few domestic manufacturers. Foreign goods find their way to the Indian market through traders or companies who have their representative offices in India. There are only two indigenous manufacturers of the T & M equipment in India namely Aplab and ATL.

The fortunes of the T&M segment depend to a large extent on the Telecom Industry. In the last few years, the Indian Telecom industry has seen good growth especially in the wireless telephony segment. With the government expected to finalize the 3G-spectrum policy in the near future, the outlook for the telecom operators appears bright. However, the domestic operators' spending on T&M instruments has been low. It is estimated that Indian telecom operators spend about 1% of their capital expenditure on T&M equipment, while the average spend in developed countries is around 5%. The Indian operators have in the last few years focused primarily on customer addition and in the process, the quality of service has suffered. However, optimism for the T&M players stems from the concerns on quality of service expressed by the regulator (TRAI) apart from the competitive dynamics which would force operators to allocate a higher portion of their resources for enhancing/maintaining their service quality.

Prospects

In the last few years, ATL has seen a sharp rise in its trading revenues. ATL's focus on the trading business is likely to continue, though at the same time it also plans to ramp up its manufacturing operations. ATL's manufacturing operations in the past have not been successful as ATL primarily developed already available testers as per the specifications laid out by TEC which didn't allow it to hit the market first. In a business where the life cycle of a tester is about three years, market timing is one of the key success factors. ATL, in future, plans to work with the end-customers as well as TEC in determining the specifications for the products. Towards this, ATL will have to ramp up its R&D efforts and as ATL does not possess the kind of resources required for the same, it plans to work in collaboration with other external agencies like research institutes and multinational manufacturers.

Apart from expanding its existing manufacturing and trading operations, ATL is also planning to venture into providing technical audit services for Telecom operators. The technical audit services segment is relatively new and the ability of ATL to create a space for itself remains to be seen.

Disclaimer

CARE's IPO grading is a one time assessment and the analysis draws heavily from the information provided by the issuer as well as information obtained from sources believed by CARE to be accurate and reliable. However, CARE, does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CARE's IPO grading does not take cognizance of the price of the security and it is not a recommendation to buy, sell or hold shares/securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the

future market performance and the earnings prospects of the issuer; also it does not indicate compliance/violation of various statutory requirements. CARE shall not be liable for any losses incurred by users from any use of the IPO grading.

**(Subsequent to the Pre IPO allotment on 25.01.2008 and 30.01.2008 of 12,00,000 Equity Shares, the Issue size has been suitably reduced. The Board of Directors of the Company at their meeting held on 27.03.2008 have approved the issue of 40,00,000 equity shares of Rs. 10/- each)*

A copy of the report provided by CARE Limited, furnishing the rationale for its grading forms part of the Material Documents for Inspection and is available for inspection at the Registered Office from 10.00 am to 4.00 pm on any working day from the date of this Red Herring Prospectus until the Bid/Issue Closing Date.

TRUSTEES

As the present issue is of Equity Shares, appointment of Trustee is not required.

MONITORING AGENCY

There is no requirement for a monitoring agency in terms of Clause 8.17 of the SEBI (DIP) Guidelines. The Audit Committee of the Board would monitor the Utilisation of the Issue Proceeds. The uses / applications of funds would be disclosed by the Company on a quarterly basis in the Quarterly Financial Results and also in the Annual Financial Results.

APPRAISING ENTITY

The Project has not been appraised by any Bank or Financial Institution.

BOOK BUILDING PROCESS

Book Building refers to the collection of bids from investors, on the basis of the Red Herring Prospectus within the Price Band. The Issue Price is fixed after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

1. The Company;
2. Book Running Lead Managers, in this case being SREI Capital Markets Limited and Sobhagya Capital Options Limited;
3. Syndicate Member(s) who are intermediaries registered with SEBI or registered as brokers with the Stock Exchanges and eligible to act as underwriters. The Syndicate Members are appointed by the BRLMs;
4. Escrow Collection Bank(s) and
5. Registrar to the Issue.

The SEBI DIP Guidelines have permitted an Issue of securities to the public through the 100% book building facility wherein 1,00,000 equity shares has been reserved for eligible employees and the balance for public. Upto 50% of the net issue to public shall be allocated on a proportionate basis to QIBs out of which 5% shall be allocated to Mutual Funds on a proportionate basis. The remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Fund. Further, not less than 15% of the net issue to public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the net issue to public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. The Company will comply with these guidelines for this Issue. In this regard, ATL has appointed the BRLMs to the Issue, to manage the Issue and procure subscription to the Issue.

Pursuant to amendments to the SEBI DIP Guidelines, QIB Bidders are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date. **In addition, as per the recent amendments to the SEBI Guidelines, QIBs are required to pay 10% Margin Amount upon submission of the Bid-cum-Application Form during the Bidding Period and allocation to QIBs will be on a proportionate basis.** For further details, see the section titled "Issue Procedure" on page no. 168 of this Red Herring Prospectus.

The process of Book Building under SEBI Guidelines, subject to change from time to time, is relatively new and investors are advised to make their own judgment about investment through this process prior to making a Bid or Application in the Issue.

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

Bidders can bid at any price within the price band. For instance, assume a price band of Rs. 20 to Rs. 24 per share, issue size of 30,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book as shown below shows the demand for the shares of the Company at various prices and is collated from bids from various investors.

Number of Equity Shares Bid for	Bid Price (Rs.)	Cumulative Equity Shares	Subscription Shares bid for
5,000	24.00	5,000	16.67%
10,000	23.00	15,000	50.00%
15,000	22.00	30,000	100.00%
20,000	21.00	50,000	166.67%
25,000	20.00	75,000	250.00%

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

Steps to be taken for bidding:

- Check whether the bidder is eligible for bidding. For details, see the section titled "Who Can Bid" on page 169 of this Red Herring Prospectus;
- Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid-cum-Application Form.
- Ensure that you have mentioned your PAN in the Bid-cum-Application Form. In the case of a Bid in joint names, each of the Bidders should mention his/her PAN allotted under the I.T. Act. In case PAN has not been allotted, mention "Not Allotted" in the appropriate place. For more details, refer section titled "Permanent Account Number or PAN" beginning on page 188 of this Red Herring Prospectus); and
- Ensure that the Bid-cum-Application Form is duly completed as per instructions given in the Red Herring Prospectus and in the Bid-cum-Application Form.

Bid/Issue Program

Bidding period/Issue period

BID/ISSUE OPENS ON Tuesday, April 15, 2008	BID/ISSUE CLOSSES ON Thursday, April 17, 2008
---------------------------------------------------	------------------------------------------------------

Bids and any revision in Bids shall be accepted **only between 10:00 am and 3:00 pm** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid-cum-Application Form except that on the Bid/Issue Closing Date, the Bids shall be accepted **only between 10:00 am and 1:00 pm** (Indian Standard Time) and uploaded until (i) 5 p.m. in case of QIB Bidders and Non-Institutional Bidders; and (ii) such time as permitted by the BSE and the NSE in case of bids by Retail Individual Bidders on the Bid/Issue Closing Date.

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

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

UNDERWRITERS TO THE ISSUE

After the determination of the Issue Price but prior to filing the Prospectus with the RoC, the Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. It is proposed that pursuant to the terms of Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations.

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

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

Name of Underwriter	Agreement Date	Amount	No. of shares
SREI Capital Markets Limited 'Vishwakarma' 86C, Topsia Road (South) Kolkata - 700 046 Tel: + 91 33 3987 3845 Fax: +91 33 3987 3861 Contact Person: Mr. Manoj Agarwal E-Mail: capital@srei.com	[•]	[•]	[•]
SOBHAGYA CAPITAL OPTIONS LIMITED 7-1-32/4, P – 1, Leelanagar Begumpet Hyderabad – 500 016 Tel.: +91 40 6552 8262 / 6610 7181 Fax: +91 40 2374 0419 Contact person: Ms Lavanya Chandra Email: lavanya@sobhagyacapital.com			
AUM Capital Market Private Limited 'Akashdeep', 1st Floor 5, Lower Rawdon Street Kolkata – 700 020 Tel : +91-33-24861040-43 Fax: +91 33 2476 0191 Contact Person: Mr. Aditya Vikram Choudhary/Mr. Sanjay Jain E-mail: aumcapital@securitiesindia.com			

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

In the opinion of the Board of Directors (based on a certificate given to it by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the Securities and Exchange Board of India Act, 1992 or registered as brokers with the Stock Exchange(s). The above Underwriting Agreement has been accepted by the Board of the Company at their meeting held on [•] on behalf of the Company, and the Company has issued letters of acceptance to the Underwriters.

Allocation among underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default, the respective Underwriter, in addition to other obligations to be defined in the underwriting agreement, will also be required to procure/subscribe to the extent of the defaulted amount.

CAPITAL STRUCTURE OF THE COMPANY

Capital Structure

Share Capital as on the date of filing of the Red Herring Prospectus with SEBI (before and after the Issue) is set forth below:

(In Rupees, except share data)

Share Capital		Nominal Value	Aggregate Value
A	Authorised Capital 1,20,00,000 Equity shares of Rs. 10 each	12,00,00,000	
B	Issued, Subscribed and Paid Up Capital Before the Issue 66,59,400 Equity Shares of Rs. 10 each fully paid up	6,65,94,000	
C	Present Issue through this Red Herring Prospectus Fresh Issue of: 40,00,000 Equity Shares of Rs. 10 each	4,00,00,000	[•]
	Of which		
D	Employee Reservation Portion 1,00,000 Equity Shares of Rs. 10 each are reserved for allotment to eligible employees of the Company	10,00,000	[•]
E	Net Issue to the Public 39,00,000 Equity Shares of Rs. 10 each	3,90,00,000	[•]
F	Paid Up Share Capital After the Issue 1,06,59,400 Equity Shares of Rs. 10 each	10,65,94,000	[•]
G	Share Premium Account Before the Issue After the Issue	3,87,20,000 [•]	

The addition to the Share Premium Account on account of the Issue and the balance in the Share Premium Account after the Issue can be determined only after the Issue Price is known, after the Book Building Process.

NOTES TO CAPITAL STRUCTURE

Share Capital History of the Company

The existing equity share capital of the Company has been subscribed and allotted as under:

Date of Allotment	Number of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Nature of Allotment	No. of Equity Shares (Cumulative)	Paid-up Capital (Rs.)	Cumulative Share Premium (Rs.)
02.06.1995	200	100	100	Cash	Subscription on signing of Memorandum of Association to Promoters	200	20,000	-
21.12.1996 @	1,000	100	100	Cash	Further Allotment to Promoters	1,200	1,20,000	-
25.07.2000 #	3,800	100	100	Cash	Further Allotment to Promoters	5,000	5,00,000	-
31.03.2003	60,000	100	100	Cash	Further Allotment to	65,000	65,00,000	-

Date of Allotment	Number of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Nature of Allotment	No. of Equity Shares (Cumulative)	Paid-up Capital (Rs.)	Cumulative Share Premium (Rs.)
					Promoters			
18.12.2003	-	10	-	N.A.	Sub-division in face value from Rs. 100 per equity share to Rs. 10 per equity share	6,50,000	65,00,000	-
18.12.2003	260,000	10	-	Bonus	Bonus issue (2:5) to the existing shareholders	9,10,000	91,00,000	-
26.03.2004	75,000	10	10	Cash	Further Allotment to Promoters	9,85,000	98,50,000	-
31.03.2004	3,75,000	10	10	Cash	Further Allotment to Promoter and Employee Welfare Trust	13,60,000	1,36,00,000	-
30.03.2005	5,18,000	10	10	Cash	Further Allotment to Promoters, Promoter's Relatives and others (Non-Promoters)	18,78,000	1,87,80,000	-
06.08.2005	13,14,600	10	-	Bonus	Bonus issue (7:10) to the existing shareholders	31,92,600	3,19,26,000	-
20.08.2005	3,73,500	10	10	Cash	Further Allotment to Promoters, Promoter's Relatives and others (Non-Promoters)	35,66,100	3,56,61,000	-
29.08.2005	2,000	10	10	Cash	Further Allotment to others (Non-Promoters)	35,68,100	3,56,81,000	-
22.12.2005	6,24,500	10	10	Cash	Further Allotment to Promoters, Promoter's Relatives and others (Non-Promoters)	41,92,600	4,19,26,000	-
16.01.2006	87,200	10	20	Cash	Further Allotment to Promoter's Relatives and others (Non-Promoters)	42,79,800	4,27,98,000	8,72,000
06.03.2006	11,100	10	20	Cash	Further Allotment to Promoter's Relatives and others (Non-Promoters)	42,90,900	4,29,09,000	9,83,000*
30.03.2006	1,51,100	10	10	Cash	Further Allotment to	44,42,000	4,44,20,000	-

Date of Allotment	Number of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Nature of Allotment	No. of Equity Shares (Cumulative)	Paid-up Capital (Rs.)	Cumulative Share Premium (Rs.)
					Promoters			
25.08.2006	8,88,400	10	-	Bonus	Bonus Issue (1:5) to the existing shareholders	53,30,400	5,33,04,000	-
07.07.2007	1,29,000	10	40	Cash	Further Allotment to Promoters & Promoters' relatives	54,59,400	5,45,94,000	38,70,000
25.01.2008	2,30,000	10	35	Cash	Allotment to Pre-IPO Investors	56,89,400	5,68,94,000	96,20,000
30.01.2008	9,70,000	10	40	Cash	Allotment to Pre-IPO Investors	66,59,400	6,65,94,000	3,87,20,000
TOTAL						66,59,400	6,65,94,000	3,87,20,000

@ In the absence of Form 2 and ROC receipt, the date has been taken as per Company's certificate.

* Amount held in Share Premium A/c was utilised for Bonus Issue on 25.08.2006.

The Company had issued and allotted 3,800 shares on July 25, 2000. However, while filling up Form 2, the date of said allotment of 3,800 shares was inadvertently typed as March 25, 2000. This Form 2 was signed on July 25, 2000 and filed with the RoC on July 27, 2000.

Notes:

- Originally, the Equity Shares were of the face value of Rs. 100 each. Subsequently, these shares were sub-divided into the face value of Rs. 10 each vide the resolution passed in the Extra-ordinary General Meeting held on December 18, 2003.
- The Company has made three bonus issues till date, as detailed below:

Date	No. of Shares	Face Value (Rs.)	Capitalising	Ratio
18.12.2003	260,000	10	Balance held in Profit & Loss A/c	2:5
06.08.2005	13,14,600	10	Balance held in Profit & Loss A/c	7:10
25.08.2006	8,88,400	10	Balance held in Profit & Loss A/c & share Premium A/c	1:5

- On January 16, 2006 and March 6, 2006, the Company had issued 87,200 equity shares and 11,100 equity shares respectively, of Rs.10/- each at a premium of Rs.10/- per equity share aggregating Rs. 9.83 lacs. As such, the share premium (also referred to as 'securities premium') outstanding in the books of accounts on March 31, 2006 was Rs. 9.83 lacs. To issue Bonus shares issued on 25.08.2006, the Company capitalized the followings:

Sr. No.	Particulars	Amount (Rs.)
(a)	Share Premium as on 01.04.2006	9,83,000
(b)	Part of Balance lying in P/L a/c as on 01.04.2006	79,01,000
	Total	88,84,000

The share premium amount was capitalised against the issue of bonus shares on August 25, 2006 as a result of which there was no share premium amount outstanding in the books of accounts on March 31, 2007.

On July 7, 2007, the Company had further issued 1,29,000 equity shares at a premium aggregating to Rs. 38,70,000/-.

The break-up of total number of shares issued and cash realised during the year 2005-06 is detailed hereunder:

Date of Allotment	No. of Equity Shares	Face Value (Rs.)	Share Premium (Rs.)	Issue Price (Rs.)	Amount (Rs.)	Cash Realised (Rs.)	Remarks
06.08.2005	13,14,600	10	-	-	-	-	Bonus
20.08.2005	3,73,500	10	-	10	37,35,000	37,35,000	
29.08.2005	2,000	10	-	10	20,000	20,000	
22.12.2005	6,24,500	10	-	10	62,45,000	62,45,000	
16.01.2006	87,200	10	10	20	17,44,000	17,44,000	
06.03.2006	11,100	10	10	20	2,22,000	2,22,000	
30.03.2006	1,51,100	10	-	10	15,11,000	15,11,000	
	Share Application Money adjusted					(68,940)	
Total						1,34,08,060	
Total (Rs. In Lacs)						134.08	

The share premium of Rs. 8,72,000 has been included in the Cash Flow Statement for the year 2005-06.

- The Company has not issued any shares for consideration other than cash excepting Bonus shares issued from time to time by capitalisation of Profit & Loss Account & Share Premium A/c as mentioned above.
- As on the date of filing of this Red Herring Prospectus with SEBI, the issued capital of the Company is fully paid-up.
- The Reserves and Surplus outstanding on March 31, 2006 includes share premium (also referred as 'securities premium') amount of Rs. 9,83,000/-, being Rs. 8,72,000/- towards share premium on account of 87,200 shares issued on January 16, 2006 at a premium of Rs. 10/- per share and Rs. 1,11,000/- towards share premium on account of 11,100 shares issued on March 6, 2006 at a premium of Rs. 10/- per share. 87,200 shares were issued and allotted on January 16, 2006 to promoters' relatives and others (non-promoters). On the same day, promoters had acquired 25,000 shares by way of transfer.

During the year 2006, a total of 30,000 shares were transferred, out of which 25,000 shares were transferred to the promoters, as detailed hereunder:

Sl. No.	Date of Transfer	No. of Shares	Amount per Share (Rs.)	Transferor's Name	Category	Transferee's Name	Category
1	16-01-06	10,000	10	Mr K Veerabhadra Rao	Non-Promoter	Mr G Rama Krishna Reddy	Promoter
2	16-01-06	10,000	10	Mr M Keshavaiah	Non-Promoter	Mrs G Amulya Reddy	Promoter
3	16-01-06	5,000	10	Mrs Daggumati Padmaja	Non-Promoter	Mr G Rama Manohar Reddy	Promoter
4	06-03-06	5,000	10	Mr G Rama Krishna Rao	Non-Promoter	Mrs G Jogulamba	Non-Promoter

Authorised Equity Share Capital History of the Company

The Authorised Share Capital of the Company has been built-up as per the details given below:

Date	No. of Shares	Cumulative Number of Shares	Face Value (Rupees)	Authorised Capital (Rupees)	Particulars
EQUITY					
02.06.1995	5,000	5,000	100	5,00,000	Incorporation
10.03.2001	45,000	50,000	100	50,00,000	Increase
31.03.2003	50,000	1,00,000	100	1,00,00,000	Increase
18.12.2003	-	10,00,000	10	1,00,00,000	Sub-division in Face Value of Equity Shares from Rs. 100 per equity share to Rs. 10 per equity share
31.03.2004	5,00,000	15,00,000	10	1,50,00,000	Increase
15.03.2005	35,00,000	50,00,000	10	5,00,00,000	Increase
06.12.2005	15,00,000	65,00,000	10	6,50,00,000	Increase
15.02.2007	55,00,000	1,20,00,000	10	12,00,00,000	Increase

Originally, the Equity Shares were of the face value of Rs. 100 each. Subsequently, these shares were sub-divided into the face value of Rs. 10 each vide the resolution passed in the Extraordinary General Meeting held on December 18, 2003.

The current authorised capital is sufficient to meet the requirements of the fresh issue.

Details of Promoters' Contribution and Lock-in period:

Share Capital History of the Promoters

Promoter	Date of Allotment/ Transfer, and made fully paid-up	Consideration	No. of Shares	Face Value (Rs.)	Issue Price/ Transfer Price (Rs.)	Cumulative No. of shares	%age of Post-Issue Paid-up Capital
Mr. G. Rama Krishna Reddy	30.03.2005	Cash	30,000	10	10	30,000	
	06.08.2005	Bonus (7:10)	21,000	10	-	51,000	
	20.08.2005	Cash	20,000	10	10	71,000	
	22.12.2005	Beneficiary Transfer*	7,500	10	-	78,500	
	22.12.2005	Beneficiary Transfer*	5,250	10	-	83,750	
	22.12.2005	Cash	30,000	10	10	1,13,750	
	16.01.2006	Transfer	10,000	10	10	1,23,750	
	25.08.2006	Bonus (1:5)	24,750	10	-	1,48,500	
	TOTAL - A		1,48,500				1.39
Mr. G. Rama Manohar Reddy	02.06.1995	Cash	100	100	100	100	
	21.12.1996 @	Cash	500	100	100	600	
	25.07.2000	Cash	2,500	100	100	3100	
	31.03.2003	Cash	40,000	100	100	43,100	
	18.12.2003	Sub-division in face value of share from Rs.100 to Rs. 10	-	10	10	4,31,000	
	18.12.2003	Bonus (2:5)	1,72,400	10	-	6,03,400	
	26.03.2004	Cash	75,000	10	10	6,78,400	
	31.03.2004	Cash	1,25,000	10	10	8,03,400	
	30.03.2005	Cash	3,49,000	10	10	11,52,400	

Promoter	Date of Allotment/ Transfer, and made fully paid-up	Consideration	No. of Shares	Face Value (Rs.)	Issue Price/ Transfer Price (Rs.)	Cumulative No. of shares	%age of Post- Issue Paid-up Capital
	06.08.2005	Bonus (7:10)	8,06,680	10	-	19,59,080	
	22.12.2005	Beneficiary Transfer*	1,23,000	10	-	20,82,080	
	22.12.2005	Beneficiary Transfer*	86,100	10	-	21,68,180	
	22.12.2005	Cash	4,99,500	10	10	26,67,680	
	16.01.2006	Transfer	5,000	10	10	26,72,680	
	30.03.2006	Cash	1,31,100	10	10	28,03,780	
	25.08.2006	Bonus (1:5)	5,60,756	10	-	33,64,536	
	07.07.2007	Cash	77,500	10	40	34,42,036	
	TOTAL – B		34,42,036				32.29
Mrs. G. Amulya Reddy	02.06.1995	Cash	100	100	100	100	
	21.12.1996 @	Cash	500	100	100	600	
	25.07.2000	Cash	1,300	100	100	1,900	
	31.03.2003	Cash	20,000	100	100	21,900	
	18.12.2003	Sub-division in face value of share from Rs.100 to Rs. 10	-	10	10	2,19,000	
	18.12.2003	Bonus (2:5)	87,600	10	-	3,06,600	
	30.03.2005	Cash	34,000	10	10	3,40,600	
	06.08.2005	Bonus (7:10)	2,38,420	10	-	5,79,020	
	22.12.2005	Cash	30,000	10	10	6,09,020	
	22.12.2005	Beneficiary Transfer*	1,12,000	10	-	7,21,020	
	22.12.2005	Beneficiary Transfer*	78,400	10	-	7,99,420	
	16.01.2006	Transfer	10,000	10	10	8,09,420	
	30.03.2006	Cash	20,000	10	10	8,29,420	
	25.08.2006	Bonus (1:5)	1,65,884	10	-	9,95,304	
	07.07.2007	Cash	22,500	10	40	10,17,804	
	TOTAL – C		10,17,804				9.54
Total (A+B+C)		46,08,340				43.23	

@ In the absence of Form 2 and ROC receipt, the date has been taken as per Company's certificate.

* Mr. G. Rama Manohar Reddy (Promoter & Managing Director of ATL) formed a registered Trust on 23.12.2003 bearing the name "Aishwarya Telecom Employees Welfare Trust" (Trust) for the benefits of the employees of Aishwarya Telecom Private Limited (ATPL). Mr. G. Rama Manohar Reddy was the author of the Trust and Mr. S. Parthasarathi & Mr. Shailender Singh, employees of the Company were the First Trustees of the Trust. ATL contributed Rs. 25,000/- as the Corpus of the Trust on 09.01.2004. ATPL also contributed Rs. 5,00,000/- on 21.02.2004 and Rs. 20,00,000/- on 04.03.2004 to the above Trust. The Trust applied for 2,50,000 equity shares of ATPL and was allotted 2,50,000 equity shares of ATPL on 31.03.04. Further, the Trust was issued Bonus Shares of 1,75,000 equity shares of ATPL on 06.08.2005. In the meeting of the Board of Trustees held on 04.06.2005, it was decided to allot the equity shares of ATL held in the Trust to the employees of ATL including the existing Managing Director and Whole time Directors as detailed below:-

Name of the Employee	Particulars	No. of Shares transferred by the Trust on 22.12.05	% to total transfer
----------------------	-------------	----------------------------------------------------	---------------------

Mr. G. Manohar Reddy	Managing Director	2,09,100	49.20%
Mrs. G. Amulya Reddy	Whole time Director	1,90,400	44.80%
Mr. G. Rama Krishna Reddy *	Whole time Director	12,750	3.00%
Employees		12,750	3.00%
Total		4,25,000	100.00

* Mr G Rama Krishna Reddy resigned from the post of Executive Director w.e.f. 31st August 2006. He is now a Non-Executive Chairman of the Company.

As on date, the Trust exists, but does not carry any activity. Further details of the arrangement for allotment of shares to employees of the Issuer Company are as under:

- Eligibility: The shares were distributed and transferred among the Directors and employees of the Company on the basis of discretionary powers granted to the Trustees and pursuant to a resolution passed at the meeting of the Trustees. No other eligibility condition was considered for calculating such distribution of shares. The shares were not distributed on the basis of any ratio.
- Total number of eligible employees: The shares held by the Trust was distributed amongst 3 (three) Whole-time Directors and 11 (eleven) employees;
- Allotment: The shares were allotted to only 11 (eleven) employees, aggregating to 12,750 shares. Further, 22.92% of the total employees were given the shares of the Company;
- Basis of allotment: The shares were distributed and transferred among the Directors and employees of the Company on the basis of discretionary powers granted to the Trustees and pursuant to a resolution passed at the meeting of the Trustees;
- There was no common basis/ratio in which these shares were distributed; and
- The shares were not distributed to all employees in equal proportion.

Promoters Contribution and Lock-in:

(i) 3 Years Lock-in

In terms of chapter IV of the SEBI DIP Guidelines, an aggregate of 20% of the post-issue paid up Equity Share capital of the Company held by the promoters of the Company shall be locked in for a period of three years. The details of the promoter's Equity shares locked in for a period of three years are as under:

Promoter	Date of Allotment/ Transfer, and made fully paid-up	Consideration	No. of Shares	Face Value (Rs.)	Issue Price/ Transfer Price (Rs.)	%age of Post-Issue Paid-up Capital	Lock-in Period (Years)
Mr. G Rama Krishna Reddy	20.08.2005	Cash	20,000	10	10		3
	22.12.2005	Cash	30,000	10	10		3
	16.01.2006	Cash	10,000	10	10		3
	25.08.2006	Bonus	22,200	10	-		3
	TOTAL - A		82,200			0.77	
Mr. G Rama Manohar Reddy	06.08.2005	Bonus	7,07,340	10	-		3
	22.12.2005	Cash	4,99,500	10	10		3
	16.01.2006	Transfer	5,000	10	10		3
	30.03.2006	Cash	1,31,100	10	10		3
	25.08.2006	Bonus	5,18,936	10	-		3

Promoter	Date of Allotment/ Transfer, and made fully paid-up	Consideration	No. of Shares	Face Value (Rs.)	Issue Price/ Transfer Price (Rs.)	%age of Post-Issue Paid-up Capital	Lock-in Period (Years)
	TOTAL – B		18,61,876			17.47	
Mrs. G Amulya Reddy	22.12.2005	Cash	30,000	10	10		3
	16.01.2006	Transfer	10,000	10	10		3
	30.03.2006	Cash	20,000	10	10		3
	25.08.2006	Bonus	1,27,804	10	-		3
	TOTAL – C		1,87,804			1.76	
			21,31,880			20.00	

(ii) 1 Year Lock-in

The details of the promoter's Equity shares locked in for a period of one year are as under:

Promoter	Date of Allotment/ Transfer, and made fully paid-up	Consideration	No. of Shares	Face Value (Rs.)	Issue Price/ Transfer Price (Rs.)	%age of Post-Issue Paid-up Capital	Lock-in Period (Years)
Mr. G Rama Krishna Reddy	30.03.2005	Cash	30,000	10	10		1
	06.08.2005	Bonus	21,000	10	-		1
	22.12.2005	Beneficial Transfer	7,500	10	-		1
	22.12.2005	Transfer	5,250	10	-		1
	25.08.2006	Bonus on Beneficiary Transfer shares	2,550	10	-		1
	TOTAL – A		66,300			0.62	
Mr. G Rama Manohar Reddy	18.12.2003	Split	4,31,000	10	10		1
	18.12.2003	Bonus	1,72,400	10	-		1
	26.03.2004	Cash	75,000	10	10		1
	31.03.2004	Cash	1,25,000	10	10		1
	30.03.2005	Cash	3,49,000	10	10		1
	06.08.2005	Bonus	99,340	10	-		1
	22.12.2005	Beneficiary Transfer	1,23,000	10	-		1
	22.12.2005	Beneficiary Transfer	86,100	10	-		1
	25.08.2006	Bonus on Beneficiary Transfer shares	41,820	10	-		1
	07.07.2007	Cash	77,500	10	40		
	TOTAL – B		15,80,160			14.82	
Mrs. G Amulya Reddy	18.12.2003	Split	2,19,000	10	10		1
	18.12.2003	Bonus	87,600	10	-		1
	30.03.2005	Cash	34,000	10	10		1
	06.08.2005	Bonus	2,38,420	10	-		1
	22.12.2005	Beneficiary Transfer	1,12,000	10	-		1

Promoter	Date of Allotment/ Transfer, and made fully paid-up	Consideration	No. of Shares	Face Value (Rs.)	Issue Price/ Transfer Price (Rs.)	%age of Post-Issue Paid-up Capital	Lock-in Period (Years)
	22.12.2005	Beneficiary Transfer	78,400	10	-		1
	25.08.2005	Bonus on Beneficiary Transfer shares	38,080	10	-		1
	07.07.2007	Cash	22,500	10	40		
	TOTAL – C		8,30,000			7.79	
Total (A+B+C)			24,76,460			23.23	

As defined in Explanation II of Clause 6.8.3.2 of SEBI (Disclosure and Investor Protection) Guidelines, 2000 and amendments thereof the Promoters' Group of the Company comprises of the following :

Mr Krupakar Reddy Manthani
Mr G Rama Murthy Reddy
Mrs G Shailaja Reddy
Mr B N Reddy
Mr B Avinash Reddy
Mrs C Venkata Lakshamma
Mrs B Vijayalakshmi
Mst G Ashish Reddy
Ms G Aishwarya
Mrs B Rajakumari
Mrs M Namratha

However persons who form part of Promoter Group and also hold shares of the Company are as follows :

Shareholding Pattern of Persons in Promoters Group:

Promoters' Group	Date of Allotment/ Transfer, and made fully paid-up	Consideration	No. of Shares	Face Value (Rs.)	Issue Price/ Transfer Price (Rs.)	Cumulative No. of shares	%age of Post-Issue Paid-up Capital
G Shailaja Reddy	30.03.2005	Cash	5,000	10	10	5,000	
	06.08.2005	Bonus	3,500	10	-	8,500	
	20.08.2005	Cash	10,000	10	10	18,500	
	25.08.2006	Bonus	3,700	10	-	22,200	
	TOTAL – B		22,200				0.21
Krupakar Reddy Manthani	16.01.2006	Cash	10,000	10	20	10,000	
	25.08.2006	Bonus	2,000	10	-	12,000	
	TOTAL – C		12,000				0.11
G Rama Murthy Reddy	30.03.2005	Cash	30,000	10	10	30,000	
	06.08.2005	Bonus	21,000	10	-	51,000	
	20.08.2005	Cash	40,000	10	10	91,000	
	22.12.2005	Cash	30,000	10	10	1,21,000	
	06.03.2006	Cash	100	10	20	1,21,100	
	25.08.2006	Bonus	24,220	10	-	1,45,320	
	TOTAL – D		1,45,320				1.36
B N Reddy	20.08.2005	Cash	20,000	10	10	20,000	

	25.08.2006	Bonus	4,000	10	-	24,000	
	TOTAL – E		24,000				0.23
B Avinash Reddy	20.08.2005	Cash	20,000	10	10	20,000	
	25.08.2006	Bonus	4,000	10	-	24,000	
	07.07.2007	Cash	29,000	10	40	53,000	
	TOTAL – F		53,000				0.50
TOTAL (A+B+C+D+E+F)			2,56,520				2.41

Notes:

1. Out of the total Promoters' holding, 20% of the Post-Issue Equity Share Capital i.e. 21,31,880 Equity Shares will be under lock in for 3 years. In terms of Clause 4.12.1 of the SEBI DIP Guidelines, the balance equity shareholding of the promoters i.e. 24,76,460 Equity Shares (in excess of the aforesaid 20%) shall be locked in for a period of one year. The Promoters' Contribution has been brought in to the extent of not less than the specified minimum lot and from persons defined as Promoters under the SEBI DIP Guidelines. The promoters will not be participating in the proposed issue.
2. In terms of Clause 4.6.4A of the SEBI DIP Guidelines, none of the securities forming part of promoters contribution have been pledged with any Bank(s) or Financial Institution(s).
3. Specific written consent has been obtained from the promoters for inclusion of the above mentioned shares as minimum promoters' contribution, subject to lock-in to the extent of 20% of the post-issue paid-up capital and that these shares shall not be transferred except inter se transfer as per the SEBI guidelines.
4. In terms of Clause 4.14.1 of the SEBI DIP Guidelines, in addition to the lock-in of 20% of post-issue shareholding of the Promoter for three years, as specified above, the entire pre-issue share capital of the Company shall be locked in for a period of one year from the date of allotment in this issue including the 12,00,000 Equity Shares issued by way of Pre-IPO Placement to Pre-IPO Investors.
5. In terms of Clause 4.15.1 of the SEBI DIP Guidelines, the locked-in Equity Shares held by the Promoters may be pledged with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of such shares is one of the terms of sanction of loan. Further, securities locked in as minimum promoters contribution under Clause 4.11.1 may be pledged only if, in addition to fulfilling the above condition, the loan has been granted by such bank or financial institution for the purpose of financing one or more of the objects of the Issue.
6. In terms of clause 4.16.1(b) of the SEBI DIP 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 transferee(s) for the remaining period and compliance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997 as applicable.
7. 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.
8. The lock-in period shall commence from the date of allotment of Equity Shares in this issue and the last date of the lock-in shall be reckoned as three years from the date of commercial production or date of allotment of shares in the public issue, whichever is later.
9. In case the final allotment of equity shares exceeds the number of equity shares offered through this issue on account of rounding off to the nearest integer as decided at the time of allotment, the number of shares to be locked in for three years shall be calculated on the increased allotted share capital.

10. The securities which are subject to lock-in shall carry the instructions “non-transferable” and the non-transferability details shall be informed to the depositories. The details of lock-in shall also be provided to BSE, where the shares are to be listed, before the listing of the securities.

11. Pre-issue and Post-issue Shareholding pattern of the Promoters and Promoters’ Group is as under:

Name of the Shareholder	Pre Issue		Post Issue	
	No. of Shares	%age Holding	No. of Shares	%age Holding
PROMOTERS				
G Rama Manohar Reddy	34,42,036	51.69	34,42,036	32.29
G Amulya Reddy	10,17,804	15.28	10,17,804	9.54
G Rama Krishna Reddy	1,48,500	2.23	1,48,500	1.39
Sub Total (a)	46,08,340	69.20	46,08,340	43.23
PROMOTERS’ GROUP				
Relatives of Promoters				
G Shailaja Reddy	22,200	0.33	22,200	0.21
Krupakar Reddy Manthani	12,000	0.18	12,000	0.11
G Ramamurthy Reddy	1,45,320	2.18	1,45,320	1.36
B N Reddy	24,000	0.36	24,000	0.23
B Avinash Reddy	53,000	0.80	53,000	0.50
Sub Total (b)	2,56,520	3.85	2,56,520	2.41
SHAREHOLDING OF THE PROMOTERS & PROMOTERS’ GROUP I = (a+b+c+d)	48,64,860	73.05	48,64,860	45.64

12. The Pre-issue and Proposed Post-Issue Share Holding Pattern of Aishwarya Telecom Limited is as under:

Category Code	Category of Shareholder	No. of Shareholders	Total no. of shares	No. of shares held in dematerialized form	Total shareholding as a percentage of total number of shares (Pre-Issue)		Total Number of shares	Total Shareholding as a % of total number of shares (Post-Issue)	
					As a Percentage of (A + B)	As a Percentage of (A+B+C)		As a % of (A + B)	As a % of (A+B+C)
(A)	Shareholding of promoter and promoter group								
(1)	Indian								
(a)	Individuals/Hindu undivided Family	8	48,64,860	--	73.05	73.05	48,64,860	45.64	45.64
(b)	Central Government/ State Government(s)	--	--	--	--	--	--	--	--
(c)	Bodies Corporate	--	--	--	--	--	--	--	--
(d)	Financial Institutions/ Banks	--	--	--	--	--	--	--	--
(e)	Any other (Specify)	--	--	--	--	--	--	--	--
	Sub-Total (A) (1)	8	48,64,860	--	73.05	73.05	48,64,860	45.64	45.64
(2)	Foreign								
(a)	Individuals (Non Resident Individuals/Foreign Individuals)	--	--	--	--	--	--	--	--
(b)	Bodies Corporate	--	--	--	--	--	--	--	--
(c)	Institutions	--	--	--	--	--	--	--	--
(d)	Any Other	--	--	--	--	--	--	--	--

Category Code	Category of Shareholder	No. of Shareholders	Total no. of shares	No. of shares held in dematerialized form	Total shareholding as a percentage of total number of shares (Pre-Issue)		Total Number of shares	Total Shareholding as a % of total number of shares (Post-Issue)	
					As a Percentage of (A + B)	As a Percentage of (A+B+C)		As a % of (A + B)	As a % of (A+B+C)
	(Overseas Corporate Body)								
	Sub-Total (A) (2)	--	--	--	--	--	--	--	--
	Total Shareholding of Promoter and promoter group (A) = (A)(1)+(A)(2)	--	--	--	--	--	--	--	--
(B)	Public Shareholding (incl. Pre-IPO Placement)*	--	--	--	--	--	--	--	--
(1)	Institutions	--	--	--	--	--	57,94,540	54.36	54.36
(a)	Mutual Funds/UTI	--	--	--	--	--			
(b)	Financial Institutions/Banks	--	--	--	--	--			
(c)	Central Government/State Government(s)	--	--	--	--	--			
(d)	Venture Capital Funds	--	--	--	--	--			
(e)	Insurance Companies	--	--	--	--	--			
(f)	Foreign institutional investor	--	--	--	--	--			
(g)	Foreign Venture Capital Investors	--	--	--	--	--			
(h)	Any Other	--	--	--	--	--			
	Sub Total (B)(1)	--	--	--	--	--			
(2)	Non Institutions								
(a)	Bodies Corporate	1	2,50,000	--	3.75	3.75			
(b)	Individuals- Individual shareholders holding nominal share capital up to Rs 1 lakh	69	1,96,720	--	2.95	2.95			
(c)	Individuals- Individual shareholders holding nominal share capital more than Rs 1 lakh	37	13,47,820	--	20.24	20.24			
	Sub Total (B)(2)	107	17,94,540	--	26.95	26.95			
	Total Public shareholding (B)= (B)(1) + (B)(2)	107	17,94,540	--	26.95	26.95	57,94,540	54.36	54.36
	Total (A) + (B)	115	66,59,400	--	100.00	100.00	1,06,59,400	100.00	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	--	--	--	--	--	--	--	--
	Grand Total (A)+(B)+(C)	115	66,59,400	--	100.00	100.00	1,06,59,400	100.00	100.00

Notes:

- # Post-Issue shareholding pattern will be determined after the closure of the Issue.
- * The Company confirms that the 107 shareholders of the Company who cumulatively hold 26.95% of the total pre-issue capital of the Company are either employees of the Company or are friends/associates of the promoters, but are not related to the Promoters of the Company.

13. Equity Shares held by top 10 ten shareholders

- (a) The details of top ten shareholders and the Equity shares held on the date of filing this Red Herring Prospectus with RoC:

Sl. No.	Name of the Shareholder	No. of Shares	%age Holding
1.	G Rama Manohar Reddy	34,42,036	51.69
2.	G Amulya Reddy	10,17,804	15.28
3.	Reynold Shirting Private Limited	2,50,000	3.75
4.	G Rama Krishna Reddy	1,48,500	2.23
5.	G Ramamurthy Reddy	1,45,320	2.18
6.	K Harish Reddy	1,02,000	1.53
7.	Preeti S Patel	1,00,000	1.50
8.	Prema P Mandhana	62,500	0.94
9.	Sangeeta Manish Mandhana	62,500	0.94
10.	Priyavrat P Mandhana	62,500	0.94
	Total	53,93,160	80.99

- (b) The details of top ten shareholders and the Equity shares held ten days prior to the date of filing this Red Herring Prospectus with RoC:

Sl. No.	Name of the Shareholder	No. of Shares	%age Holding
1.	G Rama Manohar Reddy	34,42,036	51.69
2.	G Amulya Reddy	10,17,804	15.28
3.	Reynold Shirting Private Limited	2,50,000	3.75
4.	G Rama Krishna Reddy	1,48,500	2.23
5.	G Ramamurthy Reddy	1,45,320	2.18
6.	K Harish Reddy	1,02,000	1.53
7.	Preeti S Patel	1,00,000	1.50
8.	Prema P Mandhana	62,500	0.94
9.	Sangeeta Manish Mandhana	62,500	0.94
10.	Priyavrat P Mandhana	62,500	0.94
	Total	53,93,160	80.99

- (c) The details of top ten shareholders and the Equity shares held two years prior to the date of filing this Red Herring Prospectus with RoC:

Sl. No.	Name of the Shareholder	No. of Shares	%age Holding
1.	G Rama Manohar Reddy	26,72,680	62.29
2.	G Amulya Reddy	8,09,420	18.86
3.	G Rama Krishna Reddy	1,23,750	2.89
4.	G Ramamurthy Reddy	1,21,100	2.82
5.	K Harish Reddy	85,000	1.98
6.	G Damodar Reddy	34,000	0.79
7.	A Jayakar Reddy	30,000	0.70
8.	P V B Reddy	30,000	0.70
9.	G Phalguna Reddy	30,000	0.70
10.	D Rajamani	20,000	0.47

	Total	39,55,950	92.20
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14. No equity shares have been purchased or sold by the promoters and the promoter group during the last six months preceeding the date on which the Red Herring Prospectus is filed with SEBI.
15. The Company issued 12,00,000 Equity Shares to certain pre-IPO investors in the last six months prior to the date of the filing of this Red Herring Prospectus. No Pre –IPO shares have been allotted to the Promoters/promoter group of the Company. Details of allottees are as under:

Sl. No.	Name of the Pre-IPO Investors	No. of Equity Shares Allotted	Price per Equity Share (Rs.)	Date of Allotment of Equity Shares
1	M Sandhyashri	56,450	35.00	25-01-2008
2	E Chandra Sekhar Reddy	53,200		
3	S Sankaranand	46,450		
4	Valentine Phillips	13,900		
5	Arvind Reddy K	30,000		
6	Vemuru Radhika	10,000		
7	Parandhama Reddy Kalathoor	20,000		
	Sub-Total (i)	2,30,000		
1	Sangeeta Manish Mandhana	62,500	40.00	30-01-2008
2	Priyavrat P Mandhana	62,500		
3	Prema P Mandhana	62,500		
4	Sudha Biharilal Mandhana	62,500		
5	Santosh Kumar Jhunjhunwala	12,500		
6	Vicky P Jhunjhunwala	12,500		
7	Kaushal Ashwin Gandhi	10,000		
8	Jayant J Maru & Leena Jayant Maru	10,000		
9	Rupa Shah & Pradip Shah	50,000		
10	Sheetal Shitanshu Vora & Shitanshu Bipin Vora	50,000		
11	Reynold Shirting Pvt Ltd	250,000		
12	Preeti S Patel	100,000		
13	Vipul J Modi	62,500		
14	Leena Vipul Modi	62,500		
15	Poorvi A Jethalia	20,000		
16	Abhishek O Jethalia	10,000		
17	Meenadevi Omprakash Shah	20,000		
18	Rasmik Chedda	50,000		
	Sub-Total (ii)	9,70,000		
	Total (i) + (ii)	12,00,000		

The Equity Shares allotted to the Pre-IPO Investors shall be locked in for a period of one year from the date of allotment in this issue in accordance with the SEBI Guidelines. None of the Pre-IPO allottees are related to the Promoters in any manner

15. The Company, its Promoters, Directors, and/or the Book Running Lead Managers have not entered into any 'buy-back' and/or 'standby arrangement' for purchase of Equity Shares of the Company offered through this Red Herring Prospectus.
16. An over-subscription to the extent of 10% of the issue size can be retained for the purpose of rounding off to the nearest integer subject to a minimum allotment lot while finalizing the allotment.

17. The Company has not raised any bridge loan from any Bank against the proceeds of this issue.
18. There are no partly paid-up equity shares as on the date of filing of the RHP.
19. The Equity Shares offered through this Issue will be fully paid up, and hence there shall be no partly paid shares in this Issue.
20. An investor cannot make a Bid for more than the number of Equity Shares offered under the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
21. The Issue is being made through the 100% Book Building Process wherein up to 50% of the Net Issue size shall be allotted to Qualified Institutional Buyers on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not less than 15% of the Net Issue size would be allocated to Non-Institutional Bidders on a proportionate basis and not less than 35% of the Net Issue size would be allocated to Retail Individual Bidders on a proportionate basis, subject to valid bids being received from them at or above the Issue Price.
22. A total of 1,00,000 Equity Shares have been reserved for allocation to the eligible employees on competitive basis, subject to valid bids being received at or above the Issue Price. Employees can also make bids in the 'Net Issue to Public' category and such bids shall not be treated as multiple bids.
23. Under subscription, if any in the reservation for Eligible Employees, shall be added back to the Net Issue to the public. In case of under-subscription in the Net Issue to the public, spill-over to the extent of under-subscription shall be permitted from the employees reservation portion.
24. Under-subscription, if any, in the QIBs, Non-Institutional and Retail Individual categories would be met with the spill over from any other category at the sole discretion of the Company in consultation with the BRLMs. However if the aggregate demand by mutual funds is less than 97,500 shares, the balance equity shares available for allocation in the mutual fund portion will be first added to the QIB portion and be allotted proportionately to the QIB bidders.
25. Investors may note that in case of over-subscription, allotment will be on proportionate basis as detailed in para on "Basis of Allotment" beginning on page no. 192 of this Red Herring Prospectus
26. The Company shall not make further issue of capital in any manner whether by way of issue of bonus shares, preferential allotment, rights issue, or public issue or otherwise during the period commencing from the submission of offer document to the SEBI for this public issue, till the securities offered to in the said document have been listed or the application money refunded on account of non-listing or under-subscription, etc.
27. The Company at present does not intend or propose to alter its capital structure for a period of six months from the date of filing of this Red Herring Prospectus, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise, except that the Company may issue options to its employees pursuant to any employee stock option plan, or if the company goes for acquisitions, mergers or joint ventures, it may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition and/or participation in such joint ventures or issue of Shares on such merger, if any
28. The Company has not revalued its Fixed Assets in the last five years.
29. The Company has made following Bonus Issues till date:

Date	No. of Bonus Shares	Ratio
------	---------------------	-------

18.12.2003	2,60,000	2:5
06.08.2005	13,14,600	7:10
25.08.2006	8,88,400	1:5

28. The Company has sub-divided the face value of Equity Shares from Rs. 100 per Equity Share to Rs. 10 per Equity Share in the AGM held on 18.12.2003.
29. At any given point of time, there shall be only one denomination for the Equity Shares of the Company, unless otherwise permitted by law. The Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
30. The Company has a total of 115 (One Hundred Fifteen) Equity Share Holders as on date of filing with the RoC.
31. The shareholders of the Company do not hold any warrant, option or convertible loan or any debentures, which would entitle them to acquire further shares of the Company.
32. Till Date the Company has not introduced any ESOP/ESOS. However, a Trust was formed on 23.12.2003 bearing the name "Aishwarya Telecom Employees Welfare Trust" (Trust). Mr. G. Rama Manohar Reddy (Promoter & Managing Director of ATL) was the author of the Trust and Mr. S. Parthasarathi & Mr. Shailender Singh, employees of the Company were the First Trustees of the Trust. ATPL contributed Rs. 5,00,000/- on 21.02.2004 and Rs. 20,00,000/- on 04.03.2004 to the above Trust. The Trust applied for 2,50,000 equity shares of ATPL and was allotted 2,50,000 equity shares of ATPL on 31.03.04. Further, the Trust was issued Bonus Shares of 1,75,000 equity shares of ATL on 06.08.2005. The above 4,25,000 equity shares were transferred to the employees of the ATL. For details refer to page 25 of this Red Herring Prospectus.

OBJECTS OF THE ISSUE

The Objects of the Issue is to raise capital for financing the expenditure on Company's proposed business plans, to meet additional working capital requirements and to meet expenses of the issue. The Company believes that listing of its shares will also enhance its visibility and brand value.

The Company's assessment of funds and deployment is based on internal management estimates and has not been appraised by any bank or financial institution or any independent organisation. In case of any variations in the actual utilization of funds earmarked for the above activities, the difference, if any, may be adjusted against the availability / requirement of funds in the areas identified as part of the expansion plan and/or increased fund deployment for a particular activity. The shortfall, if any, may be met with by surplus funds, if any available out of Company's internal accruals and/or working capital loans that may be availed from the banks. The balance proceeds of the Issue in addition to the abovementioned requirements, if any, will be used for general corporate purposes including but not restricted to establishing new marketing offices in India & overseas and for repayment of loans.

The main objects clause and objects incidental or ancillary to the main objects of the Memorandum of the Company enables it to undertake existing activities as well as the activities for which the funds are being raised through this Issue. The Company further confirms that the activities carried out by it until now are in accordance with the objects of its Memorandum.

The objects of the Issue are as stated herein below:

- To fund the Capital Expenditure for Research & Development of Main Frame Optical Time Domain Reflectometer (OTDR) in collaboration with IIT, Chennai
- To fund the Capital Expenditure for Research & Development of Ethernet Traffic Analyzers
- To fund the cost of Global System for Mobile Communication (GSM)/ General Packet for Radio Service (GPRS)/Code Division Multiple Access (CDMA) Analyzers for providing Technical Audit Services to the Mobile Operators
- To purchase land & construct building for new corporate, marketing, administrative and R&D office at Hyderabad
- To purchase land & construction of building for a new production unit at Hyderabad;
- To meet additional working capital requirements for its operations
- To meet the expenses of this Issue

FUNDS REQUIREMENT AND MEANS OF FINANCE

Fund requirement as per Company's own estimates for meeting the Objects of the issue are as under:

(Rs. in Lakhs)		
Sl. No.	Particulars	Amount
1	Capital Expenditure for Research & Development of Main Frame Optical Time Domain Reflecto Meter (OTDR)	80.39
2	Capital Expenditure for Research & Development of Ethernet Traffic Analyzers	64.17
3	Cost of GSM/GPRS/CDMA Analyzers for providing Technical Audit Services to the Mobile Operators	700.13
4	Cost of land & construction of building for a new production unit at Hyderabad	272.31
5	Cost of land & construction of building for new corporate, marketing, administrative and R&D office at Hyderabad	332.40
6	Additional working capital requirements	700.00
7	General Corporate Purposes	[•]

Sl. No.	Particulars	Amount
8	Issue Expenses	[•]
	Total	[•]

MEANS OF FINANCE

The Project is proposed to be funded from public issue of equity shares, internal accruals, Pre-IPO Placement and Medium Term Loan from State Bank of Hyderabad (SBH). SBH has issued its sanction letter dated January 3, 2008 to part-finance the fund requirements of the Company. The proposed means of finance for the Project are as under:

Sl. No.	Particulars	Amount
1	Public Issue of Equity Shares	[•]
2	Internal Accruals	[•]
3	Term Loan from SBH	360.00
4	Pre-IPO Placement	468.50
	Total	[•]

The Company has allotted Equity Shares to the Pre-IPO Investors on a preferential basis aggregating to Rs. 468.50 lakhs ("Pre-IPO Placements") after filing the Draft Red Herring Prospectus with the SEBI. The Company proposes to utilise the funds raised in the Pre-IPO placement towards the objects of the Issue. For details of these Pre-IPO Placements, see the sections titled "Capital Structure" beginning on page no. 20 of this Red Herring Prospectus.

The net proceeds of the Issue after deducting underwriting and management fees, selling commissions and all other Issue related expenses, is estimated to be at Rs. [•] lakhs.

Undertaking By the Issuer Company

The Company hereby confirms that firm arrangements of finance through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised through the proposed public issue have been made. As such the Company is in compliance with clause 2.8 of the SEBI (DIP) Guidelines.

In case of excess money, if any, the same will be utilised for general corporate purpose including but not restricted to repayment of loans.

DETAILED BREAK-UP OF COST

1. Capital Expenditure for Research & Development of Main Frame Optical Time Domain Reflecto Meter (OTDR)

The OTDR is a versatile Test and Measurement Instrument for the testing of Fiber Optical Cables used in the Telecommunications. The instrument can test the fiber optic cables for the faults like loss in power due to poor joints (splices) and connectors, loss due to cut and moisture entry, and degradation of the fiber over large period due to aging and other temporal effects.

ATL has planned to make Main Frame OTDRs for which technical evaluations have been already done in consultation with IIT, Chennai ("IIT-M"). IIT-M shall provide the Optical Module and ATL shall design hardware and software with internal R&D. For more details on terms of the MoU with IIT-M, please refer to section titled "Technical Collaboration for the Proposed Project" on page no. 82 of this RHP.

The total capital outlays are as under:

A. For Research & Development

Sl. No.	Particulars/Description	Name of Supplier/ Provider	Qty	Unit Price	Amount
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				(Rs. in Lakhs)	
1.	Development of Optical Module	IIT, Chennai			10.00
2.	High OSNR Optical Spectrum Analyzer Module (Model No. FTB5240B) The high precision optical spectrum analyzers are designed for dense and coarse WDM applications. They offer improved OSNR ranges and accurate DWDM network measurements with high channel counts and tight channel spacing over the full wavelength range of 1250 to 1260 nm.	Exfo Electro-Optical Engineering Inc. 400, Godin Avenue Quebec Quebec Gim 2K2 Canada P.O. No. ATL/IPO/SZ/02/10167 dated 27.02.2007 Way Bill No. 988-8244660 dated 09.05.2007	1	* 6.37	* 6.37
3.	CD-ROM Application Software for High OSNR Optical Spectrum Analyzer Module (Model No. FTB5240B)	Exfo Electro-Optical Engineering Inc. 400, Godin Avenue Quebec Quebec Gim 2K2 Canada Quotation No. ATL-04-CRN 678/DP dated 21.02.2007 P.O. No. ATL/IPO/SZ/02/090708 dated 09.02.2008	1	** 4.72	** 4.72
4.	E6000C OTDR Mainframe E6000C-003 Connector Interface FC/PC/SPC E6003A 1310/1550nm SM Laser Module 35/34 dB	Agilent Technologies India Pvt Ltd Uma Aishwarya House 1st Floor # 8-2-502/1 AG, Road No 7 Banjara Hills Hyderabad – 500 034 Quotation No. Aish-07/DDP dated 07.06.07 Invoice No. INV/CST/EMG/HYD/0706/11 dated 11.06.2007	1	2.41	2.41
5.	TK-200 Compact Link Characterizer OTDR	Exfo Electro-Optical Engineering Inc. 400, Godin Avenue Quebec Quebec Gim 2K2 Canada P.O. No. ATL/IPO/SZ/04/11178 dated 27.04.2007 Way Bill No. 176-66831111 dated 01.06.2007	1	* 3.14	* 3.14
6.	Optical Variable Attenuator – OLA-55 The Optical Lever Attenuators are improved variable attenuators for system testing, installation, maintenance, and production of single mode fibers.	Acterna India Pvt Ltd 605, Everest Chambers Andheri Kurla Road Mumbai – 400 059 Quotation No. 0408/06-07/Hyd/56 dated 16.06.2007	2	2.25	4.49
7.	Optical Variable Attenuator – OLA-55 The Optical Lever Attenuators are futureproof, improved variable attenuators for system testing, installation, maintenance, and production of single mode fibers.	Exfo Electro-Optical Engineering Inc. 400, Godin Avenue Quebec Quebec Gim 2K2 Canada (Through its Indian agent, M/s Mel Systems & Services Ltd, Chennai). P.O. No. ATL/IPO/SZ/02/0260708 dated 06.02.2008	2	1.98	3.96

Sl. No.	Particulars/Description	Name of Supplier/ Provider	Qty	Unit Price	Amount
				(Rs. in Lakhs)	
8.	Optical Laser Source – OLS-55 The Optical Laser Sources contain all of the tools, including instruments and accessories, necessary to perform professional-grade power or loss tests in the field.	Acterna India Pvt Ltd 605, Everest Chambers Andheri Kurla Road Mumbai – 400 059 Quotation No. 0497/06-07/hyd/72 dated 05.07.2007	2	1.39	2.77
9.	Optical Laser Source – OLS-55 The Optical Laser Sources contain all of the tools, including instruments and accessories, necessary to perform professional-grade power or loss tests in the field.	Exfo Electro-Optical Engineering Inc. 400, Godin Avenue Quebec Quebec Gim 2K2 Canada (Through its Indian agent, M/s Mel Systems & Services Ltd, Chennai). P.O. No. ATL/IPO/SZ/01/01260708 dated 26.01.2008	2	1.68	3.36
10.	FIS Basic Fiber Optical Tool Kits	Fiber Instrument Sales Inc. 161, Clear Road Oriskany, NY 13424 Quotation No. 225872 dated 08.06.2007	1	** 0.98	** 0.98
11.	Computers Think Pad R60 (9458AP2)	Cache Peripherals Pvt. Ltd. 3-6-98, West Marredpally Main Road Secunderabad Quotation No. ASPN/CPPL/ATCPL/07/6/1 dated 12.06.07	5	0.59	2.95
12.	Printers HP Laserjet 3055 All-in-One Printers	Creative Services # 5B Floor, Shiva Rama Krishna Colony West Marredpally Main Road Secunderabad – 500 026 Quotation No. SCS/51A1/07 dated 15.05.2007	2	0.19	0.39
	HP Laserjet 1022 Printers		3	0.08	0.25
13.	Software Windows XP Professional XP English OLP NL Get Genuine	ISS Technologies Plot No. 38, Syndicate Bank Colony West Maredpally Secunderabad – 500 026 Quotation No. ISS/SW/04/2007/1/ATPL dated 03.04.07	14	0.07	0.99
	Windows XP Professional XP Media Kit		1	0.01	0.01
14.	Contingencies, Components, Accessories, Testing Fees, Customs Duty, Taxes, etc.				19.90
	Sub - Total				66.69

* The quotation/invoice for the product/equipment has been received in US Dollars. The Company has received the said product/equipment and the Exchange Rate has been taken at actuals.

** The quotation/proforma invoice has been received in US Dollars and the Exchange Rate has been taken as USD 1.00 = INR 41.00.

B. For Production

Sl. No.	Particulars/Description	Name of Supplier/ Provider	Qty	Unit Price	Amount
				(Rs. in Lakhs)	
1.	Optical Variable Attenuator – OLA-55 The Optical Lever Attenuators are futureproof, improved variable attenuators for system testing, installation, maintenance, and production of single mode fibers.	Exfo Electro-Optical Engineering Inc. 400, Godin Avenue Quebec Quebec Gim 2K2 Canada (Through its Indian agent, M/s Mel Systems & Services Ltd, Chennai). Quotation No. 382765 dated 21.02.2007	1	1.98	1.98
2.	Optical Laser Source – OLS-55 The Optical Laser Sources contain all of the tools, including instruments and accessories, necessary to perform professional-grade power or loss tests in the field.	Exfo Electro-Optical Engineering Inc. 400, Godin Avenue Quebec Quebec Gim 2K2 Canada (Through its Indian agent, M/s Mel Systems & Services Ltd, Chennai). Quotation No. 382765 dated 21.02.2007	1	1.68	1.68
3.	FIS Basic Fiber Optical Tool Kits	Fiber Instrument Sales Inc. 161, Clear Road Oriskany, NY 13424 Quotation No. 225872 dated 08.06.2007	1	** 0.98	** 0.98
4.	Moulds for 2 piece plastic product enclosure – Main Frame OTDR	E-Mug Manufacturing Company # 515, Annapurna Block Aditya Enclave, Ameerpet Hyderabad - 500038 Quotation No. 2146 dated 28.05.07	1	1.50	1.50
5.	Contingencies, Components, Accessories, Testing Fees, Customs Duty, Taxes, etc.				0.43
	Sub - Total				6.57

** The quotation/proforma invoice has been received in US Dollars and the Exchange Rate has been taken as USD 1.00 = INR 41.00.

C. For Quality Assurance

Sl. No.	Particulars/Description	Name of Supplier/ Provider	Qty	Unit Price	Amount
				(Rs. in Lakhs)	
1.	E6000C Mini OTDR Mainframe E6000C-003 Connector Interface FC/PC/SPC E6003A 1310/1550nm SM Laser Module 35/34 db	Agilent Technologies India Pvt Ltd Uma Aishwarya House 1st Floor # 8-2-502/1 AG, Road No 7 Banjara Hills Hyderabad – 500 034 Quotation No. Aish-07/DDP dated 07.06.07	1	3.47	3.47
2.	Optical Variable Attenuator – OLA-55	Exfo Electro-Optical	1	1.98	1.98

Sl. No.	Particulars/Description	Name of Supplier/ Provider	Qty	Unit Price	Amount
				(Rs. in Lakhs)	
	The Optical Lever Attenuators are futureproof, improved variable attenuators for system testing, installation, maintenance, and production of single mode fibers.	Engineering Inc. 400, Godin Avenue Quebec Quebec Gim 2K2 Canada (Through its Indian agent, M/s Mel Systems & Services Ltd, Chennai). Quotation No. 382765 dated 21.02.2007			
3.	Optical Laser Source – OLS-55 The Optical Laser Sources contain all of the tools, including instruments and accessories, necessary to perform professional-grade power or loss tests in the field.	Exfo Electro-Optical Engineering Inc. 400, Godin Avenue Quebec Quebec Gim 2K2 Canada (Through its Indian agent, M/s Mel Systems & Services Ltd, Chennai). Quotation No. 382765 dated 21.02.2007	1	1.68	1.68
	Sub - Total				7.13
	TOTAL (A+B+C)				80.39

2. Capital Expenditure for Research & Development of Ethernet Traffic Analyzers

The Ethernet Traffic Analyzers is used during the installation, commissioning, maintenance and trouble shooting of wire-based and Optic Fiber based digital communication linked with Ethernet connectivity.

This instrument is proposed to be developed with in-house R&D unit. This infrastructure consists of two parts - hardware and software.

A. For Research & Development

(Rs. in Lakhs)

Sl. No.	Particulars/Description	Name of Supplier/ Provider	Qty	Unit Price	Amount
				(Rs. in Lakhs)	
1.	Ethernet Traffic Analyzer for Cross Testing FTB-8510-2-TK200-S1 (Gigabyte Ethernet Module) Packet Blazer for – 2x10/100/1000 Mb Ethernet port & 2 x Gig- E module (Dual port) includes 10/100 Ethernet & Gigabit – Ethernet Wire speed Analysis (BERT & RFC 2544)	Exfo Electro-Optical Engineering Inc. 400, Godin Avenue Quebec Quebec Gim 2K2 Canada P.O. No. ATL/IPO/SZ/06/04878 dated 19.06.2007 Invoice No. 61674 dated 17.07.2007	2	* 1.67	* 3.34
2.	Ethernet Tester Main Frame Including 10/100/1000BASE-T Rechargeable Li-ion Battery Pack, AC Adapter/ Battery Charger, Remote Wiremap, CD, Carrying Case Model No. FLUKE METROSCOPE MSL-LAN-FX	Fluke Networks Level 7, 234 Raheja Centre Point 294 CST Road Mumbai – 400 098 Quotation No. FLUKE/007/ATL dated 15.06.07	1	** 7.99	** 7.99
3.	Computers	NEcX Pvt Ltd. (Niha E	5	0.46	2.29

Sl. No.	Particulars/Description	Name of Supplier/ Provider Quotation No. / Purchase Order No./ Invoice No.	Qty	Unit Price	Amount
				(Rs. in Lakhs)	
	HP Premium Desktop DX 2700 Model	Computer Networkx Pvt Ltd) 9-1-87, II Floor, S D Road Secunderabad – 500 003 Quotation No. NecX/MKG/ MK/470949 dated 28.05.07			
4.	Software Windows XP Professional XP Media Kit	NecX Pvt Ltd. (Niha E Computer Networkx Pvt Ltd) 9-1-87, II Floor, S D Road Secunderabad – 500 003 Quotation No. NecX/MKG/ MK/470949 dated 31.05.07	NA	0.08	0.08
5.	Development of Application Software for Ethernet Traffic Analyzer as per TEC specifications Model No. ETA_SD_Ver 1.2	Enco Telecom Embedded Systems 5-5-35/123/B PT, Vignan Puri Colony, Kukatpalli Hyderabad – 500039 Quotation No. Quote/239/B dated 08.06.07	NA	NA	8.00
6.	FIS Basic Fiber Optical Tool Kits	Fiber Instrument Sales Inc. 161, Clear Road Oriskany, NY 13424 Quotation No. 225872 dated 08.06.2007	1	** 0.98	** 0.98
7.	Contingencies, Components, Accessories, Testing Fees, Customs Duty, Taxes, etc.				23.52
	Sub - Total				46.20

* The quotation/invoice for the product/equipment has been received in US Dollars. The Company has received the said product/equipment and the Exchange Rate has been taken at actuals.

** The quotation/proforma invoice has been received in US Dollars and the Exchange Rate has been taken as USD 1.00 = INR 41.00.

B. For Production

Sl. No.	Particulars/Description	Name of Supplier/ Provider Quotation No. / Purchase Order No./ Invoice No.	Qty	Unit Price	Amount
				(Rs. in Lakhs)	
1.	Moulds for 2 piece plastic product enclosure – Ethernet Traffic Analyzer	E-Mug Manufacturing Company # 515, Annapurna Block Aditya Enclave, Ameerpet Hyderabad – 500038 Quotation No. 2146 dated 28.05.07	1	14.25	14.25
2.	FIS Basic Fiber Optical Tool Kits	Fiber Instrument Sales Inc. 161, Clear Road Oriskany, NY 13424 Quotation No. 225872 dated 08.06.2007	1	** 0.98	** 0.98
3.	Computers	NecX Pvt Ltd. (Niha E Computer Networkx Pvt Ltd)	5	0.46	2.29

Sl. No.	Particulars/Description	Name of Supplier/ Provider	Qty	Unit Price	Amount
				(Rs. in Lakhs)	
	HP DX 2700 MTPD 945 (3.4 Ghs/2x2MB) 2 GB RAM 160 GB SATA HDD @7200 RPM DVD/RW Writer KBRD and Mouse Win XP Professional 17" TFT Monitor 3-3-3	9-1-87, II Floor, S D Road Secunderabad – 500 003 Quotation No. NecX/MKG/MK/470949 dated 28.05.07			
4.	Softwares Windows XP Professional XP Media Kit	NecX Pvt Ltd. (Niha E Computer Networx Pvt Ltd) 9-1-87, II Floor, S D Road Secunderabad – 500 003 Quotation No. NecX/MKG/MK/470949 dated 31.05.07	NA	0.08	0.08
5.	Contingencies, Components, Accessories, Testing Fees, Customs Duty, Taxes, etc.				0.37
	Sub - Total				17.97
	TOTAL (A+B)				64.17

** The quotation/proforma invoice has been received in US Dollars and the Exchange Rate has been taken as USD 1.00 = INR 41.00.

3. Cost of GSM/GPRS/CDMA Analyzers for providing Technical Audit Services to the Mobile Operators

Telecom Regulator Authority of India (TRAI) has specified certain standards for Quality services to be provided by all Mobile Operators. Keeping in view of the shift of customers to other operators, all mobile operators are giving importance to their quality of service.

The cost has been arrived as follows:

Sl. No.	Particulars/Description	Name of Supplier Quotation No. / Purchase Order No./ Invoice No.	Qty	Unit Price	Amount
				(Rs. in Lakhs)	
1.	RCATS Centralised Management Software Suite with Validation Packages	Zenith Tech 9/2/15, Sector – 9, Street No. # 2,	8	32.60	260.80
2.	RCATS RTP Software (4 sets each)	Vaishali, Ghaziabad – 201010	8 sets	12.95	103.60
3.	RCATS RTP Hardware (4 sets each)		8 sets	9.40	75.20
4.	Quick starts implementation & training		NA	11.75	11.75
5.	Maintenance Support	Quotation No. CB/ATL/2006-07/3 dated 23.05.07	8 units	6.90	55.20
	Contingencies, Components, Accessories, Testing Fees, Customs Duty, Taxes, etc.				193.58
	Total Cost of Purchase				700.13

4. To purchase land & construct building for a new production unit at Hyderabad

ATL has entered into an Agreement for Sale on April 20, 2007 with Mrs. G Amulya Reddy, Whole-Time Director of the Company, to purchase land near Hyderabad for a purchase consideration of Rs. 132.81 lacs, which is [●]% of the total IPO proceeds.

The details of the land and the cost of construction of the Building, as valued/estimated by Mr. Moh'd Muneeruddin, a Chartered Engineer and Government Approved Valuer, having his office at Shameem Cottage, Mehdiapatnam, Opp. HP Petrol Pump, Hyderabad - 500 028, vide their Valuation Report dated February 21, 2007, is as detailed below:

Details of Land

(Rs. in Lakhs)

Location	Total Extent of Land	Cost of Land per Sq. Yard (in Rs.)	Total Price
Survey No. 69/A at Shambupur Village Bowrampet Gram Panchayat Quthuhbullapur Mandal Ranga Reddy District, Hyderabad	4694.80 Sq. Yds.	2,450.00	115.02
Registration Charges (@11.50%)			13.22
Other Charges			4.56
TOTAL (A)			132.81

Building

Particulars	
No. of Floors Proposed (G+2)	3 (G+2)
Total Plinth Area per Floor (Sq. Ft.)	5,000
Total Plinth Area for 3 Floors (Sq. Ft.)	15,000

Specifications of the Structure

Type of Construction	Load bearing RCC frame structure
Foundation	UCRS in CM with RCC footing
Basement	CRS in CM
Superstructure	9' / 14 1/2" thick brick wall in CM
Roofing	RCC Slab roof at a height of 12' followed by proposed false roofing
Flooring	Vitrified tiles, polished granite stone and partly marble stone
Opening	BT/MT frame paneled single/double glazed shutter door and windows with MS grill
Finishing	Fine sponge plastered finish in CM followed by POP/lappam
Amenities	Electrical installations, water supply through municipal/motorized bore well, underground sump, overhead water tank and sanitary fittings

Cost of Construction as per abovementioned specifications

Particulars	Area (Sq. Ft.)	Unit Rate (Rs. per sq.ft.)	Estimated Cost (Rs. in Lakhs)
Ground Floor	5,000	950.00	47.50
First Floor	5,000	940.00	47.00
Second Floor	5,000	900.00	45.00
Total Cost of Construction (B)			139.50
Total Cost of Land & Building (A + B)			272.31

The Method of valuation of the land and the cost of construction of the Building, as valued/estimated by Mr. Moh'd Muneeruddin vide their Valuation Report dated February 21, 2007, is as follows :

The value of the land is based on the rates of similar plots of land prevailing in the Qutubullah pur Mandal of R.R. District (Andhra Pradesh) in general and under Shambupur village Bowrampet Gram Panchayat where the land is located in particular. Local enquires had revealed that the land rate at the above area was in the range of Rs.2200/- to Rs.2500/- per sq yard. Considering the location, situation, area, shape, utility, vasthu, title and ongoing demand a high and reasonable rate of Rs.2450/- per sq yard has been arrived at by the valuer.

The fair market value of the above new triple stories, posh, deluxe type interiors commercial building cost of construction of the Building has been evaluated by the appropriate per square foot plinth area rate method, in consideration of the rates of labour and materials prevailing in the market as on date alongwith taking into account the specifications of the structure. The rates are inclusive of amenities provided. Consideration has been given to the location, situation, area, shape, utility, vasthu, title and ongoing demand while arriving at the cost of construction by the valuer.

A copy of the Valuation Report of Mr. Moh'd Muneeruddin, Chartered Engineer and Government Valuer dated February 21, 2007 giving details of the land and the cost of construction of the Building forms part of the Material Documents for Inspection and is available for inspection at the Registered Office from 10.00 am to 4.00 pm on any working day from the date of this Red Herring Prospectus until the Bid/Issue Closing Date.

5. To purchase land & construct building for Corporate, Marketing, Administrative Offices & R&D Center at Hyderabad

ATL is planning to construct its own premises for its corporate, marketing, administrative and R&D activities. ATL has entered into an Agreement for Sale on April 28, 2007 with Mr. G Rama Manohar Reddy, Managing Director of the Company, to purchase land at Hyderabad, for a purchase consideration of Rs. 225.05 lacs, which is [●]% of the total IPO proceeds.

The said property is encumbered by a mortgage to Industrial Development Bank of India Bank Limited (IDBI Bank) against a housing loan of Rs. 80 lacs taken by Mr. G Rama Manohar Reddy. As on March 3, 2008, the outstanding loan amount was Rs. 74.20 lakhs. Till such time the loan of IDBI Bank is subsisting, the seller cannot sell the encumbered property without the express consent of IDBI Bank. Similarly, the Company cannot obtain any loan on the said property without the express consent of IDBI bank. Unless the sale consideration paid by the Company under the above agreement is first applied by the seller towards the repayment of loan taken from IDBI Bank, the Company cannot claim any right of ownership of the said property. Further, no express consent of IDBI Bank has been obtained by Mr G Rama Manohar Reddy, Promoter and Managing Director of the Company for sale of the said property. The consent would be required at the time of transfer of the encumbered land to the Company. The express consent would be obtained at the time of the said sale. The Company had paid an advance of Rs. 3 lakhs to Mr G Rama Manohar Reddy for the said plot of land. Mr. G Rama Manohar Reddy, Promoter and Managing Director of the Company has undertaken that the sale consideration paid to him by the Company under the sale agreement would be first applied by him towards the repayment of the loan taken from IDBI Bank.

The said land and the cost of construction of the Building, as detailed below, have been valued/estimated by Mr. Moh'd Muneeruddin, a Chartered Engineer and Government Approved Valuer, having his office at Shameem Cottage, Mehdiapatnam, Opp. HP Petrol Pump, Hyderabad – 500 028, vide their Valuation Report dated November 15, 2006. Details of Land

(Rs. in Lakhs)

Location	Total extent of Land (Sq. Yds)	Cost of Land per Sq. Yds (in Rs.)	Total Price
GHMC Nos. 1-3-1026 & 1027, Kavadiguda Behind Hotel Viceroy Opposite High Rise Apartment Lower Tank Bund Road (Sangadikunta) Hyderabad – 500 080	643.00	35,000	225.05
Other Development Charges			2.35

Total (A)			227.40
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Building

Particulars	
No. of Floors Proposed (G+2)	3
Total Plinth Area per Floor (Sq. Ft.)	3,500
Total Plinth Area for 3 Floors (Sq. Ft.)	10,500

Specifications of the Structure

Type of Construction	Load bearing RCC frame structure
Foundation	UCRS in CM with RCC footing
Basement	CRS in CM
Superstructure	9' / 14 1/2" thick brick wall in CM
Roofing	RCC Slab roof at a height of 12' followed by proposed false roofing
Flooring	Vitrified tiles, polished granite stone and partly marble stone
Opening	BT/MT frame paneled single/double glazed shutter door and windows with MS grill
Finishing	Fine sponge plastered finish in CM followed by POP/lappam
Amenities	Electrical installations, water supply through municipal/motorized borewell, underground sump, overhead water tank and sanitary fittings

Cost of Construction as per above mentioned specifications

Particulars	Area (Sq. Ft.)	Unit Rate (Rs. per sq.ft.)	Estimated Cost (Rs. in Lakhs)
Ground Floor	3,500	1,100.00	38.50
First Floor	3,500	1,000.00	35.00
Second Floor	3,500	900.00	31.50
Total Cost of Construction (B)			105.00
Total Cost of Land & Building (A + B)			332.40

The Method of valuation of the land and the cost of construction of the Building, as valued/estimated by Mr. Moh'd Muneeruddin vide their Valuation Report dated November 15, 2006, is as follows :

The value of the land is based on the rates of similar plots of land prevailing in the twin cities of Hyderabad & Secunderabad in general and at Kavadiguda locality opposite Hi-rise apartment on lower tank bund where the land is located in particular. Local enquires had revealed that the land rate at the above area was in the range of Rs.30,000/- to Rs.40,000/- per sq yard. Considering the location, situation, area, shape, utility, vasthu, title and ongoing demand a middle and reasonable rate of Rs. 35,000/- per sq yard has been arrived at by the valuer.

The fair market value of the above 3 stories, posh RCC company corporate office commercial building has been evaluated by the appropriate per square foot plinth area rate method, in consideration of the rates of labour and materials prevailing in the market as on date alongwith taking into account the specifications of the structure. The rates are inclusive of amenities provided. Consideration has been given to the location, situation, area, shape, utility, vasthu, title and ongoing demand while arriving at the cost of construction by the valuer.

A copy of the Valuation Report of Mr. Moh'd Muneeruddin, Chartered Engineer and Government Valuer dated November 15, 2006 giving details of the land and the cost of construction of the Building forms part of the Material Documents for Inspection and is

available for inspection at the Registered Office from 10.00 am to 4.00 pm on any working day from the date of this Red Herring Prospectus until the Bid/Issue Closing Date.

6. Additional Working Capital Requirements for its operations

ATL gets regular orders against the existing technologies/products from its existing customers. In order to promote the proposed products and to execute the orders received against the existing and proposed products, the requirement of working capital is assessed.

The Company has estimated its Net Working Capital requirement (net of Bank Borrowings) at Rs. 700 lakhs, as under, which has not been assessed by any bank or financial institution:

(Rs. In Lacs)	
Particulars	Amount
Estimated Annual Sales for the year ending 31.03.08	4180.06
Anticipated Monthly Sales	348.33
Cost of Sales per Month	261.75
Cost of Production per Month	233.26
Cost of Raw materials per Month	212.42
ARRIVAL OF GROSS WORKING CAPITAL REQUIRED AS PER TRADITIONAL METHOD	
Raw Materials (1 Month's Consumption)	212.42
Finished Goods (1 ½ Month's Cost of Sales)	392.62
Receivables (3 ½ Month's Sales)	1219.34
Gross Working Capital - (A)	1824.38
ARRIVAL OF GROSS WORKING CAPITAL AS PER NAYAK COMMITTEE RECOMMENDATIONS	
Projected Annual Sales	4180.06
Gross Working Capital - (B) (25% of Projected Annual Sales)	1045.13
ASSESSMENT OF WORKING CAPITAL REQUIREMENT	
Gross Working Capital - (C) (Higher of A or B arrived above)	1824.38
Less : Promoter's Margin (NWC)	
i. 5% of Projected Annual Sales	209.00
ii. 1/5 th of GWC at (A)	364.88
iii. Actual NWC available as per Previous Balance Sheet	722.88*
(WHICHEVER IS HIGHEST) (D)	722.88
PERMISSIBLE WORKING CAPITAL - (E) = (C-D)	1101.50
Less : Creditors for Purchase, if any - (F)	391.40
NETWORKING CAPITAL REQUIREMENT FOR 2008 (E-F)	710.01
SAY	700.00

* includes cash credit limit utilised of State Bank of Hyderabad.

As on date the Company has been sanctioned WC limits of Rs. 950 Lacs by State Bank of Hyderabad consisting of Rs. 300 lakhs of cash credit facilities, Rs. 300 lakhs of Bank Guarantee and Rs. 350 of LC/FLC facilities.

The total additional working capital requirement is assessed as Rs. 700.00 Lakhs

7. General Corporate Purposes

The long-term goal of the Company is to expand its operations in high end test & measurement equipments industry. The Company is continuously looking for opportunities to grow and the

management is continuously identifying and evaluating opportunities. The Company intends to use part of the net proceeds towards such growth plans and opportunities.

The Company intends to deploy the proceeds of this Issue aggregating to Rs. [•] lakhs for General Corporate Purposes including but not limited to strategic initiatives, entering into strategic alliances, brand building exercise, strengthening of the market capabilities, partnerships, acquisitions, developing vendors and ancillaries, future projects and meeting exigencies which the Company in the ordinary course may not foresee etc.

As on date of this Red Herring Prospectus, the Company has not entered into any letter of intent or any other commitment for any such acquisition/investments or definitive commitment for any such strategic initiatives and acquisitions. The Board of Directors of the Company will review various opportunities from time to time. In accordance with the policies set up by the Board, the Company proposes to retain flexibility in applying the remaining net proceeds for general corporate purposes, and also have flexibility in utilizing issue proceeds earmarked for general corporate purposes.

8. EXPENSES OF THE ISSUE

Issue related expenses includes underwriting and Issue management fees, IPO grading expenses, selling commission, distribution expenses, legal fees, printing and stationery costs, advertising expenses and listing fees payable to the Stock Exchanges among others.. The Company's proposed issue has been graded by Credit Analysis & Research Limited (CARE). The IPO Grading expenses amount to Rs. [•] lakhs. The total expenses for the Issue are estimated at Rs. [•], which is [•] of the Issue size. All the Issue related expenses shall be met out of the proceeds of the Issue.

The break-up of the same is as follows:

(Rs. in lacs)

Sl. No.	Activity	Estimated Expenses(Rs. in lakhs)	% of Total Expenses	% of Total Issue size *
1.	Fees of BRLMs	[•]	[•]	[•]
2	Registrar Fees	[•]	[•]	[•]
3.	IPO Grading Expenses	[•]	[•]	[•]
4.	Printing, Stationery, Distribution and postage etc	[•]	[•]	[•]
5.	Advertising and marketing expenses	[•]	[•]	[•]
6.	Underwriting Commission	[•]	[•]	[•]
7.	Brokerage & Selling Commission	[•]	[•]	[•]
8	Legal Fees	[•]	[•]	[•]
9.	Other expenses (including Listing Fees, filing fees, depository charges etc.)	[•]	[•]	[•]
	Total	[•]	[•]	[•]

* will be incorporated after finalisation of Issue Price

APPRAISAL

The fund requirement and deployment are based on internal management estimates and have not been appraised by any bank or financial institution. State Bank of Hyderabad (SBH) has sanctioned a term loan of Rs. 360 lakhs vide its letter dated January 3, 2008 to part-finance the funds required.

SCHEDULE OF IMPLEMENTATION – TIME-WISE

Activity	Commencement Date	Completion Date	Commercial Commencement Date
Capital Expenditure for Main Frame OTDR	Mar'07	May'08	Jun'08
Capital Expenditure for Ethernet Traffic Analyzers	May'07	Jul'08	Aug'08
Purchase of GSM/ GPRS/CDMA Analyzers	Apr'08	Apr'08	May'08
Cost of Land & Building for corporate, marketing, administrative and R&D office at Hyderabad	Apr'07	May'08	--
Cost of Land & Building for new production unit at Hyderabad	Apr'07	Jul'08	--

SCHEDULE OF IMPLEMENTATION – COST-WISE

The cost wise break up of the proposed expenditure is as follows:

(Rs. in lacs)

Activity	Total Cost	Cost incurred till 15.02.2008	Expenditure to be incurred	
			From 16.02.2008 to 31.03.2008	From 01.04.2008 to 31.03.2009
Capital Expenditure for Main Frame OTDR	80.39	19.52	-	60.87
Capital Expenditure for Ethernet Traffic Analyzers	64.17	3.34	-	60.83
Purchase of GSM/ GPRS/CDMA Analyzers	700.13	--	-	700.13
Cost of Land & Building for corporate, marketing, administrative and R&D office at Hyderabad	332.40	3.00	-	329.40
Cost of Land & Building for new production unit at Hyderabad	272.31	2.00	-	270.31
Additional working Capital	700.00	--	-	700.00
Sub-Total	2149.40	27.86	-	2122.54
Issue Expenses	[•]	24.22	[•]	[•]
Total	[•]	52.08	[•]	[•]

Funds Deployed (i.e., Cost Incurred upto February 15, 2008)

As per the certificate dated March 1, 2008 issued by M/s A M Reddy & Co., Chartered Accountants, the Company has incurred a sum of Rs. 52.08 lakhs as on February 15, 2008 towards the objects of the issue. The details of the same and the sources of finance is given below:

(Rs. in Lakhs)

Particulars	Cost Incurred
Capital Expenditure for R&D of Main Frame Optical Time Domain Reflectometer (including payment of Rs. 7.53 lakhs to IIT, Chennai)	19.52
Capital Expenditure for R&D of Ethernet Traffic Analyzer	3.34
Advance payment for purchase of Land for new production unit at Hyderabad	2.00
Advance payment for purchase of Land for new corporate, marketing, administrative and R&D office at Hyderabad	3.00
IPO Expenditure	24.22
Total	52.08

Sources of Financing of Funds already deployed

These funds have been deployed from the following sources:

(Rs. in Lakhs)

Source	Amount (Rs.)
Internal Accruals	51.83
Unpaid Creditors	0.25
TOTAL	52.08

Interim Use of Funds

Pending utilisation for the purposes described earlier, the Company intends to temporarily invest the funds in high quality interest/dividend bearing liquid instruments including money market mutual funds, deposit with banks and similar securities for necessary duration.

Monitoring of Utilisation of Funds

There is no requirement for a monitoring agency in terms of Clause 8.17 of the SEBI (DIP) Guidelines. The Audit Committee of the Board would monitor the Utilisation of the Issue Proceeds. The uses / applications of funds would be disclosed by the Company on a quarterly basis in the Quarterly Financial Results and also in the Annual Financial Results.

BASIC TERMS OF ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, the Memorandum and Articles of the Company, the terms of this Red Herring Prospectus, Bid-cum-Application Form, the Revision Form, the Confirmation of Allocation Note ("CAN") and other terms and conditions as may be incorporated in the Allotment Advice, and other documents/certificates that may be executed in respect of the Issue. The Equity shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Stock Exchanges, RBI, ROC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Public Issue of 40,00,000 Equity Shares of Rs. 10 each for cash at a price of Rs. [•] per equity share (including share premium of Rs. [•] per equity share) aggregating Rs. [•] lakhs. The issue comprises a reservation for eligible employees of upto 1,00,000 equity shares of Rs. 10 each and the net issue to the public of 39,00,000 equity shares of Rs. 10 each.

The Pre-IPO placement has been completed prior to the filing of this Red Herring Prospectus with the RoC. For further details see "Capital Structure" on page no. 20 of this Red Herring Prospectus.

Details of the issue structures are tabulated below:

Particulars	Employees	QIBs	Non Institutional Bidders	Retail Individual Bidders
Number of Equity Shares	Upto 1,00,000 Equity Shares	Upto 19,50,000 Equity Shares	Not less than 5,85,000 Equity Shares	Not less than 13,65,000 Equity Shares
Percentage of Issue size available for allocation	Upto 2.50% of the Issue size	Upto 50% of the Net Issue to public out of which 5% shall be available for Mutual Funds	Not less than 15% of the Net Issue to Public	Not less than 35% of the Net Issue to Public
Basis of Allocation or Allotment if Respective category Oversubscribed	Proportionate	Proportionate 5% to Mutual Funds on proportionate basis. Balance to QIBs including Mutual Funds	Proportionate	Proportionate
Minimum Bid	200 Equity Shares and thereafter in multiples of 200 Equity Shares	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of 200 Equity Shares thereafter	Such number of Equity Shares that the bid amount exceeds Rs. 1,00,000 and in multiples of 200 Equity Shares thereafter	200 Equity Shares and thereafter in multiples of 200 Equity Shares
Maximum Bid	Such number of Equity shares so as to ensure that the bid size does not exceed 1,00,000 Equity Shares	Such number of Equity Shares not exceeding the Net Issue subject to regulations as applicable to the Bidders	Such number of Equity Shares not exceeding the Net issue subject to regulations as applicable to the Bidders	Such number of Equity Shares so as to ensure that the bid amount does not exceed Rs. 1,00,000
Mode of Allotment	Compulsory in Dematerialised form	Compulsory in Dematerialised form	Compulsory in Dematerialised form	Compulsory in Dematerialised form
Trading Lot/ Market Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Bidding Lot	200 Equity Shares	200 Equity Shares	200 Equity Shares	200 Equity Shares
Who can apply	Eligible employees being permanent employee or the director(s) of the Company, who is an Indian national based in India and is physically present in India on	Public Financial Institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI, scheduled commercial banks, Mutual Funds registered with SEBI	Resident Indian individuals, HUF (in the name of Karta), Companies, Corporate Bodies, Scientific Institutions Societies and Trusts and NRIs	Individuals, including NRIs and HUF (in the name of the Karta) applying for Equity Shares such that the Bid amount does not exceed Rs. 1,00,000 in value

Particulars	Employees	QIBs	Non Institutional Bidders	Retail Individual Bidders
	<p>the date of submission of the Bid-cum-Application Form. Such person should be an employee or a director during the period commencing from the date of filing of the Red Herring Prospectus with RoC up to the Bid/Issue closing date.</p> <p>Individuals forming part of Promoter/ Promoter Group are not eligible to be treated as eligible employees</p>	<p>multilateral and bilateral Development Financial institutions, Venture Capital Funds registered with SEBI, Foreign Venture Capital Investors registered with SEBI, State Industrial Development Corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 2,500 Lacs and pension funds with minimum corpus of Rs. 2,500 Lacs in accordance with applicable Law.</p>		
Terms of Payment	Margin Amount applicable to Eligible Employees at the time of submission of Bid-cum-Application Form to the Member of the Syndicate	Margin amount applicable to QIB Bidders at the time of submission of Bid-cum-Application Form to the Member of the Syndicate	Margin Amount applicable to non institutional Bidders at the time of submission of Bid-cum-Application Form to the Member of the Syndicate	Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid-cum-Application Form to the Member of the Syndicate
Margin Amount	Full Bid Amount on Bidding	At least 10% of the Bid Amount on Bidding	Full Bid Amount on Bidding	Full Bid Amount on Bidding

* Subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in the QIBs, Non-Institutional and Retail categories would be allowed to be met with spill-over inter-se from any category or combination of categories at the discretion of the Company in consultation with the BRLM. Under-subscription, if any in the Reservation for Eligible Employees, shall be added back to the Net Issue to the public. In case of under-subscription in the Net Issue to the public, spill-over to the extent of under-subscription shall be permitted from the Employees Reservation portion.

** In case the Bid-cum-Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid-cum-Application Form.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by the Company in consultation with the BRLMs on the basis of assessment of market demand for the issued Equity Shares by the Book Building Process. The face value of the Equity Shares is Rs. 10 and the Issue Price is 3.2 times the face value of the Equity Shares at the lower end of the price band and 3.5 times the face value at the higher end of the price band.

Investors should read the following summary along with the sections titled "Risk Factors" and "Financial Information" beginning on page nos. x and 117 respectively of this Red Herring Prospectus, and other details about the Company included in the section entitled "Brief History of the Company and Other Corporate Matters" beginning on page no. 96 of this Red Herring Prospectus.

The trading price of the Equity Shares could decline due to these risks and you may lose all or part of your investments.

Qualitative Factors

1. It is an established, profit making and dividend paying company with focus on Telecom, Railways and Defence labs.
2. The Company has entered in a MoU with IIT, Chennai for indigenous manufacturing of Optical Time Domain Reflecto Meter (OTDR).
3. Wide range of products with TEC approval for selling to Public Sector undertakings like BSNL, Railways, Railtel, MTNL, TCIL, GAIL, PUNCOM etc.
4. The production site of the Company at Yanam in Pondicherry State has the following locational advantages:
 - 100% Exemption from Income Tax for a period of five years and 30% of profits for next 5 years from date of registration of the industrial undertaking under section 80IB of the Income Tax Act, 1961;
 - Exemption from Sales Tax, since the unit is located in a Union Territory; and
 - Capital investment subsidy @30% with maximum of Rs. 30 lakhs.
5. The Company's second manufacturing unit is at Dehradun in the state of Uttarakhand, which has been categorised as a backward state. The unit is a SSI unit. The industrial units set up in Uttarakhand have been granted certain benefits and concessions, such as:
 - Central Excise Duty is fully exempted for a period of 10 years against the sale of goods manufactured by the Company at its plant in Dehradun;
 - Income Tax fully exempted for a period of five years from date of registration of the industrial undertaking and at 30% for the next five years, under section 80IB of the Income Tax Act, 1961;
 - Concessional Central Sales Tax Rates @ 1% for a period of five years.
 - Capital investment subsidy @15% with maximum of Rs. 30 lakhs
6. Firm Orders worth over Rs. 1217.76 Lakhs (as on February 14, 2008) for supply of products to its customers.
7. The Company is an ISO 9001:2000 Company for Quality Management System. ATL has adopted stringent quality control systems based on the requirements of its customers.
8. Impressive growth in Telecom Sector during the last few years. Since the Company supplies T&M equipment to telecom operators, this growth in telecom sector may result in growth in Company's business.
9. Strong Management team and motivated workforce.

Quantitative Factors *(From Audited Restated Financial Statements)*

1. Adjusted Earning Per Share (EPS)

Year	EPS (Rs.) *	Weight
2004-05	8.61	1
2005-06	6.51	2
2006-07	5.68	3
Weighted Average EPS	6.45	
Nine months period ended December 31, 2007 (Annualised)	7.75	

* As per Para 24 of AS-20, weighted average number of equity shares have been computed as if the bonus shares were issued at the beginning of the year.

Note:

- (i) The Earning per Share has been computed on the basis of the restated profits of the respective years drawn as per 6.10.2 of SEBI DIP Guidelines, as amended.
- (ii) The Denominator considered for the purpose of calculating Earning Per Share is the weighted average number of Equity Shares Outstanding as of Date.
- (iii) The weighted average of adjusted EPS for these fiscal years have been computed by giving weights of 1, 2 and 3 for the fiscal years ending March 31, 2005, 2006 and 2007 respectively.

2(a) Industry P/E Ratio – Electronics-Components

Highest - Siemens	46.8
Lowest – JCT Electronics	4.1
Industry Composite	28.5

Source: Capital Market Volume XXIII/01, Mar 10 – 23, 2008

2(b) Industry P/E Ratio – Telecommunications-Equipment

Highest – Precision Electronic	38.0
Lowest – Shyam Telecom	1.0
Industry Composite	14.7

Source: Capital Market Volume XXIII/01, Mar 10 – 23, 2008

Note:

- (i) There are no companies listed on Indian Stock Exchanges, which are totally in the same line of products as that of Aishwarya Telecom Limited, i.e. Test & Measurement (T&M) Instruments. However, Aplab Limited, another listed company, which also has Test & Measurement (T&M) Instruments as one of its products in addition to other products, has been categorised under the 'Electronics-Components' segment in the Magazine "Capital Market". Hence the comparative analysis of both the industry segment has been given in the Red Herring Prospectus.

3.(a) P/E Ratio in relation to the issue price of Rs. 32/- per share (Lower end of the price band)

Based on EPS of Rs. 5.68 for the Year ended March 31, 2007	5.63
Based on Weighted Average EPS of Rs. 6.45	4.96

3.(b) P/E Ratio in relation to the issue price of Rs. 35/- per share (Higher end of the price band)

Based on EPS of Rs. 5.68 for the Year ended March 31, 2007	6.16
Based on Weighted Average EPS of Rs. 6.45	5.43

4. Return on Networth (RONW)

Particulars	RONW (%)	Weight
Year Ended March 31, 2005	36.29	1
Year Ended March 31, 2006	35.56	2
Year Ended March 31, 2007	33.00	3
Weighted Average	34.40	
Nine months period ended December 31 2007 (Annualised)	25.36	

Note:

- (i) The Return on Networth has been computed on the basis of the restated profits of the respective years drawn as per 6.10.2 of SEBI DIP Guidelines, as amended.

5. Minimum Return on increased Net Worth after Issue, needed to maintain Pre-Issue EPS of Rs. 5.68 is [•]%.

6. Net Asset Value (NAV)

Year Ended March 31, 2005	17.22
Year Ended March 31, 2006	14.90
Year Ended March 31, 2007	17.23
After issue	[•]
Issue Price	[•]

Note:

- (i) Net Asset Value per Share represents Shareholder's Equity as per restated financial statements less revaluation reserve and miscellaneous expenditure as divided by weighted average number of Equity shares outstanding as of date.

7. Comparison of Accounting Ratios:

There are no Companies listed on Indian Stock Exchanges, which are totally in the same line of products as that of Aishwarya Telecom Limited, i.e. Test & Measurement (T&M) Instruments. However, the Accounting ratios of ATL has been compared with Aplab Limited, another listed company, who have Test & Measurement (T&M) Instruments as one of their products in addition to other products.

Name of the Company in Peer Group	Equity Capital (Rs. Cr)	Book Value (Rs.)	Face Value (Rs.)	Sales (Rs. Cr)	EPS (Rs.)	P/E	RONW (%)
Aplab Ltd. (Based on the Audited Financial Statements for the year ended March 31, 2007)	5.00	58.2	10.00	102.0	6.0	19.8	11.4
Aishwarya Telecom Ltd. (Based on the Audited Restated Financial Statements for the year ended March 31, 2007)**	5.33	17.23	10.00	21.74	5.68	[•]	33.00

* Source: Capital Market Volume XXIII/01, Mar 10 – 23, 2008

** Source: Audited Restated Financial Statements

Note:

- (i) The Equity Capital, Book Value, EPS, RONW and NAV figures for peer group company are based on the latest audited results for the year ended March 31, 2007 and P/E is based on the Market Data.

8. The face value of the Equity Shares is Rs. 10 and the Issue Price is [•] times of the face value at a price of [•]. The floor price is 3.2 times and the cap price is 3.5 times of the

face value. The Issue Price of Rs. [•] has been determined by the Company in consultation with the Book Running Lead Managers on the basis of assessment of market demand for the equity shares by way of book building and is justified on the basis of the above factors.

9. The Book Running Lead Managers and the Issuer Company believe that the Issue Price of Rs. [•] is justified in view of the above qualitative and quantitative parameters. The investors may want to peruse the risk factors on page no. x of this Red Herring Prospectus and the financials of the Company including important profitability and return ratios, as set out in the Auditors' Report on page no. 117 of this Red Herring Prospectus to have a more informed view of the investment proposition.

STATEMENT OF TAX BENEFITS

To
The Board of Directors
Aishwarya Telecom Limited
3-C, Samrat Commercial Complex
Saifabad, Khairatabad
Hyderabad – 500 004 (A.P.)

Statement of possible tax benefits available to the Company and its Shareholders

Dear Sirs,

We hereby certify that the enclosed annexure states the possible tax benefits available to M/s Aishwarya Telecom Limited (the "Company") and to the Shareholders of the Company under the provisions of the Income Tax Act, 1961 (provisions of Finance Act, 2007), and other direct and indirect 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 tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

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

The benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. A shareholder is advised to consider in his/her/its own case, the tax implications of an investment in the equity shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail. 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 information, explanations, and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

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

For A M REDDY & CO.
Chartered Accountants

CA Ramana Reddy A V
Partner
Membership No.: 024329

Date: January 28, 2008
Place: Hyderabad

TAX BENEFITS

The tax benefits listed below are the possible benefits available under the current tax laws 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 it faces in the future, it may not choose to fulfill.

I. SPECIAL TAX BENEFITS

The following special benefits shall be available to the Company:

A. BENEFITS UNDER THE INCOME TAX ACT, 1961

1. In accordance with and subject to the provisions of section 35(2AB) of the Income Tax Act, the Company will be allowed to claim a deduction on expenditure on scientific research as per the rates specified.
2. In accordance with and subject to the provisions of section 80IB(4) of the Income Tax Act, the Company is eligible for deduction of profits earned from manufacturing units situated in Yanam, State of Pondicherry and in Dehradun, State of Uttarakhand under backward states at 100% for a period of 5 years and 30% of profits for next 5 years.

B. BENEFITS UNDER THE SALES TAX ACT

1. In accordance with and subject to the provisions of the Sales Tax Act, the Company is eligible for exemption from payment of Sales Tax for the goods sold by it from Yanam since the unit is located in a Union Territory.
2. The Company shall enjoy concessional Central Sales Tax rates @ 1% for a period of five years, in respect of goods sold by it from Dehradun in the State of Uttarakhand.

C. BENEFITS UNDER THE CENTRAL EXCISE ACT

1. Central Excise Duty is fully exempted for a period of 10 years against the sale of goods manufactured by the Company at its plant located at Dehradun in the State of Uttarakhand.

II. GENERAL TAX BENEFITS

The following general tax benefits shall be available to the Company and its prospective shareholders under the Direct Tax Laws.

A. BENEFITS UNDER THE INCOME TAX ACT, 1961

As per the existing provisions of the I T Act and other laws as applicable for the time being in force, the following tax benefits and deductions are and will, inter-alia, be available to M/s Aishwarya Telecom Limited and its shareholders.

(i) TO THE COMPANY

1. Dividend income (whether interim or final), in the hands of the company as distributed or paid by any other Company, on or after April 1, 2003 is completely exempt from tax in the hands of the Company, under section 10(34) of the IT Act.
2. The Company will be eligible for exemption of income received from units of mutual funds specified under Section 10(23D) of the Act, income received in respect of units from the Administrator of specified undertaking and income received in respect of units from the specified company in accordance with and subject to the provisions of Section 10(35) of the Act.
3. Long term capital gain arising from the sale of equity shares in any company through a recognised stock exchange or from the sale of units of an equity oriented fund shall be

exempt from Income Tax, if such sale takes place after October 1, 2004 and such sale is subject to Securities Transaction Tax, as per the provisions of section 10(38) of the IT Act. However, the aforesaid income shall be taken into account in computing the Book profit and income tax payable under section 115JB.

4. In accordance with and subject to the provisions of section 32 of the Income Tax Act, the company will be allowed to claim depreciation on specified tangible and intangible assets as per the rates specified. Besides normal depreciation, the company, in terms of section 32(1)(iia), shall be entitled to claim depreciation @ 20% of actual cost on new plant and machinery acquired after March 31, 2005.
5. In accordance with and subject to the provisions of section 35D of the Income Tax Act, the company will be entitled to amortise, over a period of five years, all expenditure in connection with the proposed public issue subject to the overall limit specified in the said section.
6. In accordance with and subject to the conditions and to the extent specified in Section 54EC of the IT Act, the Company would be entitled to exemption from tax on gains arising from transfer of the long term capital asset (not covered by section 10(36) and section 10(38), if such capital gain is invested in any of the long-term specified assets in the manner prescribed in the said section. Where the long-term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long-term specified asset is transferred or converted into money.
7. Short term capital gains arising from the transfer of equity shares in any company through a recognised stock exchange or from the sale of units of equity-oriented fund shall be subject to tax @ 10% provided such a transaction is entered into after October 1, 2004 and the transaction is subject to Securities Transaction Tax, as per the provisions of section 111A of the IT Act.
8. Long-term capital gains would be subject to tax at the rate of 20% (plus applicable surcharge and education cess) as per the provisions of section 112(1)(b) of the IT Act. However, as per the proviso to Section 112(1), the long term capital gains resulting on transfer of listed securities or units, or zero coupon bonds (not covered by section 10(36) and 10(38)), would be subject to tax at the rate of 20% with indexation benefits or 10% without indexation benefits (plus applicable surcharge and education cess) as per the option of the assessee.
9. 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 5 years succeeding the year in which the MAT becomes allowable.

(ii) TO RESIDENT SHAREHOLDERS

1. Dividend (whether interim or final) declared, distributed or paid by the Company is completely exempt from tax in the hands of the shareholders of the Company as per the provisions of section 10(34) of the IT Act.
2. Long term capital gain arising from the sale of equity shares in any company through a recognised stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from Income Tax if such sale takes place after October 1, 2004 and the sale is subject to Securities Transaction Tax, as per the provisions of section 10(38) of the IT Act.
3. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:
 - a) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;

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

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

4. In case of a shareholder being an individual or a HUF, in accordance with and subject to the conditions and to the extent specified in Section 54F of the IT Act, the shareholder would be entitled to exemption from long term capital gains on the sale of shares in the Company (not covered by sections 10(36) and 10(38)), upon investment of net consideration in purchase/construction of a residential house. If part of net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on a proportionate basis. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase/construction, the amount of capital gains shall be charged to tax as long-term capital gains in the year in which such residential house is transferred.
5. Any income of minor children clubbed with the total income of the parent under section 64(1A) of the IT Act, will be exempt from tax to the extent of Rs. 1500 per minor child under section 10(32) of the IT Act.
6. As per the provisions of section 88E, where the business income of an assessee includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the Securities Transaction Tax paid on such transactions. However the amount of rebate shall be limited to the amount arrived at by applying the average rate of income tax on such business income.
7. Short term capital gains arising from the transfer of equity shares in any company through a recognised stock exchange or from the sale of units of equity-oriented fund shall be subject to tax @ 10% provided such a transaction is entered into after the October 1, 2004 and the transaction is subject to Securities Transaction Tax, as per the provisions of section 111A of the IT Act.
8. As per the provisions of Section 112(1)(a) of the IT Act, long-term capital gains would be subject to tax at the rate of 20% (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1)(b), the long term capital gains resulting on transfer of listed securities or units (not covered by sections 10(36) and 10(38)), would be subject to tax at the rate of @ 20% with indexation benefits or 10% without indexation benefits (plus applicable surcharge and education cess) as per the option of the assessee.

(iii) TO NON-RESIDENT INDIAN SHAREHOLDERS (OTHER THAN MUTUAL FUNDS, FIIs, FOREIGN VENTURE CAPITAL INVESTORS)

1. Under Section 10(34) of the Act, income earned by way of dividend from domestic company referred to in Section 115-O of the Act is exempt from income tax in the hands of the shareholders.
2. As per the provisions of section 10(38), long term capital gain arising from the sale of equity shares in any company through a recognised stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from Income Tax if such sale takes place after October 1, 2004 and such sale is subject to Securities Transaction Tax.
3. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:

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

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

- 4. In case of a shareholder being an individual or a HUF, in accordance with and subject to the conditions and to the extent specified in Section 54F of the IT Act, the shareholder would be entitled to exemption from long term capital gains (not covered by sections 10(36) and 10(38)) on the sale of shares in the Company upon investment of net consideration in purchase/construction of a residential house. If part of net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on proportionate basis. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier, would become chargeable to tax as long term capital gains in the year in which such residential house is transferred.
- 5. Any income of minor children clubbed with the total income of the parent under Section 64(1A) of the IT Act will be exempt from tax to the extent of Rs. 1,500 per minor child per year in accordance with the provisions of section 10(32) of the IT Act.
- 6. As per the provisions of section 88E, where the business income of an assessee includes profits and gains from sale of taxable securities, a rebate shall be allowed from the amount of income tax equal to the Securities Transaction Tax paid on such transactions. However, the amount of rebate shall be limited to the amount arrived at by applying the average rate of income tax on such business income.
- 7. As per the provisions of Section 90(2) of the IT Act, the provisions of the IT Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the Non-Resident.
- 8. As per the provisions of section 111A, Short Term capital gains arising from the transfer of equity shares in any company through a recognised stock exchange or from the sale of units of equity-oriented fund shall be subject to tax @ 10% provided such a transaction is entered into after October 1, 2004 and the transaction is subject to Securities Transaction Tax.
- 9. In accordance with and subject to the conditions and to the extent specified in Section 112(1)(c) (read with proviso) of the IT Act, tax on long term capital gains arising on sale on listed securities or units not covered by sections 10(36) and 10(38) will be, at the option of the concerned shareholder, 10% of capital gains (computed without indexation benefits) or 20% of capital gains (computed with indexation benefits) as increased by a surcharge and education cess at an appropriate rate on the tax so computed in either case.

Where shares of the Company have been subscribed in convertible foreign exchange, Non-Resident Indians (i.e. an individual being a citizen of India or person of Indian origin who is not a resident) have the option of being governed by the provisions of Chapter XII-A of the Act, which inter alia entitles them to the following benefits:

- 10. In the case of shareholder, being a non-resident Indian and subscribing to shares in convertible foreign exchange, in accordance with and subject to the conditions and to the extent specified in Section 115D read with Section 115E of the IT Act, long term capital gains arising from the transfer of shares of an Indian company (not covered by sections 10(36) and 10(38)), will be subject to tax at the rate of 10% as increased by a surcharge

and education cess at an appropriate rate on the tax so computed, without any indexation benefit but with protection against foreign exchange fluctuation.

11. In case of a shareholder being a non-resident Indian, and subscribing to shares in convertible foreign exchange in accordance with and subject to the conditions and to the extent specified in Section 115F of the IT Act, the Non Resident Indian shareholder would be entitled to exemption from long term capital gains (not covered by sections 10(36) and 10(38)) on the transfer of shares in the Company upon investment of net consideration in modes as specified in sub-section (1) of Section 115F.
12. In accordance with the provisions of Section 115G of the IT Act, Non Resident Indians are not obliged to file a return of income under Section 139(1) of the IT Act, if their only source of income is income from investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the IT Act.
13. In accordance with the provisions of Section 115H of the IT Act, when a Non Resident Indian become assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer alongwith his return of income for that year under Section 139 of the IT Act to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.
14. As per the provisions of section 115I of the IT Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that year under Section 139 of the IT Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the IT Act.

(iv) TO FOREIGN INSTITUTIONAL INVESTORS (FIIs)

1. Under Section 10(34) of the Act, income earned by way of dividend from domestic company referred to in Section 115-O of the Act is exempt from income tax in the hands of the shareholders.
2. Under Section 10(38) of the Act, long term capital gains arising out of sale of equity shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to Securities Transaction Tax. However, the aforesaid income shall be taken into account in computing the Book profit and income tax payable under section 115JB.
3. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (other than those exempt under section 10(38) of the Act) arising on the transfer of shares of the Company would be exempt from tax if such capital gain is invested within 6 months after the date of such transfer in the bonds (long term specified assets) issued by:
 - a. National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
 - b. Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.

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

4. 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 @ 30% (plus applicable surcharge & education cess).
- Short term capital gains, referred to under section 111A of the Act shall be taxed @ 10% (plus applicable surcharge and education cess)
- Long Term capital gains @ 10% (plus applicable surcharge and education cess) (without cost indexation)

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

5. Section 88E provides that where the total income of a person includes income chargeable under the head "Profits and gains of business or profession" arising from taxable securities transactions, he shall get rebate of STT paid by him in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of Income Tax.
6. As per section 90(2) of the Act, provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the FII would prevail over the provisions of the Act to the extent they are more beneficial to the FII.

(v) TO MUTUAL FUNDS (MFs)

In case of a shareholder being a Mutual fund, as per the provisions of Section 10(23D) of the IT Act, any income of Mutual Funds registered under the SEBI Act or Regulations made there under, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India would be exempt from Income Tax, subject to the conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

(vi) TO VENTURE CAPITAL COMPANIES/ FUNDS

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

B. BENEFITS UNDER THE WEALTH TAX ACT, 1957

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

C. BENEFITS UNDER THE GIFT TAX ACT, 1958

As no Gift tax is leviable in respect of gifts made on or after October 1, 1998, any gift of shares will not attract gift tax.

Notes:

1. The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares;
2. The above Statement of Possible Direct Tax Benefits sets out the possible tax benefits available to the Company and its shareholders under the current tax laws as amended by the Finance Act, 2007 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;
3. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue;

4. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile;
5. The stated benefits will be available only to the sole/first named holder in case the shares are held by joint shareholders; and
6. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the issue.

For A M REDDY & CO.
Chartered Accountants

CA Ramana Reddy A V
Partner
Membership No.: 024329

Date: January 28, 2008
Place: Hyderabad

SECTION IV : ABOUT THE ISSUER COMPANY

I. INDUSTRY OVERVIEW

This section includes statistical data regarding the Telecom Industry. These data has been obtained from various industry publications, reports and other secondary sources that the Company and the Book Running Lead Managers believe to be reliable. Neither the Company nor the Book Running Lead Managers has independently verified such data.

National Telecom Policy 1994

In 1994, the Government announced the National Telecom Policy (NTP) which defined certain important objectives, including availability of telephone on demand, provision of world class services at reasonable prices, ensuring India's emergence as major manufacturing / export base of telecom equipment and universal availability of basic telecom services to all villages.

NTP 1994 also recognised that the required resources for achieving these targets would not be available only out of Government sources and concluded that private investment and involvement of the private sector was required to bridge the resource gap. The Government invited private sector participation in a phased manner from the early nineties, initially for value added services such as Paging Services and Cellular Mobile Telephone Services (CMTS) and thereafter for Fixed Telephone Services (FTS). After a competitive bidding process, licenses were awarded to 8 CMTS operators in the four metros, 14 CMTS operators in 18 state circles, 6 BTS operators in 6 state circles and to paging operators in 27 cities and 18 state circles. VSAT services were liberalised for providing data services to closed user groups. Licences were issued to 14 operators in the private sector out of which only nine licences are operational. The Government has recently announced the policy for Internet Service Provision (ISP) by private operators and has commenced licensing of the same. The Government has also announced opening up of Global Mobile Personal Communications by Satellite (GMPCS) and has issued one provisional license. Issue of licenses to other prospective GMPCS operators is under consideration.

New Telecom Policy, 1999 by Central Government

The objectives of the NTP 1999 are as under:

- Access to telecommunications is of utmost importance for achievement of the country's social and economic goals. Availability of affordable and effective communications for the citizens is at the core of the vision and goal of the telecom policy.
- Strive to provide a balance between the provision of universal service to all uncovered areas, including the rural areas, and the provision of high-level services capable of meeting the needs of the country's economy;
- Encourage development of telecommunication facilities in remote, hilly and tribal areas of the country;
- Create a modern and efficient telecommunications infrastructure taking into account the convergence of IT, media, telecom and consumer electronics and thereby propel India into becoming an IT superpower;
- Convert PCOs, wherever justified, into Public Teleinfo centres having multimedia capability like ISDN services, remote database access, government and community information systems etc.
- Transform in a time bound manner, the telecommunications sector to a greater competitive environment in both urban and rural areas providing equal opportunities and level playing field for all players;
- Strengthen research and development efforts in the country and provide an impetus to build world-class manufacturing capabilities.
- Achieve efficiency and transparency in spectrum management.
- Protect defence and security interests of the country.
- Enable Indian Telecom Companies to become truly global players.

In line with the above objectives, the specific targets that the NTP 1999 seeks to achieve would be:

- Make available telephone on demand by the year 2002 and sustain it thereafter so as to achieve a teledensity of 7 by the year 2005 and 15 by the year 2010
- Encourage development of telecom in rural areas making it more affordable by suitable tariff structure and making rural communication mandatory for all fixed service providers.
- Increase rural teledensity from the current level of 0.4 to 4 by the year 2010 and provide reliable transmission media in all rural areas.
- Achieve telecom coverage of all villages in the country and provide reliable media to all exchanges by the year 2002.
- Provide Internet access to all district head quarters by the year 2000
- Provide high-speed data and multimedia capability using technologies including ISDN to all towns with a population greater than 2 lakh by the year 2002.

(Source: TRAI Website)

Growth of Telecom Industry after the launch of National Telecom Policy, 1999:

The Indian economy is on the path of resurgence. The gradual opening of the economy ensured steady growth even at a time when other countries were in the grip of massive slowdown. Progressive reforms such as the removal of restriction on foreign investments and industrial de-licensing are responsible for this growth. The Government of India has placed telecommunication sector in the forefront of reforms and invited private participation for the basic telephone and cellular operations.

Prior to the telecom reforms/privatisation the telecom density was just 2%, which was quite low compared to any other developed countries having 70-80% telecom density. At present the telecom density is about 12% and expected to raise upto 20% by the year 2007.

(Source: TRAI Press Releases published in their website www.trai.gov.in)

(As on March 31, in Millions)

	2000 Actual	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2/2006 Actual	2008 TRAJ Projections
No of Land Lines	26.65	32.71	38.73	41.48	42.84	46.19	49.45	70.00
Growth (%)		22.74	18.40	7.10	3.28	7.82	7.06	41.55
No of Mobiles	1.88	3.58	6.54	13.00	33.70	53.37	84.88	180.00
Growth (%)		90.43	82.68	98.78	159.23	58.37	59.04	112.06
Total Lines	28.53	36.29	45.27	54.48	76.54	99.56	134.33	250.00
Growth		27.20	24.75	20.34	40.49	30.08	34.92	86.11
Tele-density	2.86	3.58	4.28	5.11	7.02	9.11	12.28	22.50
Growth (%)		25.17	19.55	19.39	37.38	29.77	34.79	83.22
Mobile Growth								
GSM Connections	1.88	3.58	6.54	12.69	26.15	41.04	63.34	100.00
Growth (%)		90.43	82.68	94.04	106.07	56.94	54.33	57.88
CDMA Connections				0.31	7.54	12.33	21.54	80.00
Growth (%)					2332.26	63.53	74.70	271.40

(Source: TRAI Website – A Study Paper Published by TRAI in consultation with Operators)

Global Tele Density – 2005 Statistics

COUNTRIES	TELEDENSITY (%)
AUSTRALIA	126.18
BANGLADESH	1.56
BRAZIL	42.38
CHINA	42.32
INDIA	9.11
PAKISTAN	4.42
SRI LANKA	9.57
U.K.	143.13
USA	116.43

The entry of new operators and the introduction of novel services coupled with the increasing importance of Tele communication are factors that are contributing to the growth in the number of subscribers in the sector.

In this scenario Test & Measuring Segment plays a vital role in the Telecom Industry, as all the companies are expanding their network and also increasing their bandwidth and subscribers.

Test & Measuring equipment segment is the key factor to expand or install the copper and optical cable network. The quality of service is essential to retain and increase the subscribers base for any basic telephone or cellular operators.

BSNL has got a vast optical fiber networking of more than 4.50 lakhs kms in India and plans to add 3.00 lakhs KM by 2009. Reliance Infocom has laid 0.80 Lakhs Km Fiber, and plans to add another 0.60 lakhs Km by 2008. Bharati Tele has laid 0.40 lakhs Km optical cable and proposing to lay another 10,000Km during this year. Tata Tele Services is planning to add 0.25 lakhs Kms by 2008 to the existing networks.

Rail Tel already laid 0.30 lakhs Kms and adding another 0.20 lakhs Kms by 2006. Gail Tel and Power Grid laid 7000Kms and plan to lay another 9000 Kms by 2006.

As the Optical fibre cable is the only media for communications, anywhere in the world Fixed Line operators, Mobile phone providers, Cable TV operators, Bandwidth Service Providers, ISPs use Fiber optic cable as communication media.

Growth in Telephone (Wireless & Wireline) Subscribers : Latest Statistics

The total number of telephone subscribers has reached 232.87 million at the end of July 2007 as compared to 225.01 million in June 2007. The overall tele-density has increased to 20.52 in July 2007 as compared to 19.86 in June 2007.

In the wireless segment, 8.06 million subscribers have been added in July 2007 while 7.34 million subscribers were added in June 2007. The total wireless subscribers (GSM, CDMA & WLL (F)) base is 192.98 million now.

(Source: TRAI/Press Release No. 71/2007)

Test & Measurement (T&M) Instruments

The entire communications industry is witnessing convergence of services, voice, data, and video from the same interface in the customer premises in the wireline space or the Triple Play services. The operators are moving towards automation and high speed IP based infrastructure over which they will be able to match their offerings through IPTV and Voice over IP technologies (VoIP). As services and networks expand and new ones are introduced, test equipment is required for planning, installation, and testing and maintenance of system performance.

In the competition driven industry, T&M instruments are required not only to offer test solutions but also to improve customers' service reliability of the operator and thus offer a competitive edge to the operator. The current trend in the industry requires T&M instruments to be integrated into multi-technology and distributed network environment. Its vendors cannot remain isolated and

unconnected as a T&M instrument provider. Their role has widened to include the ability to look across the end-to-end network and also deep down into the network to resolve quality and performance problems.

The year 2007 has been christened as the year of Broadband by the Indian Government. It stands as the next big development in the telecom space and thus T&M too. The competitive setting, increasing demand for Broadband, and influx of newer technologies like DSL, WLAN, WiMAX and 3G are expected to define the new Indian T&M instrument scene.

As the telecom market matures, customers' expectations from the operators also increase. Their soaring demand and carriers' focus on quality of service (QoS) and quality of experience (QoE) are crucial differentiators that will fuel more technological evolution in T&M instruments.

(Source: <http://www.adi-media/confir.html>)

T&M Instruments: A Growing Market

With the growing reliance on telecommunications and data transmission, the test and measuring (T&M) instruments sector is playing a vital role in instrument operations. Advancements in test equipment technology and functionality are providing end-users in the T&M market with test sets that offer enhanced capabilities. With the increasing complexity of networks and the evolving nature of technology, the introduction of highly integrated and scalable products are providing a competitive edge to test equipment vendors.

With wireless telephony surpassing fixed line numbers, it is expected to fuel growth for the Indian T&M industry. The massive expansion plans of BSNL and Bharti are expected to give a fillip to the demand for T&M instruments in the near future. The quality of experience (QOE) testing will further give thrust to the requirement for T&M in the triple play converged network, as service providers will be required to display video signal directly on the screen of test instrument. Telecom operators are investing in a high-speed IP-based infrastructure over which they will be able to match the video offerings of cable through IPTV service. Cable operators are working towards providing toll-grade quality voice service using voice over IP (VoIP) technology.

It is estimated that by the end of 2010, India will have approximately 20 million broadband subscribers. With the increasing demand for broadband and influx of newer technologies like DSL, WLAN, WiMAX and Mobile 3G, the Indian T&M instrument market is expected to record healthy growth. Major telecom service providers like BSNL, VSNL, Reliance and Bharti are competing for a large pie of the Indian broadband market. Traditional mobile service players including Airtel, Tata Indicom and Reliance have also set up separate business units for the enterprise broadband segment.

The growth in demand for test and measuring instruments is visible across all sectors. T&M instruments found wide applications in telecom services with the segment accounting for the major chunk of the market, followed by R&D and Software segments and the Defense sector. The manufacturing sector and educational institutions are also making significant investments in T&M instruments.

BSNL made significant investments of Rs. 75 crore for procurement of T&M instruments in the fiscal 2005-06. The equipment were procured both as part of turnkey orders and direct procurement at the circle level. Agilent, Acterna, Trend Communications, Meera Agencies and Fastech bagged a significant chunk of the order from BSNL. The operator placed order for approximately 60 pieces of ribbon splicers valued at Rs. 7 lakh. Aishwarya bagged the entire order from BSNL and the Company recorded total sales amounting to Rs. 5 crore. Aplab also supplied equipment worth Rs. 1.25 crore to BSNL. There has been increase in investments at the regional level as well. Almost every circle finalised orders for telecom and datacomm testers and analyzers. Moreover, BSNL is currently engaged in building a nationwide communication network for the defence.

MTNL procure T&M instruments amounting to Rs. 3 crore including SDH analyzers 1/4/16 without jitter, SDH analyzers 1/4 hi-speed data testers, SDH analyzer with jitter, OTDRs, light source, variable attenuators and power meters. MTNL has floated a tender for 14 units of splicing machines for the fiscal 2006-07.

Railtel made an investment of Rs. 0.30 crore in 2005-06 and procure T&M instruments including OTDRs, laser source, power meters, E1 analyzers, multimeters, test kit, splicers, talk sets and dual

source meters. Tirumala, Aishwarya and JDSU are the major suppliers to Railtel in the last fiscal. For the year 2006-07, Railtel has already outlined its plans to invest Rs. 2.12 crore for procuring T&M instruments including OTDRs, laser source, power meters, E1 analyzers, multimeters, test kit, splicers, talk sets, dual source meters and splicing machines.

Reliance invested Rs. 8 crore in fiber optic test equipment including protocol test analyzers, spectrum analyzers, and handheld testers. Bharti invested Rs.10 crore in wireline test instruments including OTDRs, protocol analyzers, SDH analyzers and ISDN testers. Powergrid has allocated investments of Rs. 7 crore for procurement of 25 sets of OTDRs, splicing machines, optical power meters, laser source, optical talk sets and optical loss test sets in 2006-07.

The Defence sector has been a major buyer of T&M instrument over the last couple of years. ADRDE, Agra; DEAI, Dehradun; IRDE, Dehradun; Opto electronics, Dehradun; and DLRL, Hyderabad procure significant quantity of T&M instruments in the last fiscal. Apart from these organisations, ERTL, STQC, Calibration laboratories, BEL, HAL and IRCON made significant investments in this segment.

High import duty on T&M products represents a major cause of concern for this industry. As test and measurement plays a very crucial role in influencing quality across the life cycle of electronics products and services, rationalisation of the import duty structure can play a vital role in increasing adoption of T&M instruments in the country. Lower custom duties will contribute to reduction in prices of imported T&M equipment.

With the growth of wireless industry and increase in investments in R&D and manufacturing, the Indian T&M instrument industry holds promise. The explosive growth in infotainment industry is another factor that is expected to influence growth in the T&M industry.

(Source: Communications Today, August 2006 issue)

After analysing the present trends and forecasting the future developments in the overall communication sector, the Test & Measurement Instrument Industry is considered as an emerging segment in Telecom Industry.

(Source: Communications Today, August 2006 issue)

The impressive growth of Indian telecom sector has been stimulating the growth of Test & Measurement (T&M) industry. Private and public sector telecom service providers are continuously investing in expanding their network to support the exploding number of mobile subscribers, giving a fillip to the demand for mobile and broadband testers. The quality of service (QoS), being the key differentiator in the industry, telecom service providers strategically investing in T&M equipment procurement, while leading handset manufacturers are also investing in this segment.

The Indian market for T&M instruments is estimated at Rs. 602 crore for the year 2006-07. Imported instruments account for the major chunk of the market with sales estimated at Rs. 552 crore, which excludes revenues from power supplies, video test instruments, and testing equipment for aerospace segment. Indigenous instruments account for the balance market with sales estimated at Rs. 50 crores.

BSNL made significant investments of Rs. 32.5 crore for procurement of T&M instruments in the fiscal 2006-07. MTNL procured T&M instruments amounting to Rs. 8 crore. Railtel made an investment of Rs. 13 crore in 2006-07. Defence laboratories have been a major buyer of T&M instrument over the last couple of years. R&D laboratories at Hyderabad procured instruments worth Rs. 8 crore, followed with similar buying by laboratories in Dehradun, Ahmedabad, Trivandrum, Bangalore and Kota. Reliance invested Rs. 100 crore in the procurement of T&M instruments.

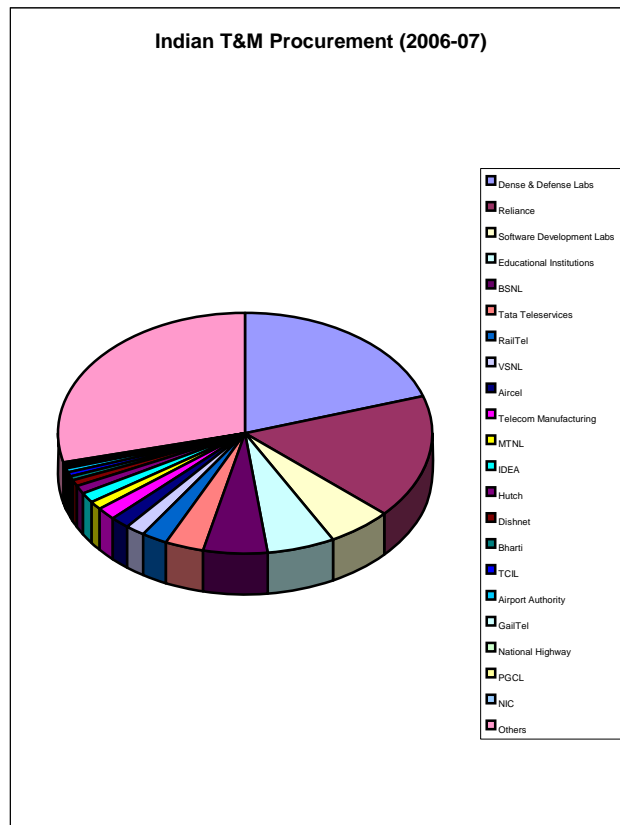
Agilent dominates the Indian T&M instruments market for the imported segment with market share of 29 percent. In the indigenous T&M instruments market, for the year 2006-07, Aishwarya Telecom has emerged as the dominant player with sales estimated at Rs. 22 crore and a market share of 44 percent, closely followed by Aplab with sales estimated at Rs. 21 crore and a market share of 42 percent.

The massive investment plan in wireless and broadband segments is driving the market. With the expansion of existing networks and construction of new ones, more test equipment are being used in various stages like planning, installation and testing/maintenance. Further, India has emerged as one of the leading hubs for R&D design bases for multinationals, which invests heavily in T&M equipment for their activities especially in upcoming technologies like 3G, WiMAX, HSPA, LTE, IPTV

and NGN. Increased investments in private FM broadcasting, defense, space and utilities have been accelerating the growth.

With the entire communications industry witnessing growth through convergence of services in both the wireless and wireline spaces, vendors in the T&M industry are gearing up to provide the best-in-class products that match with the changing requirements. They are introducing new products and streamlining their plans and strategies to tap this growing market.

Vendors	Sales	Share
	(Rs. Cr.)	(%)
Dense & Defense Labs	120.0	19.93
Reliance	100.0	16.61
Software Development Labs	35.0	5.81
Educational Institutions	35.0	5.81
BSNL	32.5	5.40
Tata Teleservices	20.0	3.32
RailTel	13.0	2.16
VSNL	10.0	1.66
Aircel	10.0	1.66
Telecom Manufacturing	10.0	1.66
MTNL	8.0	1.33
IDEA	8.0	1.33
Hutch	7.0	1.16
Dishnet	5.0	0.83
Bharti	3.5	0.58
TCIL	3.0	0.50
Airport Authority	3.0	0.50
GaiITel	2.0	0.33
National Highway	1.5	0.25
PGCL	1.0	0.17
NIC	1.0	0.17
Others	173.5	28.82
Total	602.0	100.00



(Source: Communications Today, Aug 2007, Vol. XIV No. 8)

GOVERNMENT POLICY

Industrial Licenses are regulated under the Industries (Development & Regulations) Act, 1951. The requirements of Industrial Licences have been progressively reduced and T&M Instruments Industry is not amongst the industries that require compulsory industrial licensing.

(Source: Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India. Website Link: http://dipp.nic.in/manual/manual_0403.pdf)

II. BUSINESS OVERVIEW

LOCATION OF THE PROJECT

Existing Project:

ATL deals in hi-tech test & measuring equipments. The Company has its manufacturing facilities situated at two production units. The Locational address of the production units are as given below:

- 1) 2-330, Thota Street
Yanam – 533 464
Pondicherry
- 2) Industrial Plot No. F-102
UPSIDC Industrial Area, Selaqui
Dehradun, Uttarakhand

The production site of the Company at Yanam in Pondicherry State has the following locational advantages:

1. 100% Exemption from Income Tax for a period of five years and at 30% of profits for next 5 years from date of registration of the industrial undertaking under section 80IB of the Income Tax Act, 1961;
2. Exemption from Sales Tax, since the unit is located in a Union Territory.
3. Capital investment subsidy @30% with maximum of Rs. 30 lakhs.

In 2006, the company had established its second manufacturing unit at Dehradun in the state of Uttarakhand, which has been categorised as a backward state. The unit is registered with Director of Industries, Government of Uttarakhand as a SSI unit to manufacture the existing and proposed products of the Company. The manufacturing unit is set up on leased premises with 3000 sq. feet plinth area. The industrial units set up in Uttarakhand have been granted certain benefits and concessions to provide industrial developments and job opportunities in that state.

As the products manufactured by the Company are not covered under Negative List of Products, the Company shall get the following benefits/concessions:

1. Central Excise Duty is fully exempted for a period of 10 years against the sale of goods manufactured by the Company;
2. Income Tax fully exempted for a period of five years from date of registration of the industrial undertaking and at 30% for the next five years, under section 80IB of the Income Tax Act, 1961;
3. Concessional Central Sales Tax Rates @ 1% for a period of five years.
4. Capital investment subsidy @15% with maximum of Rs. 30 lakhs

(Source: <http://www.sidcul.com>)

Proposed Project

The Company proposes to set up a Corporate, Marketing, Administrative office and R&D centre and also a new production unit at Hyderabad.

Corporate and R&D Office:

ATL is planning to establish its own premises for corporate, marketing, administrative and R&D activities. The Research & Development (R&D) facilities of the Company are presently situated at Hyderabad. ATL is registered with Telecom Equipment Manufacturers' Association (TEMA) and is also a member of Electronics Industrial Association of Andhra Pradesh (ELIAAP).

ATL has entered into an agreement for Sale dated April 28, 2007 with Mr. G Rama Manohar Reddy, Managing Director of the Company, to purchase land situated at GHMC Nos. 1-3-1026 & 1027, Kavadiguda, Behind Hotel Viceroy, Lower Tank Bund Road (Sangadikunta), Hyderabad – 500 080. Total area of this land is 643.00 Sq. Yds. The Company is planning to construct a 3 storied building

having total Plinth Area of 10,500 Sq. Ft. The total estimated cost of acquisition of land and construction of building is 332.40 lacs.

New Production Unit at Hyderabad:

ATL is planning to establish a new production unit at Hyderabad. ATL has entered into an agreement for Sale dated April 20, 2007 with Mrs. G Amulya Reddy, Whole-Time Director of the Company, to purchase land situated at Survey No. 69/A at Shambupur Village, Bowrampet Gram Panchayat, Quthuhbullapur Mandal, Ranga Reddy District, Hyderabad. Total area of this land is 4694.80 Sq. Yds. The Company is planning to construct a 3-storied (Ground + 2 Floors) building having total Plinth Area of 15,000 Sq. Ft. The total estimated cost of acquisition of land and construction of building is 272.31 lacs.

The proposed production site of the Company has the following locational advantages:

- Availability of land;
- Well connected with road and rail;
- Closeness to the registered office of the Company which is also situated in Hyderabad
- Availability of skilled / semi skilled manpower

PLANT & MACHINERY

There are different kinds of instruments, testers, software and hardware which forms part of plant & machinery infrastructure required for producing the existing and the proposed products of the Company. The company requires Type Approval Certificate from TEC, New Delhi (an organization under Department of Telecommunications (DOT)) for supplying its products to BSNL, MTNL, Railways and other PSUs. For getting this approval from TEC, the Company requires to build in necessary infrastructure as per the guidelines of DOT. The Company has got the required facilities and also possesses the Type Approval Certificates for many of its products.

Existing Project

As per the guidelines of TEC/DOT, the Company has the following infrastructure/plant & machinery/equipments at Hyderabad (R&D Centre), Dehradun and Yanam (Production Unit):

Location: Hyderabad – R&D Centre

Description	Make & Model	Qty	Supplier Particulars
Cathode Ray Oscilloscope (Analog)	PM3213 Philips	1	Philips, Hyderabad
Volt Meter	Meco SM-45	1	Deltronic Marketing, Hyderabad
Ampere Meter	Meco SM-45-A	1	Deltronic Marketing, Hyderabad
Dc-Power Supply	Own	1	Own
Multi Meters	DM375	1	International Instruments Industries, Hyderabad
Multi Meters	MIC 23S	1	International Instruments Industries, Hyderabad
Multi Meters	DM375	1	International Instruments Industries, Hyderabad
Multi Meters	MIC 23S	1	International Instruments Industries, Hyderabad
FLUKE Multi Meters	FLUKE-79	1	International Instruments Industries, Hyderabad
Temperature Controlled Soldering Stations	(Premier-901)	1	Premier
Single EPROM Programmer	Mechatronics	1	Mechatronics
Handy Serial Programmer	Vinytics	1	Future Tech
Single EPROM Programmer	Mechatronics	1	Mechatronics
Handy Serial Programmer	Vinytics	1	Future Tech
Drilling Machine	BOSCH (GBM6)	1	Bosch

Description	Make & Model	Qty	Supplier Particulars
Lead & Bending Machine	Time Engineers	1	Time Engineers
Bench Vice	Not Applicable	1	Not Applicable
Soldering Bath	Superb HIG107/1450	1	
Bare Fiber Adaptor	PT Fiber Optics, USA	1	PT Fiber Optics, USA
FCPC Adaptor	AOC Taiwan	5	AOC Taiwan
Patch Cords	Preston	5	Preston, India
Hot Bath	Sanghvi	1	Sanghvi
Dimmer	Greendot Electric Corp G3-41-1	1	Green dot Electronic Corporation
Generator 10 KVA	Sriram Honda	1	Sriram Honda

Location: Dehradun

Description	Make & Model	Qty	Supplier Particulars
Single EPROM Programmer	Mechatronics	1	Mechatronics
Multi Meters	DM375	1	International Instruments Industries, Hyderabad
Multi Meters	MIC 23S	1	International Instruments Industries, Hyderabad
Multi Meters	MIC 23S	1	International Instruments Industries, Hyderabad
FLUKE Multi Meters	FLUKE-19	1	International Instruments Industries, Hyderabad
Temperature Controlled Soldering Stations	Protech	3	Protech Systems & Vaishnavi Electronics
Temperature Controlled Soldering Stations	Propel PS-111/Goot	6	Goot
SMD Rework Station	Premier-504	1	Premier Electromech Systems
Handy Serial Programmer	Vinytics	1	Future Tech
Digital Oscilloscope LCD (Digital)	LG OS-310M	1	LG-Hyderabad
IC tester	NikKiDiGI-II	1	Mechatronics, Pune
Single EPROM Programmer	Mechatronics	1	Mechatronics
Power Meter	Own	1	Own
Light Source	FIS-USA,	1	FIS-USA
Variable Attenuator	Haktronics 782ZA	1	Haktronics, Japan
Drilling Machine	BOSCH (GBM6)	1	Bosch
Multi Meters	Motwane DM 3750	1	International Instruments Industries, Hyderabad
Lead & Bending Machine	Time Engineers	1	Time Engineers
Handy Serial Programmer	Vinytics	1	Future Tech
Bench Vice	Not Applicable	1	Not Applicable
Bare Fiber Adaptor	PT Fiber Optics, USA	1	PT Fiber Optics, USA
Soldering Bath	Superb HIG107/1450	1	
FCPC Adaptor	AOC Taiwan	10	AOC Taiwan
Patch Cords	Preston	10	Preston, India
Dimmer	Greendot Electric Corpn G3-41-1	2	Green dot Electronic Corporation
Function Generator	Future Tech (Fpg-352)	1	Future Tech
Spectrum Analyzer	Advantest	1	Advantest. Tektronix, USA
Multi Meters	DM375	1	International Instruments Industries, Hyderabad

Description	Make & Model	Qty	Supplier Particulars
Generator 10 KVA	Honda	1	Honda

Location: Yanam

Description	Make & Model	Qty	Supplier Particulars
Cathode Ray Oscilloscope (Analog)	AM 203	1	Scientific Mess Tecknic (P) Ltd., Mohan Marketing
Single EPROM Programmer	Mechatronics	1	Mechatronics
Handy Serial Programmer	Vinytics	1	Future Tech
Multi Meters	DM375	1	International Instruments Industries, Hyderabad
Multi Meters	DM375	1	International Instruments Industries, Hyderabad
Single EPROM Programmer	Mechatronics	1	Mechatronics
Handy Serial Programmer	Vinytics	1	Future Tech
Drilling Machine	BOSCH (GBM6)	1	Bosch
Lead & Bending Machine	Time Engineers	1	Time Engineers
Bench Vice	Not Applicable	1	Not Applicable
Soldering Bath	Superb HIG107/1450	1	
Bare Fiber Adaptor	PT Fiber Optics, USA	1	PT Fiber Optics, USA
FCPC Adaptor	AOC Taiwan	5	AOC Taiwan
Patch Cords	Preston	5	Preston, India
Dimmer	Greendot Electric Corpn G3-41-1	1	Green dot Electronic Corporation
Generator 5 KVA	Suguna	1	Suguna

Proposed Project

The following costs have been derived based on quotations received from suppliers.

Summarised list of Plant and Machinery/Equipments for which orders have been placed

Imported

Sl. No.	Particulars/Description	Name of Supplier	Qty	Unit Price	Amount #	Purchase Order No./ Date of P.O./ Status of the Order
				(Rs. in Lakhs)		
1.	High OSNR Optical Spectrum Analyzer Module (Model No. FTB5240B)	Exfo Electro-Optical Engineering Inc. 400 Godin Avenue, Quebec Quebec Gim 2K2 Canada	1	6.37	6.37	ATL/IPO/SZ/02/10167 Dated 27.02.2007 Status: Delivered
2.	CD-ROM Application Software for High OSNR Optical Spectrum Analyzer Module (Model No. FTB5240B)	Exfo Electro-Optical Engineering Inc. 400 Godin Avenue, Quebec Quebec Gim 2K2 Canada	1	4.72	4.72	ATL/IPO/SZ/02/090708 Dated 09.02.2008 Status: To be delivered Expected date of Delivery: May 2008
3.	TK-200 Compact Link Characterizer OTDR	Exfo Electro-Optical Engineering Inc. 400 Godin Avenue, Quebec Quebec Gim 2K2 Canada	1	3.14	3.14	ATL/IPO/SZ/04/11178 Dated 27.04.2007 Status: Delivered

Sl. No.	Particulars/Description	Name of Supplier	Qty	Unit Price	Amount #	Purchase Order No./ Date of P.O./ Status of the Order
				(Rs. in Lakhs)		
4.	Ethernet Traffic Analyzer for Cross Testing FTB-8510-2-XX+TK200 (Gigabyte Ethernet Module)	Exfo Electro-Optical Engineering Inc. 400 Godin Avenue, Quebec Quebec Gim 2K2 Canada	2	1.67	3.34	ATL/IPO/SZ/06/04878 Dated 19.06.2008 Status: Delivered
	Total				17.57	

The customs duty, taxes, transportation, etc. have not been considered for the plant and machineries/equipments which have been ordered but are yet to be delivered.

Indigenous

Sl. No.	Particulars/Description	Name of Supplier	Qty	Unit Price	Amount #	Purchase Order No./ Date of P.O./ Status of the Order
				(Rs. in Lakhs)		
1.	E6000C OTDR Mainframe E6000C-003 Connector Interface FC/PC/SPC E6003A 1310/1550nm SM Laser Module 35/34 dB with straight connector (opt 021)	Agilent Technologies India Pvt Ltd Uma Aishwarya House, 1st Floor # 8-2-502/1 AG, Road No. 7 Banjara Hills Hyderabad – 34	1	2.41	2.41	ATL/LPO/SZ/05/01978 Dated 08.05.2007 Invoice No. INV/CST/EMG / HYD/ 07-06/11 dated 11.06.2007 Status: Delivered
2.	Optical Variable Attenuator – OLA-55	Exfo Electro-Optical Engineering Inc. 400 Godin Avenue, Quebec Quebec Gim 2K2 Canada (Through its Indian Supplier M/s Mel Systems & Services Ltd, Chennai)	2	1.98	3.96	ATL/IPO/SZ/02/0260708 Dated 06.02.2008 Status: To be delivered Expected date of Delivery: May, 2008
3.	Optical Laser Source – OLS-55	Exfo Electro-Optical Engineering Inc. 400 Godin Avenue, Quebec Quebec Gim 2K2 Canada (Through its Indian Supplier M/s Mel Systems & Services Ltd, Chennai)	2	1.68	3.36	ATL/IPO/SZ/01/01260708 Dated 26.08.2008 Status: To be delivered Expected date of Delivery: May, 2008
	Total				9.73	

The taxes, transportation, etc. have not been considered for the plant and machineries/equipments, which have been ordered but are yet to be delivered.

Summarized list of Plant & Machinery/Equipments for which orders are yet to be placed:

I. Research & Development of Main Frame Optical Time Domain Reflecto Meter (OTDR)

Sl. No.	Particulars/Description	Name of Supplier/ Provider	Qty	Unit Price	Amount #	Quotation No. & Date of Quotation
				(Rs. in Lakhs)		
A	For Research & Development					
1.	Optical Variable Attenuator – OLA-55	Acterna India Pvt Ltd 605, Everest Chambers Andheri Kurla Road Mumbai – 400 059	2	2.25	4.49	0408/06-07/Hyd/56 Dated 16.06.2007
2.	Optical Laser Source – OLS-55	Acterna India Pvt Ltd 605, Everest Chambers Andheri Kurla Road Mumbai – 400 059	2	1.39	2.77	0497/06-07/Hyd/72 Dated 05.07.2007
3.	FIS Basic Fiber Optical Tool Kits	Fiber Instrument Sales Inc. 161, Clear Road Oriskany, NY 13424	1	0.98	* 0.98	225872 Dated 08.06.2007
4.	Computers HP Premium Desktop DC 7700 Model	Cache Peripherals 3-6-98, West Marredpally Main Road Secunderabad	5	0.59	2.95	ASPN/CPPL/ATCPL/7/6/1 Dated 12.06.2007
5.	Printers HP Laserjet 3055 All-in-One Printers HP Laserjet 1022 Printers	Creative Services # 5B Floor, Shiva Rama Krishna Colony West Marredpally Main Road Secunderabad – 500026	2	0.19	0.39	SCS/51A1/07 Dated 15.05.2007
			3	0.08	0.25	
6.	Softwares Windows XP Professional XP English OLP NL Get Genuine Windows XP Professional XP Media Kit	ISS Technologies Plot No. 38 Syndicate Bank Colony West Marredpally Secunderabad - 500026	14	0.07	0.99	ISS/SW/04/2007/1/ATPL Dated 03.04.2007
			1	0.01	0.01	
	Total (A)				12.83	
B	For Production					
1.	Optical Variable Attenuator – OLA-55 The Optical Lever Attenuators are futureproof, improved variable attenuators for system testing, installation, maintenance, and production of single mode fibers.	Exfo Electro-Optical Engineering Inc. 400 Godin Avenue, Quebec Quebec Gim 2K2 Canada (Through its Indian Supplier M/s Mel Systems & Services Ltd, Chennai)	1	1.98	1.98	382765 Dated 21.02.2007
2.	Optical Laser Source – OLS-55 The Optical Laser Sources contain all of the tools, including instruments and	Exfo Electro-Optical Engineering Inc. 400 Godin Avenue, Quebec Quebec Gim 2K2 Canada	1	1.68	1.68	382765 Dated 21.02.2007

Sl. No.	Particulars/Description	Name of Supplier/ Provider	Qty	Unit Price	Amount #	Quotation No. & Date of Quotation
				(Rs. in Lakhs)		
	accessories, necessary to perform professional-grade power or loss tests in the field.	(Through its Indian Supplier M/s Mel Systems & Services Ltd, Chennai)				
3.	FIS Basic Fiber Optical Tool Kits	Fiber Instrument Sales Inc. 161, Clear Road Oriskany, NY 13424	1	0.98	* 0.98	225872 Dated 08.06.2007
4.	Moulds for 2 piece plastic product enclosure – Main Frame OTDR	E-Mug Manufacturing Company # 515, Annapurna Block Aditya Enclave, Ameerpet Hyderabad	1	1.50	1.50	2146 Dated 28.05.2007
	Total (B)				6.14	
C	For Quality Assurance					
1.	E6000C Mini OTDR Mainframe E6000C-003 Connector Interface FC/PC/SPC E6003A 1210/1550nm SM Laser Module	Agilent Technologies India Pvt Ltd Uma Aishwarya House, 1st Floor # 8-2-502/1 AG, Road No. 7 Banjara Hills Hyderabad – 34	1	3.47	3.47	Aish-07/DDP Dated 07.06.2007
2.	Optical Variable Attenuator – OLA-55 The Optical Lever Attenuators are futureproof, improved variable attenuators for system testing, installation, maintenance, and production of single mode fibers.	Exfo Electro-Optical Engineering Inc. 400 Godin Avenue, Quebec Quebec Gim 2K2 Canada (Through its Indian Supplier M/s Mel Systems & Services Ltd, Chennai)	1	1.98	1.98	382765 Dated 21.02.2007
3.	Optical Laser Source – OLS-55 The Optical Laser Sources contain all of the tools, including instruments and accessories, necessary to perform professional-grade power or loss tests in the field.	Exfo Electro-Optical Engineering Inc. 400 Godin Avenue, Quebec Quebec Gim 2K2 Canada (Through its Indian Supplier M/s Mel Systems & Services Ltd, Chennai)	1	1.68	1.68	382765 Dated 21.02.2007
	Total (C)				7.13	
	Total (A+B+C)				26.10	

* Plant and machineries/equipments to be imported

The customs duty, taxes, transportation, etc. have not been considered for the above plant and machineries/equipments.

II. Research & Development of Ethernet Traffic Analyzers

Sl. No.	Particulars/Description	Name of Supplier/ Provider	Qty	Unit Price	Amount #	Quotation No. & Date of Quotation
				(Rs. in Lakhs)		

Sl. No.	Particulars/Description	Name of Supplier/ Provider	Qty	Unit Price	Amount #	Quotation No. & Date of Quotation
				(Rs. in Lakhs)		
A.	For Research & Development					
1.	Ethernet Tester Main Frame	Fluke Networks Level 7, 234 Raheja Centre Point 294 CST Road Mumbai - 98	1	7.99	* 7.99	FLUKE/007/ATL Dated 15.06.2007
2.	Computers HP Premium Desktop DX 2700 Model	NecX Pvt Ltd. (Niha E Computer Networx Pvt Ltd) 9-1-87, II Floor S D Road Secunderabad	5	0.46	2.29	NecX/MKG/MK/470949 Dated 28.05.2007
3.	Softwares Windows XP Professional XP Media Kit	NecX Pvt Ltd. (Niha E Computer Networx Pvt Ltd) 9-1-87, II Floor S D Road Secunderabad	1	0.08	0.08	NecX/MKG/MK/470949 Dated 31.05.2007
4.	Development of Application Software as per TEC specifications Model No. ETA_SD_Ver 1.2	Enco Telecom Embedded Systems 5-5-35/123/B PT, Vignan Puri Colony Hyderabad	NA	NA	8.00	Quote/239/B Date 08.06.2007
5.	FIS Basic Fiber Optical Tool Kits	Fiber Instrument Sales Inc. 161, Clear Road Oriskany, NY 13424	1	0.98	* 0.98	225872 Dated 08.06.2007
	Total (A)				19.34	
B	For Production					
1.	Moulds for 2 piece plastic product enclosure - Ethernet Traffic Analyzer	E-Mug Manufacturing Company # 515, Annapurna Block Aditya Enclave, Ameerpet Hyderabad	1	14.25	14.25	2146 Dated 28.05.2007
2.	FIS Basic Fiber Optical Tool Kits	Fiber Instrument Sales Inc. 161, Clear Road Oriskany, NY 13424	1	0.98	* 0.98	225872 Dated 08.06.2007
3.	Computers HP Premium Desktop DX 2700 Model	NecX Pvt Ltd. (Niha E Computer Networx Pvt Ltd) 9-1-87, II Floor, S D Road Secunderabad	5	0.46	2.29	NecX/MKG/MK/470949 Dated 28.05.2007
4.	Softwares Windows XP Professional XP Media Kit	NecX Pvt Ltd. (Niha E Computer Networx Pvt Ltd) 9-1-87, II Floor, S D Road Secunderabad	NA	0.08	0.08	NecX/MKG/MK/470949 Dated 31.05.2007
	Total (B)				17.60	
	Total (A+B)				36.94	

* Plant and machineries/equipments to be imported

The customs duty, taxes, transportation, etc. have not been considered for the above plant and machineries/equipments.

III. Procurement of GSM/GPRS Testers for providing service of Technical Audit for Mobile Operators

Sl. No.	Particulars/Description	Name & Address of Supplier	Qty	Unit Price	Amount #	Quotation No. & Date of Quotation
				(Rs. in Lakhs)		
1.	RCATS Centralised Management Software Suite with Validation Packages	Zenith Tech 9/2/15, Sector – 9, Street # 2, Vaishali, Ghaziabad	8	32.60	* 260.80	CB/ATL/2006-07/3 Dated 23.05.2007
2.	RCATS RTP Software (4 sets each)		8 sets	12.95	* 103.60	
3.	RCATS RTP Hardware (4 sets each)		8 sets	9.40	* 75.20	
4.	Quick starts implementation & training		NA	11.75	11.75	
5.	Maintenance Support		8 units	6.90	55.20	
	TOTAL A				506.55	

* Plant and machineries/equipments to be imported

The customs duty, taxes, transportation, etc. have not been considered for the above plant and machineries/equipments.

Summary of Orders of Plant and Machinery (excluding Escalation, Contingencies, etc):

Sl.No.	Particulars	Value (Rs. in Lakhs)	%age
A	Total Cost of Plant & Machinery:		
	Indigenous	127.81	21.41
	Imported	469.08	78.59
	Total (A)	596.89	100.00
(i)	Value of Orders Placed:		
	Indigenous	9.73	1.63
	Imported	17.57	2.94
	Total (B)	27.30	4.57
(ii)	Value of Orders yet to be Placed:		
	Indigenous	118.08	19.78
	Imported	451.51	75.64
	Total (C)	569.59	95.43

For more details on the above Plant and Machinery/Equipments, please refer to the section "Objects of the Issue" beginning from page 36.

The Company has neither bought nor proposing to buy any second hand plant and machineries out of the proceeds of this issue.

TECHNOLOGY

The Company deals in Test & Measuring equipments (T&M). T&M Equipments are used to qualify, trouble shoot and to maintain the telecom optical, copper and wireless networks.

The products (Test and Measuring Equipments) of the Company are mainly classified into three categories based on the technology used to manufacture such product, namely:

1. Fiber Optic Cable Testing Equipments
2. Data Network Testers
3. Copper Cable Testing Equipments

1. Fiber Optic Cable Testing Equipments

Fiber optic cable network is the back bone for telecommunications. Generally these cables are laid for long distances, Cellular tower to cellular tower, exchange-to-exchange etc. These networks shall be taken care of properly, by finding/localizing faults in the cable, ensuring the requisite parameters of light (laser), insertion loss, optical loss, attenuation, in the cable in regular intervals. In this case, the pulse echo principle (Radar Principle) is used to localize the breakage of the cable and fiber characterization of fiber link.

These faults can be localized only with Digitalized Embedded systems with micro controlled processors for speedy process of data and captured during testing. Different wavelengths such as 1310nm, 1550nm & 1615nm are to be used to measure different parameters of the cable network.

The parameter shall vary for each wavelength of the network.

Under this group the following products are manufactured

1. Optical Time Domain Reflecto Meter (Mini) (OTDR-Mini)
2. Optical Variable Attenuator Desk Top and Hand Held Models
3. Optical Light source (1310nm/1550nm) Desk Top and Hand Held Models
4. Optical Power Meter Type B and Type A both Desk Top and Hand Held Models

2. Data Network Testers:

Whether the physical medium is copper or Optical or Wireless finally it is the data that is transported on these lines/ mediums in '0's and '1's. Data is transported in various types of technologies/ protocols/ speeds depending on the needs & request from the users. To check and verify the network transport without errors and check the stability of data network for a specified time and qualify for service connections, testers are used.

To test the data networks a specially designed electronic systems is used and they are made to understand the physical link or medium, network components and line code (Modem/servers/switches/network terminators, terminal equipments etc.) and data transported on the total setup.

Under this group the following products are manufactured

1. 2 MBPS Data Testers (N X 64 Kbps)
2. ISDN Tester

3. Copper Cable Testing equipments

Copper cables are laid for short distances. These cables are laid generally from switch to switch, pillar-to-pillar etc. These copper cables have different problems after certain period of laying due to ageing, water ingress, poor jointing, poor workmanship, apart from those defects their could be one of these or combination of these defects that are Low Insulation, Break, Loop, Earth, foreign potential etc.

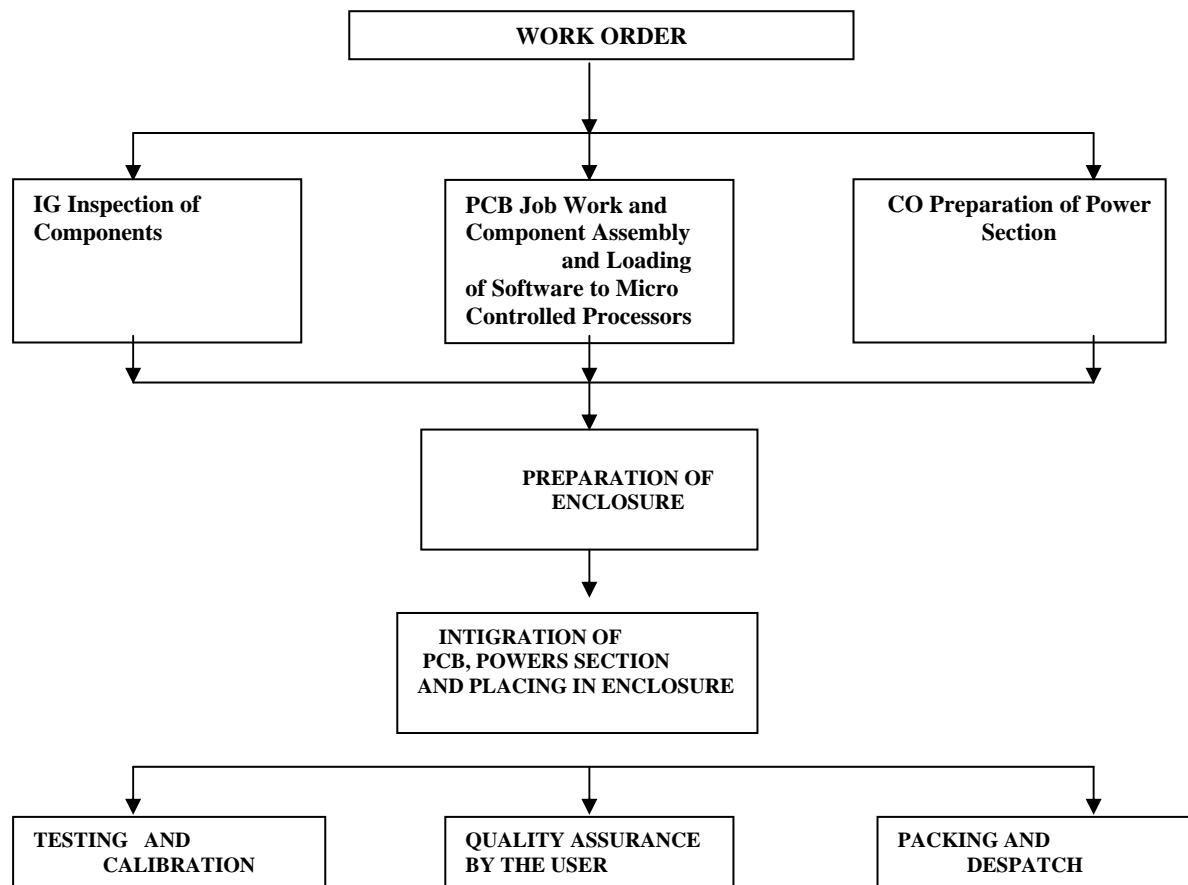
These faults shall be localized either by using Potential distribution method (PDM) or Pulse Echo (PE) principle or Ionisation plasma methods. Among these technologies PDM and PE are safe to test and operate for cables as well as operators and these equipments has to be designed with micro controller based electronic items with combination Analog and Digital Technologies. These designed items need to capture the data using analog devices and process them with micro controllers and find the defects in the copper cables

Under this group the following products are manufactured

1. Digital Cable Fault Locator for Low Insulation
2. Time Domain Reflectometer

MANUFACTURING PROCESS

Flow Chart for Production of all Testing Equipments



Production Process:

Step 1: Work Order

The Production Department shall raise indent for components as soon as the production department gets supply order from the marketing department. The indent for components shall be ordered keeping in view of the existing stocks and the minimum stock levels required.

This indent shall be verified with the BOM and the same shall be approved by the Vice President - Technical and the Production Manager. A copy of the indent shall be given to the Managing Director (MD) as well.

Step 2: IG Inspection of Components

Initially the components which are taken from the stores for production purpose shall be tested, verified with its performance and forwarded to the production personnel. This is a mandatory job that has to be performed and any rejection shall be intimated to the production and as well to the purchase department. This makes the production process easier, effective and economical.

Step 3: PCB Job Work and Assembling of components

As per the drawings of the PCB given by R&D Department, job work will be assigned to some approved vendors for manufacturing the PCBs. After the PCBs are received, the assembling of components takes place followed by the loading of embodied software to the Micro Controlled Processors.

Step 4: Preparation of Power Section

Power section shall be done at the Company premises as per the required power for each different product. This power section shall be suitable for both AC and DC. Inbuilt battery shall also be provided in the power section.

Step 5: Preparation of Enclosure

Enclosures for each product shall be different in sizes and dimensions. Mechanical department shall perform this function and prepare the enclosures as per designs given by the R&D Department. This enclosure shall suit the requirements to fit all the devices and power section into it.

Step 6: Integration of PCB, Power Section and Placing in Enclosure

After loading the software, assembling the components with PCB and after preparing the power section, all the devices shall be placed into the enclosure and integrate each device.

Step 7: Testing & Calibration

Testing of each product as per the requisite results and calibrate the equipment if it meets the required specification. The results shall be as per the TEC Norms or as per the requirements of the customers.

Step 8: Quality assurance

The equipments has to undergo certain tests like environmental tests, vibration test etc. This shall be done by the customers/ Company QA Department at the premises of the Company. Company maintains the entire required infrastructure for Quality Assurance.

Step 9: Dispatch

After QA, the materials shall be sent to the dispatch section with all the relevant documents and bills etc. Dispatch shall be made with proper packing and affixing the required stickers cautioning at the time of transport.

TECHNICAL COLLABORATION FOR THE PROPOSED PROJECT

ATL has consulted Indian Institute of Technology, Chennai (IIT-M) to develop optical module for Optical Time Domain Reflectometer (OTDR) as per Type I and Type II TEC specifications. IIT-M has entered into a Memorandum of Understanding (MoU), on October 17 2006, with the following plan of actions:

- 1) IIT-M shall provide ATL a specific optical sub-system board designed for the OTDR exclusively for manufacturing and sell throughout the world. ATL shall provide test schedules of TEC to IIT-M and qualify the Board developed for OTDR within two weeks from the date of delivery of the Board;
- 2) System integration, production, testing shall be done by ATL with assistance from IIT-M. ATL will send a team to work at IIT-M during the first phase of integration;
- 3) ATL agree to pay IIT-M Rs. 10 lakhs and supply all components required during R&D. ATL will also make available any equipment required for the testing which is not available at IIT-M for development of the OTDR;
- 4) Any sub-licensing of the board designed by ATL should have written approval of IIT-M;
- 5) The object code for Signal Processing Functions of the OTDR sub-system board shall be provided to ATL as a software development kit;
- 6) ATL shall pay a royalty of 4% of sale value of the OTDR (including taxes and excise duty) with a minimum royalty of Rs. 10 lakhs per year for six years from the year of getting certification from TEC. During this six years period, IIT-M will provide maintenance of hardware/software developed by them at no extra cost. TEC amendments requiring minor changes (not more than 20 man days of work) will also be accommodated at no additional cost;
- 7) Continued support for upgrading the OTDR product will be provided at an additional cost of Rs. 10 lakhs per year, if desired by ATL; and

- 8) Any know-how, discovery of patentable invention generated as a result of the main OTDR development will be the joint property, after obtaining explicit written permission from IIT-M.

(Source: MoU with IIT, Chennai dated 17.10.2006)

INFRASTRUCTURE FACILITIES

Raw Materials

The Company sources the raw materials locally as well as imports from various countries.

Indigenous

The details of the major raw materials sourced locally are given below:

Sl.No.	Description	Sl.No.	Description
I	Faulto Meter	IV	Laser Source
1	LIFL BOX (FM111-26, TDR-25)	1	PCB DLSV2 8.2 X 7.8
2	12V7AH BATTERY	2	PCB DLSV2 10.4 X 7.1
3	DC-DC TCD 15P1	3	BRAVISH ADAPTORS
4	DC-DC S-24/40	4	89C55 WD PLCC
5	PCB-FM111 MB 9240AS	5	PCB-LSDT-MB-V2
6	87C51(FM111) LOADED	6	PCB-LV CARD
7	PCB-FM111PC	7	PCB-LS CENTRE PANEL
8	PCB-TDR PC	8	PCB-PLCC SOCKET
9	FP-FM111	9	FP-LSDT-1310NM SMALL
10	FP-TDR	10	FP-LSDT-1550NM SMALL
11	AD8044AN	11	FP-LSDT-DUAL SMALL
12	AD9240AS	12	PCB FM111 EC (002-003)
13	V-METER	13	PCB FM111 RELAY (002-002)
14	UM32609 ABS ENCLOSURES	14	PCB TEC ALL
II	Power Meter	V	Optical Variable Attenuator
1	PCB-PMDT-012A MB	1	BOX-BOS 807
2	PCB-SSPM V6	2	PCB-OVA DT-V1.0
3	87C51(PM TYPEA) LOADED	3	PCB-HHOVA-V2
4	FP-PMDT-012A(TYPE-A) NEW	4	FP-OVADT-ATL735
5	PCB-TYPE-A-SUP- PWR CORD	5	FP-HHOVA
6	FP-SSPM-V6	6	DC DC EC 4A W01
7	LCD-LCO-11	7	DC DC EC 4A W04
III	DCA	8	DC DC MI W4026
1	PCB-DCA-2MBPS	9	DCA BACK PANEL
2	PCB-DCA-PC	10	87C51 LOADED FOR OVA
3	PCB-DCA-PC WITH LB	VI	DSP
4	PCB-E1FRAMER M.B.	1	PCB-DSP CARD
5	PCB-DCA-TRIM-V1.0	2	IC-AT-29 C 010 A
6	PCB-DCA-LED	3	DC-DC-MKW1022
7	FP-DCA-ATL20	4	DC-DC-EC4BW01
8	PCB-DCA-PSU	5	DC-DC-UU22-Q5-I24 for DCA
9	LCD 16/2	6	PCB-ATPL-STEP-DC DC-PSU

Imported

The details of the major raw materials imported are given below:

Sl.No.	Description	Sl.No.	Description
I	General	IV	LS & HHLS
1	LCD-128X64	1	WTC-3243
2	LCD-128X64FOR P.M	2	IC-WJB-SO8-N
II	Power Meter	3	TEC-COOLING FILAMENT 30B
1	AD8304	4	LD-SLT-4210DN
2	LT1108	5	LD-SLT-4410DN
3	MAX3314	6	LT 1446
4	MSP430F 449IPZ	V	Optical Variable Attenuator
5	LD-PD-3305	1	MOTOR DRIVEN V.A
6	LD-PD-75P(HHPM)WITH PIGTAIL	2	METAL LOCK &CHAIN
7	PDC-75-R-S-00-00-FC/PC-0	VI	WAVESOLDERED PCBS
8	BOX-SSPM PACTEC	1	PCB-FM111-MB-9240AS
9	BOX - HP 4 AA	2	SSPM-V6
10	20DB ISOLATOR(PMDT-012A)	3	PCB-LSDT 1550NM OLD
III	DCA & SSPM	4	OVA POWER CORD PCB
1	TLV320A 1107PWR	5	LSDT-DUALV2
2	S 5535	6	WS PCB LSDT 1550NM
3	74LVX4245	7	WS PCB LSDT 1310
4	80C188 EB 20	VII	Optical Time Domain Reflectometer
5	IC-HK-SO8	1	LD-65ROSIFCXP-3E
6	XC-4010	2	FP-ETA
7	XRT-6164	3	LD OTDR PD 20
8	DS1232	4	P 1800SCMC
9	DS1646	5	82 C 55
10	DS2155	6	MAX 430F 169 IPM
11	MAX233	7	TPS 60140 PWP
12	MAX1344	8	TPS 60130 PWP
13	MAX3175	9	IC A D N 8830
14	MAX1543	10	YS LD 3525
15	PAL C22 V	11	TPS 60210
16	DS 275	12	BOX-OTDR(CHINA)
17	17LV256	13	BOX-OTDR(SHILPA)
18	PE 65857	14	SS32
19	PE 68678	15	MBRM120ET3
20	AT 17LV512A-106C	16	S12323 DS-T1

Inputs from sales/field staff across the country is also taken and sales target for the next financial year is finalized. Based on this, monthly production targets and raw materials procurement target are finalized. Sales, production and raw material procurement targets are reviewed on a regular basis depending upon market conditions and purchase orders procured. The Company normally keeps sufficient stock of raw materials for build-up of enough stock of finished goods. All the raw materials procured are tested. The test report is generated and recorded for any future reference. The raw material is released for further processing only if it passes the quality standard.

Utilities

Power

The Company meets its electricity requirement by purchasing electricity from State Electricity Board.

The Company has 2 D.G. Sets of 10 KVA each at Hyderabad and Dehradun and 1 D.G. Set of 5 KVA at Yanam for power back-up.

For Proposed Project

The Company will require additional 5 KVA for its proposed unit at Hyderabad. The Company proposes to meet its additional electricity requirement by purchasing electricity from State Electricity Board.

Fuel

The Company requires fuel for running DG set at Hyderabad, Yanam and Dehradun. The Company does not foresee any problem in sourcing of fuel.

Manpower

The Company is in a knowledge-driven industry and it believes that its employees are key contributors to its business success. To achieve this, the Company focuses on attracting and retaining the best people possible. All the employees for the operations are directly hired on the rolls of the Company. Multi-stage induction and skill enhancement training programmes are conducted to prepare the employees for the desired performance levels. Employees are offered cross-functional responsibilities to enhance their skills.

All team members are selected strictly based on established criteria considering customer's requirements. The Company looks for specific skill-sets, interests and background that would be an asset for its kind of business. Regular training is part of the Company's strategy to build a base of highly effective and efficient team.

Employee Profile

The Company's employees have diverse educational backgrounds and, as on date, comprises of Engineers, MBA, post-graduates, diploma holders and graduates. The Company believes that it has a balanced mix of experience.

The Company has a total of 61 employees as on date, comprising a blend of qualified professionals with diverse academic backgrounds.

The department wise break-up of the total employees of the Company is as follows:

Sl. No.	Particulars	Total Manpower
1.	Production	22
2.	Research & Development	3
3.	Marketing	11
4.	Finance, Accounts & Secretarial	5
5.	Administration & Human Resource	8
6.	Stores, Purchase, Service & Others	12
	Total	61

PRODUCTS

Aishwarya Telecom Limited (ATL) is a manufacturer and distributor of Test & Measurement (T&M) Instruments.

The Manufacturing Division designs, develops, manufactures and markets over 25 Telecom Testers like OTDR, Optical Power Meters, Laser Sources, Variable Attenuators, Fibre Identifiers, Optical Talk Sets, Cable Fault Locators, 2 Mbps Tester/BER Tester.

ATL is also distributor for the following companies:

- ✦ Fujikura, Japan – Ribbon Splicing Machine Model # FSM-504
- ✦ FIS Inc., USA – Fiber Optic Testers/Accessories
- ✦ Intec, Germany – ISDN Testers
- ✦ Ixia, USA – IPTV
- ✦ Sumitomo Electric Industries, Japan – Single Mode Splicing Machine
- ✦ Couei Corporation, Japan – Mobile Testers
- ✦ Exfo Electro-optical, Canada – Hi-end Optical Testers
- ✦ Orion Telecom Networks, USA – Multiplexer, Echo Cancellers and Digital Cross Connect Equipment
- ✦ Kingfisher International, Australia - Optical Testers
- ✦ Ridge Tool, Singapore – RIDGID Cable locators
- ✦ Tellhow Sci-Tech, China – Tellhow brand 30KVA Generating Set
- ✦ Intec, Germany – Intec Products
- ✦ Altesys, Italy – Single Fibre Speakerphone Talk Set
- ✦ GS Instruments, Korea – GSI's products
- ✦ Nufern, USA – Nufern Products
- ✦ SAGE Instruments Inc, USA – SAGE's Products
- ✦ LIG NEXI, Korea – Spectrum Analyzers
- ✦ Gillam FEI, Belgium – Synchronization Products
- ✦ Jiangsu Hengxin Technology, China – GSM/CDMA Products
- ✦ ZK Celltest, USA – Entire range of products
- ✦ IWT Industrielle, Germany - Entire range of products
- ✦ Rycom Instruments, USA - Entire range of products

Following is the brief description of the products manufactures/traded by the Company:

Optical Time Domain Reflectometers (OTDRs)

OTDR measure the amount of back scattered light from the optical fibre under test and therefore produce a 'footprint' of the installed optical fibre, thus producing a value for the attenuation of the fibre, usually expressed in dB/km and the length of the fibre. For this reason, the OTDR is a very useful tool for troubleshooting and for verifying the installation of the optical cable. Splice and connector loss measurements can be made as well as analysis of either sections of an installed cable or an overview of the complete end-to-end link.

Optical Variable Attenuators (OVA)

Fiber optic attenuators are devices that reduce signal power in fiber optic links by inducing a fixed or variable loss. They are used to control the power level of optical signals at the outputs of light sources and electrical-to-optical (E/O) converters. They are also used to test the linearity and dynamic range of photo sensors and photo detectors. Fiber optic attenuators use several methods of attenuation. Examples include air gaps, microbends, acousto-optic modulators, and electro-optic modulators. Air gaps between optical fibers cause light to be reflected because of the change in refractive index. Microbends are sharp curvatures with local axial displacements of a few micrometers and spatial wavelengths of a few millimeters. Microbending can cause significant radiative loss and mode coupling. Acousto-optic modulators use sound waves to modify the amplitude, frequency, or phase of light passing through an acousto-optic material. Similarly, electro-optic modulators use an electric field to alter the characteristics of light passing through an electro-optic material.

Fiber optic attenuators can use single-mode and/or multi-mode optical cable. Single-mode cable allows only one mode to propagate and features very small core diameters of approximately 8 μm . Single-mode cable permits signal transmissions at extremely high bandwidths and allows very long transmission distances. By contrast, multi-mode cable supports the propagation of multiple modes and features core diameters ranging from 50 to 100 μm . Multi-mode cable has a graded or stepped refractive index and allows the use of inexpensive light emitting diode (LED) light sources. With multi-mode cables, connector alignment and coupling is less critical than with single-mode

fibers. Because of dispersion, however, multi-mode cable provides reduced transmission distances and transmission bandwidths.

Important specifications for fiber optic attenuators include wavelength range, attenuation range, resolution, polarization dependent loss (PDL), and return loss. Attenuation range measures the signal loss produced by fiber optic attenuators. For fixed attenuators, this is a single value. For variable attenuators, this is a range of values. Resolution measures attenuation sharpness. As a rule of thumb, higher resolutions indicate sharper distinctions between attenuation levels. PDL is the polarization dependent signal loss produced by fiber optic attenuators. Return loss is the ratio of reflected power to incident power. Expressed in decibels (dB), return loss also measures the amount of reflected power on a transmission line that is terminated or connected to a passive or active device. Some fiber optic attenuators are rack-mounted or include a pigtail. Others maintain the polarization of the incoming signal.

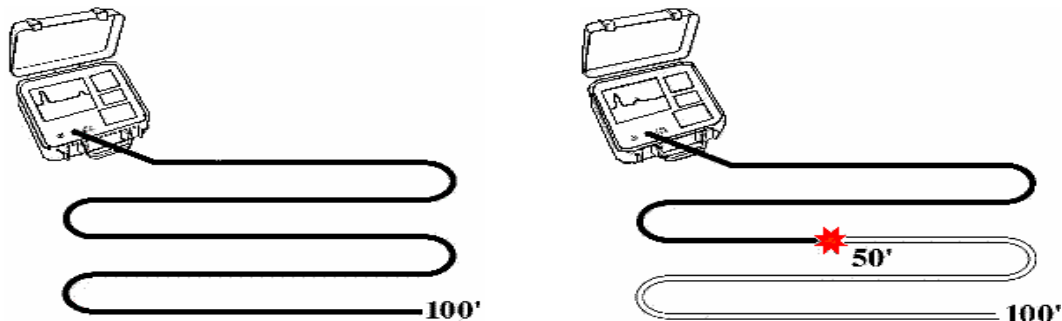
Fibre Optic Test Source

A fiber optic test source (also known as 'Light Source') is a Laser Diode or Light Emitting Diodes (LED) used to inject an optical signal into fiber to test the performance of a fiber optic system. Laser optical sources are usually used to test single mode fiber and LED optical sources. LEDs have relatively large emitting areas and as a result are not as good light sources as Laser diodes. However, they are widely used for short to moderate transmission distances because they are much more economical. Laser Diodes can couple many times more power to optical fiber than LEDs. They are primarily used for applications that require the transmission of signals over long distances.

Common features for a fiber optic test source include indicator and dual wavelength. The indicator can be a tone, a light (LED), or both. Used to indicate, power, modulation, or other signal characteristic. Dual wavelength test sources can emit two test wavelengths.

Time Domain Reflectometer - Copper Cables

A Time Domain Reflectometer (TDR – Copper Cables) works on the same principle as radar. The TDR measures the time it takes for a transmitted signal to travel down the cable, locate the problem, and reflect back. The TDR then converts this time to distance and displays the information as a waveform and/or distance reading on the front LCD panel.



MARKETING STRATEGY

The marketing department of the Company has well-experienced and qualified personnel.

Generally, BSNL, which is the biggest telecom company in India, purchases equipments through open tenders and places orders on L1 price bidder who also need to meet the technical requirements and specifications as per the standards of Telecom Engineer Center (TEC), a subsidiary of BSNL.

In this Sector, Aishwarya Telecom Limited (ATL) has an advantage in bagging the orders from BSNL, as it is the company having TEC approvals as an Indian Manufacturer.

The Private Telecom and Cellular operators such as TATA, Bharati, Reliance, etc. purchase materials on the technical performance, after-sales service and competitive prices.

The Company has marketing and service branches at Mumbai and Delhi with qualified and experienced engineers to meet the marketing requirements and to co-ordinate the marketing personnel at corporate office.

The competitors are mostly USA, Japan and Germany based companies having selling agents in India, especially for Optical Fiber Testing Equipments. As the Company is manufacturing Optical Fiber Testing Equipments indigenously, it has price advantages over other Competitors.

Apart from the competitive prices, the after-sales service and calibration service are the key factors for retaining the customers. The company has four servicing centers at Hyderabad, Mumbai, New Delhi and Dehradun and planning to establish marketing and service centers at Bangalore, Kolkata and Chennai to attend any sort of complaint and to provide services including calibration of the equipments within the scheduled time limit.

The Company has been participating, exhibiting and promoting its products in Communication Exhibitions.

Once the high end products, which are under R&D, are successfully completed, the Company is proposing to establish Marketing Office in Singapore.

The company is focused on providing quality products to meet the competition and is engaged in continuous product development for providing better services to its clients. Regular R & D activities are taken up to develop products that meet specific requirement of the customers. At the same time, the Company regularly takes feedback from its customers, which enables it to serve them in an improved and better manner. The Company would continue to adopt the existing methodology of marketing in future also.

Manufacture of T&M Instruments in India

The Indian market for T&M instruments is estimated at Rs. 602 crore for the year 2006-07. Imported instruments account for the major chunk of the market with sales estimated at Rs. 552 crore, which excludes revenues from power supplies, video test instruments, and testing equipment for aerospace segment. Indigenous instruments account for the balance market with sales estimated at Rs. 50 crores.

Agilent dominates the Indian T&M instruments market for the imported segment with market share of 29 percent. In the indigenous T&M instruments market, for the year 2006-07, Aishwarya Telecom has emerged as the dominant player with sales estimated at Rs. 22 crore and a market share of 44 percent, closely followed by Aplab with sales estimated at Rs. 21 crore and a market share of 42 percent.

(Source: Communications Today, Aug 2007, Vol. XIV No. 8)

Major Customers

The Company has some of the major customers spread out in various industries as its clientele and continuous efforts are being made to add more to the list. Mentioned below are the top 10 customers for the six months period ended December 31, 2007

S. No.	Name	Location
1	BSNL, Corporate office	New Delhi
2	Reliance Communication Infrastructure Ltd.	Navi Mumbai
3	Research Centre Imarat	Hyderabad
4	Mahanagar Telephone Nigam Ltd.	New Delhi
5	M.V. Omni Projects Ltd.	Ahmedabad
6	Advance System Laboratoris	Hyderabad
7	Videsh Sanchar Nigam Ltd.	Mumbai
8	DRDL	Hyderabad
9	DLRL	Hyderabad
10	Afritec Sarl	Paris, France

BUSINESS STRATEGY

The Company's strategy has been to concentrate in the domestic market as a preferred Quality Telecom Equipment supplier. The company has consciously focused on the telecom sector, which has been seeing unprecedented growth compared to world markets or any other sector with in India.

The Company believes that the Telecom Sector will continue to grow in the near future particularly in the areas where ATL has focus. ATL focuses in network maintenance products, which will have good demand in future. These products are also required at the time of installation and periodic maintenance of optical cable, copper cable, data and mobile networks.

ATL has also concentrated to provide technical audit services to all mobile operators by using GSM/CDMA Testers and Drive Testers. As per TRAI norms, all mobile operators shall maintain/ provide quality services to their subscribers. In a way, quality service plays a vital role in retaining the customer and reducing the shifting of customers to other mobile providers. ATL has already demonstrated these testers with some of the telecom operators. ATL shall increase its manpower in this division for technical validation services initially in 10 cities in India. This kind of services will generate revenue to the Company from mobile operators.

ATL has decided to consolidate domestic operations in selling high-end Test & Measuring Equipments, Technical Audit services for mobile operators, selling of defense related turn-key projects in the current year and then focus aggressively in export segment to the neighboring, and Middle East Markets.

Future Growth Prospects

The Company looks at future of T&M industry with optimism. It derives its optimism from various factors including the Government's emphasis on creating world-class infrastructure, favourable investment climate leading to industrial growth and booming telecommunication sector.

1. Expansion of Telecom Sector in India

The telecom service providers, both in public and private sector, plans to lay vast optical cable network to their existing networks throughout the country in the coming years. In this scenario, Test & Measurement Segment plays vital role in the Telecom Industry.

2. Application of the Company's products in other industries

The growth in demand for test and measuring instruments is visible across all sectors. T&M instruments found wide applications in telecom services with the segment accounting for the major chunk of the market, followed by R&D and Software segments and the Defense sector. The manufacturing sector and educational institutions are also making significant investments in T&M instruments. The explosive growth in infotainment industry is another factor that is expected to influence growth in the T&M industry.

Capacity and Capacity Utilisation

PRODUCT DESCRIPTION	INSTALLED CAPACITY				UTILISED CAPACITY							
	04-05	05-06	06-07	31.12.07	04-05		05-06		06-07		31.12.07*	
	Qty	Qty	Qty	Qty	Qty	%	Qty	%	Qty	%	Qty	%
Digital cable Fault Locator	200	250	300	300	127	63.5	181	72.4	33	11.0	55	24.4
Portable Cable Fault Locator	200	200	300	300	158	79.0	122	61.0	98	32.7	78	34.7
Optical Light Source 6 models	100	100	150	150	44	44.0	35	35.0	45	30.0	71	63.1
Optical Variable Attenuator 2 models	--	--	50	100	--	--	--	--	36	72.0	29	38.7
Optical Power Meter 2models	100	100	100	200	32	32.0	75	75.0	27	27.0	90	60.0

PRODUCT DESCRIPTION	INSTALLED CAPACITY				UTILISED CAPACITY							
	04-05	05-06	06-07	31.12.07	04-05		05-06		06-07		31.12.07*	
	Qty	Qty	Qty	Qty	Qty	%	Qty	%	Qty	%	Qty	%
Electronic Markers*	--	--	10000	150000	--	--	--	--	6000	60.0	5075	4.5
2Mbps Data Testers	--	--	50	100	--	--	--	--	4	8.0	95	126.7
Mini OTDR	--	--	--	200	--	--	--	--	--	--	52	34.7
RF Power Meters	--	--	--	50	--	--	--	--	--	--	0	0.0

* Annualised

Proposed Capacity Utilisation

PRODUCT DESCRIPTION	INSTALLED CAPACITY (Yearwise)			UTILISED CAPACITY (Yearwise)		
	07-08 Qty. Nos.	08-09 Qty. Nos.	09-10 Qty. Nos.	07-08 Qty. Nos.	08-09 Qty. Nos.	09-10 Qty. Nos.
Digital cable Fault Locator	300	300	300	75	225	250
Portable Cable Fault Locator	300	300	300	100	225	250
Optical Light Source 6 models	150	150	150	110	95	105
Optical Variable Attenuator 2 models	100	100	100	35	100	120
Optical Power Meter 2models	200	200	200	135	125	150
Mini OTDR	200	300	350	145	210	275
Electronic Markers	15000	15000	15000	7500	12000	14000
2Mbps Data Testers	100	100	100	185	55	75
RF Power Meters	50	50	50	-	20	30
Mainframe OTDR	--	100	150	--	75	125
Ethernet Traffic Analyzer	--	100	150	--	60	130

COMPETITION

The company faces competition from foreign T&M equipment manufacturers who have set up their offices in India. However ATL is one of the few Indian manufacturing companies having TEC approval for seventeen of its products. The Company also faces competition from the organised and unorganized sector.

COMPETITIVE STRENGTHS

The management believes that the following are the principal competitive strengths, which have contributed to the current position of the Company in this field:

Experience of the Promoters: ATL is into the business of trading and manufacturing T&M Equipments since its incorporation in 1995. Having successfully run the business for over a decade, the Promoters of ATL have gained experience in the areas of T&M equipments. The founder promoter of the Company, Mr. G Rama Manohar Reddy is an Engineering Graduate from Sri Venkateswara University having over 12 years of experience in this industry.

Skilled Team and Management: The Promoters of the Company are backed by an experienced management team. The Company has qualified and experienced manpower.

Locational Advantage: ATL have its manufacturing units at Yanam in the State of Pondicherry and at Dehradun in the State of Uttarakhand. Both these locations enjoy tax holidays under Income Tax Act, Sales Tax and Central Excise Act.

In-House Research & Development: ATL has in-house facility for conducting research. The R&D units are situated at Hyderabad. The R&D Team is equipped with the required infrastructure.

Quality Assurance: ATL has in-house facility for Quality Assurance (QA). The Company is an ISO 9001:2000 Company for Quality Management System. ATL has adopted stringent quality control systems based on the requirements of its customers.

Tie up with IIT, Chennai: ATL has entered into a Memorandum of Understanding (MoU) with Indian Institute of Technology, Chennai (IIT-M) to develop optical module for Optical Time Domain Reflectometer (OTDR) as per Type I and Type II TEC specifications.

TEC APPROVAL: ATL is one of the few Indian manufacturing companies having approval for its products from Telecom Engineering Center (TEC), a mandatory certification for promoting/selling to Public Sector undertakings like BSNL, MTNL, Railways, etc. The Company has seventeen of its products approved by TEC.

Beside Aishwarya, the other Companies that are empanelled by BSNL as the approved vendors include (as on January 26, 2008):

- (i) Trend Communications India Private Limited
- (ii) Acterna India Private Limited
- (iii) Fastech Communications (I) Private Limited
- (iv) Yokogawa India Limited
- (v) Tirumala Seven Hills Private Limited
- (vi) Aplab Limited
- (vii) Andig Systems
- (viii) Optiwave Photonics Limited
- (ix) Tektronix (India) Private Limited
- (x) Agilent Technologies India Private Limited

(Source: <http://www.qa.bsnl.co.in/tsec/vendorlist>)

EXPORT POSSIBILITIES AND EXPORT OBLIGATIONS

ATL does not have any export obligation as on date. The Company may explore the possibilities of exporting the products after the proposed expansion project.

QUALITY ACCREDITATIONS AND CERTIFICATION

The Company has well defined stringent quality standards with a customer focus. The Company constantly improves its processes, human knowledge and skills to enhance customer satisfaction.

The Company has been certified as ISO 9001:2000 compliant Company by Det Norske Veritas Management System Certificate vide Certificate No. 12200-2007-AQ-IND-RvA dated January 18, 2008 which is valid up to September 30, 2010. It certifies the Company's Quality Management System in the areas of design, develop and manufacture of telecommunication range of products such as copper test equipment, fibre optic test equipment and trading of data test equipment in accordance with Telecom Service providers requirements.

The Company has also received the product approval certificates for its seventeen products from Telecommunication Engineering Centre (TEC), Government of India.

INSURANCE

The Company has insurance policies that cover its assets and operations, including third party liabilities. The assets covered by these policies are insured against losses fire and special perils policy, earthquakes, terrorism and other risks to the Company's premises and equipment. However, Insurance policies of the Company may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage.

Details of the insurance policies of the Company are as provided hereunder:

Name of the Insurance Company	Description of property	Nature of Insurance	Total sum Insured (Rs.)	Policy Number	Date of Commence-ment	Date of expiry
The Oriental Insurance Company Limited	<ul style="list-style-type: none"> • Stock- R&D Capital Equipment • Computers and Printers • Furniture, Fixture and Fittings • Plant and Machineries equipment at Hyderabad Offices 	Fire and Earthquake	2,84,40,634	431103/11/2008/35	31.05.2007	30.05.2008
The Oriental Insurance Company Limited	Computers and Printers at Delhi	Fire, Terrorism and Earthquake	39,769	431103/11/2008/38	31.05.2007	30.05.2008
The Oriental Insurance Company Limited	<ul style="list-style-type: none"> • Furniture, Fixture and Fittings • Other contents- Equipment at Dehradun factory 	Fire and Earthquake	35,16,739	431103/11/2008/37	31.05.2007	30.05.2008
The Oriental Insurance Company Limited	<ul style="list-style-type: none"> • Computers and Printers • Furniture, Fixture and Fittings • Plant & Machinery - Equipment at Yanam factory 	Fire and Earthquake	9,24,964	431103/11/2008/36	31.05.2007	30.05.2008
The Oriental Insurance Company Limited	Products of the Company	Marine Cargo Open Policy from Yanam to anywhere in India	30,00,000	431103/21/2008/45	08.08.2007	07.08.2008
The Oriental Insurance Company Limited	Products of the Company	Marine Cargo Open Policy from Dehradun to anywhere in India	30,00,000	431103/21/2008/109	12.02.2008	11.02.2009
The Oriental Insurance Company Limited	Products of the Company	Marine Cargo Open Policy from Hyderabad to anywhere in India	50,00,000	431103/21/2008/44	08.08.2007	07.08.2008

Name of the Insurance Company	Description of property	Nature of Insurance	Total sum Insured (Rs.)	Policy Number	Date of Commencement	Date of expiry
The Oriental Insurance Company Limited	Products of the Company	Marine Cargo Open Policy from anywhere in World to Hyderabad	1,20,00,000	431103/21/2008/75	28.11.2007	27.11.2008

Vehicle Insurance

The Company has insured 1 four – wheeler vehicles, which is owned by the Company.

Name of the Insurance Company	Vehicle Make& Model	Total sum insured (Rs.)	Policy Number	Date of Commencement	Date of expiry
The Oriental Insurance Company Limited	Honda City 1.5 Exi	4,76,000 (Rupees Four Lakh Seventy Six Thousand only)	431103/31/2008/3487	22.12.2007	21.12.2008

The Company believes that the above policies are adequate to cover all material risks.

PROPERTY

Owned Properties

There is no property owned by the Company.

Leased and Rented Immovable Properties

Sr. No	Address and Brief Description of Property	Lessor	Agreement Date & Period	Lease Rent (Rs.)
1	Industrial Plot No. F-102 UPSIDC Industrial Area Selaqui Dehradun, Uttarakhand Total land area admeasuring 916 sq mtrs out of which constructed area admeasuring approx 3000 sq. feet is under lease	Mrs. Rajshree Gusain W/o – Mr. Vikash Gusain	Lease Agreement dated 27.03.2006 Period – 5 years from 01.05.2006 and extendable for further period of 5 years	Rs. 1,00,000 towards interest free security deposit plus Monthly lease rent of Rs. 35,000 p.m. with an escalation clause of 8% p.a. on the lease rent of 2nd year
2	Door No. 4-291A, Lalitha Lane Anyam Gardens Yanam, Pondicherry Ground floor of the premises	Mrs. Kota Sharda W/o – Mr. Babu Rao	Lease Agreement dated 27.10.2003 Period – For 5 years from 27.10.2003 till 26.10.2008	Rs. 1,500 p.m. with an escalation clause of 20% p.a.
3	Door No. 2-330, Thota Street Yanam, Pondicherry	Mr. Villa Venkata Rao S/o – Late Venkata Reddy	Lease Agreement dated 05.09.2003 Period – For 5 years from 05.09.2003 till 04.09.2008	Rs. 5,000 p.m.
4(a)	17/7, West Patel Nagar New Delhi – 110 008 2nd floor (without terrace roof rights) area admeasuring 200 sq. yards	Mr. Anil Kumar Narang S/o – Late Bhushan Lal Narang	Rent Deed dated 20.12.2006 Period – 24 months from 24.12.2006	Rs. 33,000 towards interest free security deposit plus Rs. 9,000/- p.m. towards rent. 10% increase in rent after 11 months
4(b)	17/7, West Patel Nagar New Delhi – 110 008	Mrs. Renu Narang W/o - Mr Anil Kumar Narang	Lease Deed for fittings and fixtures dated	Rent of Rs. 5,500/- p.m. for fitting and fixture. 10% increase

Sr. No	Address and Brief Description of Property	Lessor	Agreement Date & Period	Lease Rent (Rs.)
	Furniture, Fixtures and Fittings of built up second floor at 17/7, West Patel Nagar New Delhi – 110 008		20.12.2006 Period – 24 months from 24.12.2006	in rent after 11 months
5	Flat No. B-601, RNA Heights Vikhroli Link Road Jogeshwari, Andheri (E) Mumbai – 400 093 Flat admeasuring 796 sq feet build up area	Mr Vinod Lund & Mr Gopal Lund Mumbai	Leave & License Agreement dated 07.12.2007 Period – 11 months from 10.12.2007 to 09.11.2008	Rs. 1,00,000 towards interest free security deposit plus rent of Rs. 19,800 p.m.
6(a)	3-C, Samrat Commercial Complex Saifabad, Khairatabad Hyderabad – 500 004 Flat admeasuring 2000 sq. feet	Mrs G Bharathi Devi	Rental Agreement Deed dated 30.05.2007 Period – 2 years i.e. w.e.f. 01.06.2007 upto 31.05.2009	Rs. 72,000 towards interest free security deposit plus rent of Rs. 11,025 p.m.
6(b)	3-C, Samrat Commercial Complex Saifabad, Khairatabad Hyderabad – 500 004 Flat admeasuring 2000 sq. feet	Mrs G Krishnaiah	Agreement dated 30.05.2007 Period – 2 years i.e. w.e.f. 01.06.2007 upto 31.05.2009	Rent of Rs. 8,820 p.m. for fitting and fixtures.
7	4-A, Samrat Commercial Complex Saifabad, Khairatabad Hyderabad – 500 004 Flat admeasuring 2161 sq. feet	Mrs Potti Jhansi W/o – Mr Subramanyam	Rental Agreement dated 15.05.2007 Period – From 01.03.2007 to 28.02.2009 with an option to extend further	Rs. 1,14,000 towards interest free security deposit plus Rs. 10,925 p.m. towards rent and Rs. 10,925 p.m. towards rent for usage of existing infrastructure aggregating to Rs. 21,850 p.m.

Property to be purchased from the IPO Proceeds

The following properties are proposed to be purchased out of the proceeds of the issue.

Sr. No	Address and Description of property	Name, Address and Occupation of Vendor	Agreement Date/ Nature of Title or Interest in property to be acquired	Amt. (Rs. in lacs)	Amt. paid as Advance (Rs. in lacs)	Balance Amt payable (Rs. in lacs)
1	Municipal Nos. 1-3-1026 & 1027, Singadigunta Kavadiguda Hyderabad – 500080 Plot (with compound wall) admeasuring 643 sq. yards.*	Mr G Rama Manohar Reddy H.No. 12-2-417/A/30 LIC Colony, Jaynagar Gudimalkapur Hyderabad – 500 028 Occupation: Business	Agreement for Sale dated 28.04.2007 and Renewed Agreement Dated 01.11.07	225.05	3.00 vide Cheque No.891380 dated 28.04.07	222.05 within 30.04.2008
2	Sy. No. 69/A, Shambupur Village Bowrempet Gram Panchayat Quthbullapur Mandal R.R. Dist. Hyderabad Freehold open land bearing admeasuring 4694.80 sq. yards	Mrs G Amulya Reddy H.No. 12-2-417/A/30, LIC Colony, Jaynagar Gudimalkapur Hyderabad – 500 028 Occupation: Business	Agreement for Sale dated 20.04.2007 and Renewed Agreement Dated 01.11.07	115.00	2.00 vide Cheque No.891379 dated 20.04.07	113.00 within 30.04.2008

* The said property is encumbered by a mortgage to Industrial Development Bank of India Limited (IDBI Bank) against a housing loan of Rs. 80 lacs taken by the vendor Mr. G Rama Manohar Reddy. As on March 3, 2008, the outstanding loan amount was Rs. 74.20 lakhs. Till such time the loan of IDBI Bank is subsisting, the vendor cannot sell the encumbered property without the express consent of IDBI Bank. Similarly, the Company cannot obtain any loan from any quarter on the said property without the express consent of IDBI Bank. Unless the consideration paid, if any, under the above agreement is first applied towards the repayment of loan taken from IDBI Bank, the Company cannot claim any right of ownership in the said property. Further, no express consent of IDBI Bank has been obtained by Mr G Rama Manohar Reddy, Promoter and Managing Director of the Company for sale of the said property. The consent would be required at the time of transfer of the encumbered land to the Company. The express consent would be obtained at the time of the said sale. The Company had paid an advance of Rs. 3 lakhs to Mr G Rama Manohar Reddy for the said plot of land. Mr. G Rama Manohar Reddy, Promoter and Managing Director of the Company has undertaken that the sale consideration paid to him by the Company under the sale agreement would be first applied by him towards the repayment of the loan taken from IDBI Bank.

Except as stated above, there is no other property which the company has purchased or acquired or propose to purchase or acquire which is to be paid for whole, or in part, from the net proceeds of the issue or the purchase or acquisition of which has not been completed on the date of this Red Herring Prospectus.

INTELLECTUAL PROPERTY

Trade Marks

The Company has filed the following application to register the Trademarks with the Registrar of Trademarks. The Office of the Trademark Registry at I.P.R. Building, G.S.T. Road, Guindy, Chennai – 600 032:

Trade Marks	Filed on	Applicant	Class	Status
AISHWARYA TELECOM LIMITED	12.02.2007	Aishwarya Telecom Limited	009	Pending
AISHWARYA TELECOM (logo)	12.02.2007	Aishwarya Telecom Limited	009	Pending



**AISHWARYA™
TELECOM
LIMITED**

ATL has been intimated by the Andhra Pradesh Technology Development & Promotion Centre to use the symbol TM at the top end of its brand name, vide its letter dated February 20, 2007.

Patents

ATL has filed the following application to register its Patent with The Patent Office, Government of India, at I.P.R. Building, G.S.T. Road, Guindy, Chennai – 600 032:

Product	Filed on	Patent Application No.
Highly Stabilised Laser Source for Optical Networking Application	26.12.2005	1921/CHE/2005

KEY INDUSTRIAL REGULATIONS

Industrial Licenses are regulated under the Industries (Development & Regulation) Act, 1951. The requirements of Industrial Licences have been progressively reduced and Electronic – Components/Instrumentation & Process Control Equipments is not amongst the industries that require compulsory industrial licensing.

(Source: Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India. Website Link: http://dipp.nic.in/manual/manual_0403.pdf)

The Company though manufacturing products for the Telecom Industry does not come under the purview of TRAI, since its activities; do not fall under any of the services listed under the TRAI Regulations.

HISTORY AND CORPORATE STRUCTURE OF THE ISSUER COMPANY

Incorporation and Initial Progress

Aishwarya Telecom Limited (ATL) was promoted by Mr G Rama Manohar Reddy. Mr G Rama Manohar Reddy and Mrs G Amulya Reddy were the partners of the then partnership firm named 'Advanced Electronics & Communications System'. ATL was formed by taking over the business of the said partnership firm and was incorporated as Aishwarya Telecom Private Limited on June 2, 1995 with the Registrar of Companies, Andhra Pradesh, Hyderabad. Subsequently, it was converted into a Public Limited Company on July 12, 2005 and the name of the Company was changed to Aishwarya Telecom Limited and a fresh Certificate of Incorporation obtained from the Registrar of Companies, Andhra Pradesh, Hyderabad.

The Registered Office of the company is located at 3-C Samrat Commercial Complex, Saifabad, Hyderabad, Andhra Pradesh. The concerned Registrar of Companies is ROC, Andhra Pradesh at Hyderabad. ATL is based at Hyderabad with production at Yanam in Pondicherry state and Dehradun in Uttarakhand State, with branches in New Delhi and Mumbai.

Details of the Business

Aishwarya Telecom Limited is ISO 9001:2000 Certified Company manufacturing Fibre Optic Test Equipments & Cable Fault Locators.

Aishwarya Telecom Limited (ATL) started its operations in the year 1995 with specialisation in designing, manufacturing and marketing of Telecom Test & Measuring equipment for Copper, Optical and Data Networks. ATL is having strength of 61 employees. ATL manufactures 22 types of testers and 17 products are having approval from Telecom Engineering Centre (TEC).

Currently, ATL manufactures products for Telephone Service Providers, Defence Sector, Railways, Telecom equipment manufacturing companies and Cable TV Operators. ATL is planning to expand in to designing products for Defence Sector and Educational Sector also.

Initially, ATL concentrated on catering to the Public Sector Telephone Service providers, Railways and Defence Establishments. In the recent past it has taken orders from the Private Telephone Service providers. The focus is to further increase sales revenues from the Private Sector companies.

ATL strategy is to develop high-end test equipments, which could be expensive but have good demand and could be a potential market for few years. The strategy is to design the products and produce them at low cost and take bigger market share.

In the year 1998, ATL developed first Digital Cable Fault Locator for localising low insulation faults in Telecom Copper Cables. In the same year Telecom Engineering Center (TEC), Department of Telecom (DoT), has approved the specifications of Digital Cable Fault Locator of the Company.

In the year 1999-2000, the company has developed a Portable Cable Fault Locator and Universal Cable Fault Locator, which is a single unit having all the features to localise multiple faults in Telecom Copper Cables i.e., features of Portable Cable Fault Locator and features of Digital Cable Fault Locator.

In 2001, the first Optical Test Equipment (Optical Light Source) was developed by the Company indigenously. The next year, the company developed further 8 products in the Optical fiber division for different field application of Optical Cable networks.

In the year 2003, ATL diversified into defence sector supplying optical related products. In 2004, it further diversified into service sector by taking turn-key projects for network synchronization for their 35,000 kms OFC network. In 2006, ATL tied up with Indian Institute of Technology (IIT), Chennai for development of OTDR module.

Pre-IPO Placements

The Company, on January 25, 2008 and January 30, 2008, completed Pre-IPO Placement of 12,00,000 Equity Shares of Rs. 10 each directly to certain Body Corporate, Resident Indians and Non-Resident Indians, and raised Rs. 468.50 lakhs. No Pre -IPO shares have been allotted to the

Promoters/promoter group of the Company. Details of the above investments are mentioned at page no. xxi of this Red Herring Prospectus.

Major events in the history of the Company are as follows:

Year	Major Events
1995	Incorporated as Aishwarya Telecom Private Limited on June 2, 1995 with the Registrar of Companies, Andhra Pradesh for manufacture of telecommunication cable fault locators.
1998	<ul style="list-style-type: none"> The company has developed first Digital Cable Fault Locator for localising Low Insulation faults in Telecom Copper Cables. In the same year Telecom Engineering Center, Dept. Of Telecom, has approved the specifications of Digital Cable Fault Locator of the company.
1999-2000	The company developed Portable Cable Fault Locator and another combined unit of Digital Cable Fault Locator and Portable Cable Fault Locator (Universal Cable Fault Locator).
2001	The company has indigenously developed an Optical Light Source, the first Optical Test Equipment of the Company.
2002-2003	The company has developed further 8 products in the Optical fiber division for different field application of Optical Cable networks
2003	Diversified into defence sector supplying optical related products
2004	<ul style="list-style-type: none"> Further diversified into service sector by taking turnkey projects from Tata Teleservices for network synchronisation for their 35,000 kms OFC network. The Company has been certified as ISO 9001:2000 compliant Company by Det Norske Veritas Management System Certificate vide Certificate No. 01389-2004-AQ-BOM-RvA dated September 30, 2004, valid till September 30, 2007.
2005	Converted into a public limited company and the name of the Company was changed to Aishwarya Telecom Limited vide fresh certificate of incorporation dated July 12, 2005
2006	Tied up with IIT, Chennai for joint product development for OTDR Module.
2008	The Company has been certified as ISO 9001:2000 compliant Company by Det Norske Veritas Management System Certificate vide Certificate No. 12200-2007-AQ-IND-RvA dated January 18, 2008, valid till September 30, 2010

Main Objects of the Company:

The main objects of the company as set forth in the memorandum of association of the company are as follows.

1. To acquire the Partnership Business, including assets and liabilities, carrying on the business of manufacturing electronics and communication equipments in the name and style of Advanced Electronics & Communications System on going concern basis and to continue the same business.
2. To manufacture, assemble, buy, sell, export, import, dealing, repair, convert, service, alter, maintain and improve all types of electronic components, devices, equipments and appliances equipments such as cable fault detectors, cable length indicators and related systems.

The Object Clauses of the Memorandum of Association enables the Company to undertake activities for which the funds are being raised in this issue and also the activities, which the Company has been carrying on till date.

Changes in Memorandum of Association of Aishwarya Telecom Limited

Since incorporation, the following changes have taken place in the Company's Memorandum of Association:

Date of Amendment	Amendment
10.03.2001	Change in Authorised Capital i.e., increase of Equity Share Capital from Rs. 5 lakhs to Rs. 50 lakhs.
31.03.2003	Change in Authorised Capital i.e., increase of Equity Share Capital from Rs. 50 lakhs to Rs. 100 lakhs.
18.12.2003	Reduction in face value of Equity Share Capital from Rs. 100 per share to Rs. 10 per share.
31.03.2004	Change in Authorised Capital i.e., increase of Equity Share Capital from Rs. 100 lakhs to Rs. 150 lakhs.
15.03.2005	Change in Authorised Capital i.e., increase of Equity Share Capital from Rs. 150 lakhs to Rs. 500 lakhs.
12.07.2005	Conversion from Private Limited Company to Public Limited Company.
06.12.2005	Change in Authorised Capital i.e., increase of Equity Share Capital from Rs. 500 lakhs to Rs. 650 lakhs.
15.02.2007	Change in Authorised capital i.e., increase of Equity Share Capital from Rs. 650 lakhs to Rs. 1200 lakhs.

The details of the capital raised are given in the section "Capital Structure" beginning from page no. 20 of the Red Herring Prospectus.

Subsidiaries of the Issuer Company

The Company has no subsidiary company as on date.

Shareholders Agreements

At present there are no shareholding agreements between the Company and any other person.

Other agreements

The Company has not entered into agreement(s) except as mentioned below:

- I. Share Subscription Agreement (Agreement) dated 15th June, 2006 between M/s Futurtec OY (Ltd), ("Futurtec") a limited liability company incorporated under laws of Finland, having its registered office at Lammitajankatu, 6, 00880 Helsinki, Finland and the Company. The salient features of the Agreement are as follows:
 - a. Both Futurtec and the Company have expressed their willingness to form a Joint Venture Company (JVC) with the name of M/s Aishwarya Futurtec Private Limited (hereinafter referred to as AFPL) under the laws of India for the purpose of manufacturing and designing of products, undertake turnkey projects, supply services and products for all sectors of the Indian and export infrastructure market segments such as but not limited to bridges, roads and railways.
 - b. Upon incorporation of AFPL, both the Company and Futurtec shall invest in AFPL as per this Agreement and will assign rights and obligations conferred upon it to AFPL to supply the proposed product and service
 - c. Futurtec will invest in the JVC by not less than Euro 15,150 being 51% in the Equity Shares of AFPL and shall continue to hold the same level of equity for a period of atleast one year from the date of commencement of company's operations.
 - d. ATL shall invest in the JVC by not less than Euro 14,850 being 49% in the Equity Shares of AFPL and shall continue to hold the same level of equity for a period of atleast one year from the date of commencement of company's operations.
 - e. ATL will appoint Mr. Manohar Reddy and Futurtec will appoint Mr. Mario Fustinoni as First Directors of the JVC who shall jointly and unanimously decide on various matters pertaining to the operation and management of the JVC.

The Joint Venture Company to be formed alongwith M/s Futurtec vide the abovementioned Share Subscription Agreement dated June 15, 2006 is yet to be formed.

II. ATL has entered into a Memorandum of Understanding (MoU), on October 17 2006 with Indian Institute of Technology, Chennai (IIT-M) for the development of Optical Time Domain Reflectometer (OTDR) as per Type I and Type II TEC specifications. For further details, please refer to the section titled "Technical Collaboration for Proposed Project" at page no. 79 of this Red Herring Prospectus.

III. ATL has entered into an Agreement on March 29, 2005 with Department of Scientific & Industrial Research (DSIR) set up under Ministry of Science and Technology, Government of India, and National Research Development Corporation (NRDC), whereby DSIR has, under its scheme named "Technology Development & Demonstration Programme" (TDDP), agreed to partially fund the project for development of Optical Time Domain Reflectometer (OTDR) in collaboration with IIT Chennai. NRDC on behalf of DSIR and ATL has agreed to licence the technologies developed through the project to third parties.

For meeting the expenditure on the project, the parties concerned shall provide the following finances:

(i) Grant-in-Aid by DSIR	Rs. 35.00 lakhs
(ii) Funding by ATL	Rs. 52.19 lakhs

Strategic Partners

The Company, as on date, has no strategic partners.

Financial Partners

The Company as on date has no financial partners.

MANAGEMENT

As per the Articles of Association, the Company shall not have less than three (3) and not more than twelve (12) Directors, including Special, Technical, Additional, Alternate, Nominated or Debenture Directors, if any. As of February 20, 2008, the Company has six (6) Directors out of which only two (2) are whole time Directors.

Board of Directors

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

Sl. No.	Name, Designation, Father's/ Husband's Name Qualification, Address, Date of Birth, Age, Occupation, Term and DIN	Date of Appointment	Other Directorships
1.	<p>MR G RAMA KRISHNA REDDY <i>Chairman (Non-Executive)</i> S/o Late G Musal Reddy B. A. H No. 12-2-417/A/30, LIC Colony Gudimalkapur, Mehdiapatnam Hyderabad – 500 028 DOB: 17.02.1937 Age: 71 Years Occupation: Business Term: Retire by Rotation DIN: 00136203</p>	<p>30.03.2005. (Appointed as a Whole-Time Director w.e.f. 01.06.2005. Re-appointed as a Non-Executive Chairman of the Company w.e.f. 31.08.2006)</p>	None
2.	<p>MR G RAMA MANOHAR REDDY <i>Managing Director</i> S/o Mr G Rama Krishna Reddy B. Tech (ECE) H No. 12-2-417/A/30, LIC Colony Gudimalkapur, Mehdiapatnam Hyderabad – 500 028 DOB: 04.05.1964 Age: 43 Years Occupation: Business Term: 5 Years (April 1, 2004 to March 31, 2009) DIN: 00135900</p>	<p>02.06.1995 (Since Inception) Appointed as Managing Director in the Board meeting dated 02-06-1995 w.e.f.01-07-1995. Reappointed as Managing Director in the Board meeting dated 24-03-1999 w.e.f 01-04-1999. Reappointed as Managing Director in the Board meeting dated 27-02-2004 w.e.f 01-04-2004</p>	None
3.	<p>MRS G AMULYA REDDY <i>Whole Time Director</i> W/o Mr G Rama Manohar Reddy B Com H No. 12-2-417/A/30, LIC Colony Gudimalkapur, Mehdiapatnam Hyderabad – 500 028 DOB: 03.04.1972</p>	<p>02.06.1995 (Since Inception) Appointed as Whole-time Director in the Board meeting dated 02-06-1995 w.e.f:01-07-1995. Reappointed as Whole-time</p>	None

Sl. No.	Name, Designation, Father's/ Husband's Name Qualification, Address, Date of Birth, Age, Occupation, Term and DIN	Date of Appointment	Other Directorships
	<p>Age: 35 Years</p> <p>Occupation: Business</p> <p>Term: 5 Years (April 1, 2004 to March 31, 2009)</p> <p>DIN: 00136428</p>	<p>Director in the Board meeting dated 4-03-1999 w.e.f 01-04-1999.</p> <p>Reappointed as Whole-time Director in the Board meeting dated 27-02-2004 w.e.f 01-04-2004.</p>	
4.	<p>MR K HARI KRISHNA REDDY <i>Director (Independent)</i></p> <p>S/o Mr Appi Reddy Kallam</p> <p>F.C.A.</p> <p>1-4-971/972, Flat No 404, Partani Tower Golconda Cross Road, Musheerabad Hyderabad – 500 020</p> <p>DOB: 21.01.1970 Age: 38 Years</p> <p>Occupation: Practising Chartered Accountant</p> <p>Term: Retire by Rotation</p> <p>DIN: 01302713</p>	<p>31.08.2006</p> <p>Appointed as Additional Director and regularized in the Annual General Meeting held on 25-06-2007</p>	None
5.	<p>MR D VENKATA SUBBIAH <i>Director (Independent)</i></p> <p>S/o Mr Narayanayya</p> <p>B Tech (ECE)</p> <p>201, Umanagar Galaxy Apartments Umanagar, Begumpet Hyderabad – 500 013</p> <p>DOB: 01.07.1942 Age: 65 Years</p> <p>Occupation: Service</p> <p>Term: Retire by Rotation</p> <p>DIN: 00006618</p>	<p>15.09.2006</p> <p>Appointed as Additional Director and regularized in the Annual General Meeting held on 25-06-2007</p>	1. Bhagyanagar India Limited
6.	<p>MR VENKATARAMAN KRISHNAN <i>Director (Independent)</i></p> <p>S/o Mr Tediur Venkataraman</p> <p>B.Com, FCII (London)</p> <p>12-2-418/3/17, Viswasnagar Colony Gudimalkapur, Mehdipatnam Hyderabad – 500 028</p> <p>DOB: 28.09.1938 Age: 69 Years</p> <p>Occupation: Retired</p> <p>Term: Retire by Rotation</p>	<p>28.05.2007</p> <p>Appointed as Additional Director and regularized in the Annual General Meeting held on 25-06-2007</p>	None

Sl. No.	Name, Designation, Father's/ Husband's Name Qualification, Address, Date of Birth, Age, Occupation, Term and DIN	Date of Appointment	Other Directorships
	DIN: 01372617		

BRIEF PROFILE OF THE DIRECTORS

Mr. G Rama Krishna Reddy, *Chairman*

Mr. G Rama Krishna Reddy, aged 71 years is a graduate and a retired Deputy Zonal Manager of LIC Mutual Fund. After his graduation in economics and politics from Sri Venkateswara University, he joined as a Development Officer in the Life Insurance Corporation of India ("LIC"). After completion of five years of his service, he was promoted to the post of Assistant Branch Manager. In 1993, he was promoted to the cadre of Deputy Zonal Manager and posted at Zonal Office at Hyderabad and was in-charge of Mutual Funds. He retired as a Deputy Zonal Manager in the year 1995. Later, he rendered his services as Marketing Consultant for AMP SANMAR Life Insurance Company, an Australia based insurance company and was In-Charge for its South India Marketing Division. Mr. G Rama Krishna Reddy was appointed as a Whole-Time Director of the Company with effect from June 1, 2005. He resigned from the post of Whole-Time Director w.e.f. August 31, 2006 and became a Non-Executive Director & Chairman. He is a member of the Audit Committee, Remuneration Committee, Share Transfer Committee, Management Committee and Chairman of Shareholders' Grievance Committee of the Company.

Mr. G Rama Manohar Reddy, *Managing Director*

Mr. G Rama Manohar Reddy, aged 43 years, is the founder Director of the Company. Mr. G Rama Manohar Reddy is an Engineer of 1986 batch from Sri Venkateswara University with specialisation in Electronics & Communications. He has worked with M/s Usha Rectifiers, M/s Zenith Computers and M/s Mekaster Ltd. in various Managerial Positions. He is the first generation entrepreneur. In the year 1995, he incorporated Aishwarya Telecom Private Limited. He was appointed as the Managing Director of the Company on July 1, 1995 and holds the position till date. Besides, the day-to-day affairs of the Company, he also looks after the technical, production and marketing department of the Company. He is a Chairman of the Share Transfer Committee and Management Committee of the Company.

Mrs. G Amulya Reddy, *Whole Time Director*

Mrs. G Amulya Reddy, aged 35 years, is the wife of Mr. G Rama Manohar Reddy. She is a commerce graduate having exposure in administration, public relations, corporate communications and manpower management. She is the Whole-Time Director of the Company since incorporation of the Company since 1995. She supervises the administration, public relations and corporate communications functions of the Company. She is one of the founder Promoter and Director of the Company.

Mr. K Hari Krishna Reddy, *Independent Director*

Mr. K Hari Krishna Reddy, aged about 38 years is a practising Chartered Accountant by profession. He possesses around ten years of experience in the field of audit, income tax, company law matters, consultancy, etc. Mr. K Hari Krishna Reddy has been appointed as an Additional Director of the Company on August 31, 2006. He is an Independent Non Executive Director of the Company and is the Chairman of the Audit Committee and the Remuneration Committee and a member of the Shareholders' Grievances Committee, Share Transfer Committee and the Management Committee of the Company.

Mr. D Venkata Subbiah, *Independent Director*

Mr. D Venkata Subbiah aged 65; graduated in 1966 in Electronics and Communications and is a gold medalist from Andhra University. He started his career in Radar Division of Bharat Electronics at Bangalore for about a year before joining the Telecom Research Centre (TRC), which is the sole and prime R&D organisation of Department of Telecommunications (DoT). He has wide experience in R&D work and engineering of Radio Relay systems covering VHF, UHF and Microwave Bands. His design ideas have been published in several foreign technical journals. He has won design award from EDN Magazine, USA. He is a Fellow of Institution of Electronics and Telecommunications Engineers (IETE). After formation of Telecom Engineering Centre (TEC) in 1991, he was appointed

the founder Director of TEC Central Region, which looks after standardisation and type approval of telecom products and telecom services for manufacturers, traders and service providers, both national and international. In 1993, he was elevated to the post of Deputy Director General of TEC. After serving for 35 years in the Government at various positions, he retired in July 2002. At present, he is also a Director of Bhagyanagar India Limited, Hyderabad and is also in the panel of telecom experts to advise the Department of Science & Technology. He has been appointed as an additional Director of the Company w.e.f. 15.09.2006. He is a member of the Audit Committee, Remuneration Committee, Shareholders' Grievance Committee of the Company.

Mr. Venkataraman Krishnan, *Independent Director*

Mr. Venkataraman Krishnan aged 69, is a Graduate in Commerce and an FCII from London. He has served Life Insurance Corporation of India ("LIC") for forty years. During his tenure in LIC, he served many important positions like Head of Nashik, Kadappa and Hyderabad Divisions of LIC and also as a Regional Manager (Personnel & Industrial Relations) of LIC at Mumbai (i.e. Western Zone). He was also a Nominee Director of LIC in Shirpur Paper Mills. Finally, he retired as an Executive Director (Finance & Accounts) of LIC in September 1996. After his retirement, he associated himself as a visiting faculty in ICFAI and many other insurance institutes like Subodha, Sterling, School Net and Pasha Institute of Management. He has been appointed as an additional Director of the Company w.e.f. from 28.05.2007.

DETAILS OF BORROWING POWERS

As per the relevant clauses of the Articles of Association:

67. Subject to the provisions of these Articles and of the Act, the Directors may exercise all the powers of the company to borrow money, and to mortgage or charge its undertaking, property (both present and future) and uncalled capital, or any part thereof and to issue debenture-stock and other securities whether outright or as security for any debt, liability or obligation of the company or of any third party.
68. The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the board may think fit, and in particular by a resolution passed at a meeting of the board (and not by circulation) by the issue of debentures-stock of the company, charged upon all or any part of the property of the company, (both present and future), including its uncalled capital for the time being.
69. Any debentures, debenture-stock, other securities may be issued at a discount, premium or otherwise, may be made assignable free from any equities between the company and person to whom the same may be issued and on the condition that they shall be convertible into shares of any authorised denomination, and with privileges, and conditions as to redemption, surrender, drawings, allotment of shares, attending (but not voting) at general meetings, appointment of Directors and otherwise. Provided that debentures with the right to allotment of or conversion into shares shall not be issued except with the sanction of the company in company meeting.
70. All cheques, promissory notes, hundies, bills of exchange and other negotiable instruments, and all receipts for money paid to the company, shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, by such person and in such manner as the board may from time to time by resolution determine.
71. The directors may, subject to the provisions of section 293 of the Act, borrow sum of money and where the moneys to be borrowed together with the moneys already borrowed by the company (apart from temporary loans obtained from the company's bankers in the ordinary course of business) exceed the aggregate of the paid-up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose, the sanction of the General meeting should be obtained and every resolution passed by the company in relation to the exercise of the power referred to in the Article shall specify the total amount up to which moneys may be borrowed by the Board of Directors.

Further a resolution was passed in the Extra-Ordinary General Meeting of the shareholders of the Company held on June 17, 2006 wherein the consent of the Company was accorded to the Board of Directors to borrow from time to time, any sum or sums of money, which together with the money already borrowed by the Company may exceed the aggregate of the paid up capital and free reserves provided that the total money so borrowed shall not exceed Rs. 50 Crores.

TERMS OF APPOINTMENT & COMPENSATION OF DIRECTORS

i. Mr. G Rama Manohar Reddy, Managing Director

Mr. G Rama Manohar Reddy was first time appointed as Managing Director w.e.f July 1, 1995 for a period of 5 years upto June 30, 2000, which was taken on record by the Board of Directors in its meeting, held on June 2, 1995.

He was re-appointed as Managing Director for a further period of 5 years from April 1, 1999 to March 31, 2004.

He has been re-appointed as a Managing Director for a further period of 5 years w.e.f. April 1, 2004 at the meeting of Board of Directors held on February 27, 2004 on a remuneration of 22,500 per month and other benefits as applicable to the employees as per the policy of the Company. In the Board Meeting held on June 1, 2005, his remuneration was increased to Rs. 32,500 per month w.e.f. June 1, 2005, other terms remaining unchanged. His remuneration was further increased to Rs. 1,00,000 per month with effect from April 2, 2007 for the remaining tenure of his appointment, such that the aggregate of the remuneration and perquisites payable to him alongwith those payable to the Whole-time Director shall not exceed 10% of the profits of the Company calculated in accordance with the provisions of section 309 of the Companies Act, 1956. In the event of loss/inadequacy of profits of the Company during the tenure of his appointment, the abovementioned remuneration will be regarded as the minimum remuneration in accordance with section 198(4) and other applicable provisions and rules thereof of the Companies Act, 1956.

ii. Mrs. G Amulya Reddy, Whole-Time Director

Mrs. G Amulya Reddy was first time appointed as Whole Time Director w.e.f. July 1, 1995 for a period of 5 years upto June 30, 2000, which was taken on record by the Board of Directors in its meeting, held on June 2, 1995.

She was re-appointed as Whole Time Director for a further period of 5 years from April 1, 1999 to March 31, 2004.

She has been re-appointed as a Whole Time Director for a further period of 5 years w.e.f. April 1, 2004 at the meeting of Board of Directors held on February 27, 2004 on a remuneration of 15,000 per month and other benefits as applicable to the employees as per the policy of the Company. In the Board Meeting held on June 1, 2005, her remuneration was increased to Rs. 17,500 per month w.e.f. June 1, 2005, other terms remaining unchanged. Her remuneration was further increased to Rs. 70,000 per month with effect from April 2, 2007 for the remaining tenure of her appointment, such that the aggregate of the remuneration and perquisites payable to her alongwith those payable to the Managing Director shall not exceed 10% of the profits of the Company calculated in accordance with the provisions of section 309 of the Companies Act, 1956. In the event of loss/inadequacy of profits of the Company during the tenure of her appointment, the abovementioned remuneration will be regarded as the minimum remuneration in accordance with section 198(4) and other applicable provisions and rules thereof of the Companies Act, 1956.

CORPORATE GOVERNANCE

The directions issued by the SEBI vide SEBI/CFD/DIL/CG/1/2004/12/10 dated October 29, 2004 under Clause 49 of the Listing Agreement in respect of Corporate Governance are applicable to the Company immediately upon seeking in-principle approval from the Stock Exchange(s) for listing of the Equity Shares on the various stock exchanges.

The Company complies with the norms for composition of the Board of Directors and has already set up an Audit Committee, Remuneration Committee and Shareholders' Grievance Committee. The Company has complied with SEBI Guidelines in respect of Corporate Governance specially with respect to broad basing of the Board, constituting the various committees as required. The details are under:

Composition of the Board of Directors

The Composition Board of the Company is in conformity with clause 49 of the listing agreement and comprises one-half Independent Directors. The Issuer Company has already appointed three (3) independent directors, viz. Mr. D Venkata Subbiah, Mr. K Hari Krishna Reddy and Mr. Venkataraman Krishnan on its Board. As the Chairman of the Company is a Non-Executive Director, one-half of the Board of Directors comprise of Independent Directors.

The Board of Directors comprises a total of six (6) Directors, which includes one (1) Non-Executive Chairman, one (1) Managing Director, one (1) Whole Time Director and three (3) Independent Directors.

The composition of the Board of Directors is as under:

Name of the Director	Designation	Status	Relationship with other Directors
Mr. G Rama Krishna Reddy	Chairman	Non Executive & Non Independent	1. Father of Mr G Rama Manohar Reddy 2. Father-in-law of Mrs G Amulya Reddy
Mr. G Rama Manohar Reddy	Managing Director	Executive Director	1. Son of Mr G Rama Krishna Reddy 2. Husband of Mrs G Amulya Reddy
Mrs. G Amulya Reddy	Whole-Time Director	Executive Director	1. Daughter-in-law of Mr G Rama Krishna Reddy 2. Wife of Mr G Rama Manohar Reddy
Mr. D Venkata Subbiah	Director	Non Executive & Independent	None
Mr. K Hari Krishna Reddy	Director	Non Executive & Independent	None
Mr. Venkataraman Krishnan	Director	Non Executive & Independent	None

The Issuer Company has already formed the following Committees:

1. Audit Committee

The Audit committee was constituted on September 15, 2006 and the Terms of the Audit Committee were further modified on August 14, 2007 and has the following terms of reference and composition:

a) Terms of Reference

- i. Overseeing the company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- ii. Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditors and fixation of audit fees;
- iii. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- iv. Reviewing with management the annual financial statements before submission to the Board for approval, with particular reference to:
 - (a) matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report;
 - (b) changes, if any, in accounting policies and practices and reasons for the same;
 - (c) major accounting entries involving estimates based on the exercise of judgement by management;
 - (d) significant adjustments made in the financial statements arising out of audit findings;
 - (e) compliance with listing and other legal requirements relating to financial statements;
 - (f) disclosure of any related party transactions; and
 - (g) qualifications in the draft Audit Report;
- v. Reviewing with management, the quarterly financial statements before submission to the Board for approval;
- vi. Reviewing with management, performance of statutory and internal auditors, and adequacy of internal systems;
- vii. Reviewing adequacy of internal audit functions, if any, including the structure of the internal audit department staffing and seniority of the officials heading the department, reporting structure, coverage and frequency of internal audit;
- viii. Discussions with internal auditors, any significant findings and follow-up thereon;
- ix. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- x. Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- xi. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors; and
- xii. To review the functioning of the Whistle Blower mechanism, in case the same exists.
- xiii. To review the following information:
 - (a) Management discussion and analysis of financial condition and results of operations;
 - (b) Statement of significant related party transactions (as defined by the audit committee), submitted by management;
 - (c) Management letters/letters of internal control weaknesses issued by the statutory auditors;
 - (d) Internal audit reports relating to internal control weaknesses; and
 - (e) The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee
- xiv. To review the uses/applications of funds raised through an issue (public issues, rights issues, preferential issues etc.) by major category (capital expenditure, sales and marketing, working capital, etc), on a quarterly as well as annual basis and to make appropriate recommendations to the Board.

b) Composition

1. Mr. K Hari Krishna Reddy – *Chairman (Independent Director)*

2. Mr. D Venkata Subbiah – *Member (Independent Director)*
3. Mr. G Rama Krishna Reddy – *Member (Non-Executive Director)*

The Internal Auditors, Statutory Auditors and the person in-charge of finance and accounts of the Company are permanent invitees. The Company Secretary of the Company is the Secretary to the Committee.

2. Remuneration Committee:

The Remuneration Committee was constituted on September 15, 2006, and has the following terms of reference and composition:

a) Terms of Reference:

To review, assess and recommend the appointment of executive and non-executive directors from time to time, to periodically review the remuneration package of the executive directors and recommend suitable revision to the Board in accordance with the Companies Act, to consider and recommend Employee Stock Option Schemes (if any) from time to time and to administer and superintend the same.

b) Composition:

1. Mr. K Hari Krishna Reddy – *Chairman (Independent Director)*
2. Mr. D Venkata Subbiah – *Member (Independent Director)*
3. Mr. G Rama Krishna Reddy – *Member (Non-Executive Director)*

The Company Secretary of the Company is the Secretary to the Committee.

c) Remuneration Policy:

Remuneration of employees largely consists of base remuneration, perquisites and performance incentives. The components of the total remuneration vary for different cadres and are governed by industry pattern, qualifications, and experience of the employee, responsibilities handled by him, individual performance etc.

- d) Notice period for termination of appointment of Managing Director and Whole time Director is three months on either side. No severance pay is payable on termination of appointment.
- e) Non-Executive Directors: Except for the payment of sitting fees for attending meetings, no remuneration was paid to Non-Executive Directors during the financial year 2006-07.

3. Shareholders' Grievances Committee

The Shareholder's Grievances Committee was constituted on September 15, 2006. This Committee has been constituted to specifically to redress the shareholders and investors' complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc. It has the following terms of reference and composition:

a) Terms of Reference:

- i. To look into the shareholder complaints, if any, and to redress the same expeditiously; and
- ii. To do all the necessary things as may be required from time to time under the Companies Act, 1956 and other related enactment.

b) Composition:

1. Mr. G Rama Krishna Reddy – *Chairman (Non-Executive Director)*
2. Mr. D Venkata Subbiah – *Member (Independent Director)*
3. Mr. K Hari Krishna Reddy – *Member (Independent Director)*

The Company Secretary of the Company is the Secretary to the Committee.

4. Share Transfer Committee

The Share Transfer Committee was constituted on September 15, 2006. This Committee has been constituted to specifically look into the transfer and/or transmission of shares lodged by the investors and any other matter related thereto. It has the following terms of reference and composition:

a) Terms of Reference:

- i. To accept the share application along with the share application money and reject the application as may be deem fit and proper;
- ii. To do all work relating to transfer, transmission, consolidation, split and issue of duplicate shares of the company;
- iii. To do all the necessary things as may be required from time to time under the Companies Act, 1956 and other related enactment; and
- iv. To take on record the transfer/transmission effected by the RTA and/or the person to whom the power to approve the transfer/transmission has been delegated.

b) Composition:

1. Mr. G Rama Manohar Reddy – *Chairman (Managing Director)*
2. Mr. G Rama Krishna Reddy – *Member (Non-Executive Director)*
3. Mr. K Hari Krishna Reddy – *Member (Independent Director)*

The Company Secretary of the Company is the Secretary to the Committee.

5. Management Committee:

The Management Committee was formed on September 15, 2006 and has the following terms of reference and composition:

a) Terms of Reference:

- i. To take decisions relating to any matter arising pre or post in respect of Initial Public Offer to the public and to deal with SEBI, Stock exchanges, all intermediaries and to do all such acts and things as may be deemed necessary for the purpose; and
- ii. To monitor deployment of issue proceeds.

b) Composition:

1. Mr. G Rama Manohar Reddy – *Chairman (Managing Director)*
2. Mrs. G Rama Krishna Reddy – *Member (Non-Executive Director)*
3. Mr. K Hari Krishna Reddy – *Member (Independent Director)*

The Company Secretary of the Company is the Secretary to the Committee.

Shareholding of the Directors

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

Sl. No.	Name of the Director	No. of Shares	%age of the Share Capital
1.	Mr. G Rama Krishna Reddy	1,48,500	2.23
2.	Mr. G Rama Manohar Reddy	34,42,036	51.69
3.	Mrs. G Amulya Reddy	10,17,804	15.28
4.	Mr. D Venkata Subbiah	-	-
5.	Mr. K Hari Krishna Reddy	-	-

Sl. No.	Name of the Director	No. of Shares	%age of the Share Capital
6.	Mr. Venkataraman Krishnan	-	-
	Total	46,08,340	69.20

Interest of the Directors

All the Non-Executive Directors of Aishwarya Telecom Limited may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or Committee thereof as well as to the extent of other remuneration and/or reimbursement of expenses payable to them as per the applicable laws and the Articles of Association.

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

Mr. G Rama Manohar Reddy, the Managing Director and Mrs. G Amulya Reddy, the Whole-Time Director of Aishwarya Telecom Limited are interested to the extent of remuneration paid to them for services rendered as officers or employees of the Company (For more details, please refer "Related Party Disclosures" as mentioned in this Red Herring Prospectus at page no. 116 and 130. Further, the Directors are also interested to the extent of Equity Shares, if any, already held by them or their relatives in the Company, or that may be subscribed for and allotted to them, out of the present Issue in terms of this Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

The Company has entered into two separate agreement for sale to purchase land at Hyderabad belonging to Mr. G Rama Manohar Reddy, the Managing Director for the purpose of construction of Corporate, Marketing, Administrative and R&D Office of the Company and to purchase land near Hyderabad belonging to Mrs. G Amulya Reddy, the Whole-Time Director of the Company for the purpose of construction of new production unit of the Company. For more details of the said properties, please refer to the section titled "Objects of the Issue" and "Property" on page no. 36 and page no. 93 respectively, of this Red Herring Prospectus.

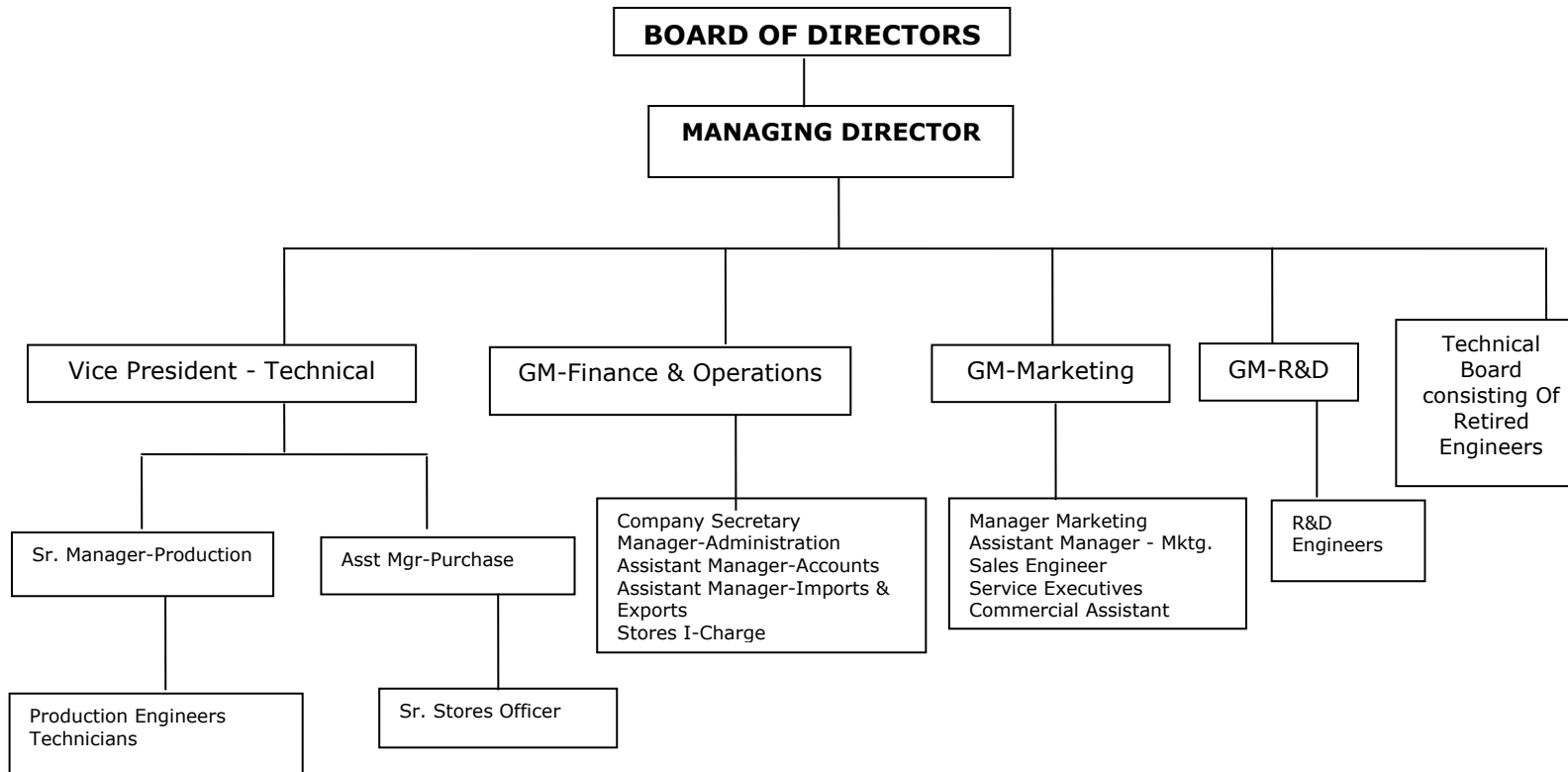
Except as stated otherwise in this Red Herring Prospectus, the Company has not entered into any Contract, Agreements or Arrangements during the preceding two years from the date of the Red Herring Prospectus in which the Directors are interested, directly or indirectly, and no payments have been made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

Changes in Directors during the last three years

Sl. No.	Name	Date of appointment	Date of cessation	Reason
1.	Mr. G Rama Krishna Reddy*	30.03.2005	--	Appointed as an Additional Director
2.	Mr. G Rama Krishna Reddy*	01.06.2005	--	Appointed as a Whole-Time Director
3.	Mr. D Venkata Subbiah	15.09.2006	--	Appointed as an Additional Director
4.	Mr K Hari Krishna Reddy	31.08.2006	--	Appointed as an Additional Director
5.	Mr. G Rama Krishna Reddy*	--	31.08.2006	Resigned as a Whole-Time Director
6.	Mr. G Rama Krishna Reddy*	31.08.2006	--	Appointed as a Non-Executive Chairman
7.	Mr. Venkataraman Krishnan	28.05.2007	--	Appointed as an Additional Director

- * Mr. G Rama Krishna Reddy was appointed as a Whole-Time Director of the Company with effect from June 1, 2005. He resigned from the post of Whole-Time Director w.e.f. August 31, 2006 and became a Non-Executive Director. He has been appointed as a Chairman of the Company. The last drawn remuneration of Mr. G Rama Krishna Reddy was Rs. 12,500 per month besides other applicable perquisites.

ORGANISATIONAL STRUCTURE



KEY MANAGERIAL PERSONNEL

The Company is managed by its Board of Directors, assisted by qualified professionals, with vast experience in the field of production, finance, distribution, marketing and corporate laws. The following key personnel, other than Managing Director and Whole-Time Director, who assist the Management:

Details of the key managerial personnel are as follows (Key Managerial Personnel listed below are not as per AS 18):

Sl. No.	Name	Designation	Age (Yrs)	Qualification	Date of Joining	Experience (Yrs.)	Previous Employment
1.	Mr. Y Malleshwar	Vice President (Technical)	37	B.E. (ECE)	02.06.1995	12	Indian Seminar & Research Centre (ISRC), Hyderabad
2.	Mr. S Sankaranand	Gen Manager (Finance & Operations)	35	Master of Financial Management	15.03.1996	14	Abhaya Estates Pvt Ltd.
3.	Mrs. CH Sreelakshmi	Gen Manager (Mktg.)	32	Diploma in ECE	12.10.1998	9	MRPC, Hyderabad
4.	Dr K V Rao	Gen Manager (R&D)	65	M.E., Ph.D.	01.07.2005	33	DRDO, Hyderabad
5.	Mr. C N Bhavani Prasad	Company Secretary	30	MBA, ACS, LLB	18.12.2006	1	SMR & Associates

All the above key managerial personnel are permanent employees of the Company.

Mr. Y Malleshwar, Vice President (Technical)

Mr. Y Malleshwar, aged 37 years, is a Graduate in Engineering and looks after all production activities at the Company's production units at Yanam and Dehradun. He has around 12 years of experience in the related field. He is associated with the Company from the incorporation of the Company i.e. for last 12 years.

Mr. S Sankaranand, Gen Manager (Finance & Operations)

Mr. S Sankaranand, aged 35 years, is a Graduate in Commerce and Masters of Financial Management. He is associated with the Company for the last 11 years. He is responsible for the operations, finance and accounts as well as day-to-day affairs of the Company. He has overall experience of 13 years.

Mrs. CH Sreelakshmi, Gen Manager (Mktg.)

Mrs. CH Sreelakshmi, aged 32 years, is a Diploma holder in Electronics & Communication Engineering (ECE) and is in-charge of marketing activities of the Company through out the country. She is associated with the Company since 1998 and has an overall experience of 9 years.

Dr K V Rao, Gen Manager (R&D)

Dr K V Rao, aged 65 years, is a Doctorate in Engineering. He is a retired employee of Defence Research and Development Organisation (DRDO), Hyderabad and is presently in-charge of the Research & Development activities of the Company. He is associated with the Company since last 2 years and has an overall experience of 33 years.

Mr. C N Bhavani Prasad, Company Secretary

Mr. C N Bhavani Prasad, aged 30 years, is a Graduate in Law, Masters in Business Administration and also an Associate Member of the Institute of Company Secretaries of India. He looks after all the legal and statutory compliances of the Company. He is also the Compliance Officer of the Company.

Shareholding of Key Managerial Personnel

Name of the Key Managerial Personnel	No. of Shares Held
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Name of the Key Managerial Personnel	No. of Shares Held
Mr. Y Malleshwar	3,060
Mr. S Sankaranand	47,470
Mrs. CH Sreelakshmi	17,100
Dr K V Rao	-
Mr. C N Bhavani Prasad	-

Bonus or Profit Sharing Plan for the Key Managerial Personnel

There is no Profit Sharing Plan for the Key Managerial Personnel.

There has been no change in the Key Managerial Personnel within the one year period prior to the filing of the Red Herring Prospectus with SEBI.

Family relation with Key Managerial Personnel (KMP)

There exists no family relation between the promoters/directors and the key managerial personnel.

Disclosures Regarding Employees Stock Option Scheme / Employees Stock Purchase Scheme

The Company has not issued any Employees Stock Option Scheme / Employees Stock Purchase Scheme, as required by the Guidelines or Regulations of SEBI relating to Employee Stock Option Scheme and Employee Stock Purchase Scheme.

Payment or Benefit to Officers of the Company

The Company has taken on lease premises, at Yanam for its factory, belonging to Mrs. Kota Sharada, wife of Mr. K Baburao who is a Senior Technical Officer of the Company at Yanam. The Company pays lease rent to the said Mrs. Kota Sharada (For more details, please refer to section titled "Property" as mentioned in this Red Herring Prospectus at page no. 93.

Except the above payment and the payment of salaries and perquisites to its officers/employees, the Company makes no other payment.

PROMOTERS

Mr. G Rama Krishna Reddy, Mr. G Rama Manohar Reddy and Mrs. G Amulya Reddy are the promoters of the Company.

PROMOTERS AND THEIR BACKGROUND

Mr. G Rama Krishna Reddy, *Chairman*




Mr. G Rama Krishna Reddy, aged 71 years is a graduate and a retired Deputy Zonal Manager of LIC Mutual Fund. After his graduation in economics and politics from Sri Venkateswara University, he joined as a Development Officer in the Life Insurance Corporation of India ("LIC"). After completion of five years of his service, he was promoted to the post of Assistant Branch Manager. In 1993, he was promoted to the cadre of Deputy Zonal Manager and posted at Zonal Office at Hyderabad and was in-charge of Mutual Funds. He retired as a Deputy Zonal Manager in the year 1995. Later, he rendered his services as Marketing Consultant for AMP SANMAR Life Insurance Company, an Australia based insurance company and was In-Charge for its South India Marketing Division. Mr. G Rama Krishna Reddy was appointed as a Whole-Time Director of the Company with effect from June 1, 2005. He resigned from the post of Whole-Time Director w.e.f. August 31, 2006 and became a Non-Executive Director & Chairman. He is a member of the Audit Committee, Remuneration Committee, Share Transfer Committee, Management Committee and Chairman of Shareholders' Grievance Committee of the Company.

Mr. G Rama Manohar Reddy, *Managing Director*

Mr. G Rama Manohar Reddy, aged 43 years, is the founder Director of the Company. Mr. G Rama Manohar Reddy is an Engineer of 1986 batch from Sri Venkateswara University with specialisation in Electronics & Communications. He has worked with M/s Usha Rectifiers, M/s Zenith Computers and M/s Mekaster Ltd. in various Managerial Positions. He is the first generation entrepreneur. In the year 1995, he incorporated Aishwarya Telecom Private Limited. He was appointed as the Managing Director of the Company on July 1, 1995 and holds the position till date. Besides, the day-to-day affairs of the Company, he also looks after the technical, production and marketing department of the Company. He is a Chairman of the Share Transfer Committee and Management Committee of the Company.

Mrs. G Amulya Reddy, *Whole Time Director*

Mrs. G Amulya Reddy, aged 35 years, is the wife of Mr. G Rama Manohar Reddy. She is a commerce graduate having exposure in administration, public relations, corporate communications and manpower management. She is the Whole-Time Director of the Company since incorporation of the Company since 1995. She supervises the administration, public relations and corporate communications functions of the Company. She is one of the founder Promoter and Director of the Company.

Name of the Promoter	Mr. G Rama Krishna Reddy	Mr. G Rama Manohar Reddy	Mrs. G Amulya Reddy
Photo of the Promoters			
Driving Licence No.	N.A.	DLDAP009206252003	25785HW/98
Passport No.	N.A.	Z1063227	N.A.
PAN No.	AGBPG2079G	AEKPG0053R	AFQPG2117K

Voter Id No	AP/30/215/402481	N.A.	N.A.
Name of Bank and Branch	State Bank of Hyderabad Mehidipatnam Branch Hyderabad	State Bank of Hyderabad Bellavista Branch Hyderabad	Andhra Bank Karwan Branch Hyderabad
Bank Account No.	52002503336	00000052077984272	SB/01/00013086

N.A.- Indicates Not Available

It is confirmed that the Permanent Account Number, Bank Account number, and Passport number, of the above Promoters, as applicable, has been submitted to the BSE and NSE at the time of filing of the Draft Red Herring Prospectus with them.

Other than what has been disclosed under the section "Legal and Other Information" appearing on page no. 147 of this Red Herring Prospectus:

- (a) there are no pending litigations/disputes/overdues/defaults to the financial institutions/Banks and instances of non-payment of statutory dues by the promoters.
- (b) there are no litigations against the promoters or directors involving violation of statutory regulations or a criminal case. There are no pending proceedings initiated for economic offences against the Directors and the Promoters.
- (c) there are no outstanding litigations, disputes pertaining to matters likely to effect operations and finances of the Company including disputed tax liabilities, prosecution under any enactment in respect of Schedule XIII of the Companies Act, 1956.

Common Pursuits

As on date, there are no common pursuits, which may lead to conflict of interest.

Interest of the Promoters

Mr. G Rama Manohar Reddy, the Managing Director and Mrs. G Amulya Reddy, the Whole-Time Director of Aishwarya Telecom Limited are interested to the extent of remuneration and /or reimbursements for services paid to them for services rendered as officers or employees of the Company (For more details, please refer "Related Party Disclosures" as mentioned in this Red Herring Prospectus at page no. 116 and 130). Further, the Directors are also interested to the extent of Equity Shares, if any, already held by them or their relatives in the Company, or that may be subscribed for and allotted to them, out of the present Issue in terms of this Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

The Company has entered into two separate agreements for sale to purchase of land at Hyderabad belonging to Mr. G Rama Manohar Reddy, the Managing Director for the purpose of construction of Corporate, Marketing, Administrative & R&D Office of the Company and to purchase another land near Hyderabad belonging to Mrs. G Amulya Reddy, the Whole-Time Director of the Company for the purpose of construction of new production unit of the Company. For more details of the said properties, please refer to the section titled "Objects of the Issue" beginning from page no. 36 of this RHP.

Payment or benefit to Promoters of the Company

Mr. G Rama Manohar Reddy and Mrs. G Amulya Reddy, being Managing Director of the Company and Whole-Time Director of the Company respectively, draw managerial remuneration as mentioned earlier in this Red Herring Prospectus on page number 103.

Both Mr. G Rama Manohar Reddy, Managing Director of the Company and Mrs. G Amulya Reddy, Whole-Time Director of the Company shall also be paid for the sale of land belonging to them in favour the Company. For more details of the said properties, please refer to the section titled "Objects of the Issue" beginning from page no. 36 of this Red Herring Prospectus.

Apart from the above, there have been no payments or benefits to the Promoters of the Company, except as referred in the Related Party Transactions mentioned at page no. 116 and 130 of this Red Herring Prospectus.

Related Party Transactions

For details of related party transactions please refer to Annexure V of the Financial Information beginning from page no. 117 of this Red Herring Prospectus.

Currency of Presentation

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

Dividend Policy

The Company has dividend policy for dividend payment as written in the Articles of Association of the Company. The declaration and payment of dividends will be recommended by the Board of Directors and shareholders, in their discretion, and will depend on a number of factors, including but not limited to the earnings, capital requirements and overall financial condition.

SECTION V : FINANCIAL INFORMATION

AUDITORS' REPORT

To
The Board of Directors
Aishwarya Telecom Limited
3-C, Samrat Commercial complex
Opp. A G Office, Saifabad
Hyderabad - 500 004

Dear Sirs,

We have examined the financial information of **Aishwarya Telecom Limited** (hereinafter referred to as "Aishwarya" or "ATL" or "the Company") contained in the statements annexed to this report for the five financial years ended on 31st March 2003, 31st March 2004, 31st March 2005, 31st March 2006, 31st March 2007 and for the nine months period ended 31st December 2007, which is proposed to be included in the Offer Document/ Red Herring Prospectus/Prospectus being issued by the Company in connection with its Public Issue of Equity Shares (hereinafter referred to as "the Issue") which is in accordance to the requirements of:-

- (a) Paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');
- (b) The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ("the SEBI guidelines") issued by the Securities and Exchange Board of India ("SEBI") in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments; and
- (c) The terms of reference received from the Company, requesting us to carry out work, proposed to be included in the Offer Document in connection with its proposed Public Issue of Equity Shares.

Financial information as per audited financial statements:

1. We have examined the attached restated summary statement of Assets & Liabilities of the Company as at 31st March 2003, 31st March 2004, 31st March 2005, 31st March 2006, 31st March 2007 and 31st December 2007 (**Annexure-I**) and the attached restated summary statement of Profit and Losses for the years/period ended on those dates (**Annexure-II**) together, referred to as 'summary statements' as prepared by the Company and approved by the Board of Directors. These profits have been arrived at after making such adjustments and regroupings as in our opinion are appropriate and more fully described in the notes appearing in **Annexure-III-B** to this report. Based on our examination of these summary statements, we state that:
 - i. The restated profits have been arrived at after charging all expenses including depreciation and after making such adjustments and re-groupings as in our opinion are appropriate in the year to which they are related;
 - ii. The summary statements of the Company have been restated with retrospective effect to reflect the significant accounting policies being adopted by the Company as at 31st December 2007 as stated vide **Annexure - III-A** to this report and pertains to all the financial years/period covered by these Restated Financial Statements. The summary statements have to be read in conjunction with the notes given in Annexure - III-B to this report.
 - iii. There are no qualifications in the auditors' report that require any adjustment to the summary statements.
 - iv. There are no qualifications in the auditors' reports, for the years/period covered under these restated financial statements that are quantifiable in nature.
 - v. There are no changes in accounting policies adopted by the Company in the years/period covered under these restated financial statements.
 - vi. The extra-ordinary items that need to be disclosed separately in the summary statements have been appropriately disclosed. Exceptional and non-recurring items, which are material, are given in **Annexure - III-B**.

2. The summary of significant accounting policies adopted by the Company pertaining to the audited financial statements as at 31st December, 2007 are enclosed as **Annexure – III-A** to this report.

Other Financial Information:

3. We have examined the following financial information relating to the Company for the years/period ended on 31st March 2003, 31st March 2004, 31st March 2005, 31st March 2006, 31st March 2007 and 31st December 2007, proposed to be included in the Offer Document/Red Herring Prospectus as approved by the Board of Directors and annexed to this report:

1.	Summary of Reserves & Surplus	Annexure - I.a
2.	Secured Loans	Annexure - I.b
3.	Unsecured Loans	Annexure - I.c
4.	Sundry Debtors	Annexure - I.d
5.	Loans and Advances	Annexure - I.e
6.	Current Liabilities & Provisions	Annexure - I.f
7.	Statement showing Details of Other Income	Annexure - II.a
8.	Statement of Break up of Staff Cost	Annexure - II.b
9.	Statement of Auditors' Remuneration	Annexure - II.c
10.	Expenditure in Foreign Currency	Annexure - II.d
11.	Earning in Foreign Currency	Annexure - II.e
12.	Directors' Remuneration	Annexure - II.f
13.	Cash Flow Statements	Annexure - IV
14.	Related Party Disclosure	Annexure - V
15.	Contingent Liabilities	Annexure - VI
16.	Summary of Accounting Ratios	Annexure - VII
17.	Capitalisation Statement	Annexure - VIII
18.	Statement of Tax Shelter	Annexure - IX
19.	Statement of Dividend paid	Annexure - X

4. In our view, the 'financial information as per the audited financial statements' and 'other financial information' mentioned above has been prepared in accordance with Part II of Schedule II of the Act and the Guidelines.
5. This report should not be in any way construed as a re-issuance or redrafting of any of the previous audit reports issued by us or by other auditors nor should this report be construed as a new opinion on any of the financial statements referred to herein.
6. This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed issue of the Company and is not to be used, referred to or distributed for any purpose without our prior written consent.

**For A M Reddy & Co.
Chartered Accountants**

Date: March 24, 2008
Place: Hyderabad

**CA Kishore Kumar K
Partner
Membership No. 215459**

ANNEXURE – I

STATEMENT OF ASSETS & LIABILITIES, AS RESTATED

The Assets and Liabilities of the Company as at the end of each of five financial years ended on 31st March 2003, 31st March 2004, 31st March 2005, 31st March 2006, 31st March 2007 and nine months period ended 31st December 2007 are set out below. The assets and liabilities read with significant accounting policies and notes annexed hereto have been arrived at after making such regrouping as are, in our opinion, appropriate.

(Rs. in lakhs)

PARTICULARS	As On					
	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	31-Mar-07	31-Dec-07
Fixed Assets						
Gross Block	51.79	88.97	179.90	311.20	460.56	551.81
Less: Accumulated Depreciation	17.77	27.94	46.79	76.54	123.50	171.20
Net Block	34.02	61.03	133.11	234.66	337.06	380.61
Capital Work in progress	-	-	-	-	-	-
Total Fixed Assets (A)	34.02	61.03	133.11	234.66	337.06	380.61
Investments (B)	-	-	-	-	-	-
Current Assets, Loans & advances						
Inventories (including WIP)	37.03	43.90	56.00	106.64	179.63	195.92
Sundry Debtors	91.59	150.37	297.98	861.25	1028.24	1376.64
Cash and Bank Balances	4.28	5.70	5.60	9.60	13.88	39.32
Loans and Advances	34.31	59.50	180.58	185.91	293.39	473.03
Total of Current Assets, Loans & advances (C)	167.21	259.47	540.16	1163.40	1515.14	2084.91
Total Assets (A+B+C) = D	201.23	320.50	673.27	1398.06	1852.20	2465.52
Less: Liabilities and Provisions						
Secured Loans	62.96	75.72	145.29	127.11	345.70	251.41
Unsecured Loans	10.02	8.02	2.00	9.00	-	9.05
Current Liabilities & Provisions	28.78	58.93	197.25	567.35	522.36	441.08
Deferred Tax Liability	5.33	4.02	5.34	32.67	65.93	110.66
Total Liabilities (E)	107.09	146.69	349.88	736.13	933.99	812.20
Net Worth (D-E)	94.14	173.81	323.39	661.93	918.21	1653.32
Represented By						
Equity Share Capital (I)	65.00	136.00	187.80	444.20	533.04	545.94
Share Application Money (II)	1.15	9.96	0.69	-	11.60	* 394.37
Reserve & Surplus (III)	28.01	48.07	150.05	227.83	385.26	738.44
Misc. Expenditure (IV)	0.02	20.21	15.15	10.10	11.69	25.43
Net Worth (I+II+III-IV)	94.14	173.81	323.39	661.93	918.21	1653.32

* 12,00,000 Equity Shares of Rs. 10 each were allotted to the Pre-IPO Allottees on 25.01.08 & 30.01.08 against the share application money pending on December 31, 2007. As of date, there is no share application money pending allotment.

ANNEXURE – II

SUMMARY STATEMENT OF PROFIT & LOSS ACCOUNT, AS RESTATED

We report that profit of the company for each of the five financial years ended on 31st March 2003, 31st March 2004, 31st March 2005, 31st March 2006, 31st March 2007 and for the nine months period ended 31st December 2007 are as set out below. The Profit and Loss Account read with significant accounting policies and notes annexed hereto have been arrived at after charging all expenses of manufacture, working and management including depreciation and after making such adjustment and re-grouping as are, in our opinion, appropriate.

(Rs. in lakhs)

PARTICULARS	For the Year/Period Ended					
	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	31-Mar-07	31-Dec-07
Income						
Income from Sales						
- Trading	248.22	350.42	580.32	1502.57	2029.15	1883.43
- Manufacturing	164.77	220.81	202.49	162.47	171.01	347.30
Gross Sales	412.99	571.23	782.81	1665.04	2200.16	2230.73
Less: Sales Tax	12.06	11.62	10.45	20.03	26.41	22.87
Net Sales	400.93	559.61	772.36	1645.01	2173.75	2207.86
Other Income	0.28	0.89	4.48	4.10	12.34	29.26
Increase/(Decrease) of Stock	6.17	6.01	6.23	45.30	63.74	15.54
TOTAL INCOME (A)	407.38	566.51	783.07	1694.41	2249.83	2252.66
Expenditure						
Trade Purchases	139.24	144.04	348.73	1003.74	1345.91	1299.92
Manufacturing Expenses	83.64	143.32	96.25	93.01	77.05	145.49
Staff Cost	39.37	59.34	56.42	67.77	84.06	86.07
Administrative & Other Expenses *	99.07	134.67	111.90	154.55	196.86	162.14
Interest and Financial Charges	10.71	14.69	22.14	32.37	67.88	68.35
Depreciation	5.32	10.17	18.85	29.74	46.96	47.70
TOTAL EXPENDITURE (B)	377.35	506.23	654.29	1318.18	1818.72	1809.67
Net Profit Before Tax & Extra Ordinary Items (A-B)	30.03	60.28	128.78	313.23	431.11	442.99
Provision for Income Tax	5.68	7.47	10.10	46.71	92.58	80.72
Deferred Tax (Asset)/Liability	2.90	(1.31)	1.32	27.33	33.26	44.73
Fringe Benefit Tax	-	-	-	3.81	2.28	1.57
Net Profit Before Extra Ordinary Items & Prior Period Items	21.45	54.12	117.36	235.38	302.99	315.97
Extra-Ordinary Items	-	-	-	-	-	-
Prior Period Items – Corporate Dividend Tax	-	-	-	-	-	1.48
Net Profit After Tax & Extra Ordinary Items & Prior Period Items	21.45	54.12	117.36	235.38	302.99	314.49
Balance of Profit Brought Forward	7.06	25.01	38.57	130.55	173.50	310.75
Dividend	0.50	7.15	13.60	31.55	49.75	-
Corporate Dividend Tax	-	0.91	1.78	4.42	6.98	-
Amount Capitalised (Bonus Issue)	-	26.00	-	131.46	79.01	-
Transfer to General Reserve	3.00	6.50	10.00	25.00	30.00	-
Balance Carried to Balance Sheet	25.01	38.57	130.55	173.50	310.75	625.24

* includes discount on sales. Discount on sales are basically cash discount in nature. It is given to the customers at the time of collection of payments. During the year 2006-07, the Company had collected some major old outstanding amounts by offering cash discounts. As such, there was a sudden spurt in the figures of cash discount in the year 2006-07.

Annexure – I.a

SUMMARY OF RESERVES & SURPLUS

(Rs. in lakhs)

PARTICULARS	As On					
	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	31-Mar-07	31-Dec-07
General Reserve						
As per last account	-	3.00	9.50	19.50	44.50	74.50
Add: Transfer from P/L	3.00	6.50	10.00	25.00	30.00	-
General Reserve (a)	3.00	9.50	19.50	44.50	74.50	74.50
Profit & Loss Account						
Net Profit After Tax & Extra Ordinary Items & Prior Period Items	21.45	54.12	117.36	235.38	302.99	314.49
Balance of Profit Brought Forward	7.06	25.01	38.57	130.55	173.50	310.75
Dividend	0.50	7.15	13.60	31.55	49.75	-
Corporate Dividend Tax	-	0.91	1.78	4.42	6.98	-
Amount Capitalised (Bonus Issue)	-	26.00	-	131.46	79.01	-
Transfer to General Reserve	3.00	6.50	10.00	25.00	30.00	-
Profit & Loss Account (b)	25.01	38.57	130.55	173.50	310.75	625.24
Securities Premium						
As per last account	-	-	-	-	9.83	-
Add: Amount Received on Issue of Shares	-	-	-	9.83	-	38.70
Less: Amount Capitalised	-	-	-	-	9.83	-
Securities Premium (c)	-	-	-	9.83	-	38.70
Total (a + b + c)	28.01	48.07	150.05	227.83	385.25	738.44

Annexure – I.b

SECURED LOANS

(Rs. in lakhs)

PARTICULARS	As On					
	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	31-Mar-07	31-Dec-07
Term Loan						
DSIR	-	3.80	-	-	-	-
Sub-Total (a)	-	3.80	-	-	-	-
Medium Term Loan						

PARTICULARS	As On					
	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	31-Mar-07	31-Dec-07
American Express	3.16	4.82	5.86	18.50	12.57	7.50
Citibank NA	5.16	3.62	5.05	3.74	2.28	1.00
HDFC Bank	-	-	14.85	13.68	18.19	13.78
Kotak Mahindra Bank	-	-	9.85	13.37	34.15	27.05
SIDBI	-	-	19.26	11.90	4.70	-
Sundaram Finance	-	-	4.89	3.67	2.38	1.34
GE Money	-	-	-	5.36	3.11	12.39
ICICI Bank	-	-	-	-	9.88	7.82
Indiabulls Credit Services Ltd	-	-	-	-	30.00	23.93
Standard Chartered Bank	-	-	-	-	24.47	19.31
Sub-Total (b)	8.33	8.44	59.76	70.22	141.73	114.12
Short Term Loan						
State Bank of Hyderabad	7.81	-	15.00	15.00	-	-
Sub-Total (c)	7.81	-	15.00	15.00	-	-
Cash Credit						
State Bank of Hyderabad	46.82	63.48	70.53	41.89	203.97	137.29
Sub-Total (d)	46.82	63.48	70.53	41.89	203.97	137.29
TOTAL (a+b+c+d)	62.96	75.72	145.29	127.11	345.70	251.41

Details of Secured Loans outstanding as on 31st December 2007

(Rs. in lakhs)

Particulars of Loan	Institution/ Bank	Sanctioned Amount	Outstanding Amount	Rate of Interest (% p.a.)	Repayment Terms	Securities Offered
Medium Term Loans from Banks/ Financial Institutions	American Express Bank	20.00	7.50	15.50	36 EMIs of Rs. 69821 each, starting from 01.01.2006	Personal Guarantee of Directors
	Citibank NA	5.79	1.00	19.00	48 EMIs of Rs. 16710 each, starting from 29.07.2004	Personal Guarantee of Directors
	HDFC Bank Ltd	20.00	13.78	15.00	36 EMIs of Rs. 69331 each, starting from 07.12.2006	Personal Guarantee of Directors
	Kotak Mahindra Bank	35.07	27.05	17.00	36 EMIs of Rs. 125036 each, starting from 15.03.2007	Personal Guarantee of Directors
	Sundaram Finance	5.30	1.34	7.35	Rs 12692 on 25.12.2004 and balance in 47 EMIs of Rs. 12680 each, starting from 17.01.2005	Personal Guarantee of Directors
	GE Money	15.21	12.39	16.50	36 EMIs of Rs. 52740 each, starting from 07.05.2007	Personal Guarantee of Directors

Particulars of Loan	Institution/ Bank	Sanctioned Amount	Outstanding Amount	Rate of Interest (% p.a.)	Repayment Terms	Securities Offered
	ICICI Bank	10.00	7.82	18.29	36 EMIs of Rs. 36657 each, starting from 05.03.2007	Personal Guarantee of Directors
	Indiabulls Credit Services Ltd	30.00	23.93	18.00	36 EMIs of Rs. 108450 each, starting from 01.04.2007	Personal Guarantee of Directors
	Standard Chartered Bank	25.00	19.31	17.50	36 EMIs of Rs. 89754.91 each, starting from 18.03.07	Personal Guarantee of Directors
Sub-Total (a)		166.37	114.12			
Fund Based - Cash Credit	State Bank of Hyderabad	300.00	137.29	13.00		Primary: 1) First Charge on all current assets of the company Collateral: 1) Equitable Mortgage of immovable properties of Directors and relatives 2) Pledge of Machinery
Sub-Total (b)		300.00	137.29			
Total (a+b)		466.37	251.41			
Non-Fund Based – Bank Guarantee	State Bank of Hyderabad	300.00	116.89			Primary: 1) First Charge on all current assets of the company Collateral: 1) Equitable Mortgage of immovable properties of Directors and relatives 2) Pledge of Machinery
Non-Fund Based – LC/FLC		350.00	316.58			
Sub-Total (c)		650.00	433.47			

Annexure – I.c

UNSECURED LOANS

(Rs. in lakhs)

PARTICULARS	As on					
	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	31-Mar-07	31-Dec-07
Deposits from Others	10.02	8.02	2.00	9.00	-	9.05
Rate of Interest (%)	Upto 18	Upto 18	Upto 18	Upto 18	-	Upto 18
Repayment Schedule	On Demand	On Demand	On Demand	On Demand	-	On Demand
TOTAL	10.02	8.02	2.00	9.00	-	9.05

SUNDRY DEBTORS

(Rs. in lakhs)

PARTICULARS	As on					
	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	31-Mar-07	31-Dec-07
Debts outstanding for a period exceeding six months	19.46	20.11	49.33	43.31	172.88	368.07
Debts outstanding for a period not exceeding six months	72.13	130.26	248.65	817.93	855.36	1008.57
Total	91.59	150.37	297.98	861.25	1028.24	1376.64

There are no beneficiaries of the sundry debtors of the Company who are in any way related to the promoters/directors of the company as on 31st December 2007.

Annexure – I.e**LOANS AND ADVANCES**

The details of Loans and Advances are as below:

(Rs. in lakhs)

PARTICULARS	As on					
	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	31-Mar-07	31-Dec-07
Margin Money	5.73	15.57	47.64	67.56	116.70	259.66
Deposits	17.80	30.54	34.17	63.89	119.20	127.69
Advance to Suppliers	7.50	8.39	79.20	39.58	23.42	36.12
Other Advances (value to be received in cash or kind)	1.94	3.98	18.38	12.17	10.99	44.07
I Tax Deducted at Source	1.34	1.02	1.18	1.48	1.62	0.02
Advance Tax	-	-	-	1.23	21.46	5.47
Total	34.31	59.50	180.58	185.91	293.39	473.03

There are no beneficiaries of the loans and advances of the Company who are in any way related to the promoters/directors of the company as on 31st December 2007.

Annexure – I.f**CURRENT LIABILITIES & PROVISIONS**

(Rs. in lakhs)

PARTICULARS	As on					
	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	31-Mar-07	31-Dec-07
CURRENT LIABILITIES:						
Creditors for Suppliers	6.11	24.50	137.27	402.45	340.36	258.75
Creditors for Expenses	12.23	12.47	13.39	38.54	20.92	44.25
Advances from Customers	4.27	6.43	5.77	37.80	6.71	7.43
Bank Overdraft	-	-	15.34	-	-	-
Sub-Total (a)	22.61	43.40	171.77	478.79	367.99	310.43
PROVISIONS:						
For Income Tax	5.68	7.47	10.10	46.71	92.58	123.01
For Fringe Benefit Tax	-	-	-	3.81	2.28	1.57

For Dividend	0.50	7.15	13.60	31.54	49.75	-
For Tax on Proposed Dividend	-	0.91	1.78	4.42	6.98	-
For Gratuity	-	-	-	2.08	2.79	6.07
Sub-Total (b)	6.18	15.53	25.48	88.56	154.38	130.65
TOTAL	28.79	58.93	197.25	567.35	522.37	441.08

ANNEXURE - II.a

STATEMENT SHOWING THE DETAIL OF OTHER INCOME

(Rs. in lakhs)

PARTICULARS	Financial Year/Period Ended on						Nature
	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	31-Mar-07	31-Dec-07	
Interest on Margin Money	-	-	0.68	3.46	6.12	13.87	Recurring
Miscellaneous Income	0.28	0.89	-	0.22	6.22	3.79	Recurring
Foreign Exchange Gain	-	-	-	0.41	-	11.60	Non-Recurring
Grant from DSIR	-	-	3.80	-	-	-	Non-Recurring
Total	0.28	0.89	4.48	4.09	12.34	29.26	

Annexure – II.b

STATEMENT OF BREAK-UP OF STAFF COST

(Rs. in lakhs)

PARTICULARS	Financial Year/Period Ended on					
	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	31-Mar-07	31-Dec-07
Salaries, Wages & Bonus	34.89	53.69	50.96	52.63	67.51	70.63
Staff Welfare	2.65	1.76	1.92	7.32	8.58	5.83
PF Admn. Charges	0.20	0.22	0.25	0.41	0.51	0.50
PF Employer's Contribution	1.35	2.09	2.75	4.65	5.78	5.11
ESI Employer's Contribution	0.27	1.58	0.54	0.67	0.88	0.95
Gratuity	-	-	-	2.08	0.72	2.99
Club Facilities	-	-	-	-	0.09	0.06
Total	39.37	59.34	56.42	67.77	84.06	86.07

Annexure – II.c

STATEMENT OF AUDITORS' REMUNERATION

(Rs. in lakhs)

PARTICULARS	Financial Year Ended on					
	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	31-Mar-07	31-Dec-07
Statutory Audit Fee (incl. Service Tax)	0.32	0.43	0.55	0.62	1.12	0.84
Tax Audit Fee (incl. Service Tax)	0.11	0.11	0.11	0.11	0.56	-
Total	0.43	0.54	0.66	0.73	1.68	0.84

Annexure – II.d**EXPENDITURE/REMITTANCES IN FOREIGN CURRENCY**

(Rs. in lakhs)

PARTICULARS	Financial Year Ended on					
	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	31-Mar-07	31-Dec-07
Expenditure/ Remittances in Foreign Currency	139.24	79.16	167.19	428.93	887.76	785.39
Total	139.24	79.16	167.19	428.93	887.76	785.39

Annexure – II.e**EARNINGS IN FOREIGN CURRENCY**

(Rs. in lakhs)

PARTICULARS	Financial Year Ended on					
	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	31-Mar-07	31-Dec-07
Earnings in Foreign Currency	Nil	12.03	16.93	3.06	32.76	30.61
Total	Nil	12.03	16.93	3.06	32.76	30.61

Annexure – II.f**DIRECTORS REMUNERATION****Financial Year 2007-08 (For the nine months period ended 31-Dec-07)**

(Rs.)

Name of Director	Designation	Remuneration	Allowances	Sitting Fees	Total
Mr G Rama Manohar Reddy	Managing Director	9,00,000.00	-	-	9,00,000.00
Mrs G Amulya Reddy	Whole Time Director	6,30,000.00	-	-	6,30,000.00
Mr. D. Venkata Subbaiah	Director (Independent)	-	-	3,000.00	3000.00
Mr. K. Hari Krishna Reddy	Director (Independent)	-	-	3,000.00	3000.00
Mr. Venkataraman Krishnan	Director (Independent)	-	-	1,500.00	1500.00
Total		15,30,000.00	-	7,500.00	15,37,500.00

Financial Year 2006-07

(Rs.)

Name of Director	Designation	Remuneration	Allowances	Total
Mr G Rama Manohar Reddy	Managing Director	3,90,000.00	-	3,90,000.00
Mrs G Amulya Reddy	Whole Time Director	2,10,000.00	-	2,10,000.00
Mr G Rama Krishna Reddy	Executive Director*	62,500.00	-	62,500.00
Total		6,62,500.00	-	6,62,500.00

* Mr G Rama Krishna Reddy resigned from the post of Executive Director w.e.f. 31st August 2006. He is now a Non-Executive Chairman of the Company.

Financial Year 2005-06

(Rs.)

Name of Director	Designation	Remuneration	Allowances	Total
Mr G Rama Manohar Reddy	Managing Director	3,70,000.00	-	3,70,000.00
Mrs G Amulya Reddy	Whole Time Director	2,05,000.00	-	2,05,000.00
Mr G Rama Krishna Reddy	Executive Director	1,25,000.00	-	1,25,000.00
Total		7,00,000.00	-	7,00,000.00

Financial Year 2004-05

(Rs.)

Name of Director	Designation	Remuneration	Allowances	Total
Mr G Rama Manohar Reddy	Managing Director	2,80,000.00	-	2,80,000.00
Mrs G Amulya Reddy	Whole Time Director	1,70,000.00	-	1,70,000.00
Total		4,50,000.00	-	4,50,000.00

ANNEXURE - III

ACCOUNTING POLICIES & NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

(1) AS- 1 : BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention, in accordance with Indian Generally Accepted Accounting principles ("GAAP") and on the basis of *going concern* in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and relevant presentational requirements of the Companies Act, 1956. The preparation of the financial statements in conformity with Indian GAAP requires that the management make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

All incomes, revenue, expenses, assets and liabilities having a material bearing on the financial statements are recognised on accrual basis, unless otherwise stated.

Accounting policies not specifically referred to otherwise are consistent and are in consonance with generally accepted accounting principles followed by the Company

(2) AS- 2 : INVENTORIES

Raw materials are valued at Cost or FIFO basis. Finished goods are valued at cost or Net Realisable Value whichever is lower.

(3) AS- 6 : DEPRECIATION

Depreciation on all the fixed assets has been provided at the rates prescribed for "Written-Down Value (WDV) Method" in Schedule XIV of Companies Act, 1956.

(4) AS- 8 : RESEARCH & DEVELOPMENT

Research and Development expenditure incurred by the Company is debited to the Profit & Loss Account to the extent of revenue in nature and capitalised for the capital expenditure.

(5) AS- 9 : REVENUE RECOGNITION

All income and expenditure are accounted on accrual basis.

(6) AS- 10 : FIXED ASSETS

Fixed Assets are stated at acquisition cost (net of modvat/cenvat, if any) including directly attributable cost of bringing them to their respective working conditions for the intended use less accumulated depreciation including impairment loss. All costs, including financing/borrowing cost till commencement of commercial production attributable to the fixed assets have been capitalized.

(7) AS-11 : FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are recorded in the books by applying the exchange rate as on the date of transaction. Fluctuations in the exchange rate transactions are charged to Profit & Loss Account, wherever necessary. In respect of foreign currency transactions in fixed assets, the exchange gain or loss is adjusted in the carrying amount of fixed assets and accordingly depreciation is charged.

(8) AS- 13 : INVESTMENTS

The Accounting Standard AS 13 on Investments is not applicable to the Company, as the company has no investments that require disclosure in these financial statements.

(9) AS- 15 : RETIREMENT BENEFITS

Liability towards gratuity is provided on the basis of actuarial valuation made by an independent actuary. The contribution towards provident fund are made as per the prescribed rules and regulations of the Fund/Scheme and charged to the Profit & Loss Account.

(10) AS- 17 : SEGMENT ACCOUNTING

The Accounting Standard AS 17 on Segment Reporting is not applicable to the Company, as the Company's turnover neither exceeded Rs. 50 crores nor borrowings exceeded Rs. 10 crores.

(11) AS- 20 : EARNING PER SHARE

The Company reports its Earnings per Share (EPS) in accordance with Accounting Standard 20 issued by the Institute of Chartered Accountants of India.

(12) AS- 22 : TAXES ON INCOME

Provision is made for income tax on an annual basis, under the tax payable method, based on the tax liability as computed after taking credit for allowances and exemptions. The provision for income tax is made for the period ended March 31, 2007 based on the rates and methods provided under the Income Tax Act, 1961.

Deferred Tax is recognized subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred Tax assets are not recognised on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised as per AS-22 "Accounting for Taxes on income" issued by the Institute of Chartered Accountants of India.

(13) AS- 28 : IMPAIRMENT OF ASSETS

In terms of Accounting Standard (AS-28) on "Impairment of Assets" issued by the Institute of Chartered Accountants of India (ICAI), the company during the year carried out an exercise of identifying the assets that may have been impaired in accordance with the said Accounting Standard. The Company has identified that no asset of the Company has been impaired during the year.

B. NOTES ON ACCOUNTS

1. Restatement

In the Restated Summary Statements, prior period items represents adjustments in respect of transaction items being material changes or credits which arise in a particular period as a result of errors or omission in the preparation of financial statements of one or more prior periods and/or material adjustments necessitated by circumstances which though related to previous periods are determined in the particular (current) period.

In the opinion of the Board of Directors, all the Current assets, Loans and Advances have a value on a realisation basis in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet. The provisions for all known liabilities are adequate and not in excess of amount considered reasonably necessary.

2. Regrouping

Figures in the Restated Summary Statements have been appropriately regrouped to confirm with the reclassification made in the subsequent years.

3. Contingent Liabilities not provided for:

As per the Audited Financial Statements for the period ended 31st December 2007, the Company has contingent liabilities of Rs. 220.75 lakhs, which, if determined against it in future, may impact its financial position, adversely.

4. As of 31st December 2007 there are no dues to SSI units, which are outstanding for more than 30 days and more than Rupees one lakh.
5. Sundry Debtors and Creditors balances of parties are subject to confirmation by the parties.
6. The inventories and work in progress are shown at the value as certified by the management.
7. Loans, Advances and Sundry Debtors stated in the balance sheet are in the opinion of the management are realisable in the ordinary course of business.

ANNEXURE – IV

SUMMARY OF CASH FLOW, AS RESTATED

(Rs. in lakhs)

Particulars	For the Year Ended 31st March					
	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	31-Mar-07	31-Dec-07
(A) CASH FLOW FROM OPERATING ACTIVITIES						
NET PROFIT BEFORE TAX AND EXTRA ORDINARY ITEMS (I)	30.03	60.28	128.77	313.23	431.11	442.99
(II) Adjustment for:						
Depreciation	5.32	10.17	18.85	29.75	46.96	47.70
Interest Expense	7.90	10.04	17.06	24.00	43.70	47.44
Miscellaneous Expenses written off	0.01	0.01	5.06	5.05	5.05	3.78
Total (II)	13.23	20.22	40.97	58.80	95.71	98.92
Operating Profit before working capital Changes (I) + (II)	43.26	80.50	169.74	372.03	526.82	541.91
(III) Adjustment for						
Trade and other receivables	(16.38)	(83.98)	(268.68)	(568.59)	(274.47)	(528.04)
Inventories (incl. WIP)	(11.59)	(6.88)	(12.09)	(50.64)	(72.99)	(16.29)
Trade Payable	(1.20)	20.79	128.38	309.09	(110.09)	(54.27)

Particulars	For the Year Ended 31st March					
	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	31-Mar-07	31-Dec-07
Sub Total (III)	(29.17)	(70.07)	(152.39)	(310.14)	(457.55)	(598.60)
Cash Generated from Operations (I)+(II)+(III)	14.09	10.43	17.35	61.89	69.27	(56.69)
Direct Tax Paid	(1.63)	(5.68)	(7.47)	(10.10)	(50.52)	(61.02)
Net Cash from Operating Activities (A)	12.46	4.75	9.88	51.79	18.75	(117.71)
(B) CASH FLOW FROM INVESTING ACTIVITIES						
Purchases of Fixed Assets (incl. CWIP)	(14.24)	(37.18)	(90.93)	(131.30)	(149.37)	(91.25)
Net Cash from Investing Activities (B)	(14.24)	(37.18)	(90.93)	(131.30)	(149.37)	(91.25)
(C) CASH FLOW FROM FINANCING ACTIVITIES						
Interest Paid	(7.90)	(10.04)	(17.06)	(24.00)	(43.70)	(47.44)
Proceeds from issue of Equity Shares (incl. Share Premium) and Share Application Money	8.59	53.81	42.53	134.08	11.60	434.36
Proceeds from Borrowings	3.85	10.77	63.56	(11.19)	209.60	(85.23)
Misc. Expenditure	-	(20.20)	-	-	(6.64)	(17.54)
Dividend Paid	-	(0.50)	(7.15)	(13.60)	(31.54)	(49.75)
Tax on Dividend	-	-	(0.92)	(1.78)	(4.42)	-
Net Cash from Financing Activities (C)	4.54	33.84	80.96	83.51	134.90	234.40
Net Increase / (Decrease) in cash and cash equivalents (A + B + C)	2.76	1.41	(0.09)	4.00	4.28	25.44
Cash and Cash Equivalents (Opening balance)	1.52	4.28	5.69	5.60	9.60	13.88
Cash and Cash Equivalents (Closing Balance)	4.28	5.69	5.60	9.60	13.88	39.32

ANNEXURE – V

RELATED PARTY DISCLOSURE

Names of related parties and description of relationship:

Nature of relationship	Name of related party	Remarks
Subsidiary	None	
Enterprises over which the key Management Persons have substantial influence or Control	None	
Enterprises in which the key Management Persons have total control	None	

Key Management Personnel	Mr G Rama Krishna Reddy	Chairman	
	Mr G Rama Manohar Reddy	Managing Director	
	Mrs G Amulya Reddy	Whole-Time Director	
Relatives of Key Management Personnel	Name of Key Management Person	Name of Relative	Relationship
	Mr G Rama Krishna Reddy	Mr G Rama Manohar Reddy	Son
		Mrs G Amulya Reddy	Son's Wife
		Mr G Rama Murthy Reddy	Son
		Mrs G Shailaja Reddy	Son's Wife
	Mr G Rama Manohar Reddy	Mr G Rama Krishna Reddy	Father
		Mrs G Amulya Reddy	Wife
		Mr G Rama Murthy Reddy	Brother
		Mrs G Shailaja Reddy	Brother's Wife
		Mr M Krupakar Reddy	Brother in Law
		Mr B N Reddy	Father in Law
		Mr B Avinash Reddy	Brother in Law
	Mrs G Amulya Reddy	Mr G Rama Krishna Reddy	Father in Law
		Mr G Rama Manohar Reddy	Husband
		Mr B N Reddy	Father
		Mr B Avinash Reddy	Brother
		Mr G Rama Murthy Reddy	Brother in Law
		Mrs G Shailaja Reddy	Sister in Law

DETAILS OF TRANSACTIONS WITH RELATED PARTIES

(Rs. in lakhs)

SI No	Category	Nature of Services	Amount For The Year Ended			
			31-Mar-05	31-Mar-06	31-Mar-07	31-Dec-07
1	Key Management Personnel	Remuneration, Allowances to Directors	4.50	7.00	6.63	15.30

BALANCES OUTSTANDING WITH RELATED PARTIES

(Rs. in lakhs)

Nature Of Outstanding	Category	Name of The Party	Amount Outstanding As On			
			31-Mar-05	31-Mar-06	31-Mar-07	31-Dec-07
Due To Directors	Key Management Personnel - Promoters	Remuneration, Allowances to Directors	-	0.87	0.31	1.33

ANNEXURE – VI

CONTINGENT LIABILITIES

(Rs. in lacs)

PARTICULARS	As on					
	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	31-Mar-07	31-Dec-07
Counter Guarantees given for obtaining Bank Guarantees from various Banks	-	-	-	49.97	85.07	116.89
Counter Guarantees given for obtaining Letter of Credit from various Banks	-	-	-	196.05	347.69	46.70

Disputed Income Tax Liabilities	-	-	-	-	4.02	4.02
Disputed Sales Tax Liabilities	-	-	-	-	59.73	53.14
Total	Nil	Nil	Nil	246.02	496.51	220.75

ANNEXURE – VII

SUMMARY OF ACCOUNTING RATIOS

PARTICULARS	Financial Year/Period Ended on					
	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	31-Mar-07	31-Dec-07
Profit After Taxation (Rs in lacs)	21.45	54.12	117.36	235.38	302.99	314.49
Earning Per Share - Basic & Diluted (Rs)	415.38	5.93	8.61	6.51	5.68	5.81
Net Worth (Rs in lacs)	94.14	173.81	323.39	661.93	918.21	1653.32
Return on Net Worth (%)	22.79	31.14	36.29	35.56	33.00	19.02
Net Asset Value per Share (Rs.)	144.83	12.78	17.22	14.90	17.23	30.28
Price Per Equity Share (Rs)	100.00	10.00	10.00	10.00	10.00	10.00
Actual No. of Shares outstanding at the end of the year/ period	65,000	13,60,000	18,78,000	44,42,000	53,30,400	54,59,400
Weighted Average No. of Shares at the end of the year/ period	5,164	9,12,254	13,62,838	36,13,627	53,30,400	54,13,898

Notes:

(1) The Ratios have been computed as below:

Earning Per Share (Rs)= $\frac{\text{Net Profit attributable to Equity Shareholders}}{\text{Weighted average no. of Equity Share outstanding at the end of the year/ period}}$.

Net Asset Value per Share (Rs)= $\frac{\text{Net Worth at the end of the year/period}}{\text{Equity Share outstanding at the end of the year/period}}$.

Return on Net Worth (%)= $\frac{\text{Net profit After Tax} \times 100}{\text{Net Worth for the year at the end of the year/period}}$.

(2) As on 31st December, 2007 the Annualised EPS stood at Rs. 7.75 and Return on Net Worth at 25.36%.

(3) Profit & Loss, as restated, has been considered for the purpose of computing the above ratios.

ANNEXURE – VIII

CAPITALISATION STATEMENT

(Rs. in lakhs)

Particulars	Pre Issue (as on 30.12.2007)	Post Issue *
Loans - Secured and Unsecured		
Short Term Debt	137.29	
Long Term Debt (incl. Medium Term Debt)	114.12	
Total Debt	251.41	
Shareholder's Fund		
Share Capital	545.94	
Reserves & Surplus (Excl. Revaluation Reserve)	738.44	
Sub- Total	1284.38	
Less: Preliminary Expenses not written off	25.43	
Total Shareholder Fund (Equity) **	1258.95	
Long Term Debt / Equity	0.09	

* Information pertaining to Post Issue Share Capital and Reserves can be ascertained only after the conclusion of the book-building process.

** Share Application Money pending allotment has not been considered for the purpose of calculation of Shareholders' Fund.

ANNEXURE – IX

STATEMENT OF TAX SHELTER

(Rs. in lakhs)

PARTICULARS	Financial Year Ended on					
	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	31-Mar-07	31-Dec-07
Profit/(Loss) Before Tax (A)	30.03	60.28	128.78	313.23	431.11	442.99
Tax Rate (B) (%)	36.75	35.88	36.59	33.66	33.66	30.90
Tax thereon C = (A X B)	11.04	21.63	47.12	105.43	145.11	136.88
Adjustments:						
Permanent Difference						
Deduction u/s 80IB	-	-	-	(79.44)	(95.29)	(147.62)
Deduction u/s 35(2AB)	-	(15.00)	(47.91)	-	-	-
In admissible items	3.16	2.04	3.77	2.94	2.11	1.41
Total Permanent Difference (D)	3.16	(12.96)	(44.14)	(76.50)	(93.18)	(146.21)
Timing Difference						
Depreciation	(8.38)	3.49	13.44	19.99	19.13	(5.85)
Deduction u/s 35(2AB)	(9.36)	(30.00)	(79.42)	(117.94)	(92.04)	(31.81)
Total Timing Difference (E)	(17.74)	(26.51)	(65.98)	(97.95)	(72.91)	(37.66)
Net Adjustments F = (D+E)	(14.58)	(39.47)	(110.12)	(174.45)	(166.09)	(183.87)
Tax Expenses/(Saving) thereon G = (F X B)	(5.36)	(14.16)	(40.30)	(58.72)	(55.91)	(56.82)
Total Tax (Current Tax) H = (C + G)	5.68	7.47	6.82	46.71	89.20	80.06
Book Profit (Taxable income as per MAT) (I)	30.03	60.28	128.77	313.23	431.11	442.99
Tax as per MAT (J)	2.36	4.63	100.97	24.56	48.37	50.19
Tax (K) = Higher of (H) or (J)	5.68	7.47	100.97	46.71	89.20	80.06

Note:

- 1) The tax liability computed above is as per the income tax returns submitted by the assessee.

- 2) The tax liability for the period ending 31st December 2007 has been computed on the same lines of previous years computations.

ANNEXURE – X

STATEMENT OF DIVIDEND PAID

PARTICULARS	Financial Year/Period ended as on					
	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	31-Mar-07	31-Dec-07
Equity Dividends						
Price Per Equity Share (Rs)	100.00	10.00	10.00	10.00	10.00	10.00
Number of Equity Shares	65,000	13,60,000	18,78,000	44,42,000	53,30,400	54,59,400
Equity Share Capital (Rs in lakhs)	65.00	136.00	187.80	444.20	533.04	545.94
Rate of Dividend (%)	10.00	10.00	10.00	10.00	10.00	-
Amount of Equity Dividend (Rs. in Lacs) *	0.50	7.15	13.60	31.54	49.75	-
Tax on Equity Dividend (Rs. in Lacs)	-	0.92	1.78	4.42	6.98	-

* The dividend has been paid to the respective shareholders on pro-rata basis, i.e. on the number of days of shareholding in the respective year/period.

**For A M Reddy & Co.
Chartered Accountants**

Date: March 24, 2008
Place: Hyderabad

**CA Kishore Kumar K
Partner
Membership No. 215459**

EXISTING BORROWING FACILITIES

Details of Secured Loans outstanding as on February 29, 2008

(Rs. in lakhs)

Particulars of Loan	Institution/ Bank	Sanctioned Amount (Rs.)	Outstanding Amount (Rs.)	Rate of Interest (% p.a.)	Repayment Terms	Securities Offered
Medium Term Loans from Banks/ Financial Institutions	American Express Bank	20.00	6.28	15.50	36 EMIs of Rs. 69821 each, starting from 01.01.2006	Personal Guarantee of Directors
	Citibank NA	5.79	0.69	19.00	48 EMIs of Rs. 16710 each, starting from 29.07.2004	Personal Guarantee of Directors
	HDFC Bank Ltd	20.00	12.74	15.00	36 EMIs of Rs. 69331 each, starting from 07.12.2006	Personal Guarantee of Directors
	Kotak Mahindra Bank	35.07	25.33	17.00	36 EMIs of Rs. 125036 each, starting from 15.03.2007	Personal Guarantee of Directors
	Sundaram Finance	5.30	1.11	7.35	Rs 12692 on 25.12.2004 and balance in 47 EMIs of Rs. 12680 each, starting from 17.01.2005	Personal Guarantee of Directors
	GE Money	15.21	11.64	16.50	36 EMIs of Rs. 52740 each, starting from 07.05.2007	Personal Guarantee of Directors
	ICICI Bank	10.00	7.32	18.29	36 EMIs of Rs. 36657 each, starting from 05.03.2007	Personal Guarantee of Directors
	Indiabulls Credit Services Ltd	30.00	22.47	18.00	36 EMIs of Rs. 108450 each, starting from 01.04.2007	Personal Guarantee of Directors
	Standard Chartered Bank	25.00	18.07	17.50	36 EMIs of Rs. 89754.91 each, starting from 18.03.07	Personal Guarantee of Directors
Sub-Total (a)		166.37	105.65			
Fund Based - Cash Credit	State Bank of Hyderabad	300.00	290.32	13.00		<u>Primary:</u> i First Charge on all current assets of the company <u>Collateral:</u> 1. Equitable Mortgage of immovable properties of Directors and relatives 2. Pledge of Machinery
Sub-Total (b)		300.00	290.32			
Total (a+b)		466.37	395.97			

Particulars of Loan	Institution/ Bank	Sanctioned Amount (Rs.)	Outstanding Amount (Rs.)	Rate of Interest (% p.a.)	Repayment Terms	Securities Offered
Non-Fund Based – Bank Guarantee	State Bank of Hyderabad	300.00	244.82			<u>Primary:</u> 1. First Charge on all current assets of the company <u>Collateral:</u> 1. Equitable Mortgage of immovable properties of Directors and relatives 2. Pledge of Machinery
Non-Fund Based – LC/FLC		350.00	284.08			
Sub-Total (c)		650.00	528.90			

PROPOSED (ADDITIONAL) BORROWING FACILITIES

(Rs. in Lakhs)

Particulars of Loan	Institution / Bank	Sanctioned Amount (Rs.)	Rate of Interest (% p.a.)	Repayment Terms	Securities Offered
Medium Term Loan *	State Bank of Hyderabad	360.00	<p>0.00% below the SBH Prime Lending Rate, subject to a minimum of 13.00% with quarterly intervals.</p> <p>Such rate will correspondingly change the effective rate of interest whenever there is change in advance rate when required under interest rate policy without reference to ATL</p>	36 EMIs of Rs. 10.00 lakhs with first instalment payable from July 2008	<p><u>Primary:</u></p> <p>i. First charge on all fixed assets of the Company</p> <p><u>Collateral:</u></p> <p>;</p> <p>i. Personal Guarantee of G Ramamurthy Reddy, S/o – Mr G Rama Krishna Reddy, Mrs G Shailaja, W/o Mr G Ramamurthy Reddy, Mr G Ramakrishna Reddy, S/o Mr G Musal Reddy and Mr. G Rama Manohar Reddy S/o G. Ramakrishna Reddy; Mrs G Amulya Reddy, W/o Mr G Rama Manohar Reddy</p> <p>ii. Extension of equitable/registered mortgage by Mr G Ramamurthy Reddy at Kukatpally village, Ranga Reddy District and Bhimnagar Karmanghat Hyderabad, Mrs G Shailaja at Kukatpally village, Ranga Reddy District, Mr G Rama Krishna Reddy at Gudimalkapur Hyderabad and Bhimnagar Karmanghat Hyderabad and Mr. G Rama Manohar Reddy at Saroor Nagar Hyderabad</p>
Total (a+b)		360.00			

* SBH has issued its sanction letter dated January 3, 2008 to part-finance the fund requirements of the Company. The disbursement of the loan amount has not yet commenced.

FINANCIAL AND OTHER INFORMATION OF GROUP COMPANIES, FIRMS AND OTHER VENTURES PROMOTED/ CONTROLLED BY THE PROMOTERS

There is no company/firm/other venture under the same management within the meaning of Section 370(1B) of the Companies Act, 1956.

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

The following is the management's discussion of the financial conditions and results of operations together with the audited financial statement for each of the fiscal years ended 31st March 2004, 31st March 2005, 31st March 2006 and 31st March 2007 including the notes thereto and the reports thereon in the section titled "Financial Information" beginning from page no. 117 of this Red Herring Prospectus. These financial statements have been prepared in accordance with Indian GAAP and the Companies Act, 1956.

The fiscal year ends on March 31st of each year, so all references to a particular fiscal year are to the twelve-month period ended March 31st of that year.

a) OVERVIEW OF THE BUSINESS OF THE COMPANY

Aishwarya Telecom Limited (ATL) was incorporated in June 1995 by Mr G Rama Manohar Reddy. Mr G Rama Manohar Reddy, aged 43 years, a Graduate in Electronics and Communication Engineering and has past experience in PCs and telecom related products. The registered office of the Company is located at 3-C, Samrat Commercial complex, Opp A G Office, Saifabad, Khairatabad, Hyderabad – 500 004. The concerned Registrar of Companies is Registrar of Companies, Andhra Pradesh located at Hyderabad.

ATL started its operations with specialisation in designing, manufacturing and marketing of Telecom Test & Measuring equipment for Copper, Optical and Data Networks. ATL is an ISO 9001:2000 certified company. ATL manufactures 22 types of testers out of which 17 products are approved by Telecom Engineering Centre (TEC). ATL is based at Hyderabad with production at Yanam in the State of Pondicherry and Dehradun in the State of Uttarakhand, with marketing offices in New Delhi and Mumbai.

Currently, ATL manufactures products for Telephone Service Providers, Defence Sector, Railways, Telecom equipment manufacturing companies and Cable TV Operators. ATL is planning to expand in to designing products for Educational Sector as well.

ATL strategy is to develop high-end test equipments, which could be expensive but have good demand and have potential market. The Company's strategy is to design the products and produce them at low cost and take bigger market share competing with MNCs both on price and performance.

b) SIGNIFICANT DEVELOPMENTS SUBSEQUENT TO THE LAST FINANCIAL STATEMENT

The last financial year of the company ended on March 31, 2007 and the last audited financial statements of the Company were made for a period of nine months upto December 31, 2007.

The Directors of the company have confirmed that in their opinion, except for routine developments taking place after the end of the last financial year/period, no circumstances have arisen since the date of the last financial statements as disclosed in the Red Herring Prospectus, which materially and adversely affect or are likely to affect the business or profitability of the Company or the value of assets or the ability to pay the liabilities within the next twelve months.

State Bank of Hyderabad has sanctioned a Term Loan of Rs. 360 lakhs. (For more details, please refer to section titled "Proposed (Additional) Borrowing Facilities" at page no. 137 of this Red Herring Prospectus.

Recent Developments: Pre-IPO Placements

The Company completed placement of 12,00,000 Equity Shares (the "Pre-IPO Placements") to certain Body Corporate and Resident and Non-Resident Indian Individuals on January 25, 2008 and January 30, 2008. Gross proceeds from the Pre-IPO Placements equaled Rs. 468.50 lakhs. For the use of proceeds of the Pre-IPO Placements, see the section titled "Objects of the Issue" beginning on page 36 of this Red Herring Prospectus. No Pre -IPO shares have been allotted to the Promoters/promoter group of the Company.

c) FACTORS THAT MAY AFFECT RESULTS OF THE OPERATIONS

Except as otherwise stated in this Red Herring Prospectus, the Risk factors given in this RHP, the following important factors, among others, could cause the actual results to differ materially from the expectations:

- General economic and business conditions;
- The company's ability to successfully implement its strategy and its growth plans;
- Factors affecting the T&M Instrument industry;
- Increasing competition in the T&M Instrument industry from unorganised sector or new entrants in organised sector;
- Increase in labour costs, raw materials prices, prices of plant & machineries and insurance premia;
- Manufacturer's defects or mechanical prices with company's plant & machineries or incidents caused by human error;
- Changes in the value of the Indian rupee and other currencies, in particular, the Euro and US Dollar;
- Amount that the Company is able to realise from the customers;
- Changes in fiscal, economic or political conditions in India;
- Social or civil unrest or hostilities with neighboring countries or acts of international terrorism;
- Changes in the foreign exchange control regulations, interest rates and tax laws in India.

RESULTS OF OPERATIONS

The following discussion on the financial operations and performance should be read in conjunction with the audited financial results of the company for the year ended March 31 2004, March 31 2005, March 31 2006 and March 31 2007:

Particulars	Year Ended 31.03.04		Year Ended 31.03.05		Year Ended 31.03.06		Year Ended 31.03.07	
	Amt. (Rs. in Lakhs)	%age of Total Income	Amt. (Rs. in Lakhs)	%age of Total Income	Amt. (Rs. in Lakhs)	%age of Total Income	Amt. (Rs. in Lakhs)	%age of Total Income
Income								
<i>Income from Sales</i>								
Trading	350.42	61.86	580.32	74.11	1502.57	88.68	2029.15	90.19
Manufacturing	220.81	38.98	202.49	25.86	162.47	9.59	171.01	7.60
Gross Sales	571.23	100.83	782.81	99.97	1665.04	98.27	2200.16	97.79
Less: Sales Tax	11.62	2.05	10.45	1.33	20.03	1.18	26.41	1.17
Net Sales	559.61	98.78	772.36	98.63	1645.01	97.08	2173.75	96.62
Other Income	0.89	0.16	4.48	0.57	4.10	0.24	12.34	0.55
Increase in Stocks	6.01	1.06	6.23	0.80	45.30	2.67	63.74	2.83
Sub-Total	566.51	100.00	783.07	100.00	1694.41	100.00	2249.83	100.00
Expenditure								
Trade Purchases	144.04	25.43	348.73	44.53	1003.74	59.24	1345.91	59.82
Manufacturing Expenses (less Increase in Stock of Finished Goods)	143.32	25.30	96.25	12.29	93.01	5.49	77.05	3.42
Staff Cost	59.34	10.47	56.42	7.20	67.77	4.00	84.06	3.74
Administrative & Other Expenses	134.67	23.77	111.90	14.29	154.55	9.12	196.86	8.75
Sub-Total	481.37	84.97	613.30	78.32	1319.07	77.85	1703.88	75.73
Operating Profit-EBIDTA	85.14	15.03	169.77	21.68	375.34	22.15	545.95	24.27
Interest	14.69	2.59	22.14	2.83	32.37	1.91	67.88	3.02
Profit before Depreciation, Tax & Non recurring items	70.45	12.44	147.63	18.85	342.97	20.24	478.07	21.25

Particulars	Year Ended 31.03.04		Year Ended 31.03.05		Year Ended 31.03.06		Year Ended 31.03.07	
	Amt. (Rs. in Lakhs)	%age of Total Income	Amt. (Rs. in Lakhs)	%age of Total Income	Amt. (Rs. in Lakhs)	%age of Total Income	Amt. (Rs. in Lakhs)	%age of Total Income
Depreciation	10.17	1.80	18.85	2.41	29.74	1.76	46.96	2.09
Net Profit/(Loss) before tax & Non recurring items	60.28	10.64	128.78	16.45	313.23	18.49	431.11	19.16
Current Tax	7.47	1.32	10.10	1.29	46.71	2.76	92.58	4.11
Fringe Benefit Tax	-	-	-	-	3.81	0.22	2.28	0.10
Deferred Tax Liability/(Asset)	(1.31)	(0.23)	1.32	0.17	27.33	1.61	33.26	1.48
Net Profit/(Loss) after Tax & Extraordinary Items	54.12	9.55	117.36	14.99	235.38	13.89	302.99	13.47

INFORMATION REQUIRED AS PER CLAUSE 6.10.5.5 OF SEBI DIP GUIDELINES

(a) Comparison of performance and analysis of developments for Fiscal 2007 with Fiscal 2006

Sales - Trading

Trading sales have increased during the fiscal 2007 to Rs 2029.15 lacs from Rs 1502.57 lacs. This increase of 35.05% was due to increased orders from BSNL, Corporate office for supply of splicing machines and execution of a turnkey sales order with ELOIRA for Rs 88.19 lacs.

Sales - Manufacturing

Manufacturing sales have increased during the fiscal 2007 over the fiscal 2006, i.e. from Rs. 162.47 lacs to Rs 171.01 lacs. The main reason for the increase was the manufacture and sale of new products viz. Optical Variable Attenuator (OVA) and High Speed Data Circuit Tester.

Other Income

Other income increased by Rs. 8.24 lacs during the fiscal 2007 as compared to that of fiscal 2006, due to increase in interest on margin money deposit and service income.

Purchases - Trading

Trading purchases increased during the fiscal 2007 by Rs. 342.17 lacs, i.e. an increase of about 34% over the previous year figure, due to increase in trading sales volume.

Manufacturing Expenses

Manufacturing expenses decreased by about 17% during the fiscal 2007 from Rs. 93.01 lacs in fiscal 2006 to Rs. 77.05 lacs in fiscal 2007 due to decrease in cost of electronic components.

Personnel Expenses (Staff Cost)

The personnel expenses have increased during fiscal 2007 by Rs. 16.29 lacs (almost 24%) mainly on account of annual increments given to the employees and recruitment of skilled employees during the said fiscal.

Administrative & Other Expenses

The administrative expenses have increased during fiscal 2007 by Rs. 42.31 lacs (about 27%) due to increase in certain expenses such as R&D Recurring Expenses, Rent Expenses, discounts, etc.

Interest

Interest expenses of the Company almost doubled as there was an increase of Rs. 35.51 lacs in interest cost during the fiscal 2007, which was due to increase in working capital limits availed by the Company.

Depreciation

Depreciation increased by Rs. 17.22 lacs due to purchase of new fixed assets during the fiscal 2007.

Profit Before Tax

Profit before tax has increased significantly by Rs. 117.88 lacs during the fiscal 2007, an increase of 37.63% on Y-O-Y basis. The main reasons for this increase in profitability were the increased margins and volumes.

Profit After Tax

In the fiscal 2007, Profit After Tax (PAT) also increased significantly by Rs. 67.61 lacs, an increase of 28.72% over the corresponding figure of previous year. The main reasons for this increase in profitability were the increased margins and volumes.

(b) Comparison of performance and analysis of developments for Fiscal 2006 with Fiscal 2005

Sales - Trading

Trading sales substantially increased during the fiscal 2006 to Rs. 1502.57 lacs from Rs. 580.32 lacs i.e. an increase of about 159% over the previous year figure. The increase is mainly due to some major orders from BSNL Corporate Office, New Delhi and execution of a turnkey sales order with ELOIRA for 152.00 lacs.

Sales - Manufacturing

Manufacturing sales have decreased during the fiscal 2006 from Rs. 202.49 lacs in fiscal 2005 to Rs. 162.47 lacs in fiscal 2006. The decrease was mainly due to the preference of customers for imported products to indigenous products.

Other Income

The other income decreased by 0.38 lacs in fiscal 2006 as there was a grant of Rs. 3.80 lacs from DSIR in the fiscal 2005.

Purchases - Trading

The trading purchases increased during the fiscal 2006 by Rs. 655.01 lacs due to increase in the trading sales.

Manufacturing Expenses

Manufacturing expenses marginally decreased during the fiscal 2006 by Rs. 3.24 lacs (about 3%) mainly due to decrease in manufacturing sales.

Personnel Expenses (Staff Cost)

The personnel expenses have increased by Rs. 11.35 lacs (i.e. 20.12%) during the fiscal 2006 over the corresponding figure in fiscal 2005 mainly on account of annual increments given to the employees and recruitment of new employees during the year.

Administrative & Other Expenses

The administrative expenses in fiscal 2006 have increased by Rs. 42.65 lacs (i.e. 38.11%) over the corresponding figure in fiscal 2005 due to increase in certain expenses such as R&D Recurring Exp, Testing & Calibration Expenses, discounts, etc. However, the total administrative expenses during the fiscal 2006 stood at 9.12% of total income as against 14.29% of the total income in fiscal 2005.

Interest

There was an increase of Rs. 10.23 lacs in interest cost during the fiscal 2006 over the corresponding figure in fiscal 2005 due to increase in working capital limits. However, as a percentage to total income, the interest expenses decreased from 2.83% in FY 2005 to 1.91% in FY 2006.

Depreciation

Depreciation increased by Rs. 10.89 lacs due to purchase of new fixed assets during the fiscal 2006. However, as a percentage to total income, the depreciation decreased from 2.41% in FY 2005 to 1.76% in FY 2006.

Profit Before Tax

Profit before tax showed a significant increase of Rs. 184.45 lacs during the fiscal 2006 as compared to fiscal 2005. The main reason for increase in profitability was due to increase in margins on sales.

Profit After Tax

Profit after tax also increased significantly by Rs. 118.02 lacs during the fiscal 2006 as compared to fiscal 2005.

(c) Comparison of performance and analysis of developments for Fiscal 2005 with Fiscal 2004**Sales - Trading**

The gross trading sales have increased during the fiscal 2005 by Rs. 229.90 lacs (more than 65%). The main reason for this increase is the increase in sale of splicing machines. The gross trading sales stood at 74.11% of the total income in FY 2005 as against 61.86% in FY 2004.

Sales - Manufacturing

Manufacturing sales have decreased during the fiscal 2005 by Rs. 18.32 lacs (nearly 8%). The gross manufacturing sales stood at 25.86% of the total income in FY 2005 as against 38.98% in FY 2004.

Other Income

Other income was increased by Rs. 3.59 lacs during the fiscal 2005. The main reason for the increase is due to the receipt of grant of Rs. 3.80 lacs from DSIR, which is of non-recurring in nature. Other Income (recurring nature) was marginally decreased by 0.21 lacs.

Purchases - Trading

Trading purchases were increased during the fiscal 2005 by Rs. 204.69 lacs (about 142%) due to increase in volume of sales and increase in cost of import purchases due to increase in foreign exchange rates.

Manufacturing Expenses

Manufacturing expenses decreased during the fiscal 2005 by Rs. 47.07 (nearly 33%) due to decrease in cost of electronic components.

Personnel Expenses (Staff Cost)

The personnel expenses have decreased marginally by Rs. 2.92 lacs due to non-payment of bonus during the year.

Administrative & Other Expenses

The administrative expenses in fiscal 2005 have decreased by Rs. 22.77 lacs (nearly 17%) due to decrease in certain expenses such as tour & travel expenses, agency commission etc.

Interest

There was an increase of Rs. 7.45 lacs in interest cost during the fiscal 2005 due to increase in credit facilities.

Depreciation

Depreciation increased by Rs. 8.68 lacs due to purchase of new fixed assets during the fiscal 2005.

Profit Before Tax

Profit before tax more than doubled, as there was an increase of Rs. 68.50 lacs during the fiscal 2005 as compared to fiscal 2004. The main reasons for increase in profitability were increased margins on manufacturing sales and decrease in administrative & other expenses.

Profit After Tax

Profit after tax also increased by Rs. 63.24 lacs during the fiscal 2005 as compared to fiscal 2004 due to increase in margins on manufacturing sales and decrease in administrative & other expenses.

RESEARCH AND DEVELOPMENT (R & D)

As required under AS-8, the R&D expenditure incurred by the Company is debited to the Profit and Loss Account to the extent of revenue in nature and capitalised for the capital expenditure. The R&D Expenditure is included in 'Administrative & Other Expenses' in the financial statements

The analysis of R&D Expenditure (Revenue Expenditure and Capital Expenditure) is detailed below:

Particulars:		31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	31-Mar-07
R&D Revenue Expenditure:						
R&D Recurring Expenditure (Rs in lakhs)		11.27	13.13	16.41	27.18	46.10
Increase on Y-o-Y Basis	(Rs. in lakhs)	-	1.85	3.28	10.77	18.92
	(%)	-	16.45	25.00	65.65	69.62
Total Administrative & Selling Expenses (Rs)		99.06	134.66	111.90	154.55	196.85
% of R&D Recurring Expenditure to Total Admin & Selling Expenses		11.38	9.75	14.66	17.59	23.42
Total Expenses (Rs.)		377.35	506.24	654.30	1381.18	1818.72
% of R&D Recurring Expenditure to Total Expenses		2.99	2.59	2.51	1.97	2.53
R&D Capital Expenditure:						
Addition to R&D Capital Equipment (Rs)		9.36	30.00	79.42	117.94	92.04
Total Addition to Fixed Assets (Rs.)		14.24	37.18	90.93	131.30	149.36
% of Addition to R&D Capital Equipment to Total Addition to Fixed Assets		65.70	80.69	87.35	89.82	61.62

LIQUIDITY AND CAPITAL RESOURCES

The Company depends on both internal and external sources of liquidity to fund working capital and capital expenditure. The Company has traditionally funded the working capital requirements and capital expenditures from internally generated funds, unsecured loans and debt financing. In respect of the debt funding of working capital, the Company use cash credit limits from State Bank of Hyderabad whereas for project or capital expenditure, the Company has entered into long-term borrowings in the form of term loans/unsecured loans. As of March 31, 2007, the Company had cash and cash equivalents of Rs. 13.88 lakhs, which represented an increase of Rs. 4.28 lacs over fiscal 2006. However, as of December 31, 2007, the Company had cash and cash equivalents of Rs. 39.32 lakhs, which represented a increase of Rs. 25.44 lacs over fiscal 2007. As of February 29, 2008, the Company also had committed but undrawn credit facilities of Rs. 9.68 lakhs in respect of working capital finance from State Bank of Hyderabad. The Company has also been sanctioned a Medium Term Loan of Rs. 360.00 lakhs from State Bank of Hyderabad.

Dividend

The dividends declared by the company for the last five fiscal years are presented below:

Financial Year	Dividend %	Dividend per share (Rs)	Dividend Amount (Rs)	Dividend Tax (Rs)	No. of shares	Class of shares
2002-03	10.00	1.00	50,000	NIL	65,000	Equity Shares of Rs. 100 each
2003-04	10.00	1.00	7,15,000	91,592	13,60,000	Equity Shares of Rs. 10 each
2004-05	10.00	1.00	13,60,000	1,77,735	18,78,000	Equity Shares of Rs. 10 each
2005-06	10.00	1.00	31,54,400	4,42,405	44,42,000	Equity Shares of Rs. 10 each
2006-07	10.00	1.00	49,75,040	6,97,749	53,30,400	Equity Shares of Rs. 10 each

Dividends are approved at the Annual General Meeting of the shareholders based on the recommendation of the Board. The Board considers number of factors in making a recommendation to pay dividends, including but not limited to profits earned during the fiscal year, future capital expenditure plans, cash flow situation, financing needs and shareholders interest. The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future.

i.) Unusual or infrequent events or transactions

The various events / transactions that could fall in this category are strike / lockout due to issues related to industrial relations and/or political intervention, political unrest leading to bandh/ chakka jam etc., major natural calamity like earthquakes, floods etc., accidents like fire etc.

There have been no unusual or infrequent transactions that have taken place during the last three years.

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

Telecom Industry's prospects are highly dependent on Government policies. A significant change in India's economic liberalisation and deregulation policies could affect the business and economic conditions in India, which in turn could have an impact on the Indian companies with a concurrent effect on the market for the Company's products and services. Any major changes in policies of the Government would have significant impact on the profitability of the company.

Except the above, there are no significant economic changes that may materially affect or is likely to affect income from continuing operations.

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

Except as described in this Red Herring Prospectus in general and the section titled "Risk Factors" and "Management Discussion and Analysis of Financial Conditions and Results of

Operations”, in particular, to our knowledge, there are no known trends or uncertainties that have had or expected to have any material adverse impact on revenues or income of the Company from continuing operations.

iv.) **Future changes in relationship between costs and income, in case of events such as future increase in labour or material costs or prices that will cause a material change are known**

Review of trends in the T&M industry over the past few years and current developments within the user (especially, telecom) industry shows positive improvements in terms of quantum jump in demand from existing user industry and also from new users such as defence, railways etc. The expected increase in transportation costs due to future increase in petroleum products would have adverse impact on the input cost. Hence, the company does not foresee any factors that would adversely affect cost as a percentage of revenue.

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

The increase in turnover is a mix of increase in sales volume and increase in sales prices.

vi.) **Total turnover of each major industry segment in which the issuer company operates**

The company is operating only in one segment namely Test & Measurement Instrument. For details, please refer to section titled “Industry Overview” on page 65 of this Red Herring Prospectus.

vii.) **Status of any publicly announced new products or business segment**

Except for the research and development of Main Frame OTDR and Ethernet Analyzers, there are no new products or business segment.

viii.) **The extent to which the business is seasonal**

The business of the company is not seasonal in nature.

ix.) **Any significant dependence on a single or few suppliers or customers**

The company sources the raw material from a number of suppliers and is not under threat from excessive dependence on any single or few suppliers.

The revenues of the Company are highly dependent on a limited number of PSU buyers such as BSNL, MTNL, etc. However, Private Sector Undertakings in Telecom sector such as Reliance Infocom, Tata Teleservices, Bharati Airtel, etc are also significant customers of the Company. Moreover, the Company is diversifying itself to cater to the needs of defence and railways, among others.

x.) **Competitive Conditions**

The company faces competition from MNCs who have set up their offices in India. However ATL is having TEC approval for seventeen of its products.

SECTION VI : LEGAL AND OTHER INFORMATION

i. OUTSTANDING LITIGATIONS AND DEFAULTS

Litigation involving the Company

There are no outstanding litigations, defaults etc pertaining to matter likely to affect operations and finances of the Company including prosecution under any enactment in respect of Schedule XIII of the Companies Act, 1956 (1 of 1956).

No disciplinary action/investigation has been taken by Securities and Exchange Board of India (SEBI)/ Stock Exchanges against the Company, its directors, promoters and their other business ventures (irrespective of the fact whether or not they fall under the purview of section 370(1B) of the Companies Act 1956.) Except as stated below there are no outstanding litigations, suits, criminal or civil prosecutions, potential disputes, labour disputes, bargains and demands, investigations, Central / State Government claims proceedings before any judicial, quasi-judicial, arbitral or administrative tribunals, including pending proceedings for violation of statutory regulations or, alleging criminal or economic offences or tax liabilities or any other offences or inquires proceedings or tax liabilities, overdue to banks/financial institutions, defaults against banks/financial institutions, proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part I of Schedule XIII of the Companies Act) other than unclaimed liabilities of the Company or its Group Companies or its promoters or its directors and no defaults of non-payment of statutory dues against the Company including under the customs, sales tax, income tax and service tax save and except the following.

Further there are no defaults, non-payments or overdue of statutory dues, institutional/bank dues and dues payable to holders of debentures or fixed deposits and arrears of cumulative preference Shares.

In terms of Clause 6.11.1.1(g), as at December 31, 2007, the Company does not owe any sum to any Small Scale Undertaking, which is outstanding for more than 30 days.

AGAINST THE COMPANY

There are no cases/litigations pending against the Company.

BY THE COMPANY

Under Income Tax Act

Sl. No.	Brief Facts of Case	Amount Involved (in Rs)	Present Status
1.	<p>The Company filed its Return of Income for the assessment year 2004-05 declaring a total income of Rs. 20,96,318. The Return was processed u/s 143(1). Subsequently, a notice u/s 143(2) was issued. After taking into consideration the information available and the submissions made by the Company, the Assistant Commissioner of Income Tax (ACIT) has disallowed certain expenditures and deductions, aggregating to Rs. 17,40,741. As such, the ACIT passed an order demanding Rs. 8,52,415 towards additional income tax and interest thereon.</p> <p>Aggrieved by the Order, the Company has deposited a sum of Rs. 4,50,000 towards "income tax paid under protest" and preferred an appeal before the Commissioner of Income Tax (Appeals)-II.</p>	8,52,415.00	The case is yet to be numbered and listed for hearing.

Under Sales Tax Act

Sl. No.	Date/ Case No./ Court/ Parties	Brief Facts of Case	Amount Involved (in Rs)	Present Status
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Sl. No.	Date/ Case No./ Court/ Parties	Brief Facts of Case	Amount Involved (in Rs)	Present Status
1.	<p>Date: 17.03.2007</p> <p>Case No.: Writ Petition No. 6918 of 2007</p> <p>Court: High Court of Judicature, Andhra Pradesh at Hyderabad</p> <p>Parties: Aishwarya Telecom (P) Ltd. V/s.</p> <p>a) Addl Commissioner (CT) (Legal) O/o, the Commissioner of Commercial Taxes AP, Hyderabad</p> <p>b) Deputy Commissioner (CT) Abids Division, Nampally, Hyderabad</p> <p>c) Commercial Tax Officer, Basheer Bagh Circle, Nampally, Hyderabad</p>	<p>The Deputy Commissioner of Sales Tax has given a revised assessment order for the year 2001-02 stating the reason that the products manufactured by the Company falls under the category 'sound transmission equipments' whereas the products manufactured by ATL falls under the category 'Electronic Testing Instruments'.</p> <p>As the classification of goods given by the Dy. Commissioner of Sales Tax has higher rate of Sales Tax, he issued a revised assessment order demanding additional sales tax, without giving an opportunity to hear the Company.</p> <p>Aggrieved by the revised Order of the Dy. Commissioner of Sales Tax, the Company has preferred a Stay Petition before Jt. Commissioner (CT) (Legal), which was not granted. Aggrieved by this, the Company preferred an Appeal for stay in the High Court of Judicature, Andhra Pradesh, Hyderabad. The said Hon'ble High Court has passed an Order dated April 9, 2007 directing that half of the disputed tax liability shall be paid by the petitioner within a period of six weeks. The Hon'ble High Court has granted an unconditional stay till six weeks and that the stay shall continue till disposal of the appeal, provided the amount is deposited within six weeks.</p> <p>As required by the Hon'ble High Court, the Company has duly deposited 50% of the disputed tax.</p>	5,83,611.00	The matter is sub judice.
2.	<p>Appeal under Section 19 of the APGST Act, 1957</p> <p>Tribunal: Appellate Deputy Commissioner (CT) Secunderabad Division Hyderabad</p>	<p>The Commercial Tax Officer, while assessing the APGST Sales Tax Return of the Company for the year 2003-04, disallowed certain exemptions and also enhanced the taxable turnover and accordingly issued a demand notice.</p> <p>The Company has filed an appeal under section 19 of APGST Act, 1957 before the Dy. Commissioner of Appeals (CT).</p> <p>The Appellate Deputy Commissioner (CT) of Secunderabad Division has passed an Order on August 30, 2007 wherein it had partly allowed the appeal and partly remanded the matter to the assessing authority with a direction to examine the books of accounts of the appellant and grant necessary relief by deleting the disputed turnover from the net turnover, under the APGST Act.</p>	23,01,489.00	The matter is under re-assessment with the assessing authority.
3.	<p>Appeal under Section 19 of the APGST Act, 1957</p> <p>Tribunal: Appellate Deputy Commissioner (CT)</p>	<p>The Commercial Tax Officer, while assessing the CST Sales Tax Return of the Company for the year 2003-04, disallowed certain exemptions and also enhanced the taxable turnover and accordingly issued a demand notice.</p>	33,79,692.00	The matter is under re-assessment with the assessing authority.

Sl. No.	Date/ Case No./ Court/ Parties	Brief Facts of Case	Amount Involved (in Rs)	Present Status
	Secunderabad Division Hyderabad	<p>The Company has filed an appeal under section 19 of APGST Act, 1957 before the Dy. Commissioner of Appeals (CT).</p> <p>The Appellate Deputy Commissioner (CT) of Secunderabad Division has passed an Order on August 30, 2007 wherein it had partly allowed and partly dismissed the appeal and directed the assessing authority to collect the necessary forms from the assessee.</p>		

Under Negotiable Instruments Act

Sl. No.	Date/ Case No./ Court/ Parties	Brief Facts of Case	Amount Involved (in Rs)	Present Status
1.	<p>Date: 05.02.2007</p> <p>Case No.: C.C. No. 678/M107/2007</p> <p>Court: Metropolitan Magistrate 10th Court at Andheri Mumbai</p> <p>Parties: Aishwarya Telecom Ltd.</p> <p>V/s.</p> <p>P.K.U Menon (Prop. M/s. Mass Media Communications)</p>	The Company has filed a criminal case under Section 138 of the Negotiable Instruments Act, against one of its customers - M/s Mass Media Communications of Mumbai, for non-payment of the amount due towards sale of goods and consequent dishonour of cheque received from the said customer.	8,95,000.00	The matter is sub judice. Next date of hearing is 12.05.2008.

LITIGATIONS OF COMPANIES/FIRMS PROMOTED BY THE PROMOTERS/DIRECTORS OF AISHWARYA TELECOM LIMITED

There is no company/firm promoted by the promoters/directors of Aishwarya Telecom Limited.

LITIGATIONS OF SUBSIDIARY COMPANY(IES)

The Issuer Company does not have any subsidiary company.

AGAINST OR BY THE DIRECTORS:

There are no cases / litigations filed by or against the directors of the Company.

AGAINST OR BY THE PROMOTERS:

There are no cases / litigations filed by or against the promoters (i.e., Mr G Rama Krishna Reddy, Mr G Rama Manohar Reddy and Mrs G Amulya Reddy).

The promoters, promoter group and issuer are not detained as willful defaulters by the Reserve Bank of India / Government authorities and there are no violations of securities laws committed by them in the past or pending against them.

MATERIAL DEVELOPMENTS

The Board of Directors of the company have confirmed that in their opinion, except for routine developments taking place after the end of the last financial year/period, no circumstances have arisen since the date of the last financial statements as disclosed in the Red Herring Prospectus, which materially and adversely affect or are likely to affect the business or profitability of the Company or the value of assets or the ability to pay the liabilities within the next twelve months.

State Bank of Hyderabad has sanctioned a Term Loan of Rs. 360 lakhs. (For more details, please refer to section titled "Proposed (Additional) Borrowing Facilities" at page no. 137 of this Red Herring Prospectus.

Further, the Company has completed placement of 12,00,000 Equity Shares (the "Pre-IPO Placements") to certain Body Corporate and resident and Non-Resident Indian Individuals on January 25, 2008 and January 30, 2008. Gross proceeds from the Pre-IPO Placements equaled Rs. 468.50 lakhs. For the use of proceeds of the Pre-IPO Placements, see the section titled "Objects of the Issue" beginning on page 36 of this Red Herring Prospectus. No Pre -IPO shares have been allotted to the Promoters/promoter group of the Company.

GOVERNMENT APPROVALS/LICENSING ARRANGEMENTS

As per Notification No. FEMA 20 / 2000 - RB dated 3rd May 2000, as amended from time to time, under automatic route of Reserve Bank, the Company is not required to make an application for Issue of Equity Shares to NRIs/FIIs with repatriation benefits. However, the allotment / transfer of the Equity Shares to NRIs/FIIs shall be subject to prevailing RBI Guidelines. Sale proceeds of such investments in Equity Shares will be allowed to be repatriated alongwith the income thereon subject to the permission of the RBI and subject to the Indian tax laws and regulations and any other applicable laws.

The Company has necessary licenses, permissions and approvals, as may be applicable, from the Central and State Governments and other government agencies/certification bodies required for the business and no further approvals are required by the company, except those approvals that may be required to be taken from any government or any other authority in the normal course of business from time to time to continue the activities.

It must, however be, distinctly understood that in granting the below-mentioned approvals, the Central Government, State Government, RBI and other authorities do not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed.

In view of the approvals listed below, the Company can undertake this Issue and its current and proposed business activities and no further material approvals are required from any Government authority to continue such activities.

Sl. No.	Name of Registration	Licence/ Registration No. & Date	Name of Issuing Authority/Department
I	General		
1	Income Tax Permanent Account Number (ITPAN)	AABCA6501C	Income Tax Department
2	Tax Deduction Account Number (TAN)	HYDA03931E	Income Tax Department
3	IEC Registration	No. 0996005013 Dated 09.10.1996 Modified on 29.12.2005	Foreign Trade Development Officer Office of Jt. Director General of Foreign Trade Ministry of Commerce, Government of India, Hyderabad
II	For Hyderabad		
1	Registration under Profession Tax	No. 627/3	Commercial Taxes Department Basheerbagh Circle, Hyderabad
2	Registration under EPF & MP Act, 1952	No. AP/HY/34958 Dated 25.03.1999	Regional Provident Fund Commissioner Andhra Pradesh, Hyderabad

Sl. No.	Name of Registration	Licence/ Registration No. & Date	Name of Issuing Authority/Department
3	ESI Registration for Hyderabad Office	No. 52-16345-101 Dated 30.10.1998	Employees' State Insurance Corporation Regional Office, Andhra Pradesh
4	Registration under Andhra Pradesh Shops & Establishment Act, 1988	No. ACL3/HYD/10/2008 Dated 08.02.2008 Valid Upto 31.12.2008	Labour Department Government of Andhra Pradesh
III	For Yanam		
1	VAT Registration	TIN 28460174488 w.e.f. 01.04.2005	Commercial Taxes Department Government of Andhra Pradesh
2	Yanam Municipal Licence	5548/A4/YM/2004 dated 05.03.2004 renewed upto 31.03.2008	Commissioner, Yanam Municipality, Government of Pondicherry
3	Central Sales Tax, Yanam	No. 3044/YRC/2003-04 Dated 29.10.2003	Deputy Commercial Tax Officer Yanam, Pondicherry
4	Central Excise Registration for Operating as a Dealer of Excisable Goods	No. AABCA6501CXD001 Dated 01.01.2004	Assistant Commissioner Kakinada II Division Kakinada
5	Central Excise Registration for Operating as a Manufacturer of Excisable Goods	No. AABCA6501CXM001 Dated 31.12.2003	Assistant Commissioner Kakinada II Division Kakinada
6	Permanent Registration as Small Scale Undertaking of Unit at Yanam, Pondicherry	No. 34/01/001229 Dated 12.03.2004	Director of Industries & Commerce Govt of Pondicherry
7	Certificate of Exemption from payment of earnest money depositing respect of tenders called for by Government Departments, Pondicherry	No. I-13/Ind/44/2253/ A5/2004 dated 19.03.2004	Directorate of Industries & Commerce Govt of Pondicherry
8	Factory Licence, Yanam	No. YYM080 Dated 10.12.2003 Valid upto 31.12.2007 Applied for renewal on 30.01.2008	Chief Inspectorate of Factories Pondicherry
9	No-Objection Certificate from Pondicherry Pollution Control Committee	No. 7/PPCC/CON/AIR/YNM/ TA/ 2006/169 dated 13.07.2006	Department of Science, Technology and Environment Pondicherry Pollution Control Committee, Pondicherry
10	Registration under EPF & MP Act, 1952 for Yanam factory	No. AP/SRO/RJY/46517 dated 02.04.2004	Asst Provident Fund Commissioner Rajahmundry, Andhra Pradesh
IV	For Dehradun		
1	Registration under EPF & MP Act, 1952 for Dehradun factory	No. UA/34032 dated 28.05.2007	Assistant Provident Fund Commissioner (Compliance) Regional Office, Uttarakhand, Dehradun
2	ESI Registration for Dehradun factory	No. 52-16345-101 Dated 22.02.2007	Employees' State Insurance Corporation Regional Office, Andhra Pradesh
3	Value Added Tax & Central Sales Tax	05006926407 Dated 27.01.2007	Asst Commissioner, Deptt of Commercial Tax, Dehradun, Govt of Uttaranchal
4	No-Objection Certificate for Environment Clearance/ Pollution Certificate	6154/DIC/Pollution/NOC/2005 /2006 dated 28.03.2006	Office of General Manager District Industrial Centre Dehradun, Uttaranchal
5	Certificate from Director of Industries for provisional registration	Provisional Regn. No. 05/16/07108/Prov/Maha Dated 28.03.2006 valid upto 5 years	Office of General Manager District Industrial Centre Dehradun, Uttaranchal
6	Khasra Number Certificate	No. 205 dated 08.06.2006	Tehshildar, Selaqui, Dehradun
7	Central Excise Registration for	No. AABCA6501CXM002	Assistant Commissioner of Central

Sl. No.	Name of Registration	Licence/ Registration No. & Date	Name of Issuing Authority/Department
	Operating as a Manufacturer of Excisable Goods	Dated 31.05.2007	Excise Dehradun
V	For New Delhi		
1	ESI Registration for New Delhi Office	No. 52-16345-101 Dated 22.02.2007	Employees' State Insurance Corporation Regional Office, Andhra Pradesh
VI	For Mumbai		
1	ESI Registration for Mumbai Office	No. 52-16345-101 Dated 22.02.2007	Employees' State Insurance Corporation Regional Office, Andhra Pradesh

Licences/Approvals Applied For But Not Yet Received:

Sl. No.	Approval/Consent	Date of Application	Concerned Authority
1	Trademark of Name 'AISHWARYA TELECOM LIMITED"	12.02.2007	The Registrar of Trademarks, The Office of the Trademark Registry at I.P.R. Building, G.S.T. Road, Guindy, Chennai – 600 032
2	Trademark of Logo "AISHWARYA TELECOM"	12.02.2007	The Registrar of Trademarks, The Office of the Trademark Registry at I.P.R. Building, G.S.T. Road, Guindy, Chennai – 600 032
3	Patent for Highly Stabilised Laser Source for Optical Networking Application	26.12.2005	The Patent Office, Government of India, at I.P.R. Building, G.S.T. Road, Guindy, Chennai – 600 032

SECTION VII : OTHER REGULATORY AND STATUTORY DISCLOSURES

1. AUTHORITY FOR THE PRESENT ISSUE

The issue of Equity Shares by the Company has been authorised by the resolution of the Board of Directors passed at their meeting held on January 9, 2007, and subsequently authorised by the shareholders vide a Special Resolution pursuant to sec 81 (1A) of the Companies Act, 1956 passed at the Extraordinary General Meeting of the Company held on February 15, 2007.

2. PROHIBITION BY SEBI/ANY OTHER AUTHORITY

The Company, its Directors, its Promoters, Promoter Group, the Group Companies, other companies with which the promoters/directors are associated as Directors or as Promoters are not prohibited from accessing the capital markets under any order or direction passed by SEBI or any other authority.

Further, neither the Company nor the directors, promoters, their relatives and group concerns have been detained as willful defaulters by RBI/Government Authorities and there are no violations of securities laws committed in past or pending against the Company.

3. ELIGIBILITY FOR THE ISSUE

The Company is eligible for the issue as per Clause 2.2.1 of the SEBI (DIP) Guidelines as confirmed by the Auditors of the Company:

- The Company has net tangible assets of at least Rs. 3 crores in each of the preceding three full years (of 12 months each), of which not more than 50% is held in monetary assets;
- The Company has had a track record of distributable profits as per Section 205 of Companies Act, 1956 for at least three out of the immediately preceding five years;
- The Company has had a pre-Issue net worth of more than Rs. 1 crore in each of the preceding three full years;
- The name of the Company has not been changed in last one year.
- The proposed Issue size would not exceed five times the pre-Issue net worth as per the audited accounts for the year ended March 31, 2007.

The distributable profits as per Section 205 of the Companies Act and net worth for the last five years as per Company's restated financial statements are as under:

Particulars	For the Year/Period Ended on					
	31.03.03	31.03.04	31.03.05	31.03.06	31.03.07	31.12.07
Distributable Profits ¹	21.45	54.12	117.36	235.38	302.99	314.49
Net Worth ²	94.14	173.81	323.39	661.93	918.21	1653.32
Net Tangible Assets ³	107.80	190.07	388.49	764.82	1125.87	1878.10
Monetary Assets ⁴	4.28	5.70	5.60	9.60	13.88	39.32
Monetary Assets (as a % of Net Tangible Assets)	3.97	3.00	1.44	1.26	1.23	2.09

Notes:

¹ Distributable profits have been defined in terms of section 205 of the Companies Act.

² Net worth has been defined as the aggregate of equity share capital and reserves excluding revaluation reserves and excluding miscellaneous expenditures, if any.

³ *Net tangible assets means the sum of fixed assets (including capital work in progress and excluding revaluation reserves), trade investments, current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities and long term liabilities).*

⁴ *Monetary assets comprise of cash and bank balances.*

Based on the above criteria, the Statutory Auditors of the Company have confirmed that the Company is fulfilling the criteria of eligibility norms for public issue by unlisted company as specified under the clause 2.2.1 of SEBI (DIP) Guidelines, 2000, and subsequent amendments thereof.

The Company undertakes that the number of allottees in the proposed Issue shall be atleast 1,000; otherwise, the Company shall forthwith refund the entire subscription amount received. In case of delay, if any, in refund, the Company shall pay interest on the application money at the rate of 15% per annum for the period of delay

4. DISCLAIMERS

SEBI DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO THE SECURITIES AND EXCHANGE BOARD OF INDIA.

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN 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 THIS ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, SREI CAPITAL MARKETS LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES, 2000, IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, SREI CAPITAL MARKETS LIMITED, HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 11th JULY, 2007 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATIONS 1992, WHICH READS AS FOLLOWS:

- i. "WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS MORE PARTICULARLY IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;**
- ii. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY,**

WE CONFIRM THAT:

- a. THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**

- b. ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
- c. THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.
- iii. WE CONFIRM THAT BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID;
- iv. WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS; AND
- v. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.

ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE DRAFT RED HERRING PROSPECTUS WITH THE ROC IN TERMS OF SECTION 60B OF THE ACT. ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WOULD BE COMPLIED WITH AT THE TIME OF REGISTRATION OF THE FINAL PROSPECTUS WITH THE ROC IN TERMS OF SECTION 56, SECTION 60 AND SECTION 60B OF THE COMPANIES ACT.

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER 63 OR 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE.

SEBI, FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MERCHANT BANKER ANY IRREGULARITIES OR LAPSES IN DRAFT RED HERRING PROSPECTUS.

Note:

The SEBI Registration of Registrar to the Issue i.e. Bigshare Services Private Limited is valid upto June 15, 2010.

5. CAUTION/DISCLAIMER STATEMENT FROM THE ISSUER AND THE BOOK RUNNING LEAD MANAGERS

THE ISSUER COMPANY, ITS DIRECTORS AND THE BOOK RUNNING LEAD MANAGERS ACCEPT NO RESPONSIBILITY FOR STATEMENTS MADE OTHERWISE THAN IN THIS RED HERRING PROSPECTUS OR IN THE ADVERTISEMENTS OR ANY OTHER MATERIAL ISSUED BY OR AT THE INSTANCE OF THE COMPANY AND THAT ANYONE PLACING RELIANCE ON ANY OTHER SOURCE OF INFORMATION, INCLUDING THE COMPANY'S WEBSITE www.aishwaryatelecom.com WOULD BE DOING SO AT HIS OR HER OWN RISK.

The Book Running Lead Managers accept no responsibility, save to the limited extent as provided in terms of the Memorandum of Understanding entered into between the

Company and the Book Running Lead Managers, and the Underwriting Agreement to be entered into among the Underwriters and the Company.

All information shall be made available by the Company and the Book Running Lead Manager to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at collection centers or elsewhere.

The Issuer and Book Running Lead Managers are obliged to update the Red Herring Prospectus and keep the public informed of any material changes till the listing and trading commencement.

6. DISCLAIMER IN RESPECT OF JURISDICTION

This Issue is being made in India to persons resident in India (including Indian nationals resident in India) who are not minors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, scheduled commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other law relating to Trusts and who are authorised under their constitution to hold and invest in equity shares, Foreign Venture Capital Funds registered with SEBI, State Industrial Development Corporation, permitted Insurance Companies, Provident Funds with minimum corpus of Rs. 2500 Lakhs and Pension Funds with minimum corpus of Rs. 2500 Lakhs and to non-residents including NRIs and FIIs. This Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to or purchase 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 Red Herring Prospectus comes is required to inform himself or herself about it, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the exclusive jurisdiction of appropriate court(s) in Hyderabad, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Red Herring Prospectus has been filed with SEBI for observations and SEBI has given its observations. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Investors may please note that Central Government/ RBI does not take any responsibility for the financial soundness or correctness of the statements disclosed in this Red Herring Prospectus.

7. DISCLAIMER CLAUSE OF CARE:

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

8. DISCLAIMER CLAUSE OF THE STOCK EXCHANGE:

DISCLAIMER CLAUSE OF THE BOMBAY STOCK EXCHANGE LIMITED (BSE) – THE DESIGNATED STOCK EXCHANGE

Bombay Stock Exchange Limited (‘the Exchange’) has given vide its letter no. DCS/IPO/SI/IPO-IP/0931/2007-08 dated September 4, 2007 permission to this Company to use the Exchange’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. The Exchange 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
- iii) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this 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.

9. GENERAL DISCLAIMER OF THE ISSUER

The Company accepts full responsibility for the accuracy of the information given in this Red Herring Prospectus and confirms that to the their knowledge and belief, there are no other facts, the omission of which makes any statement in this Red Herring Prospectus misleading and they further confirm that they have made all reasonable inquiries to ascertain such facts.

The Promoters/Directors declare and confirm that no information/materials likely to have a bearing on the decision of investors in respect of the shares offered in terms of this Red Herring Prospectus has been suppressed, withheld and/or incorporated in the manner that would amount to misstatement/misrepresentation and in the event of transpiring at any point of time till allotment/refund, as the case may be, that any information/material has been suppressed/withheld and/or amounts to an misstatement/misrepresentation, the Promoters/Directors undertake to refund the entire application monies to all subscribers within seven days thereafter without prejudice to the provisions of Section 63 of The Companies Act, 1956.

The Company will update the Red Herring Prospectus and keep the public informed of any material changes in the document till the listing and trading.

10. FILING OF RED HERRING PROSPECTUS WITH THE BOARD AND THE REGISTRAR OF COMPANIES

A copy of the Draft Red Herring Prospectus, alongwith the documents required, has been filed with Corporation Finance Department of SEBI at SEBI Bhawan, Bandra Kurla Complex, Bandra (East), Mumbai - 400051.

A copy of the Red Herring Prospectus, alongwith the material contracts and documents required to be filed under Section 60B of the Companies Act, 1956 would be delivered for registration to the Registrar of Companies, Andhra Pradesh located at 2nd Floor, CPWD Building, Kendriya Sadan, Sultan Bazar, Koti, Hyderabad – 500195.

A copy of the Prospectus, along with the documents required to be filed under Section 60 of the Companies Act, would be delivered for registration to the Registrar of the Companies, Andhra Pradesh located at 2nd Floor, CPWD Building, Kendriya Sadan, Sultan Bazar, Koti, Hyderabad – 500195.

The Issuer and the Book Running Lead Managers confirm compliance of all legal requirements applicable till the filing of the Red Herring Prospectus with RoC.

11. LISTING

The Equity Shares to be issued through this Red Herring Prospectus are proposed to be listed on BSE (Designated Stock Exchange) and initial listing applications have been made by the company to BSE for permission to list the Equity Shares and for an official quotation of the Equity Shares of the Company. The Initial listing applications have been made by the Company to the Bombay Stock Exchange Limited (Designated Stock Exchange) and the National Stock Exchange of India Limited (NSE) for permission to list the equity shares and for an official quotation of the Equity Shares of the Company. The Company has withdrawn its application for in-principle listing approval from the NSE vide its letter dated September 20, 2007.

In case, the permission to deal in and for official quotation of the Equity Shares are not granted by the abovementioned Stock Exchanges, the Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Red Herring Prospectus. If such money is not repaid within 8 days after the Company becomes liable to repay it (i.e., from the date of refusal or within 70 days from the Issue Closing Date, whichever is earlier), then the Company and every Director of the Company who is an officer in default shall, on and from the date of expiry of 8 days, be jointly and severally liable to repay the money with interest as prescribed under Section 73 of the Companies Act, 1956.

The Company with the assistance of the Book Running Lead Managers shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within seven working days of finalisation of the basis of allotment for the Issue.

12. IMPERSONATION

Attention of applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

“any person who –

- a. makes in a fictitious name an application to a company for acquiring, or subscribing of any Equity Shares therein, or**
- b. otherwise induces a company to allot, or register any transfer of Equity 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.”**

13. CONSENTS

Consents, in writing, of the Promoters, Directors, Company Secretary & Compliance Officer, Statutory Auditors, Valuers, Bankers to the Company, Book Running Lead Managers to the Issue, Legal Advisors to the Issue, Registrar to the Issue, Bankers to the Issue, Underwriters to the Issue, Syndicate Members and the Credit Rating Agency, to act in their respective capacities, have been/shall be obtained and shall be filed alongwith a copy of the Red Herring Prospectus with the Registrar of Companies, Andhra Pradesh at Hyderabad as required under Section 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of Red Herring Prospectus for registration with the RoC.

M/s A M Reddy & Co., statutory auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the RoC.

M/s A M Reddy & Co., statutory auditors have given their written consent to the inclusion of their report on the tax benefits accruing to the Company and its members in the form and context in which it appears in this Red Herring Prospectus and such consent and report

has not been withdrawn up to the time of delivery of Red Herring Prospectus for registration with the RoC.

14. EXPERT OPINION

The details of the land proposed to be purchased and the cost of construction of the Building thereon has been valued/estimated by Mr. Moh'd Muneeruddin, a Chartered Engineer and Government Approved Valuer, having his office at Shameem Cottage, Mehdipatnam, Opp. HP Petrol Pump, Hyderabad – 500 028, vide his Valuation Report dated November 15, 2006 and February 21, 2007,

The Company has also appointed Credit Analysis and Research Limited ("CARE"), a credit rating agency, for the IPO grading of this Issue.

Except as stated in this Red Herring Prospectus, the Company has not obtained any other expert opinion.

15. PUBLIC ISSUE EXPENSES

The Expenses of this Issue includes, among others, Issue management fees, IPO grading expenses, selling commission, printing and distribution expenses, legal fees, advertising expenses, and listing fees payable to the Stock Exchanges etc . The Company's proposed issue has been graded by Credit Analysis & Research Limited (CARE). The IPO Grading expenses amount to Rs. [•] lakhs. The total expenses for the Issue are estimated at Rs. [•], which is [•] of the Issue size. All the Issue related expenses shall be met out of the proceeds of the Issue.

Public Issue expenses are estimated as follows:

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

(Rs. in lacs)

Sl. No.	Activity	Estimated Expenses(Rs. in lakhs)	% of Total Expenses	% of Total Issue size *
1.	Fees of BRLMs	[•]	[•]	[•]
2	Registrar Fees	[•]	[•]	[•]
3.	IPO Grading Expenses	[•]	[•]	[•]
4.	Printing, Stationery, Distribution and postage etc	[•]	[•]	[•]
5.	Advertising and marketing expenses	[•]	[•]	[•]
6.	Underwriting Commission	[•]	[•]	[•]
7.	Brokerage & Selling Commission	[•]	[•]	[•]
8	Legal Fees	[•]	[•]	[•]
9.	Other expenses (including Listing Fees, filing fees, depository charges etc.)	[•]	[•]	[•]
	Total	[•]	[•]	[•]

* Will be incorporated after finalisation of Issue price

Fees Payable to Book Running Lead Managers to the Issue

The total fees payable to the Book Running Lead Managers (including underwriting commission, if any, and selling commission) will be as per the terms of the Memorandum of Understanding executed between the Company and the Book Running Lead Managers dated July 3, 2007, a copy of which is available for inspection at the Registered Office of the Company.

Fees Payable to Registrar to the Issue

The total fees payable to the Registrar to the Issue will be as per the Memorandum of Understanding dated May 31, 2007 signed with the Registrar, copy of which is available for

inspection at the Registered Office of the Company. The Registrar will also be reimbursed with all relevant out-of-pocket expenses such as cost of stationery, postage, stamp duty, communication expenses, etc.

Others

The total fees payable to the Legal Advisor, Auditors and Tax Auditors will be as per the terms of their respective engagement letters.

16. UNDERWRITING COMMISSION, BROKERAGE AND SELLING COMMISSION

The underwriting commission and selling commission for the Issue is as set out in the Syndicate Agreement amongst the Company, the BRLMs and the Syndicate Members. The underwriting commission shall be paid as set out in the Syndicate Agreement based on the Issue Price and the amount underwritten as stated in paragraph "Underwriters to the Issue" on page no. 19 of this Red Herring Prospectus.

Brokerage for the Issue will be paid on the basis of the allotments made against the applications bearing the stamp of a member of any recognised 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's 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.

17. PREVIOUS PUBLIC OR RIGHTS ISSUES (DURING THE LAST FIVE YEARS)

The Company has not come out with any public or rights issue since its inception.

18. PREVIOUS ISSUES OF SHARES OTHERWISE THAN FOR CASH

The Company has not made any previous issues of shares otherwise than for cash, except as stated in the Red Herring Prospectus under "Capital Structure" beginning on page no. 20 of this Red Herring Prospectus.

19. COMMISSION AND BROKERAGE ON PREVIOUS ISSUES

The Company has not made any public or rights issue since inception and as such no amount has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription of the equity shares.

20. PARTICULARS IN REGARD TO AISHWARYA TELECOM LIMITED AND OTHER LISTED COMPANIES UNDER THE SAME MANAGEMENT WITHIN THE MEANING OF SECTION 370 (1B) OF THE COMPANIES ACT, 1956 THAT MADE ANY CAPITAL ISSUE DURING THE LAST THREE YEARS

There is no company under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956.

For more details, please refer to the section titled "Financial and Other Information of Group Companies, Firms and other Ventures Promoted/Controlled by the Promoters" beginning on page no. 138 of this Red Herring Prospectus.

There have been no capital issues during last three years either by the Company.

21. PROMISE VIS-À-VIS PERFORMANCE

The Company has not made any public or right issue since inception and hence, Promise vis-à-vis Performance is not applicable to it.

22. LISTED VENTURES OF PROMOTERS

The promoters do not have any listed ventures.

23. OUTSTANDING DEBENTURES OR BOND ISSUES

The Company does not have any outstanding debentures or bonds.

The Company has not made any public or rights Issue of Debentures, Redeemable Preference Shares or any other instruments, nor does the Company hold any Public Deposits.

24. OUTSTANDING PREFERENCE SHARES

The Company does not have any outstanding preference shares.

25. STOCK MARKET DATA

This being the first public issue of the Company the Equity Shares of the company are not listed on any stock exchange hence no stock market data is available.

26. MECHANISM EVOLVED FOR REDRESSAL OF INVESTOR GRIEVANCES

The Memorandum of Understanding between the Company and the Registrar to the Issue will provide for retention of records with the Registrar to the Issue, Bigshare Services Private Limited, for a period of at least one year from the last date of dispatch of letters of allotment, demat credit, and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to this Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount paid on application, Depository participant and the respective Syndicate member or collection center where the application was submitted.

The Company has appointed the Registrar to the Issue i.e., Bigshare Services Private Limited, to handle the investor grievances in coordination with the Compliance Officer of the Company. All grievances relating to the present issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of the Equity Shares applied for, amount paid on application and bank and branch. The Company would monitor the work of the Registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

The Company has constituted a Shareholders' Grievances Committee on September 15, 2006 comprising of one (*Non-Executive Director*) its Chairman and two Independent Directors as its members.

The Company has also appointed Mr. Bhavani Prasad Company Secretary of the Company as the Compliance Officer of the Company.

All investor complaints that cannot be resolved by the Company Secretary and the Compliance Officer would be placed before the Shareholders' Grievances Committee for resolution. The Company will settle shareholders/investors' grievances expeditiously and satisfactorily.

The Registrar to the Issue will handle investors' grievances pertaining to this 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 the Registrars to the issue in attending to the grievances of the investors.

Objects of the Shareholders' Grievances Committee

To look into the shareholder complaints, if any, and to redress the same expeditiously and to do all the necessary things as may be required from time to time under the Companies Act, 1956 and other related enactment.

Disposal of Investor Grievances

The Company estimates that the average time required by the Company or the Registrar to the Issue for the redressal of routine investor grievances shall be seven working days from the date of receipt of the complaint. In case of non-routine complaints and where external agencies are involved, the Company or the Registrars will seek to redress these complaints as expeditiously as possible.

The company has appointed Mr C N Bhavani Prasad as the Compliance Officer and he may be contacted in case of any pre-issue or post-issue related problems such as non-receipt of allotment advice, refund orders and demat credit, etc. He can be contacted at:

Mr C N Bhavani Prasad
 Company Secretary
 Aishwarya Telecom Limited
 3-C Samrat Commercial complex
 Saifabad, Khairatabad
 Hyderabad – 500 004
 Tel.: +91 40 2323 6019/5439
 Fax: +91 40 2329 6282
 E-mail: ipo@aishwaryatelecom.com

27. CHANGES, IF ANY, IN THE AUDITORS DURING LAST 3 YEARS AND REASONS THEREOF

There has been no change in the Auditors of the Company during the last three financial years. M/s A M Reddy & Co., Chartered Accountants, have been the auditors for the above period.

28. CAPITALISATION OF RESERVES OR PROFITS

Except as stated hereinbelow and at page no. 20 in the Red Herring Prospectus under "Capital Structure", the Company has not issued any Equity Shares on capitalisation of its profits or reserves.

Date of Allotment of Bonus Shares	Ratio of Bonus Issue	Number of Equity Shares of Rs. 10 each issued as Bonus Shares	Amount Capitalised (Rs)
18-Dec-2003	2:5	2,60,000	26,00,000
06-Aug-2005	7:10	13,14,600	1,31,46,000
25-Aug-2006	1:5	8,88,400	88,84,000

29. REVALUATION OF ASSETS, IF ANY

None of the assets of the Company have been revalued.

SECTION VIII : ISSUE INFORMATION

TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, the Memorandum and Articles of the Company, the terms of this Red Herring Prospectus, Bid-cum-Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the Allotment Advice, and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital, listing and trading of securities issued from time to time by SEBI, Government of India, Reserve Bank of India, Registrar of Companies, Stock Exchanges, and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue

The issue of Equity Shares by the Company has been authorised by the resolution of the Board of Directors passed at their meeting held on January 9, 2007, which has been approved by the shareholders through a special resolution passed, pursuant to Section 81 (1A) of the Companies Act, on February 15, 2007, at the Extraordinary General Meeting of the Company.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Memorandum and Articles and shall rank *pari passu* in all respects with the other existing Equity Shares of the Company including rights in respect of dividend. The Allottees of Equity Shares will be entitled to dividends and other corporate benefits, if any, declared by the Company after the date of Allotment. For a description of the Articles of Association, please refer to "Main Provisions of the Articles of Association" on page 199 of this Red Herring Prospectus.

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 the earnings, capital requirements and overall financial condition. Dividend shall be paid to the shareholders as per provisions of the Companies Act

Face Value and Issue Price

The Equity Shares with a face value of Rs. 10 each are being offered in terms of this Red Herring Prospectus at a price band of Rs. 32/- at the lower end of the price band and Rs. 35/- at the higher end of the price band. At any given point of time, there shall be only one denomination for the Equity Shares of the Company.

Compliance with SEBI DIP Guidelines

The Company will comply with all disclosure and accounting norms as specified by SEBI from time to time. In this regard the Company has appointed Mr C.S. Bhavani Prasad, Company Secretary, as the Compliance Officer of the Company.

Rights of the Equity Shareholder

Subject to applicable laws, the Equity shareholders shall have the following rights:

- a. Right to receive dividend, if declared;
- b. Right to receive notice, annual reports, attend general meetings and exercise voting powers, unless prohibited by law;
- c. Right to vote on a poll either in person or by proxy;
- d. Right to receive offers for rights shares and be allotted bonus shares, if announced;
- e. Right of free transferability;
- f. Right to receive surplus on liquidation; and

- g. Such other rights, as may be available to the shareholder of a listed Public Company under the Companies Act and the Memorandum and Articles of Association of the Company.

For a detailed description of the main provisions of the Company's Articles of Association relating to voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting of Shares, refer to the section titled "Description of Equity Shares and Terms of The Articles of Association" beginning from page no. 199 of this Red Herring Prospectus.

Market Lot & Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares of the Company shall be allotted only in dematerialized form. As trading in the Equity Shares is compulsorily in dematerialized form, the market lot is one Equity Share.

Allotment of Equity Shares will be done in multiples of one Equity Share, subject to a minimum allotment of 200 Equity Shares.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with competent courts / authorities in Hyderabad, Andhra Pradesh, India.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to 'Qualified Institutional Buyers', as defined in Rule 144A of the Securities Act in reliance on Rule 144A under the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidder(s) may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, becoming 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 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/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 the Company and the Registrars and Transfer Agents of the Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the 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, the Board may at any time give notice requiring any nominee to elect / choose either to register himself or herself or to transfer the Equity Shares, and if the notice is not complied within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

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

Minimum Subscription

"If the company does not receive the minimum subscription of 90% of the net offer to public, including devolvement of Underwriters within 60 days from the date of closure of the Bid/issue, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the company becomes liable to pay the amount, the Company shall pay interest as per Section 73 of the Companies Act, 1956."

Further, in accordance with clause 2.2.2 A of the SEBI Guidelines, the Company shall ensure that the number of prospective allottees to whom Equity Shares will be allotted will not be less than 1,000.

Withdrawal of the Issue

The Company, in consultation with the BRLMs, reserves the right to not to proceed with the Issue at any time including after the Bid/Issue Closing Date, without assigning any reason thereof.

Arrangements for Disposal of Odd Lots

The Company's shares will be traded in dematerialized form only and the marketable lot is one share. Therefore there is no possibility of odd lots.

Letters of Allotment or Refund Orders

The Company shall give credit to the beneficiary account with depository participants within 2 working days of finalization of the basis of allotment of Equity Shares. In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, the Company further undertakes that:

- Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;
- Dispatch of refund orders will be done within 15 days from the Bid/Issue Closing Date;
- Refunds shall be made in the following manner:
 - ❑ In case of applicants residing in any of the centres specified by the SEBI – by crediting of refunds to the bank accounts of applicants through electronic transfer of funds by using ECS (Electronic Clearing Service), Direct Credit, RTGS (Real Time Gross Settlement) or NEFT (National Electronic Funds Transfer), as is for the time being permitted by the Reserve Bank of India;
 - ❑ In case of other applicants – by despatch of refund orders by registered post, where the value is Rs. 1500 or more, or under certificate of posting in other cases, (subject however to postal rules); and
 - ❑ In case of any category of applicants specified by the SEBI – crediting of refunds to the applicants in any other electronic manner permissible under the banking laws for the time being in force which is permitted by the SEBI from time to time.

The Company shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 day prescribed time period as mentioned above (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 15 days from the date of the closure of the issue.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Restrictions, if any, on Transfer and Transmission of Shares and on their Consolidation/Splitting

Nothing contained in the Articles of the Company shall prejudice any power of the Company to refuse to register the transfer of any share.

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

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 of the Company" starting from page no. 199 of this Red Herring Prospectus.

Application by Eligible NRIs/FIIs registered with SEBI and FVCIs registered with SEBI

It is to be distinctly understood that there is no reservation for Eligible NRIs and FIIs registered with SEBI or FVCIs registered with SEBI. Such Eligible NRIs, FIIs registered with SEBI or FVCIs registered with SEBI will be treated on the same basis as other categories for the purpose of allocation.

As per the policy of the RBI, OCBs cannot participate in this Issue.

ISSUE STRUCTURE

Public Issue of 40,00,000 Equity Shares of Rs. 10 each for cash at a price of Rs. [•] per equity share for cash aggregating Rs. [•] Lakhs, through a 100% book building process. The issue comprises a reservation for Eligible Employees of upto 1,00,000 Equity Shares of Rs. 10 each ("the Employee Reservation Portion") aggregating Rs. [•] lakhs and the Net Issue to the Public of 39,00,000 equity shares of Rs. 10 each ("the Net Issue") aggregating to Rs. [•] lakhs. The Issue would constitute 37.53% of the fully diluted post issue paid up Equity Capital of the Company. The Net Issue to the Public would constitute 36.59% of the fully diluted post issue paid up Equity Capital of the Company.

Details of the issue structures are tabulated below:

Particulars	Employees	QIBs	Non Institutional Bidders	Retail Individual Bidders
Number of Equity Shares	Upto 1,00,000 Equity Shares	Upto 19,50,000 Equity Shares	Not less than 5,85,000 Equity Shares	Not less than 13,65,000 Equity Shares
Percentage of Issue size available for allocation	Upto 2.50% of the Issue size	Upto 50% of the Net Issue to public out of which 5% shall be available for Mutual Funds	Not less than 15% of the Net Issue to Public	Not less than 35% of the Net Issue to Public
Basis of Allocation or Allotment if Respective category Oversubscribed	Proportionate	Proportionate 5% to Mutual Funds on proportionate basis. Balance to QIBs including Mutual Funds	Proportionate	Proportionate
Minimum Bid	200 Equity Shares and thereafter in multiples of 200 Equity Shares	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of 200 Equity Shares thereafter	Such number of Equity Shares that the bid amount exceeds Rs. 1,00,000 and in multiples of 200 Equity Shares thereafter	200 Equity Shares and thereafter in multiples of 200 Equity Shares
Maximum Bid	Such number of Equity shares so as to ensure that the bid size does not exceed 1,00,000 Equity Shares	Not exceeding the Net Issue subject to regulations as applicable to the Bidders	Not exceeding the Net issue subject to regulations as applicable to the Bidders	Such number of Equity Shares so as to ensure that the bid amount does not exceed Rs. 1,00,000
Mode of Allotment	Compulsory in	Compulsory in	Compulsory in	Compulsory in

Particulars	Employees	QIBs	Non Institutional Bidders	Retail Individual Bidders
	Dematerialised form	Dematerialised form	Dematerialised form	Dematerialised form
Trading Lot/ Market Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Bidding Lot	200 Equity Shares	200 Equity Shares	200 Equity Shares	200 Equity Shares
Who can apply	Eligible employees being permanent employee or the director(s) of the Company, who is an Indian national based in India and is physically present in India on the date of submission of the Bid-cum-Application Form. Such person should be an employee or a director during the period commencing from the date of filing of the Red Herring Prospectus with RoC up to the Bid/Issue closing date. Individuals forming part of Promoter/Promoter Group are not eligible to be treated as eligible employees	Public Financial Institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI, scheduled commercial banks, Mutual Funds registered with SEBI, multilateral and bilateral Development Financial institutions, Venture Capital Funds registered with SEBI, Foreign Venture Capital Investors registered with SEBI, State Industrial Development Corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 2,500 Lacs and pension funds with minimum corpus of Rs. 2,500 Lacs in accordance with applicable Law.	Resident Indian individuals, HUF (in the name of Karta), Companies, Corporate Bodies, Scientific Institutions Societies and Trusts and NRIs	Individuals, including NRIs and HUF (in the name of the Karta) applying for Equity Shares such that the Bid amount does not exceed Rs. 1,00,000 in value
Terms of Payment	Margin Amount applicable to Eligible Employees at the time of submission of Bid-cum-Application Form to the Member of the Syndicate	Margin amount applicable to QIB Bidders at the time of submission of Bid-cum-Application Form to the Member of the Syndicate	Margin Amount applicable to non institutional Bidders at the time of submission of Bid-cum-Application Form to the Member of the Syndicate	Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid-cum-Application Form to the Member of the Syndicate
Margin Amount	Full Bid Amount on Bidding	At least 10% of the Bid Amount on Bidding	Full Bid Amount on Bidding	Full Bid Amount on Bidding

* Subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in the QIBs, Non-Institutional and Retail categories would be allowed to be met with spill-over inter-se from any category or combination of categories at the discretion of the Company in consultation with the BRLM. Under subscription, if any in the reservation for Eligible Employees, shall be added back to the Net Issue to the public. In case of under-subscription in the Net Issue to the public, spill-over to the extent of under-subscription shall be permitted from the employees reservation portion.

** In case the Bid-cum-Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid-cum-Application Form.

ISSUE PROCEDURE

Principal Terms and Conditions of the Issue

The Equity Shares being offered are subject to the provisions of the Companies Act, the Memorandum and Articles of the Company, the terms of this Red Herring Prospectus, Bid-cum-Application Form, the Revision Form, and other terms and conditions as may be incorporated in the Allotment Advice, and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Reserve Bank of India, Registrar of Companies, Stock Exchanges, and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Book Building Procedure

This Issue is being made through the 100% Book Building Process wherein upto 50% of the Issue size shall be allotted to Qualified Institutional Buyers (QIBs) on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue size would be available for allocation to Non-Institutional Bidders and not less than 35% of the Issue size would be available for allocation to Retail Individual Bidders on a proportionate basis, subject to valid bids being received from them at or above the Issue Price.

Bidders are required to submit their Bids through the members of the Syndicate. QIB Bids can be submitted only through Syndicate members. In the case of QIB Bidders, the Company in consultation with BRLMs may reject any Bid at the time of acceptance of the Bid-cum-Application Form, provided that the reasons for rejecting the same are provided to such Bidders in writing. In case of, Non-Institutional Bidders and Retail Individual Bidders, the Company would have a right to reject the Bids only on technical grounds.

Investors should note that Equity Shares would be allotted to all successful bidders, only in the dematerialised form. Bidders will not have the option of getting allotment of the Equity Shares in physical form. The equity shares on allotment shall be traded only in dematerialised segment of the Stock Exchange.

Illustration of Book Building and Price Discovery Process

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

Bidders can bid at any price within the price band. For instance, assume a price band of Rs. 20 to Rs. 24 per share, issue size of 30,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book as shown below shows the demand for the shares of the Company at various prices and is collated from bids from various investors.

Number of Equity Shares Bid for	Bid Price (Rs.)	Cumulative Equity Shares	Subscription Shares bid for
5,000	24.00	5,000	16.67%
10,000	23.00	15,000	50.00%
15,000	22.00	30,000	100.00%
20,000	21.00	50,000	166.67%
25,000	20.00	75,000	250.00%

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

Bid-cum-Application Form

Bidders shall only use the specified Bid-cum-Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in their Bid-cum-Application Form and such options shall not be considered as multiple bids. Upon the allocation of Equity Shares, dispatch of the Confirmation of Allocation Note (CAN) and filing of Prospectus with the RoC, the Bid-cum-Application Form shall be considered as the Application Form. Upon completing and submitting of the Bid-cum-Application Form to a member of the Syndicate, the Bidder is deemed to have authorised the Company to make the necessary changes in this Red Herring Prospectus/ Red Herring Prospectus and Bid-cum-Application Form as would be required for filing the Prospectus with ROC and as would be required by the ROC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid-cum-Application Form for various categories is as follows:

CATEGORY	COLOUR OF BID-CUM-APPLICATION FORM
Resident Indians (i.e. Indian public, including resident QIBs, Non-Institutional Bidders, Retail Individual Bidders) and Eligible NRIs applying on a non-repatriation basis	White
Eligible NRIs or FIIs applying on a repatriation basis	Blue
Eligible Employees	Pink

Who can Bid?

- (i) Indian nationals resident in India who are majors, in single or joint names (not more than three);
- (ii) Hindu Undivided Families or HUFs, in the individual name of Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid-cum-Application form as follows: "Name of sole or first Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
- (iii) Companies, corporate bodies and societies registered under the applicable laws in India; and authorised to invest in the Equity Shares;
- (iv) Mutual funds registered with SEBI;
- (v) Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and SEBI guidelines, as applicable);
- (vi) Venture Capital Funds registered with SEBI;
- (vii) Foreign Venture Capital Investors registered with SEBI, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
- (viii) State Industrial Development Corporations;
- (ix) Trust/society registered under the Societies Registration Act, 1860, as amended or under any other law relating to trusts/society and who are authorised under their constitution to hold and invest in Equity Shares);
- (x) Eligible NRIs on repatriation basis or a non-repatriation basis, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
- (xi) FIIs registered with SEBI on repatriation basis or on non-repatriation basis, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
- (xii) Scientific and / or industrial research organisations authorised under their constitution to invest in Equity Shares;
- (xiii) Insurance companies registered with Insurance Regulatory and Development Authority;
- (xiv) Provident funds with minimum corpus of Rs. 2,500 Lacs and who are authorised under their constitution to hold and invest in Equity Shares;
- (xv) Pension funds with minimum corpus of Rs. 2500 Lacs and who are authorised under their constitution to hold and invest in Equity Shares;
- (xvi) Multilateral and bilateral development financial institutions
- (xvii) Any other QIBs permitted to invest in the issue under applicable laws and regulations.
- (xviii) Eligible Employees of the Issuer Company.

Pursuant to the existing regulations, OCBs are not eligible to participate in the Issue.

Note:

The BRLMs and Syndicate Member shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLMs and the Syndicate Members may subscribe for Equity Shares in the Issue, including in the QIB Portion and Non-Institutional Portion where allocation is on a proportionate basis.

In terms of the regulation 15A(1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, the FIIs may issue, deal in or hold, off-shore derivative instruments such as Participatory Notes, Equity Linked Notes or any other similar instruments against underlying securities being allocated to such FIIs.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law, rules, regulations, guidelines and approvals or statutory guidelines.

Bids by Mutual Funds

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than 97,500 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIB bidders, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments by index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights. These limits would have to be adhered to by the mutual funds for investment in the Equity Shares.

In terms of SEBI Guidelines, 5% of the QIB Portion (i.e. 97,500 Equity Shares) shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% share of the QIB Portion will also be eligible for allocation in the remaining QIB Portion.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Bids by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The Issue of Equity Shares to a single FII should not exceed 10% of the post-Issue paid-up capital of the Company. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub account shall not exceed 10% of the total issued capital or 5% of the total issued capital of the Company in case such sub-account is a foreign corporate or an individual. The aggregate holding by FIIs holding as of now in a company cannot exceed 24% of the total issued share capital of the Company. However, this limit of 24% may be increased up to the applicable sectoral cap by passing a board resolution and a special resolution of the shareholders authorizing such an increase.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of Regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended, an FII or its sub-account may issue, deal or hold, off-shore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

Bids by Eligible NRIs

Bid-cum-Application forms have been made available for NRIs at the registered office of the Company, members of the Syndicate and the Registrar to the Issue.

Eligible NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (White in colour). All instruments accompanying bids shall be payable in Mumbai.

Bids by NRIs or FIIs on Repatriation basis

Bids and revision to bids must be made:

- On the Bid-cum-Application form or Revision Form, as applicable, (Blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- In a single or joint names (not more than three).
- Bids by NRIs for a Bid amount of up to less than Rs 1,00,000 would be considered under the Retail Individual Bidders Portion for the purposes of allocation and Bids for a Bid amount of more than or equal to Rs. 1,00,000 would be considered under Non-Institutional Bidder Portion for the purposes of allocation; by FIIs or Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions for a minimum of such number of Equity shares and in multiples of 200 Equity Shares thereafter so that the Bid amount exceeds Rs. 1,00,000; for further details. Please refer to the sub-section titled "Maximum and Minimum Bid size" on page no. 172 of this Red Herring Prospectus.
- In the names of individuals or in the names of FIIs or in the names of Foreign Venture Capital Fund, Multilateral and Bilateral Financial Institutions but not in the names minors, firms or partnerships, foreign nationals or their nominees or OCBs.
- Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/ or commission, in case of Bidders who remit money payable upon submission of the Bid-cum-Application Form or Revision form through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by the space provided for this purpose in the Bid-cum-Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account or conversion of foreign currency.

Application by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors

As per the current regulations, the following restrictions are applicable for investments by SEBI registered venture capital funds and foreign venture capital funds:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI respectively. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI in one company should not exceed 25% of the corpus of the venture Capital Fund or the Foreign Venture Capital Investor. Further Venture Capital Funds can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer.

SEBI issued a press release on June 26, 2006 stating that the shareholding of SEBI registered Venture Capital Funds and Foreign Venture Capital Investors held in a company prior to making an initial public offering, would be exempt from lock-in requirements only if the shares have been held by them for at least one year prior to the time of filing of the Draft Red Herring Prospectus with SEBI.

The above information is given for the benefit of the Bidders. The Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws

or regulations, which may happen after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the limits under applicable laws or regulations.

Maximum and Minimum Bid size

a) For Retail Individual Bidders

The Bid must be for a minimum of 200 Equity Shares and in multiples of 200 Equity Shares thereafter so as to ensure that the Bid Amount (including revision of Bids, if any) payable by the Bidder does not exceed Rs 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 100,000. In case the Bid Amount is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders portion. The option to bid at Cut-off price is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

b) For Other Bidders (Non-institutional Bidders and QIBs Bidders)

The Bid must be for a minimum of such number of Equity Shares that the minimum Bid Amount exceeds Rs. 100,000 and in multiples of 200 equity shares. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by applicable laws. Under the existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay QIB Margin upon submission of Bid.

In case of revision in Bids, the Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non-institutional portion. In case the Bid Amount reduces to Rs. 100,000 or less due to revision in Bids or revision in the price band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation in the Retail Portion. Non- Institutional Bidders and QIB Bidders are not allowed the option of bidding at the Cut-off Price.

For Bidders in the Employee Reservation Portion

The Bid by Eligible Employees must be for a minimum of 200 Equity Shares and in multiples of 200 Equity Shares thereafter. The maximum Bid in this portion cannot exceed 1,00,000 Equity Shares. Bidders in the Employee Reservation Portion applying for a maximum Bid in any of the Bidding Options not exceeding Rs. 100,000 may bid at "Cut-off Price". The allotment in the Employees Reservation Portion will be on a proportionate basis.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Red Herring Prospectus.

Information for the Bidders

- The Company will file the Red Herring Prospectus with the ROC at least three days before the Bid/Issue Opening Date.
- The Syndicate Members will circulate copies of the Red Herring Prospectus along with the Bid-cum-Application Form to potential investors.
- Any investor (who is eligible to invest in the Equity Shares) desirous of obtaining the Red Herring Prospectus along with the Bid-cum-Application Form can obtain the same from the Registered office of the Company or from the BRLMs or from a Syndicate Member or from their websites.
- Investors who are interested in subscribing to the Company's Equity Shares should approach any of the BRLMs / Syndicate Members or their authorized agent(s) to register their bid.
- The Bids should be compulsorily submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of the Syndicate Member. The Bid-cum-Application Forms, which do not bear the stamp of the Syndicate Member, will be rejected.

Method and Process of Bidding

1. The Company and the BRLMs shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with ROC and also publish the same in two widely circulated (national) newspapers (one each in English and Hindi) and a regional newspaper (Telugu). This advertisement, subject to the provisions of section 66 of the Companies Act shall be in the format and contain the disclosures specified in Part A of Schedule XX-A of the SEBI Guidelines as amended by SEBI Circular no SEBI/CFD/DIL/DIP/14/2005/25/1 dated January 25, 2005. The Members of the Syndicate shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.
2. The Bidding Period shall be open for at least 3 working days and not more than 7 working days. The Bidding period may be extended, if required, by an additional three working days, subject to the total Bidding Period not exceeding 10 working days. In case the Price Band is revised, the revised Price Band and the Bidding Period will be published in two national newspapers (one each in English and Hindi) and one regional newspaper (Telugu) with wide circulation and also by indicating the change on the websites of the BRLMs and at the terminals of the members of the Syndicate.
3. During the Bidding Period, the Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids, subject to the terms of the Syndicate Agreement and the Red herring Prospectus.
4. Each Bid-cum-Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled "Bids at Different Price Levels" on page no. 174 of the Red Herring Prospectus) within the Price Band and specify the demand (i.e. the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid-cum-Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.
5. The Bidder cannot bid on another Bid-cum-Application Form after his or her Bids on one Bid-cum-Application Form has been submitted to any member of the Syndicate. Submission of a second Bid-cum-Application Form to either the same or to another member of the Syndicate will be treated as multiple bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in the paragraph 'Build up of the Book and Revision of bids' on page no. 177 of the Red Herring Prospectus.
6. The members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid-cum-Application Form.
7. Along with the Bid-cum-Application Form, all Bidders will make payment in the manner described under the paragraph "Terms of Payment and Payment into the Escrow Collection Account" on page no. 175 of the Red Herring Prospectus.
8. Investors who are interested in subscribing for the Equity Shares of the Company should approach any of the members of the Syndicate or their authorised agent(s) to register their Bid.
9. Along with the Bid-cum-Application Form, all Bidders will make payment in the manner described under the section titled "Issue Procedure - Terms of Payment" beginning on page 175 of this Red Herring Prospectus.

Bids at Different Price Levels

1. The price band has been fixed at Rs. 32/- to Rs. 35/- per Equity Share of Rs.10 each, Rs. 32/- being the floor of the price band and Rs. 35/- being the cap of the price band. The bidders can bid at any price within the price band in multiples of Re.1
2. In accordance with the SEBI guidelines, the Company, in consultation with the BRLMs, can revise the Price Band during the Bidding/Issue period, by informing the stock exchanges and issuing a press release and notification on the terminal of the Syndicate Members, in which case the Bidding Period shall be extended further for a period of three additional working days, subject to the total Bidding / Issue Period not exceeding ten working days. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus.
3. In case of revision in the Price Band, the Issue Period will be extended for three additional days after revision of Price Band subject to a maximum of 10 (ten) working days. Any revision in the Price Band and the revised Bidding/Issue period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a public notice in two widely circulated national newspapers (one each in English and Hindi), and one regional newspaper (Telugu) and also indicating the change on the relevant websites of the BRLMs and the websites and the terminals of the Syndicate Members.
4. The Company, in consultation with the BRLMs, can finalize the Issue Price within the Price Band without the prior approval of, or intimation, to the Bidders.
5. The Bidder can bid at any price within the Price Band. The Bidder can bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders and Bidders in the Employees Reservation Portion may bid applying for a maximum Bid in any of Bidding Options not exceeding upto Rs 100,000 may bid at "Cut-off". However, bidding at "Cut-off" is prohibited for QIBs or Non Institutional Bidders or Eligible Employees bidding for more than Rs. 100,000 and such Bids from QIBs, Non Institutional Bidders will be rejected.
6. Retail Individual Bidders who bid at the Cut-Off price and Eligible Employees bidding under the Employees Reservation Portion at Cut-Off price agree that they shall purchase the Equity Shares at the Issue Price, as finally determined which would be a price within the Price Band. Retail Individual Bidders bidding at Cut-Off price and Eligible Employees bidding under the Employees Reservation Portion at Cut-Off price shall submit Bid-cum-Application form along with a cheque/demand draft for the Bid Amount based on the cap of the Price Band in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders bidding at Cut-Off price and Eligible Employees bidding under the Employees Reservation Portion at Cut-Off price (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), shall receive the refund of the excess amounts from the respective refund or Escrow Account.
7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders or Eligible Employees bidding under the Employees Reservation Portion, who had Bid at Cut off Price could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed Rs. 100,000 for Retail Individual Bidders or Eligible Employees if the Bidder wants to continue to Bid at Cut-off Price), with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs. 1,00,000 the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.
8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders or Eligible Employees bidding under the Employees Reservation Portion, who have Bid at Cut-off price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the respective refund or Escrow Account, as the case may be.
9. The minimum application value shall be within the range of Rs. 6400/- to Rs. 7000/-. The

Issuer Company, in consultation with the BRLMs, shall stipulate the minimum application size (in terms of number of shares) falling within the aforesaid range of minimum application value and make upfront disclosures in this regard, in the offer document. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain 200 Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs. 5000/- to Rs. 7000/-.

Application in the Issue

Equity Shares being issued through the Red Herring Prospectus can be applied for in the dematerialised form only. Bidder will not have the option of getting Allotment in physical form. The Equity Shares, on Allotment, shall be traded only in the dematerialised segment of the Stock Exchange.

Escrow Mechanism

The Company and members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Bank(s) in whose favour the Bidder shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid amount / Margin Amount from Bidders in a certain category would be deposited in the Escrow Account of the Company.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The monies in the Escrow Account of the Company shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank shall not exercise any lien whatsoever over the monies deposited therein, and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Issue Account and the Refund Account with the Bankers to the Issue in terms of the Escrow Agreement with the Company and as per Red Herring Prospectus.

The Bidders may note that the Escrow Mechanism is not prescribed by SEBI and the same has been established as an arrangement between the Escrow Collection Bank(s), the Company, the Members of the Syndicate, Registrars to the Issue and the BRLMs to facilitate collections from the Bidders.

Terms of Payment and payment into the Escrow Collection Account

Each Bidder, shall provide the applicable Margin Amount, with the submission of the Bid-cum-Application Form draw a cheque or demand draft for the maximum amount of his/her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details refer to the paragraph titled "Payment Instructions" on page 185) of this Red Herring Prospectus and submit the same to the member of the Syndicate to whom the Bid is being submitted. The Bidder may also provide the applicable Margin Amount by way of an electronic transfer of funds through the RTGS mechanism. Each QIB shall provide its QIB Margin Amount only to a BRLMs or Syndicate Members duly authorised by the BRLMs in this regard. Bid-cum-Application Forms accompanied by cash / stock investments / money order shall not be accepted. The Margin Amount based on the Bid Amount has to be paid at the time of submission of the Bid-cum-Application Form.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold such monies for the benefit of the Bidders until the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account shall be held for the benefit of the Bidders who are entitled to refunds be transferred to the Refund Account. On the Designated Date, and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank(s) shall dispatch all refund amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allotment to the Bidders failing which the Company shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

Each category of Bidders i.e., QIB Bidders, Non-Institutional Bidders, Retail Individual Bidders and Eligible Employees would be required to pay their applicable Margin Amount at the time of the submission of the Bid-cum-Application Form. The Margin Amount payable by each category of Bidders is mentioned under the section titled "Issue Structure" on page 166 of this Red Herring

Prospectus. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Price, any difference between the amount payable by the Bidder for Equity Shares allocated/allotted at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in Date, which shall be a minimum period of 2 (two) days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs. If the payment is not made favoring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. QIBs will be required to deposit a margin of 10% at the time of submitting of their Bids. However, if the applicable Margin Amount for Bidders is 100%, the full amount of payment has to be made at the time of submission of the Bid-cum-Application Form.

Where the Bidder has been allocated/allotted lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allocation/allotment, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date, failing which the Company shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

Electronic Registration of Bids

- a) The Syndicate Member will register the Bids using the on-line facilities of the BSE and the NSE. There will be at least one on-line connectivity in each city where a stock exchange is located in India, and where bids are accepted.
- b) The BSE and NSE will offer a screen-based facility for registering bids for the Issue. This facility will be available on the terminals of Syndicate Members and their authorised agents during the Bidding / Issue Period. Syndicate Members can also set up facilities for off-line electronic registration of bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid / Issue Closing Date, the Syndicate Member shall upload the Bids until such time as permitted by the Stock Exchanges. The information will be available with the BRLMs on a regular basis.
- c) The aggregate demand and price for bids registered on each of the electronic facilities of the BSE and the NSE will be uploaded on a regular half-hourly basis, consolidated and displayed online at all bidding centres. A graphical representation of consolidated demand and price would be made available at the bidding centres during the Bidding Period. This information can be accessed on BSE's website at "www.bseindia.com" or on NSE's website at "www.nseindia.com".
- d) At the time of registering each bid, the Syndicate Members shall enter the following details of the investor in the online system:
 - Name of the investor (Investors should ensure that the name given in the Bid-cum-Application form is exactly the same as the Name in which the Depository Account is held. In case the Bid-cum-Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid-cum-Application Form.)
 - Investor category – Individual / Corporate / NRI / FII / Mutual Funds etc.
 - Number of Equity Shares bid for
 - Bid Price
 - Bid-cum-Application Form number
 - Whether payment is made upon submission of Bid-cum-Application Form.
 - Whether Margin Amount/ Bid Amount has been paid upon submission of Bid-cum-Application Form; and
 - Depository Participant Identification no. and client identification no. of the dematerialized account of the Bidder
- e) A system generated Transaction Registration Slip (TRS) (or the Order Confirmation Note) will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the Syndicate Members. The registration of the bid by the Syndicate Members does not guarantee that the Equity Shares shall be allocated either by the Syndicate Members or the Company.
- f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- g) In case of QIB Bidders, members of the Syndicate also have the right to accept the bid or reject it. However, such rejection should be made at the time of receiving the bid and only after assigning a reason for such rejection in writing. In case of non-institutional Bidders, and Retail Bidders, Bids would not be rejected except on the technical grounds listed page no. 188 in the Red Herring Prospectus.
- h) It is to be distinctly understood that the permission given by the BSE and NSE to use their network and the software of the online IPO system shall not in any way be deemed or construed that the compliance with various statutory and other requirements by the Company, BRLMs etc. are cleared or approved by the BSE and NSE; nor does it in any

manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company, its Promoters, its management or any scheme or project of the Company

- i) It is also to be distinctly understood that the approval given by the BSE should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by the BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or continued to be on the BSE.

Build Up of the Book and Revision of Bids

- a) Bids registered by various Bidders through the Members of the Syndicate shall be electronically transmitted to the BSE or NSE mainframe on an online basis in accordance with the market practice.
- b) The book gets built up at various price levels. This information will be available with the BRLMs on a regular basis.
- c) During the Bidding/Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid-cum-Application Form.
- d) Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid-cum-Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid-cum-Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms.
- e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid.
- f) Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.
- g) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Red Herring Prospectus. In case of QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
- h) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**
- i) Only bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/allotment. In case of a discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of the BRLMs, based on the physical records of Bid-cum-Application Forms, shall be final and binding on all concerned.

Price Discovery and Allocation/Allotment

- a) After the Bid Closing Date, the BRLMs shall analyze the demand generated at various price levels and discuss the pricing strategy with the Company.
- b) The Company, in consultation with the BRLMs, will finalize the Issue Price and the number of equity shares to be allocated in each investor category.

- c) The allocation to QIB Bidders of upto 50% of the Net Issue to Public (including 5% specifically reserved for mutual funds) would be on a proportionate basis in consultation with the Designated Stock Exchange subject to valid bids being received at or above the issue price, in the manner as described in the section titled "Basis of Allotment – Allotment to QIB Bidders" on page no 192 of this Red Herring Prospectus. The allocation to Non-Institutional Bidders of not less than 15% of the Net Issue to Public and Retail Individual Bidders of not less than 35% of the Net Issue to Public would be on a proportionate basis in a manner specified in the SEBI Guidelines, in consultation with Bombay Stock Exchange Limited, designated stock exchange, and subject to valid bids being received at or above the Issue Price.
- d) Under-subscription, if any, in any category, would be allowed to be met with spill over from any of the other categories, at the sole discretion of the Company in consultation with the BRLMs and the Designated Stock Exchange. However if the aggregate demand by mutual funds is less than 97,500 shares, the balance equity shares available for allocation in the mutual fund portion will be first added to the QIB portion and be allotted proportionately to the QIB bidders.
- e) Allocation to all investors including eligible NRIs, FIIs and foreign venture capital funds registered with SEBI applying on repatriation basis will be subject to applicable laws, rules, regulations, guidelines and approvals.
- f) The BRLMs and the Company shall intimate the Syndicate Members of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- g) The Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date but before the allotment without assigning reasons therefore. In terms of the SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.
- h) The allotment details shall be put on the website of the Registrar to the Issue.

Notice to QIBs: Allotment Reconciliation and Revised CANs

In terms of the SEBI Guidelines, QIBs shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE system. Based on the electronic book, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to QIBs, and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Signing of Underwriting Agreement and ROC Filing

- a) The Company, the BRLMs, and other Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price and allocation(s)/allotment to the Bidders.
- b) After signing the Underwriting Agreement, the Company would update and file the updated Red Herring Prospectus with ROC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.

Filing of the Prospectus with the ROC

The Company will file a copy of the Prospectus with the Registrar of Companies, Hyderabad, Andhra Pradesh in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Announcement of Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, the Company shall after receiving final observations, if any, on this Red Herring Prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI Guidelines in an English national daily with wide circulation, one Hindi National newspaper and a regional language newspaper (Telugu) with wide circulation at Andhra Pradesh.

Advertisement Regarding Issue Price and Prospectus

The Company will issue a statutory advertisement after the filing of the Prospectus with the ROC in an English national daily with wide circulation, one Hindi National newspaper and a regional language newspaper (Telugu) with wide circulation at Hyderabad. This advertisement, in addition to the information (in the format and containing the disclosures specified in Part A of Schedule XX-A of the SEBI Guidelines), that has to be set out in the statutory advertisement, shall indicate the Issue Price along with a table showing the number of Equity Shares. Any material updates between the Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note (CAN) and Allotment for the Issue

1. Upon approval of the basis of allotment by the Designated Stock Exchange, the BRLMs or Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated/allotted Equity Shares in the Issue. The approval of the basis of allotment by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. However, investors should note that the Company shall ensure that the date of allotment of the Equity Shares to all investors in this Issue shall be done on the same date.
2. The BRLMs or members of the Syndicate would dispatch a CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the entire Bid Amount into the Escrow Account at the time of bidding shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN.
3. Bidders who have been allocated/allotted Equity Shares and who have already paid the Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of his or her cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for the allotment to such Bidder.
4. The Issuance of CAN is subject to "Notice to QIBs - Allotment Reconciliation and Revised CANs" as set forth under the section "Issue Procedure" on page 168 of this Red Herring Prospectus.

Designated Date and Transfer of Funds to Public Issue Account

1. The Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid Closing Date/Issue Closing Date. After the funds are transferred from the Escrow Accounts to the Public Issue Account on the Designated Date, the Company would ensure the credit to the successful Bidders depository account within two working days of the date of Allotment.
2. As per SEBI Guidelines, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the allottees.
3. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per provisions of the Companies Act and the Depositories Act, rules, regulations and byelaws of the Depositories.

Investors are advised to instruct their depository participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

GENERAL INSTRUCTIONS

Do's:

- a) Check if you are eligible to apply having regard to applicable laws, rules, regulations, guidelines and approvals and the terms of the Red Herring Prospectus;
- b) Read all the instructions carefully and complete the Resident Bid-cum-Application Form (white in colour) or Non Resident Bid-cum-Application Form (blue in colour) as the case may be,
- c) Ensure that you Bid only in the Price Band.
- d) Ensure that the details about your depository participant and beneficiary account are correct, as shares will be allotted in the dematerialised form only.
- e) Ensure that the DP account is activated;
- f) Investor must ensure that the name given in the Bid-cum-Application Form is exactly the same as the name in which the beneficiary account is held with the Depository participant. In case the Bid-cum-Application Form is submitted in joint names, it should be ensured that the beneficiary account is also held in the same joint names and are in the same sequence in which they appear in the Bid-cum-Application Form.
- g) Ensure Bids are submitted only on forms bearing stamp of the Syndicate Member at the Bidding Centres.
- h) Ensure that you have been given a TRS for all your bid options.
- i) Submit Revised Bid to the same Syndicate Member through whom the original Bid was placed and obtain a revised TRS.
- j) Submit the Bid with the applicable Margin Amount. Ensure that you mention your Permanent Account Number (PAN) allotted under the I.T. Act. In case PAN has not been allotted, mention "Not Allotted" in the appropriate place.
- k) QIBs shall submit their bids only to the BRLMs or Syndicate Members duly appointed in this regard.
- l) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;

Don'ts:

- a) Do not Bid for lower than minimum Bid size.
- b) Do not Bid or revise the Bid to a Price that is less than the floor of the Price Band or higher than the cap of the Price Band.
- c) Do not Bid on another Bid-cum-Application Form after you have submitted the Bid to a Syndicate Member.
- d) Do not Pay Bid amount in cash. or by money order or by postal order or by stock invest.
- e) Do not Send Bid-cum-Application Forms by post; instead hand them over to a Syndicate Member only.
- f) Do not Bid at cut off price (for QIB Bidder and Non-Institutional Bidders and Bidders bidding under the Employees Reservation Portion, for whom the bid amount exceeds Rs. 1 Lac).
- g) Do not fill up the Bid-cum-Application Form for an amount that exceeds the issue size and / or investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable law or regulations or maximum amount permissible under the

applicable regulations or under the terms of the Red Herring Prospectus

- h) Do not Bid at Bid Amount exceeding Rs 100,000 (for Retail Individual Bidders);
- i) Do not submit the GIR number instead of the PAN, as the Bid is liable to be rejected on this ground.

Instructions for Filling Up the Bid-cum-Application Form

Bidders can obtain Bid-cum-Application Forms and/or Revision Forms from the Syndicate Members.

Bids and Revision of Bids

Bids and revisions to Bids must be:

- a) Made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable (white colour for Resident Indians and eligible NRIs applying on non-repatriation basis and blue colour for Non Residents including eligible NRIs, FIIs registered with SEBI and FVCIs registered with SEBI, applying on repatriation basis.
- b) Made in single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- c) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid-cum-Application Form or in the Revision Form. Incomplete Bid-cum-Application Forms or Revision Forms are liable to be rejected.
- d) For Retail Individual Bidders, the Bids must be for a minimum of 200 Equity Shares and in multiples of 200 Equity Shares thereafter subject to a maximum Bid amount of Rs. 1 Lac.
- e) For non institutional and QIB Bidders, Bids must be for a minimum of such number of Equity shares that the Bid amount exceeds Rs. 100,000 and in multiples of [•] Equity Shares thereafter. Bids cannot be made for more than the size of the Net Issue to Public. Bidders are advised to ensure that a single bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.
- f) Thumb impressions and signatures other than in the languages specified in the Eight Schedule in the Constitution of India must be attested by a magistrate or a notary public or a special executive magistrate under official seal.
- g) For Bidders bidding under the Employees Reservation Portion, the Bid must be for a minimum of 200 Equity Shares and in multiples of 200 Equity Shares thereafter

Bidder's Bank Account Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid-cum-Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Bidders' bank account details. These bank account details would be printed on the refund order, if any, to be sent to Bidders or used for sending the refund through Direct Credit or ECS. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs nor the Registrar to the Issue nor the Escrow Collection Banks nor the Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form.

Bidder's Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION (DP-ID) NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID-CUM-APPLICATION FORM. **INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID-CUM-APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE**

DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID-CUM-APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID-CUM-APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, DP's name, Depository Participant-Identification Number and Beneficiary Account Number provided by them in the Bid-cum-Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation (herein after referred to as Demographic Details.) Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs, nor the Company shall have any responsibility and undertake any liability for the same.

These Demographic Details would be used for all correspondence with the bidders including mailing of the refund orders/CANS/Allocation Advice and printing of Bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The demographic Details given by Bidders in the Bid-cum-Application Form would not be used for any other purposes by the Registrar. Hence, Bidders are advised to update their Demographic Details as provided to their DPs.

By signing the Bid-cum-Application Form, Bidder would have deemed to authorize the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on the records.

Refund orders / Allocation Advice / CANS would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice/ CANS may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid-cum-Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders' sole risk and neither the Company, Escrow Collections Bank nor the BRLMs shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that match three parameters, namely names of the Bidders (including the order of names of joint holders), the Depository Participant's identity and the beneficiary's identity, then such Bids are liable to be rejected.

The Company in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANS/allocation advice or refunds through electronic transfer of funds, the Demographic Details given on the Bid-cum-Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid-cum-Application Form instead of those obtained from the depositories.

Bids by Eligible Employees

For the purpose of the Employee Reservation Portion, Eligible Employee means a permanent employee or the director(s) of the Company or its subsidiary, who is an Indian National based in India and is physically present in India on the date of submission of the Bid-cum-Application Form. In addition, such person should be an employee or director during the period commencing from the date of filing of the Red Herring Prospectus with ROC up to the Bid/Issue closing date. Promoter directors are not eligible to be treated as eligible employees

- (a) Made only in the prescribed Bid-cum-Application Form or Revision Form (i.e. pink colour Form).
- (b) Eligible Employees, as defined above, should mention their Employee Number at the relevant place in the Bid-cum-Application Form:
- (c) The sole/ first bidder should be Eligible Employees as defined above.

- (d) Only Eligible Employees would be eligible to apply in this Issue under the Employee Reservation Portion.
- (e) Eligible Employees will have to bid like any other Bidder. Only those bids, which are received at or above the Issue Price, would be considered for allocation under this category.
- (f) Eligible Employees who apply or bid for securities of or for a value of not more than Rs. 100,000 in any of the bidding options can apply at Cut-Off. This facility is not available to other Eligible Employees whose minimum Bid Amount exceeds Rs. 100,000.
- (g) The maximum bid in this category by any Eligible Employee cannot exceed 1,00,000 Equity Shares.
- (h) Bid/ Application by Eligible Employees can be made also in the "Net Issue to the Public" and such bids shall not be treated as multiple bids.
- (i) If the aggregate demand in this category is less than or equal to 1,00,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
- (j) Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Issue to Public. In case of under-subscription in the Net Issue to Public, spill over to the extent of under-subscription shall be permitted from the Employee Reservation Portion.
- (k) If the aggregate demand in this category is greater than 1,00,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, refer to the section titled "Basis of Allotment" on page 192 of this Red Herring Prospectus.

Bids by Non Residents, including NRIs, FIIs and Foreign Venture Capital Investors registered with SEBI on a repatriation basis

Bids and revision to Bids must be made in the following manner:

1. On the Bid-cum-Application Form or the Revision Form, as applicable (blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In a single name or joint names (not more than three and in the same order as their Depository Participant details)
3. By eligible NRIs for a Bid Price of up to Rs. 100,000 would be considered under the Retail Individual Portion for the purposes of allocation and Bids for a Bid Price of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purposes of allocation;
4. By other eligible non-resident Bidders for a minimum of such number of Equity Shares and in multiples of 200 thereafter such that the Bid Price exceeds Rs. 100,000.
5. By FIIs /FVCIs registered with SEBI – for a minimum of such number of Equity Shares and in multiples of 200 thereafter that the Bid Amount exceeds Rs. 100,000.
6. In the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.
7. Refunds dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

The Company does not require approvals from FIPB or RBI for the Issue of Equity Shares to eligible NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions.

As per the existing policy of the Government of India, OCBs are not permitted to participate in the Issue.

There is no reservation for Non Residents, NRIs, FIIs and foreign venture capital funds and all Non Residents, NRI, FII and foreign venture capital funds applicants will be treated on the same basis with other categories for the purpose of allocation.

Bids under Power of Attorney

In case of Bids made pursuant to a Power of Attorney or by limited companies, corporate bodies, registered societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum and Articles of Association and/or Bye Laws must be lodged along with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made pursuant to a Power of Attorney by FIIs, FVCIs, VCFs and Mutual Funds, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Bids made by Insurance Companies

In case of Bids made by Insurance Companies registered with the Insurance Regulatory and Development Authority, a certified true copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be submitted with the Bid-cum-Application Form. Failing this, the Company and the BRLMs reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof

Bids made by Provident Funds

In case of Bids made by provident funds with minimum corpus of Rs. 2500 lakhs and pension funds with minimum corpus of Rs. 2500 lakhs, a certified true copy of a certificate from a chartered accountant, certifying the corpus of the provident fund/pension fund must be submitted with the Bid-cum-Application Form. Failing this, the Company and the BRLMs reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Bids made by Mutual Funds

In case of Bids made by mutual fund registered with SEBI, venture capital fund registered with SEBI and foreign venture capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, the Company and the BRLMs reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

The Company, in its absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the Power of Attorney along with the Bid-cum-Application Form, subject to such terms and conditions that the Company/the BRLMs may deem fit.

Bids and revision to Bids must be made:

On the Bid-cum-Application Form or the Revision Form, as applicable, and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.

- In a single name or joint names (not more than three).
- **By NRIs** – For a minimum of 200 Equity Shares and in multiples of 200 thereafter subject to a maximum Bid amount of Rs. 1,00,000 for the Bid to be considered as part of the Retail Portion. Bids for Bid Amount more than Rs. 1,00,000 would be considered under Non Institutional Category for the purposes of allocation. For further details see “Maximum and

Minimum Bid Size" on page no. 172 of this Red Herring Prospectus.

- **By FIIs** – for a minimum of such number of Equity Shares and in multiples of 200 that the Bid Amount exceeds Rs. 1,00,000. For further details see section titled "Maximum and Minimum Bid Size" on page no. 172.
- In the names of individuals or in the names of FIIs or in the names of FVCIs, Multilateral and Bilateral Development Financial Institutions but not in the names of minors, firms or partnerships, foreign nationals (excluding NRIs) or their nominees or OCBs.
- Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money payable upon submission of the Bid-cum-Application Form or Revision Form through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post/speed post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

The Company does not require approvals from FIPB or RBI for the transfer of Equity Shares in this Issue to eligible NRI's, FIIs, FVCIs registered with SEBI and multilateral and bilateral institutions. As per the RBI regulations, OCBs are not permitted to participate in the Issue.

There is no reservation for Non-Residents, NRIs, FIIs and FVCIs and all Non-Residents, NRIs, FIIs and FVCIs applicants will be treated on the same basis with other categories for the purpose of allocation.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account of benefit of, "U.S. Persons" (as defined in the Regulation S of the Securities Act), except pursuant to any exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares may be offered and sold only (i) in United States to 'qualified institutional buyers' as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

PAYMENT INSTRUCTIONS

The Company shall open an Escrow Accounts of the Company with the Escrow Collection Bank(s) for the collection of the Bid Amounts payable upon submission of the Bid-cum-Application Form and for amounts payable pursuant to allocation/allotment in the Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Payment into Escrow Account of the Company

1. The Bidders for whom the applicable margin is equal to 100% shall, with the submission of the Bid-cum-Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account of the Company and submit the same to the member(s) of the Syndicate.
2. In case the above margin amount paid by the Bidders during the Bidding/Issue Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account of the Company within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs.
3. The payment instruments for payment into the Escrow Account of the Company should be drawn in favour of:

- In case of Resident Retail and Non-Institutional Bidders: **"Escrow Account – ATL Public Issue - R"**
 - In case of Non-Resident Retail and Non-Institutional Bidders: **"Escrow Account – ATL Public Issue - NR"**
 - In case of Resident QIB Bidders: **"Escrow Account – ATL Public Issue – QIB - R"**
 - In case of Non Resident QIB Bidders: **"Escrow Account – ATL Public Issue – QIB- NR"**
 - In case of Eligible Employees: **"Escrow Account – ATL Public Issue – Eligible Employee"**
4. In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary (NRO) account of a Non-Resident bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account.
 5. In case of Bids by NRIs applying on non-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 the banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a Non-Resident Ordinary (NRO) Account of a Non-Resident Bidder Bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate that the draft has been issued by debiting an NRE or FCNR or NRO Account.
 6. In case of Bids by FIIs, FVCIs registered with SEBI and the, multilateral and bilateral financial institutions the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
 7. Where a Bidder has been allocated a lesser number of Equity Shares than what the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Account of the Company.
 8. The monies deposited in the Escrow Account of the Company will be held for the benefit of the Bidders till the Designated Date.
 9. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account of the Company as per the terms of the Escrow Agreement into the public issue account with the Bankers to the Issue.
 10. On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the successful Bidders

Payments should be made by cheque, or demand draft drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid-cum-Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/Stock invest/Money Orders/Postal orders will not be accepted

Payment by Stockinvest

In terms of RBI circular no. DBOD No. FSC BC 42/24.47.00/2003-2004 dated November 5, 2003; the option to use the Stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through Stock invest has been withdrawn.

Submission of Bid-cum-Application Form

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by Account Payee cheques or drafts shall be submitted to the Syndicate Member at the time of submitting the Bid-Cum Application Form.

No separate receipts shall be issued for the money payable on submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the Syndicate Member will acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all refunds will be made out in favour of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be despatched to his/her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole/First Bidder is one and the same. In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications with the same name and age will be accumulated and taken to a separate process file as probable multiple masters.
2. In this master, a check will be carried out for the same PAN numbers. In cases where the PAN numbers are different, the same will be deleted from this master.
3. The Registrar to the Issue will obtain, from the depositories, details of the applicant's address based on the DP ID and Beneficiary Account Number provided in the Bid-cum-Application Form and create an address master.
4. Then the addresses of all these applications in the multiple master will be strung from the address master. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A printout of the addresses will be taken to check for common names. Application with the same name and same address will be treated as multiple applications.
5. The applications will be scanned for similar DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.
6. Subsequent to the aforesaid procedures, a print out of the same will be taken and the applications physically verified to tally signatures as also fathers/husbands names. On completion of this, the applications will be identified as multiple applications

Procedure for Application by Mutual Funds

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund

will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

The BRLMs and the Company reserve the right to reject, in their absolute discretion, all or any of the multiple Bids in any or all categories.

Permanent Account Number or PAN

For all Bid(s), the Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act.

Applications without this information and documents will be considered incomplete and are liable to be rejected. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground. In case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should Mention "Applied for" in the Bid-cum-Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the Sole/First Bidder and each of the Joint Bidder(s), as the case may be, would be required to submit any one of the following documents in support of the address:

- a) Ration Card
- b) Passport
- c) Driving License
- d) Identity Card issued by any institution
- e) Copy of the electricity bill or telephone bill showing residential address
- f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address
- g) Any other documentary evidence in support of address given in the declaration.

Company Right to Reject Bids

The Company and the members of the Syndicate reserve the right to reject any Bid without assigning any reason thereof in case of QIBs provided the reasons for rejecting the same shall be provided to such bidders in writing. In case of Non Institutional Bidders, Retail Individual Bidders and Bidders in the Employees Reservation Portion, the Company would have the right to reject Bids only on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on *inter-alias*, the following technical grounds:

- 1) Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for;
- 2) Bank account details (for refund) are not given;
- 3) Age of First Bidder not given;
- 4) In case of partnership firms Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- 5) Bids by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- 6) PAN not given in the Bid cum Application form;
- 7) GIR number furnished instead of PAN;
- 8) Bids for lower number of Equity Shares than specified for that category of investor;
- 9) Bids at a price less than the floor of the Price Band or higher than the cap of the Price Band;

- 10) Bids at cut-off price by a QIB bidder or a Non Institutional Bidder, whose bid amount exceeds Rs. 100,000;
- 11) Bids for number of Equity Shares, which are not multiples of 200;
- 12) Category not ticked;
- 13) Multiple Bids, as defined in this Red Herring Prospectus;
- 14) In case of Bid under Power of Attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;
- 15) Bids accompanied by Stockinvest/ money order/ postal order/ cash;
- 16) Signature of sole and / or joint Bidders missing;
- 17) Bid-cum-Application Form does not have the stamp of the BRLMs or Syndicate Members;
- 18) Bid-cum-Application Form does not have the Bidder's depository account details;
- 19) Bid-cum-Application Forms are not submitted by the Bidders within the time prescribed as per the Bid-cum-Application Form, Bid/Issue Opening Date advertisement and this Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid-cum-Application Form;
- 20) In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
- 21) Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- 22) Bids in respect where the Bid-cum-Application form do not reach the Registrar to the Issue Prior to the finalisation of the Basis of Allotment;
- 23) Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
- 24) Bids by international QIBs not submitted through the BRLMs or their affiliates;
- 25) Bids by OCBs;
- 26) Bids by person who is not eligible to acquire Equity shares of the Company in terms of all applicable laws, rules, regulations, guidelines and approvals.
- 27) Bids by any person outside India, if not in compliance with applicable foreign and Indian Laws;
- 28) Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- 29) Bids for amounts greater than the maximum permissible amounts prescribed by the regulations. See the details regarding the same in the section titled "Issue Procedure – Bids at Different Price Levels" beginning on page 174 of this Red Herring Prospectus
- 30) Bids by U.S. persons other than entities that are both "qualified institutional buyers" as defined in Rule 144A of the U.S. Securities Act, 1933 and "qualified purchasers" under the Investment Companies Act;
- 31) Bids by QIBs not submitted through members of the Syndicate;
- 32) Bids by Employees or Directors of the Company not eligible to apply in the Employee Reservation Portion.

Equity Shares in Dematerialised Form with NSDL or CDSL

As per the provision of Section 68B of the Companies Act, the Allotment of Equity Shares in this Issue shall be only in a dematerialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). In this context, two agreements have been signed among the Company, the respective Depositories and the Registrar to the Issue;

- (a) Agreement dated November 1, 2007 with NSDL, the Company and the Registrar to the Issue;
- (b) Agreement dated December 21, 2007 with CDSL, the Company and the Registrar to the Issue;

All Bidders can seek Allotment only in dematerialised mode. Bids from any Bidder without details of his or her depository account are liable to be rejected.

- (a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
- (b) The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Bid-cum-Application Form or Revision.
- (c) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
- (d) Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- (e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.
- (f) The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid-cum-Application Form vis-à-vis those with his or her Depository Participant.
- (g) Equity shares in Electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where the Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- (h) The trading of the Equity Shares of the Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

Communications

All future communications in connection with Bid made in the Issue should be addressed to the Registrars to the Issue quoting full name of the sole/first Bidder, Bid-cum-Application Form number, number of Equity Shares applied for, date, bank and branch alongwith details of Depository Participant, where the Bid-cum-Application was submitted and cheque /draft number and issuing bank thereof.

Pre-Issue and Post Issue Related Problems

Investors can contact the Compliance Officer, Mr C N Bhavani Prasad, Company Secretary and/or the Registrar to the Issue, Bigshare Services Private Limited, in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc.

Address of the Compliance Officer

Mr C N Bhavani Prasad
Company Secretary
Aishwarya Telecom Limited

3-C, Samrat Commercial Complex
Opp A G Office
Saifabad, Khairatabad
Hyderabad - 500 004
Andhra Pradesh, India
Tel : +91 40 2323 6019, 2323 5439
Fax: +91 40 2329 6282
E-mail: ipo@aishwaryatelecom.com

Address of the Registrar

Bigshare Services Private Limited
E/2, Ansa Industrial Estate, Saki Vihar Road
Saki Naka, Andheri (East)
Mumbai – 400 072
Tel : +91 22 4043 0200
Fax: +91 22 2847 5207
Contact Person: Mr Ashok Shetty
E-mail: ipo@bigshareonline.com
Website: www.bigshareonline.com

Disposal of Applications and Application Money

The Company shall ensure dispatch of allotment advice, transfer advice or refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within two working days of date of finalisation of allotment of Equity Shares.

In case of applicants who receive refunds through ECS, direct credit or RTGS, the refund instructions will be given to the clearing system with in 15 days from the Bid/Issue Closing date. A suitable communication shall be sent to the bidders receiving refunds through this mode within 15 days of Bid/Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within seven working days allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI DIP Guidelines, the Company further undertakes that:

- Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;
- Dispatch of refund orders or in case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system with in 15 (fifteen) days of the Bid/Issue Closing Date would be ensured; and
- The Company shall pay interest @15% (fifteen) per annum for any delay beyond the 15(fifteen)-day time period as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/ or demat credits are not made to investors within the 15 (fifteen)-days time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter no. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997 with respect to the SEBI Guidelines.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

"Any person who:

- a) Makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or**
- b) Otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name shall be punishable with imprisonment for a term which may extend to five years."**

Basis of Allotment

A. For Retail Individual Bidders:

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size less allotment to Non-Institutional and QIB Bidders shall be available for allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this portion is less than or equal to 13,65,000 Equity Shares at or above the Issue Price, full allotment shall be made to the Retail Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 13,65,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 200 Equity Shares and in multiples of one equity shares thereafter. The method of proportionate basis of allotment is stated below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less allotment to QIBs Bidders and Retail Individual Bidders shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 5,85,000 Equity Shares at or above the Issue Price, full allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 5,85,000 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of 200 Equity Shares and in multiples of one equity shares thereafter. The method of proportionate basis of allotment is stated below.

C. For QIB Bidders

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allotment to all the QIB Bidders will be made at the Issue Price.
- The QIB Portion shall be available for allocation to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
 - 1) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:
 - a) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.

- b) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full allotment to the extent of valid bids received above the Issue Price.
 - c) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for allotment to all QIB Bidders as set out in (b) below;
- 2) In the second instance allotment to all QIBs shall be determined as follows:
- a) In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids at or above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.
 - b) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
 - c) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.
 - d) The aggregate Allotment to QIB Bidders shall be upto 19,50,000 Equity Shares.

D. For Employee Reservation Portion

- Only eligible employees are eligible to apply under the Employee Reservation Portion.
- Bids received from the employees at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful employees will be made at the Issue Price.
- If the aggregate demand in this category is less than or equal to 1,00,000 Equity Shares at or above the Issue Price, full allocation shall be made to the employees to the extent of their demand.
- If the aggregate demand in this category is greater than 1,00,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 1,00,000 Equity Shares subject to a minimum of 200 Equity Shares and in multiples of one Equity Shares thereafter. Only Employees (as defined above) are eligible to apply under Employee Reservation Portion. For the method of proportionate basis of allocation, refer below.
- Under-subscription, if any, in any category would be met with spill-over from other categories at the Company's sole discretion, in consultation with the BRLMs.

The BRLMs, Registrar to the Issue and the Designated Stock Exchange shall ensure that the basis of allotment is finalised in a fair and proper manner in accordance with SEBI Guidelines. The drawal of lots (where required) to finalise the basis of allotment, shall be done in the presence of a public representative on the Governing Board of the Designated Stock Exchange.

Procedure and Time Schedule for Allotment of Equity Shares

The Syndicate Members have the right to reject the Bid received from QIBs at the time of receipt of the Bids. However, the Syndicate Members shall disclose the reasons for not accepting the Bid to the Bidder. In case of Non-Institutional Bidders and Retail Individual Bidders, the Company has a right to reject bids based on technical grounds. In case a Bid is rejected in full, the whole of the Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. In case a Bid is rejected in part, the excess Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. The Company will ensure allotment/transfer of the Equity Shares within 15 days from the Bid/Issue Closing Date, and the Company shall pay interest at the rate of 15% per annum (for any delay beyond the periods as mentioned above), if Equity Shares are not allotted, refund orders are not dispatched and/ or demat credits are not made to investors within two working days from the date of allotment.

Method of Proportionate Basis of Allotment

In the event of the Issue being over-subscribed, the Company shall finalize the basis of allotment in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange alongwith the BRLMs, and the Registrar to the Issue shall be responsible for ensuring that the basis of allotment is finalized in a fair and proper manner.

The allotment shall be made in marketable lots, on a proportionate basis as explained below:

- a) Bidders will be categorised according to the number of Equity Shares applied for.
- b) The total number of Equity Shares to be allotted to each category, as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
- d) In all Bids where the proportionate allotment is less than 200 Equity Shares per Bidder, the allotment shall be made as follows:
 - Each successful Bidder shall be allotted a minimum of 200 Equity Shares; and
 - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.
- e) If the proportionate allotment to a Bidder is a number that is more than 200 but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.
- f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares. The basis of allocation on a proportionate basis shall be finalised in consultation with the Designated Stock Exchange.

MODES OF MAKING REFUND

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid-cum-Application Form, the Registrar to the Issue will obtain from the Depository, the Bidders' bank account details including nine digit MICR code. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the sole or Bidder's sole risk and neither the BRLMs nor the Company shall have any responsibility and undertake any liability for the same.

The payment of refund, if any, would be done through various modes in the following order of preference:

I. Direct Credit

Applicants applying through the web/internet whose service providers opt to have the refund amounts for such applicants being by way of direct disbursement by the service provider through their internal networks, the refund amounts payable to such applicants will be directly handled by

the service providers and credited to bank account particulars as registered by the applicant in the demat account being maintained with the service provider. The service provider, based on the information provided by the Registrar, shall carry out the disbursement of the refund amounts to the applicants.

II. NEFT

Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method.

III. ECS

Payment of refund shall be undertaken through ECS for applicants having an account at any of the following 68 centres, viz. Agra, Ahmedabad, Allahabad, Amritsar, Aurangabad, Baroda, Bangalore, Bhilwara, Bhopal, Bhubaneshwar, Burdwan, Kolkata, Calicut, Chandigarh, Chennai, Coimbatore, Dehradun, Dhanbad, Durgapur, Erode, Gorakhpur, Guwahati, Gwalior, Haldia, Hubli, Hyderabad, Indore, Jabalpur, Jalandhar, Jaipur, Jammu, Jamshedpur, Jodhpur, Kakinada, Kanpur, Kochi/Ernakulam, Kolhapur, Lucknow, Ludhiana, Madurai, Mangalore, Mumbai, Mysore, Nagpur, Nashik, New Delhi, Nellore, Panaji, Patna, Pune, Pondicherry, Raipur, Rajkot, Ranchi, Salem, Shimla, Sholapur, Siliguri, Surat, Tirupati, Tirupur, Trichy, Trichur, Thiruvananthapuram, Udaipur, Varanasi, Vijaywada and Visakhapatnam, managed by RBI and other Banks. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. One of the methods for payment of refund is through ECS for applicants having a bank account at any of the abovementioned 68 centres.

IV. RTGS

Applicants having a bank account at any of the centres where RTGS facility is available and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-Application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by such applicant opting for RTGS as a mode of refund. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

Note: We expect that all payments including where refund amounts exceed Rs. 1,000,000 (Rupees One Million) shall be made through NEFT, however in some exceptional circumstances where refund amounts exceed Rs. 1,000,000 (Rupees One Million), refunds may be made through RTGS.

For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders shall be dispatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Please note that applicants having a bank account at any of the 68 centres where the clearing houses for ECS are managed by the RBI and other PSU Banks are eligible to receive refunds through the modes detailed in I, II, III and IV above. For all the other applicants, including applicants who have not updated their bank particulars alongwith the nine digit MICR Code, prior to the Bid/Issue Opening Date, the refund orders would be dispatched under "Under Certificate of Posting" for refund orders less than Rs. 1,500 and through speed post/registered post for refund orders exceeding Rs. 1,500.

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 finalisation of basis of allotment. Applicants residing at sixty-eight centres where clearing houses are managed by the RBI, will get refunds through ECS only except where applicant is otherwise disclosed as are managed by the RBI, will get refunds through ECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS. The Company shall ensure the dispatch refund orders, if any, of value up to Rs.1,500 by "Under Certificate of Posting", and shall dispatch refund orders above Rs.1,500 if any, by registered post or speed post at the sole or first Bidder's sole risk within 15 days of the Bid/Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within fifteen days of closure of Bid/ Issue.

INTEREST IN CASE OF DELAY IN DISPATCH OF ALLOTMENT LETTERS/REFUND ORDERS

The Company agrees that allotment of securities offered to the public shall be made not later than 15 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 15 days from the date of the closure of the Issue.

However, applications received after the closure of issue in fulfillment of underwriting obligations to meet the minimum subscription requirement shall not be entitled for the said interest.

Refund orders shall be payable at par at all centres where Bidding terminals were set up to receive Bids from Bidders.

In case of applicants who receive refunds through ECS, Direct Credit or RTGS, the refund instructions will be given to the clearing system within 15 days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the bidders receiving refunds through this mode within 15 days of Bid/ Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within seven working days of Allotment.

UNDERTAKINGS BY THE COMPANY

The Company undertakes as follows:

- a) that the complaints received in respect of this Issue shall be attended by us expeditiously and satisfactorily;
- b) that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are to be listed within seven working days of finalisation of the basis of allotment;
- c) that adequate funds required for making refunds to the 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, a suitable communication shall be sent to the applicant within 15 days of closure of the issue, as the case may be, giving details of the bank where refunds shall be credited along with the amount and expected date of electronic credit of refund;
- e) that the refund orders or allotment advice to the successful bidders shall be despatched within specified time;
- f) that the certificates of the securities/ refund orders to the non-resident Indians shall be dispatched within specified time; and
- g) that no further Issue of Equity Shares shall be made until the Equity Shares issued through this Red Herring Prospectus are listed or until the Bid moneys are refunded on account of non-listing, under subscription, etc.

The Company shall not have recourse to the Issue Proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

UTILISATION OF ISSUE PROCEEDS

The Board of Directors of the Company certifies that:

- a) All monies received out of the Fresh Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- b) Details of all monies utilized out of the Fresh Issue shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies have been utilized;
- c) Details of all unutilized monies out of the Fresh Issue, if any, shall be disclosed under the appropriate separate head in the balance sheet of the Company indicating the form in which such unutilized monies have been invested.
- d) The Company shall not have recourse to the Issue proceeds until approval for trading of Equity Shares from all the stock exchanges where listing is sought is received.
- e) The Company shall comply with the requirements of Clause 49 of the Listing Agreement in relation to the disclosure and monitoring of the utilisation of the proceeds of the Issue.

Pending utilisation for the purposes described above, the company intends to invest the funds in high quality interest/dividend bearing liquid instruments including money market mutual funds, bank deposits and similar securities.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

The Industrial Policy, 1991 and the FEMA regulated foreign investment in Indian Securities. The Industrial Policy, 1991 stipulates the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian Economy. The FEMA further regulates foreign investment by prescribing the precise manner in which such investment may be made.

Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. As per current foreign investment policies, foreign investment in the real estate sector is permitted under the automatic route in relation to investments by NRIs.

By way of Circular No.53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents. Transfers of equity shares previously required the prior approval of the FIPB. However, vide a RBI circular dated October 4, 2004 issued by the RBI, the transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment (FDI) Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (ii) the non-resident shareholding is within the sectoral limits under the FDI policy, and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

Subscription by NRIs/ FIIs

It is to be distinctly understood that there is no reservation for Non-Residents, NRIs, FIIs foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions and such NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions will be treated on the same basis as other categories for the purpose of allocation.

As per the RBI regulations, OCBs cannot participate in this Issue.

As per the current regulations, the following restrictions are applicable for investments by FIIs:

No single FII can hold more than 10% of the post-Issue paid-up capital of the Company. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital or 5% of the total issued capital of the Company in case such sub-account is a foreign corporate or an individual.

With the approval of the board of directors and the shareholders by way of a special resolution, the aggregate FII holding limit may be increased to 100%.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15(A)(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, an FII or its sub-account may issue, deal or hold, offshore derivative instruments such as participatory notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

SECTION IX : MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

Share Capital

3. The authorised share capital of the company is as specified in Clause V of Memorandum of Association.

Clause V of Memorandum of Association

The Authorised Share Capital of the Company is Rs. 12,00,00,000 (Rupees Twelve Crore Fifty Lacs Only) divided into 1,20,00,000 (One Crore Twenty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten only) each with power for the Company to increase or reduce the capital of the Company and to issue any part of its capital with or without any preferential, deferred, redeemable, guaranteed, qualified or special rights modify, amalgamate or abrogate all or any of such rights, privileges, preferences, deferments, limitations, exclusions or any other terms and conditions.

Preference shares rights as to dividend and winding up

4. The holders of preference shares shall be entitled to be paid out of the profits which the Director shall determine by way of dividend at such rate per annum, free of Company's tax but subject to deduction of tax at the prescribed rate and to a right in a winding up to be paid all arrears preferential dividend whether earned, declared or not, upto the date of commencement of the winding up to be paid all arrears or preferential rate dividend whether earned, declared or not, upto date of commencement of the winding up in priority to the Equity shares but shall not confer any further right to participate in the profits or assets of the Company.

Redeemable Preference shares

5. Subject to the provisions of Section 80 of the Act, and these Articles, the company shall have power to issue Preference Share carrying right to redemption out of the profits or out of the proceeds of a fresh issue of shares made for the purposes of such redemption or liable to be so redeemed at option of Company.

Shares at a discount

6. With the previous authority of this Company in General Meeting and the sanction of the court and upon otherwise complying with section 79 of the Act, it shall be lawful for the Board of Directors to issue at a discount shares of a class already issued.

Further issue of same class of shares

7. (1) Where at any time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares either out of 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 that 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 within which the offer, if not accepted, will be deemed to have been declined;
 - c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in sub clause (b) shall contain a statement of this right.
 - d) After the expiry of the time specified in the aforesaid notice, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the

shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the company

(2) Notwithstanding anything contained in sub-clause (1) thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) in any manner whatsoever.

- a) If a special resolution to that effect is passed by the company in General Meeting, or
- b) Where no such special resolution is passed, if the votes cast (whether on a show of hands or in 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 so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf that proposal is most beneficial to the company.

(3) Nothing in sub-clause (c) of (1) hereof shall be deemed;

- a) To extend the time within which the offer should be accepted; or
 - b) To authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
- (4) Nothing in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debenture issued or loans raised by the Company:
- i) To convert such debentures or loans into shares in the company; or
 - ii) To subscribe for shares in the Company

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

- a) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and
- b) In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the central Government in this behalf, has also been approved by a Special Resolution passed by the company in General Meeting before the issue of the debentures or raising of the loans.

Shares at the disposal of the Directors

8. 1) Subject to the provisions of the Companies Act 1956 and these Articles, the shares in the capital of the company for the time being shall be under the control of the Directors, who may issue, allot or otherwise dispose of the same or any of them to such person, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of section 79 of the Act) at a discount and at such time as they may from time to time think fit and with 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 may think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in General Meeting.

2) Employee Stock Option Scheme

The Directors are hereby authorised to issue Equity shares or Debentures (whether or not convertible into equity shares) for offer and allotment to such of the officers, employees and workers of the Company as the Directors may select or the trustees of such trust as may be set up for the benefit of the officers, Employees and workers in accordance with the terms and conditions of such scheme, plan or proposal as the Directors may formulate. Subject to the consent of the Stock Exchanges and of the Securities and Exchange Board of India, the Directors may impose the condition that the shares in or debentures of the Company so allotted shall not be transferable for a specified period.

Trust not recognised (These sections made not applicable vide amendments w.e.f. 2000.)

9. Subject to the provisions of Sections 153A, 153B and 187B of the Act, and except as required by law, no person shall be recognised by the Company as holding and shares upon any trust and the Company shall not, save as ordered by same court of competent jurisdiction, be bound by or be compelled in any way to recognise (even when having notice thereof) any benami, equitable, contingent, future or partial interest in any share or any interest in any fractional part of share or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right thereby in the person or from time to time registered as the holder thereof.

Directors may allot shares as fully paid up

10. The directors may allot and issue shares in the Capital of the Company in payment or part payment for any property sold or transferred, goods or machinery supplied or for service rendered to the Company in or about the formation or promotion of the Company, or the conduct of its business and any shares, which may be so allotted, may be issued as fully paid up shares and if so issued shall be deemed to be fully paid up shares.

Brokerage and Commission:

Brokerage

11. The Company may on any issue of shares or debentures pay such brokerage as may be reasonable and lawful.

Commission

12. In addition to the payment of any reasonable sums as brokerage, the company may, at any time, pay a commission to any person for subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares, debenture or debenture-stock in the Company but so that (if the commission shall be paid or payable out of the capital) the commission shall not exceed 5 (five) percent of the price at which the shares are issued or 2½ percent of price at which debentures are issued.

Method of payment of commission

13. The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the other.

14. (A) Certificates

Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after allotment or one month after the application for the registration of the transfer of any share (or within such other period as the conditions of issue shall provide):-

- a) One certificate for the shares without payment; or
- b) Several certificates, each for one or more of such shares upon payment of two rupees for every certificate after the first.

Provided that any sub-division, consolidation or splitting off certificate required in marketable lots shall be done by the company free of any charges.

(B) Dematerialisation of Securities

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities in a dematerialised form pursuant to the Depositories Act, 1996.

Options for Investors

Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of Securities.

If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

Rights of Depositories to be in fungible form

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.

Rights of Depositories and Beneficial Owners

- (a) 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.
- (b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- (c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the company. The beneficial owner of the 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 depository

Service of Documents

Notwithstanding anything contained in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or delivery of floppies or discs.

Transfer of securities

Nothing contained in Section 108 of the Act or these Articles shall apply to transfer of securities affected by a transferor and transferee both of whom are entered as beneficial owners in the records of the depository.

Allotment of Securities dealt with in a depository

Notwithstanding anything contained in the Act or these Articles, where securities are dealt with by a depository, the company shall intimate the details thereof to the depository, immediately on allotment of such securities.

Distinctive numbers of securities held in a depository

Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the company shall apply to securities held with depository.

Register and Index of beneficial owners

The Register and Index of beneficial owners maintained by a depository under Depositories Act, 1996 shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles.

C) NOMINATION FACILITY TO THE SHAREHOLDERS / DEBENTURES HOLDERS

- I (1) Every shareholder or debenture holder of the company may at any time nominate a person, to whom his shares or debentures shall vest, in the event of his death in such manner as may be prescribed under the Act.
- (2) Where the shares and debentures of the Company are held by more than one person jointly, all the joint holders may collectively nominate a person to whom all the rights in the shares or debentures as the case may be, shall vest with such nominated person, in the event of death of all the joint holders in such manner as may be prescribed under the Act.
- (3) Unless a nomination previously made is cancelled, notwithstanding anything contained in any law for the time being in force or in any disposition whether testamentary or otherwise, any other person becomes entitled to the rights and other privileges conferring on any share or debenture on the death of holder of such share or debenture as the case may be, only the nominee registered with the company shall to the exclusion of all others be entitled to all the rights and privileges attached to such share or debenture.
- (4) Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures to the nomination to appoint any person to act on behalf of the minor in the manner prescribed under the Act, in the event of his death, during the minority.
- II A nominee upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either.
- 1) To register himself as holder of the share or debenture, as the case may be; or
- 2) To transfer the shares and/or debentures, as the deceased shareholder or debenture holders as the case may be, could have made.
- III (1) If the nominee elects himself to be registered as holder of the shares or debentures, as the case may be, he shall deliver or send to the Company a notice in writing signed by him stating that he so elected and such notice shall be accompanied with death certificate of the deceased shareholder or debenture holder, as the case may be.
- (2) A nominee shall be entitled to the share dividend/interest and other advantages to which he would be entitled if he were registered holder of the shares or debentures, provided that he shall not, before being registered as a member, be entitled to exercise any right conferred by membership in relation to meeting of the Company.

Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the shares or debentures and if the notice is not complied with in ninety days, the Board may thereafter withhold payment of the all dividends, bonuses or others in respect of the shares or debentures until the requirements of the notice have been complied with.

Signature on Certificate

15. Every share Certificate shall be numbered shall specify the amount paid up thereon, and shall be issued under the common seal of the Company and shall be signed by two Directors and Secretary or any other person authorised for the purpose by the Board of Directors. Particulars of every share certificate issued shall be entered in the register of members against the name of the person to whom it has been issued indicating the date of issue.

One certificate for joint shareholder

16. In respect of any share or share held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for share to one of several joint-holders shall be sufficient delivery to all such holders.

Issue of New certificate in place of one defaced, lost or destroyed

17. If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every certificate under the Article shall be issued without payment of fee if the Directors so decide, or on payment of such fees (not exceeding Rs. 2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulation or requirements of any Stock Exchange or rules made under Securities Contracts (Regulations) Act, 1956 or any other Act, or rules applicable thereof in this behalf.

The provision of this Article shall mutatis mutandis apply to the debentures of the Company

First named joint holder deemed soleholder

18. If any share stands in the names of two or more persons, the persons first named in the register shall, as regards receipt of dividend, the service of notice, and subject to the provisions of these Articles, all or any other matter connected with the Company, except the issue of shares certificates, voting at meetings, and transfer of the shares, be deemed the sole holder thereof.

(a) 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 are ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within two months 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 certificates of shares shall be under the seal of the company and shall specify the number and distinctive numbers of shares in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holder

Calls

19. The Board of Directors may, from time to time, make calls upon the shareholders in respect of all moneys unpaid on the shares held by them respectively, and each member shall pay the amount of every call so made on him to the persons and at the time and place appointed by the Board. A call may be made payable by instalments.

When call be deemed to have been made

20. A call shall be deemed to have been made at the time when the resolution of the Board of Directors authorising such call was passed.

Notice of Calls

21. At least thirty clear days notice of any call shall be given by the Company (either by letter to members) specifying the time and place of payment and to whom such call shall be paid.

Amount payable at fixed times or by instalment payable as calls

22. (I) If by the terms of issue of any shares or otherwise any amount is made payable on allotment or at any fixed time or by instalment at fixed times, whether on account of the nominal amount of the share or by way of premium, every such amount or instalment shall be deemed to be a call duly made and shall be payable by virtue of a call duly made and notified.
- (II) In the case of non-payment of such sum all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

When interest on call or instalment payable

23. If the sum payable in respect of any call or instalment be not paid on or before the day appointed for the 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 percent per annum or at such rate as the Directors may determine from time to time, from the day appointed for the payment thereof to the time of actual payment. The Directors shall be at liberty to waive payment of any such interest, wholly or in part.

Payment in anticipation of call may carry interest

24. 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 upon the shares in respect of which such advance has been made, the company may pay interest at such rate, as the member paying such sum in advance of calls shall not confer a right to participate in profits or dividend. The directors may at any time repay the amount so advanced.

The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company

Liability of joint holder of share

25. The joint-holders of a share shall be severally as well as jointly liable for the payment of all calls and instalments and calls due in respect of such shares.

Evidence in action for call

26. On the trial or hearing of any action for the recovery of any money due for any call, it shall be sufficient to prove that name of the member used is entered in the register as the holder, or one of the holder, or one of the holders, of the shares in respect of which such debt accrued, that the resolution making the call is duly recorded in the minute book, and that notice of such call was duly given to the member sued, in pursuance of these presents, and it shall not be necessary to prove the appointment of the Directors who made such call nor any other matter whatsoever, but the proof of the matter aforesaid shall be conclusive evidence of the debt.

FOR FEITURE, SURRENDER AND LIEN

If call or instalment not paid, notice to be given

27. (1) If a member fails to pay any call, or instalment, on or before the day of appointment for payment thereof, the directors may at any time thereafter during such time as the call or instalment remains unpaid, serve notice on him to pay the same together with any interest

that may have accrued, and any expenses that may have been incurred by the Company by reason of such non payment.

- (2) The notice aforesaid shall state that in the event of non-payment on or before some day to be named in the notice (such day not being less than fourteen days from the date of service of such notice) and at some place (either the Office or a Bank) named in such notice, the shares in respect of which the call was made or instalment is payable, will be liable to be forfeited.

If notice not complied with shares may be forfeited

28. If the requirements of such notice are not complied with, any share in respect of each such notice has been given may at any time thereafter, before payment of all calls, instalments, interest and expenses due in respect thereof, may be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited shares and actually paid before the date of forfeitures.

Effect of forfeiture

29. The forfeiture of share shall involve the extinction 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 or those rights as by these Articles are expressly saved.

Liability on forfeiture

30. A person, whose shares shall be so forfeited, shall cease to be a member in respect of the forfeited share. But shall notwithstanding the forfeiture, be liable to pay to the Company all calls or instalment, interest, and expenses owing upon or in respect of such shares at the time of forfeiture until payment at the rate of 12 percent per annum, or at such rate as the directors may determine. The liability of such person shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares.

Forfeited shares to become property of the Company

31. Any share so forfeited shall be deemed to be the property of the company and the board of directors may sell, re-allot or otherwise dispose of the same in such manner as they think fit.

Power to annul forfeiture

32. The Directors may at any time, before any share so forfeited shall have been sold, re-allot, or otherwise dispose of or annul the forfeiture thereof upon such conditions as they think fit.

Declaration for forfeiture of shares

33. A duly verified declaration in writing, that the declarants, 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 share.

Company's Lien on shares/Debentures

34. The Company shall have a first and par amount lien upon all the shares/debentures (other than fully paid 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 at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that Article 9 hereof will have full effect. And such lien shall extend to all 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 Company's lien, if any on such shares/debentures. The Directors may at any time declare any shares/ Debentures wholly or in part to be exempt from the provisions of this clause.

35. The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien. Provided that no sale shall be made:
- a) Unless a sum in respect of which the lien exists is presently payable, or
 - b) Until the expiration of fourteen days after a notice in writing demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency and stating that if the amount so demanded is not paid within the period specified at the Registered office of the company, the said shares shall be sold.

Validity of sale

36. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers herein before given, the Directors may 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.

Application of proceeds of sale

37. (1) The net proceeds of the sale shall be received by the company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.
- (2) The residue, if any, subject to a like lien for sums not presently payable as existed upon the shares at the date of sale, be paid to the persons entitled to the shares at the date of sale.

Surrender of shares

38. (a) Subject to the provisions of the Act, the Board may accept from any member the surrender on such terms and conditions as shall be agreed of all or any of his shares.

Buyback of shares

- (b) Funds of the Company may be applied in the purchase of any shares of the Company subject to the provisions of the Companies Act, 1956 (as amended) in this regard for the time being in force.

SHARE WARRANTS

Power to issue share warrant

39. The company may issue warrants to its members or any category of members or non-members with absolute and irrevocable right to exercise the option to subscribe and acquire and be allotted equity share within a predetermined time period from the date of allotment of such warrants (in full or part or otherwise) at a predetermined price or predetermined pricing formula as recommended by the board and approved by the members of the company.

Rights of depositor of share warrant

40. (1) The bearer of share warrant may at any time deposit the warrant at the office of the company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the company, and of attending and voting and exercising the other privileges of a member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the register of members as the holder of the shares included in the deposited warrant.
- (2) Not more than one person shall be recognised as depositor of the share warrant.
- (3) The Company shall, on two days written notice return the deposited share warrants to the depositor.

Rights of bearer of share warrant

- 41.(1) Subject as herein otherwise expressly provided, no person shall as bearer of a share warrant, sign a requisition for calling a meeting of the company, or attend, or vote or exercise any other privilege of members at a meeting of the company, or be entitled to receive any notice from the company.
- (2) Not more than one person shall be recognised as depositor of the share warrant.
- (3) The company shall, on two days written notice, return the deposited share warrant to the depositor.

Renewal of share warrants

42. The board may, from time to time, make rules as to the terms on which (if it shall think fit) a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction of the original.

Register of transfers

43. The company shall keep a "Register of Transfer", and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share.

Who are to execute transfer

- 44.(1) The instrument of any share in the company shall be executed by or on behalf of both the transferor and the transferee.

When the transferee is deemed to be holder of shares

- (2) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.

Form of transfer

45. There shall be a common form for transfer and that the instrument to transfer shall be in writing and all the provisions of section 108 of the companies Act, 1956 and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfers of shares and registration thereof.

Notice of transfer to registered holder

46. Unless the directors decide otherwise, when an instrument of transfer is tendered by the transferee, before registering any such transfer the Directors shall give notice by letter sent by registered acknowledgement due post to the registered holder that such transfer has been lodged and that unless objection is taken the transfer will be registered. If such registered holder fails to lodge an objection in writing at the office within ten days from the posting of such notice to him shall be deemed to have admitted the validity of the said transfer. Where no notice is received by the registered holder, the directors shall be deemed to have decided not to give notice and in any event thereon receipt by the registered holder of any notice shall not entitle him to make any claim of any kind against the company or the directors in respect of such non receipt.

Board power to register

47. The Board may subject to the right of appeal conferred by section 111 of the Companies Act, and provisions of section 22(a) of the Securities Contracts Regulations Act, 1956.
- a) the transfer of share not being a fully paid up share, to a person of whom they do not approve;
- b) any transfer of shares on which the company has lien. Provided that registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly

with any other person/persons indebted to the company on any account whatsoever except a lien on the shares.

Directors may refuse to register transfer

48. Subject to provisions of Section 111A, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the Company under these Articles or otherwise to register of, or the transmission by operation of law of the right to, any shares or interest of a Member in or debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a transfer shall not be refused on the ground of the transferor being alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares.

No transfer to infant etc

49. No share shall in any circumstance be transferred to any infant, insolvent or person of unsound mind.

Registered instrument of transfer to be in the custody of the company

50. All instruments of transfer, which shall be retained by the company, but may be destroyed upon the expiration of such period as the board may from time to time determine. Any instrument of transfer, which the board declines to register, shall (except in any case of fraud) be returned to the person depositing the same.

Suspension of registration of transfers

51. The registration of transfers may be suspended at such times and for such periods, as the board may from time to time determine; provided that such registration shall not be suspended for more than forty-five days in the aggregate.

No Fees on transfer or transmission

52. 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.

Survivorship and succession

53. (1) On the death of a member, the survivors, where the member was a joint holder, and his legal representatives, where he was a sole holder shall be the only person recognised by the company as having any title to his interest in the shares.
- (2) Nothing in (1) shall release the estate of a deceased joint holder from any liability in respect of any share, which had been jointly held by him with other persons.
54. (1) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the board and subject as hereinafter provided, elect, either–
- (a) to be registered himself as holder of the share; or
- (b) to make such transfer of the share as the deceased or insolvent member could have made
- (2) The board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had himself transferred the share before his death or insolvency.
55. If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects.

- (1) If the persons aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.
- (2) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice of transfer were a transfer signed by the member.

Rights in respect of shares subject to admission

56. On the transfer of the share being registered in his name a person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, and that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meeting of the company.

Provided that the board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied within ninety days the board may there after withhold payment of all dividends, bonuses or other moneys payable in respect of the share, until the requirements, of the notice have been complied with.

Compliance with the Estate Duty Act, 1953

57. Where the company has knowledge through any of its principal officers within the meaning of section 2 of the Estate Duty Act, 1973 of the death of any members or the debenture holder in the company, it shall furnish to the controller within the meaning of such section the prescribed particulars in accordance with that Act and the rules made there under, and it shall not be lawful for the company to register the transfer of any shares or debentures standing in the name of the deceased, unless the transferor has acquired such shares for valuable consideration or certificate from the controller is produced before the company to the effect that the Estate duty in respect of such shares or debentures has been paid or will be paid or that none is due, as the case may be.

Company to disregard prohibitory notices

58. The company shall incur no liability whatever in consequence of its acts to be made by any apparent legal owner/owners 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, not with standing that the company may have had notice of such equitable right title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or referred thereto, in any books of the company, and the company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right titles or interest or be under any liability what so ever 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 though not bound so to do shall be at liberty to regard and attend to any such notice and give effect thereto if the board shall so think fit.

ALTERATION OF CAPITAL

Increase of Capital

59. The company may from time to time by ordinary resolution increase its share capital by such amount, to be divided into shares of such amount, as the resolution shall specify.

New shares to be equity shares

60. Except as otherwise provided by or pursuant to these regulations or by the conditions of issue of any new shares shall be equity and/or preference shares, and shall be subject to the provisions with these regulations with reference to the payments of calls, transfer, forfeiture, lien and otherwise.

Consolidation and division of shares

61. The company may, by ordinary resolution:
- (a) Consolidate and divide all or any of its 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 is fixed by the memorandum, so however that in the sub-division the proportions 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.

Cancellation of shares

- (c) Cancel any share, which, at the date of passing of the resolution in that behalf, 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 share so cancelled.

Reduction of share capital

62. The company may from time to time, by special resolution and on compliance with the provisions of section 100 of the Act, reduce its share capital and any Capital Reserve Fund or Share Premium Account.

Conversion shares

63. The company may convert all or any of its fully paid up shares into stock, and re-convert that stock into fully paid up shares of any denomination.

Transfer of Stock

64. The holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred or as near thereto as circumstances admit, provided that the board may, from time to time, fix the minimum amount of stock transferable, so however that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

Right of Stockholder

65. The holders of stock shall, according to the amount of stock held by them have the same rights, privileges and advantages as regards dividends, voting at meetings of the company and other matters as if they held the shares from which the stock arose, but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.
66. Such of the regulations of the company (other than those relating to share warrants) as are applicable to paid-up shares shall apply to stock and the word 'shares' and 'share holders' in those regulations shall include 'stock' and 'stock holder' respectively.

BORROWING POWER

Power to Borrow

67. Subject to the provisions of these Articles and of the Act, the Directors may exercise all the powers of the company to borrow money, and to mortgage or charge its undertaking, property (both present and future) and uncalled capital, or any part thereof and to issue debenture-stock and other securities whether outright or as security for any debt, liability or obligation of the company or of any third party.

The payment or repayment of moneys borrowed

68. The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the board may think fit, and in particular by a resolution passed at a meeting of the board (and not by circulation) by

the issue of debentures-stock of the company, charged upon all or any part of the property of the company, (both present and future), including its uncalled capital for the time being.

Terms of issue of debentures

69. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise, may be issued on condition that they shall be made assignable free from any equities between the company and person to whom the same may be issued and on the condition that they shall be convertible into shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawings, allotment of shares, attending (but not voting) at general meetings, appointment of Directors and otherwise. Provided that debentures with the right to allotment of or conversion into shares shall not be issued except with the sanction of the company in company in General Meeting by a Special resolution.

Execution of negotiable instrument

70. All cheques, promissory notes, hundies, bills of exchange and other negotiable instruments, and all receipts for money paid to the company, shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, by such person and in such manner as the board may from time to time by resolution determine.
71. The directors may, subject to the provisions of section 293 of the Act, borrow sum of money and where the moneys to be borrowed together with the moneys already borrowed by the company (apart from temporary loans obtained from the company's bankers in the ordinary course of business) exceed the aggregate of the paid-up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose, the sanction of the General meeting should be obtained and every resolution passed by the company in relation to the exercise of the power referred to in the Article shall specify the total amount up to which moneys may be borrowed by the Board of Directors.

GENERAL MEETINGS

Annual General Meeting

72. (a) The board of Directors shall call Annual General Meeting of the company in accordance with provisions of Section 166 of the companies Act.
- (b) All General Meetings other than the Annual General Meetings of the company shall be called Extra-ordinary General Meetings.

Extra-ordinary General Meeting

73. 1) The Board may, whenever it thinks fit, call an extraordinary general meeting.
- 2) If at any time there are not within India directors capable of acting who are sufficient in number to form a quorum, any director or any two members of the Company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.
- 3) The Board of Directors of the company shall, on the requisition of such number of members of the company as is specified in subsection (4) of section 169 of the Act, forthwith proceed duly to call Extraordinary General Meeting of the company and the provisions of section of the Act shall apply thereto.

Quorum

74. Five members personally present shall be the quorum for a General Meeting. No business shall be transacted at any General Meeting unless the quorum requisite shall be present at the commencement of the meeting.

Chairman of General Meeting

75. The Chairman of the Board of Directors shall be entitled to take the time appointed for holding such meeting or is unwilling to act, the members present shall choose another

director as chairman and if no director be present or if all the directors present decline to take the chair, then the members present shall choose one of their members entitled to vote, to be the Chairman.

When, if quorum not present, Meeting to be dissolved and when to be adjourned

76. If within half an hour from the time appointed for the meeting a quorum be not present, the meeting, if convened upon such requisition as aforesaid, shall be dissolved; but in any other case, it shall stand adjourned to the same day in the next week, as the board may by notice appoint and if at such adjourned meeting be not present, those members who are present shall be a quorum and may transact the business for which the meeting was called.

Business to be transacted at adjourned meeting

77. The Chairman with the consent of the meeting, may adjourn any General Meeting from time to time and place, but no business shall be transacted at any adjourned General Meeting other than the business left unfinished at the General Meeting from which the adjournment took place, and which might have been transacted at the meeting. It shall be necessary to give any notice of any adjournment or of the business to be transacted at an adjourned meeting.

How question to be decided at meetings

78. Except where otherwise provided by the Companies Act, 1956 or by these presents every question to be decided by any Meeting shall, in the first instance, be decided by a show of hands. In 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 vote or votes to which he may be entitled as a member.

When poll may be demanded

79. Poll may be demanded, and taken in accordance with and subject to the provisions of Sections 179, 180, 184 of the Companies Act, 1956.

What is to be evidence of the passing of a resolution where poll not demanded

80. Unless a poll is demanded, in accordance with Section 179 of the companies Act, 1956 before or on the declaration of the result by the show of hands, a declaration of the chairman, that a resolution has been carried or carried by a particular majority or lost or not carried by a particular majority and an entry to that effect in the minutes or the proceedings of the meeting, shall be sufficient evidence of the fact declared, without proof of the numbers or proportion of the votes given for or against the resolution.

Poll

81. If a poll is demanded as aforesaid it shall be taken subject to Section 180 to 185 of the Companies Act, 1956 in such manner and at such time and place, as the Chairman of the meeting directs, and either at once or after an interval or adjournment or otherwise, and results of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn.

Minutes

82. The Company shall cause minutes of all proceedings of every general meetings and of its Board of Directors or of every committee of the Board, to be kept by making within fourteen days of the conclusion of every such meeting concerned, entries thereof in books kept for that purpose with their pages consecutively numbered. Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each meeting in such books shall be dated and signed.
- (a) In the case of minutes of proceedings of a meeting of the board or of committee thereof by the Chairman of the said meeting or the chairman of the next succeeding meeting.

- (b) In the case of minutes of proceedings of a General Meeting by the chairman of the same meeting within the aforesaid period of fourteen 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. In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.

Vote of members

83. On a show of hand, every member present in person, or by proxy, or attorney, and holder of (ordinary) shares, and entitled to vote shall have one vote. On a poll the voting rights of member shall be as laid down in the Act. Preference shareholders shall have right to vote in accordance with the provisions of Section 87 of the Act.

Joint- holders

84. If two or more persons are jointly registered as holders of any one share, any such person may vote at any meeting, either personally, or by proxy, or attorney, as if he were solely entitled thereto, and if more than one of such joint-holders be present at any meeting personally or by proxy, as per the Companies Act, 1956 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 such regulations, not inconsistent with the aforesaid provisions, as may be prescribed by the company in General Meeting, but no such regulations shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.

Members in arrears not to vote

85. No member shall be entitled to be present, or to vote at any General Meeting, either personally, or by proxy, or attorney whilst any call or other sum is due and presently payable to the company, or in regard to which the Company has, and has exercised, any right of lien.

Right of vote to a member of unsound mind

86. 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.

As to objection to a voter

87. 1) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes
- 2) Any such objection made in due time shall be referred to the Chairman of the meeting, whose decision shall be final and conclusive.

Proxy

88. Subject to section 176 of the Companies Act, 1956 votes may be given either personally or by proxy, or by agent acting under a duly executed power of Attorney.

Proxies

89. The instrument appointing a proxy, and every power of attorney or other authority, (if any), under which it is signed, or notarially certified copy of that power of authority, shall be deposited at the registered office of the Company, not less than 48 hours before the time for holding the meeting, at which the person named in such instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.

Form of proxy

90. An instrument appointing a proxy shall be in either of the forms in schedule IX to the Act or a form as near thereto as circumstances admit.

Proxy

91. Any member of the company entitled to attend and vote at the meeting of the company shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote instead of himself be a member, but a proxy so appointed shall not have any right to speak at the meeting.

Validity of vote given by proxy

92. A vote given in accordance with the terms of an instrument of proxy or a power of attorney shall be valid notwithstanding the previous death of the principal, or revocation of the proxy or power of attorney, or transfer of the share in respect of which the vote is given, unless an intimation in writing of the death, revocation, or transfer shall have been received at the office of the company before the commencement of meeting.

MANAGEMENT

Board of Directors

93. The business of the company shall be managed by the Directors who may exercise all such powers of the Company as are not, by the Companies Act, 1956 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 such regulations, not inconsistent with the aforesaid provisions, as may be prescribed by the company in General Meeting, but no such regulations shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.

Number of Directors

94. (1) Unless otherwise determined by the company in General Meeting, the number of Directors shall be not less than 3 nor more than 12 including special, technical, additional, alternate, nominated or debenture directors, if any.

First directors

- (2) The first directors of the company shall be
- i) G.RAM MANOHAR REDDY
 - ii) G.AMULYA REDDY

Quorum

95. The quorum for a meeting of board of Directors shall be one third of its total strength (any fraction contained in that one third being rounded off as one) or two Directors, whichever is higher.

Qualification shares

96. A Director shall not be required to hold any share qualification.

97. (1) Directors Fee and other remuneration

- a) The remuneration of the Directors shall in so far it consists of a monthly payment be deemed to accrue from day to day.
- b) The sitting fee to Directors may be paid in conformity with the provisions of the Companies Act, 1956, as may be applicable from time to time and approved by the Board.
- c) In additions to the remuneration payable to them in pursuance of the Act, Directors may be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Board of Directors or any committee thereof or general meeting of the Company, or in connection with the business of the Company

Directors Commission

98. The Directors may subject to the provisions of Sections 198 and 309 of the Companies Act, 1956, also receive remuneration or commission, or participation of profits or partly in one way or partly in another, and such remuneration shall be divided among the Directors, equally or in such other proportions as they determine from time to time.

Special directors

99. Notwithstanding anything to the contrary contained in these articles, so long as any moneys remain owing by the company to the Industrial Development Bank India (IDBI), Industrial Finance Corporation of India Limited (IFCI), ICICI and Life Insurance corporation of India (LIC), or to any other financing company or body out of any loans granted by them to the company or so loans as IDBI, IFCI, ICICI, LIC and Unit Trust of India (UTI) or any other financing Corporation or Credit Corporation or any other Financing company or Body (is hereinafter in this Article referred to as "the Corporation") continue to hold debenture in the company by direct subscription or private placement, or any guarantee furnished by the corporation shall have a right to appoint from time to time, any person or persons as Director or Directors, whole time or non-whole time, (which Director or directors is/are hereinafter referred to as "Nominee Directors") 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 place/s.

The Board of Directors of the company shall have no power to remove from office the Nominee Directors. At the option of the corporation such Nominee Directors shall not be required to hold any share qualification in the company. Also at the option of the Corporation such Nominee Directors shall not be liable to retirement by the rotation of Directors. Subject as aforesaid, the Nominee Directors shall be entitled to the same rights and privileges and subject to the same obligations as any other director of the company.

The Nominee Directors so appointed shall hold the said office only so long as any moneys remain owing by the company to the corporation holds debentures in the company as a result of the direct subscription or private placement or so long as the corporation holds shares in the company as a result of underwriting of direct subscription 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 as 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, commission, monies or remuneration in any form is payable to the Directors of the company the fees, commission, monies and remuneration in relation to such nominee director/s shall accrue to the 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 nominees director/s in connection with their appointment or directorship shall also be paid or reimbursed by the company to the corporation or, as the case may be, to such nominee director/s.

Provided that if any such nominee director is an officer of the corporation the sitting fees, in relation to such nominee directors shall also accrue to the corporation directly.

In the event of the nominee director/s being appointed as whole time director/s, such nominee director/s shall exercise such powers 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 corporation.

Alternative Directors

- 100.(1) The Board of Directors may appoint an Alternate Director to act for a Director (hereinafter called 'the Original Director') during his absence for a period of not less than three months from the state in which the meetings of the board are ordinarily held.
- (2) An Alternative Director appointed under sub-clause (1) above shall vacate office if and when the original director returns to the state in which the meetings of the board are ordinarily held.
- (3) If the term of office of the Original Director is determined before he so returns to the state aforesaid, provision for the automatic re-appointment, shall apply to the original and not to the Alternate Director.

Additional Director

101. Subject to the provisions of Section 260 of the companies Act, 1956, the directors may appoint additional directors.

Removal of Directors

102. The company may, by ordinary resolution, remove an ordinary director other than a Director appointed by the Central Government, in pursuance to Section 408, before the expiry of his period of office and fill up the vacancy thus created in the manner and subject to the provisions of Section 284 of the Companies Act, 1956.

Directors may fill casual vacancy.

103. Any casual vacancy occurring among the directors may be filled up by the directors, but any person so chosen shall retain his office so long only as the vacating director would have retained the same if no vacancy had occurred. Provided that the directors may not fill a casual vacancy by appointing any person who has been removed from the office of the Company under the preceding Article.

Failure to fill casual vacancy

104. The continuing Director may act, notwithstanding any vacancy in their body; but so that if the number falls below the minimum fixed, the directors shall not, except for the purpose of filling vacancies, act so long as the number is below the minimum.

Rotation and retirement of directors

105. At the annual general meeting of the company to be held in every year, one-third of such of the directors as are liable to retire by rotation for the time being or if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office, and they will be eligible for re-election in accordance with the provisions of section 256 of the Act, provided nevertheless that the Managing Director or Director appointed as a debenture director, special or an additional Director under Articles 98, 99C, 100 and 101 here of shall not retire by rotation under this article nor shall they be included in calculating the total number of directors of whom one-third shall retire from office under this Article.
106. Subject to the provisions of section 297 of the Act, a director or his relative a firm in which such Director or his relative is a partner, any other partner in such a firm or a Private Company, of which such director is a member or director may enter into a contract with the company for the sale, purchase or any supply of goods, materials or service or for underwriting the subscription of any shares in, or debenture of the company provided that the consent of the directors is obtained by a resolution passed at a meeting of the directors before the contract is entered into or within three months of the date on which it was entered into. No such consent, however, shall be necessary to any such contract or contracts for the purchase or supply of goods and materials at prevailing market price or for the sale, purchase or supply of goods, materials or services in which either the company or the directors, firm, partner or private company as the case may be regularly trades or does business provided that the value of such goods and the costs of such services do not exceed five thousand rupees in the aggregate in any calendar year comprised in the period of the contract or contracts. The directors so contracting or being

so interested shall not be liable to the company for any profit realised by any such contract or the fiduciary relation there by established.

107. No director shall as director, take any part in the discussion; or vote on any contract or arrangement entered into by or on behalf of the company; if he is in any way, whether directly or in-directly, 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 discussions of vote; and if he does vote, his vote shall be void; provided, however, that nothing herein contained shall apply to:
- a) Any contract of indemnity against any loss, which the directors, or any one or more of them suffer by reason of becoming or being surety for the company.
 - b) Any contract or arrangement entered into or to be entered into with a public company or a private company, which is subsidiary of a public company in which the interests of the director consist solely.
 - i) in his being:
 - a) A director of such company, and
 - b) The holder of not more than shares of such number or value or value therein as required to qualify him for appointment as a Director thereof, he having been nominated as such director by the company, or
 - ii) in his being a member holding not more than two percent of its paid up share capital.

Chairman of the Board

108. The board of directors may elect a director as chairman of the board and the chairman shall not be liable to retire by rotation.

Delegation of powers by Board.

109. Subject to the provisions of Section 292 of the Act, the Directors may delegate any of their powers to a committee consisting of such number of members of their body as they think fit, or to any category of managerial personnel or to any principal officer of the Company or to principal officer of the Branch of Company, Any such committee or delegates shall, in exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on them by the Directors.

Meetings etc. of committee

110. The meeting and proceeding of any such committee consisting of two or more members shall be governed by the provisions herein before contained for requiring the meeting and proceedings of the directors, so far as the same are applicable thereto and are not superseded by any regulations made by the directors under the last proceedings clause.
111. All minutes shall be signed by the chairman of the meeting at which the same are recorded or by the person who shall preside as chairman at the NEXT ensuing meeting, and all minutes purporting to be so signed shall for all purposes whatever the prima-facie evidence of the actual passing of the resolutions RECORDED, and the actual and regular transaction or occurrence of the proceedings to so be recorded, and of the regularity of the meeting at which the same shall appear to have taken place.
112. Subject to the provisions of the Act, the Board shall have power to appoint from time to time one or more of their body to the office of the vice Chairman/Managing Director/Executive Director (whole time Director) for such period and on such terms they think fit such period not exceeding five years at a time. A Director so appointed shall not whilst holding that office be subject to retirement by rotation. The board may by resolution vest in such vice chairman/managing director/ executive director such of the powers hereby vested in the board as it thinks fit, and such conditions and subject to such restrictions, as it may determine. The remuneration of the vice chairman/Managing Director/(whole time Director) may be by way of monthly payment, participating in profits or by either or both of these modes or any other mode not expressly prohibited by the Act.

113. The Vice Chairman/Managing Director/Executive Director shall not exercise the powers to:
- a) Make calls on share holders in respect of money unpaid on their shares in the company;
 - b) Issue debentures; and
 - c) Except to the extent mentioned in a resolution passed pursuant to Section 292 of the Act, the Managing Director shall also not exercise the powers to:
 - i. borrow moneys
 - ii. invest the funds of the Company, and
 - iii. make loans.

SEAL

- 114.(1) The Directors shall provide a Common Seal for the purpose of the Company, and shall have power time to time to destroy the same and substitute a new seal in lieu thereof. The Directors shall provide for the safe custody of the Seal, for the time being, be used, except by the authority of the Directors.

Custody of the seal

- (2) Subject to any statutory requirements as to share Certificates or otherwise the seal of the company shall not be fixed to any instrument except by authority of a resolution of the board or of a committee of the board authorised by it in that behalf, and except in the presence of at least one Director and the secretary or of two Directors who shall sign every instrument to which the seal of the company is so affixed in their presence.
- (3) The Board shall also be at liberty to have an official seal in accordance with Section 50 of the Act for use, in any territory or place outside India.

Appointment of Secretary

115. 1) A Manager or Secretary of the Company may be appointed by the Board on such terms, such remuneration and upon such conditions as it may think fit, and any manager or secretary so appointed may be removed by the Board.
- 2) A Director may be appointed as Manager or Secretary, subject to the provisions of the Act.

ACCOUNTS, AUDIT AND DIVIDENDS

I) Accounts

Books where kept

116. Books of account shall be kept at the registered office of the Company, or at such other place in India as the Directors any think fit.

Inspection of members

117. The directors shall, from time to time, determine whether and to what extent and at what time and place under what conditions or regulation the accounts and books of the company or any of them shall be open to inspection of members not being Directors. No member (not being a Director) shall have any right to inspect the same except as conferred by the companies Act, or authorised by the Board of Directors, or by any resolution of the Company in General Meeting.

II) Audit

Auditors

118. Once at least in every year the accounts of the company shall be examined, and the correctness thereof and of the balance sheet and profit and loss account ascertained by one or more Auditor or Auditors.

Appointment etc. of auditors

119. As regards the appointment and remuneration, qualification and disqualification, removal, powers, rights and duties of Auditors, the Directors and the Auditors shall have regard to sections 224 to 231 of the Companies Act, 1956.
120. Every account of the company when audited and approved by a General Meeting shall be conclusive, except so far as regards any error discovered therein before or at the audit of the next account, and whenever such error is discovered within that period the account shall be forthwith corrected and thenceforth shall be conclusive.

III) Capitalisation of Profits

- 121.(1) The company in General Meeting may, upon the recommendation of the board of Directors, resolve.
- a) That 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 provisions contained in clause (3) either in or towards:
- a) Paying up any amounts for the time being unpaid or any shares held by such member respectively;
 - b) Paying up in full, un issued shares or debentures of the company to be allotted and distributed, credited as fully paid-up to and amongst such members in the proportions as aforesaid; or
 - c) Partly in that specified in sub-clause (a) and partly in that specified in sub-clause (b).
- 3) A share premium account and a capital redemption reserve fund may, for the purpose of this article, only be applied in the paying up of unissued shares to be issued to members of the company as fully paid up bonus shares.
- 4) The Board of Directors shall give effect to the resolution passed by the company in pursuance of this article.
122. Whenever such a resolution as aforesaid shall have been passed, the Board of Directors shall –

Application of Profits

- 1) a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issue of fully paid-up shares or debenture, if any; and
 - b) generally do all acts and things required to give effect thereto.
- 2) The Board of Directors shall have full power –
- a) to make such provision by the issue of fractional certificates or by payment in cash or otherwise as it think fit, in the case of shares or debentures 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 or debentures to which they may be entitled upon such capitalisation or (as the case may require) for the payment by the company on behalf, by the application thereto of their respective proportions of the profits

resolved to be capitalised of the amounts or any part of the amounts remaining unpaid on their existing shares.

- 3) Any agreement made under such authority shall be effective and binding on all such members.

IV) Reserve and Depreciation Funds

Reserve Fund

123. The Directors may from time to time set apart any and such portion of the profits of the company as they think fit, as reserve fund applicable, at their discretion for the liquidation of any debentures, debts or other liabilities of the company, for equalisation of dividends, or for any other purposes of the company, with full power to employ the assets constituting the Reserve Fund in the business of the company, and that without being bound so keep the same separate from the other assets.

Carry forward of Profits

124. The Directors may also carry forward any profits, which they may think prudent not to divide, without setting them aside as a reserve.

Depreciation Fund

125. The directors may from time to time set apart any and such portion of the profits of the company as they think-fit, as a Depreciation Fund applicable at the discretion of the Directors, for rebuilding, restoring, replacing, or altering any part of the building, works, plant, machinery or other property of the Company destroyed or damaged by fire, flood, storms, tempest, accident, riot, wear and tear, or other means, for repairing, altering and keeping in good condition the property of the company, or for extending and enlarging the buildings, machinery and property of the company, with full power to employ the assets constituting such depreciation fund in the business of the company, and that without being bound to keep the same separate from the other assets.
126. All moneys carried to the Reserve Fund and Depreciation Fund respectively shall nevertheless remain and be profits of the company applicable, subject to due provision being made for actual loss or depreciation, for the payment of dividends, and such moneys and all the other moneys of the company, not immediately required for the purpose of the company, may be invested by the Board of Directors in or upon such investment or securities, as they may select or may be used as working capital or may be kept at any bank on deposit or otherwise as they from time to time think proper.

V) DIVIDENDS

Dividends

- 127.a) The Company in Annual General Meeting declare a dividend to be paid to the members according to their rights and interests in the profits, and for the purpose of the equalisation of dividends any sums from time to time in accordance with these presents carried to the reserve, depreciation, or the special funds may be applied in payment thereof. The dividends so declared by the general body shall not exceed the amount so recommended by the Directors

Interim Dividend

- b) The Board may from time to time pay to the members such interim dividend as appear to, which to be justified by the profits of the company.

Dividend in proportion to amounts paid up on shares

128. Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.

Bonus

129. If and whenever any bonus on shares is declared out of the profits and whether alone or in addition to any dividend thereon, the bonus shall for all purposes whatsoever be deemed to be a dividend on the shares.

Debts may be deducted

130. When any shareholder is indebted to the Company for calls or otherwise, all dividends payable to him, or a sufficient part thereof, may be retained and applied by the Directors in or towards satisfaction of the debt, liabilities or engagements.

Dividends out of profits only

131. No dividends shall be payable except out of the profits of the year or any other undistributed profits, and no larger dividend shall be declared than is recommended by the Directors, but, the Company in General Meeting may declare a smaller dividend. Before declaring any dividend, the Company shall have regard to the provisions of section 205 of the Act.

Interest out of capital

132. Subject to the provisions of Section 208 of the Act, the Company may pay interest on so much of the share capital as is for the time being paid up, for the period and subject to the conditions and restriction mentioned in Section 208 and charge the sum so paid by way of interest, to capital as part of the cost of Construction of the work or building or the provisions of the plant.

Dividend in Specie

133. No dividend shall be payable except in cash provided that nothing shall be deemed to prohibit the capitalisation of profits or reserves of the Company for the Purpose of issuing paid up bonus shares or paying up any amount for the time being unpaid on any shares held by the members of the Company

Joint-holders Receipt

134. In case two or more persons are registered as the joint-holders of any share, any of such persons may give effectual receipts for all dividends and payments on account of dividends in respect of such shares.

Dividend and call together

135. Any Annual 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 so as the dividend may. If so arranged between the Company and the member, be set off against call.

Right to dividend on transfer of share

136. A transfer of shares shall not pass the rights to any dividend declared thereon before the registration of the transfer

How to be paid

137. Unless otherwise directed by the Company in General Meeting, any dividend may be paid in cash or by cheque or warrant or money order sent through the post within forty-two days of the date of such declaration to the registered address of the member entitled, or in the case of joint-holders, to the registered address of that one whose name stands first on the register in respect of the joint-holding and every cheque so sent shall be made payable to the order of the person to whom it is sent.

Unpaid or Unclaimed dividend

138. Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days, to a special account to be opened by the company in that behalf in any scheduled bank, to be called "Aishwarya Telecom Limited Unpaid Dividend Account.

Any money transferred to the unpaid dividend account of a company which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred to the Fund known as Investor Education and Protection Fund established under Section 205C of the Act

No unclaimed or unpaid dividend shall be forfeited by the Board

Dividend not to carry interest

139. Unpaid dividends shall never bear interest as against the Company.

SERVICE OF DOCUMENTS AND NOTICES

How notice & documents to be served on members

140. A document may be served by the Company on any member either personally or by sending it by post to him to his registered address or if he has no registered address in India to the address, if any, within India supplied by him to the Company for the giving of notices to him.

Service by post

141. Where a document is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying and pasting a letter containing the documents, provided that where a member has intimated to the Company in advance that the document should be sent to him under Certificate of posting or by Registered post with or without Acknowledgement Due and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the document shall not be deemed to be effected unless it is sent in the manner intimated by the member; and such service shall be deemed to have been effected, in the case of a notice of a meeting at the expiration of forty-eight hours after the letter entering the same is posted, and in any other case at the time at which the letter would be delivered in the ordinary course of post.

Member resident abroad Notice of meeting by advertisement in newspaper

142. If a member has no registered address in India has not supplied to the Company an address within India for the giving of notice to him a document or notice of meeting advertised in a Newspaper circulating in the neighbourhood of the Registered Office of the Company shall be deemed to be duly given to him on the day on which the advertisement appears.

Notice to joint-holders

143. A document may be served by the Company on the joint-holders of a share by serving it on the joint-holder named first in the Register in respect of the Share.

Notice to person entitled by transmission

144. A document may be given by the Company to the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a prepaid letter to be addressed to them by name, or by the title of representatives of the deceased or assign of the insolvent or by any like description as 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 given if the death or insolvency had not occurred.

Notice of General Meeting

145. Notice of every meeting shall be given to every member of the Company in any manner authorised by Articles 149 to 151 here of and also to every person entitled to a share in consequence of the death, or insolvency of a member who but for his death or insolvency would be entitled to receive notice of the meeting.

When notice may be given by advertisement

146. Any notice required to be given by the Company to the members or any of them and not expressly provided for by the Act or by these presents shall be sufficiently given if given by advertisement.

Transferees bound by prior notice

147. Every person who by operation of law, transfer or other means whatsoever shall become entitled to any share shall be bound by every notice in respect of such share which previously to his name and address being entered in the register shall be duly given to the person from whom he derives his title to such share.

Notice valid though member deceased

148. Any notice or document delivered or sent by post or left at the registered address of any member in pursuance of the presents shall, notwithstanding such member be then deceased and whether or not the Company have notice of his decease be deemed to have been duly served in respect of any registered shares whether held solely or jointly with other persons by such member. Until some other person be registered in his stead as the holder, joint-holder thereof and such service shall, for the purpose of these presents, be deemed a sufficient service of such notice or document on his or her heirs, executors or administrators and all persons, if any jointly interested with him or her in any such share.
149. The accidental omission to give notice to or non receipt of notice by any member or other to whom it should be given shall not invalidate the proceedings at the meeting winding up.

How notice to be signed

150. The Signature in any notice to be given by the Company may be written or printed.

Winding-up

151. In a Winding up the Liquidator may, irrespective of the powers conferred on him by the Companies Act, and as an additional power, with the authority of a special Resolution, sell undertaking of the Company or the whole or any part of its assets, for shares fully or partly paid up or the obligations of or other interests in any other company and may by the contract of sale agree for the allotment to the members direct of the proceeds of sale in preparation to their respective interests in the Company. Any such sale in or arrangement or the Special Resolution confirming the same may, subject to the provisions of Article 12 here of, provide for the distribution or appropriation of the shares or other benefits to be received in compensation otherwise than in accordance with the legal rights of the contributors of the Company and in particular any classes may be given preferential or special rights, or may be excluded altogether or in part, and further by the contract a time may be limited as the expiration of which shares, obligations or other interests not accepted or required to be and sold shall be deemed to have been refused, and be at the disposal of the Liquidator or the purchasing Company.
- 152(a) (1) If the Company shall be wound up, the Liquidator may, with the sanction of a Special Resolution and any other required by the Companies Act 1956 divide amongst the members in specie or kind the whole or any part of the assets, of the Company whether they shall consists of property of the same kind or not.
- (2) For the purpose aforesaid, the Liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.
- (3) The Liquidator may with the like sanction vest the whole or any part of such assets in trustees upon such trusts for the benefit for the contributories as the Liquidator,

with the like sanction, shall think fit, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

POSTAL BALLOT

- 152 (b) Notwithstanding anything contained in the preceding Articles, the Board or the Company may and in the case of resolutions relating to such business as the Central Government may, by notification, declare to be conducted only by postal ballot shall get such resolution passed by means of postal ballot instead of transacting the business in a General Meeting of the Company. When the company requires to, or decides to, as the case may be, get a resolution passed by means of a postal ballot, the provisions of Section 192A of the Act and such other rules and regulations framed there under from time to time shall be complied with

SECRECY

153. No member or other person (not being a Director) shall be entitled to enter the property of the Company or to inspect or examine the company's premises or properties of the company without the permission of the Directors of the company for the time being or subject to these Articles to require discovery of any information respecting any detail of the company's business, trading, or customers or any matter which is or may be in the nature of a trade secret, mystery of trades or secret process or any matter whatsoever which may relate to the conduct of the business of the Company or which in the opinion of the Directors or Managing Agents it will be inexpedient of the Company to communicate to the public.

INDEMNITY

154. Subject to section 201 of the Companies Act, 1956 every Director, Secretary, Auditor, Officer or servants of the Company shall be indemnified out of its funds for all costs, charges, travelling or other expenses, losses and liabilities incurred by them or him in the conduct of the Company's business or in the discharge of their or his duties, and neither the Managing Agents nor any Director, officer or servant of the Company shall be held liable for joining in any receipt or other act for conformity's sake or for any loss or expenses happening to the Company by insufficiency or deficiency of any security on, in or upon which any of the moneys of the Company shall be invested, or for any loss or damages, arising from the bankruptcy, insolvency or tortuous act of any person with whom any moneys securities or effects, shall be deposited or for any other loss or damage or misfortune whatsoever, which shall happen in the execution of their or his, office or in relation thereto, unless the same shall happen through their or his willful act, neglect or default.

SECTION X : OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following Contracts (not being contracts entered into in the ordinary course of business carried on by Aishwarya Telecom Limited or entered into more than two years before the date of this Red Herring Prospectus) which are or may be deemed material contracts have been entered into or to be entered into by the Company. These Contracts, copies of which have been attached to the copy of this Red Herring Prospectus, shall be delivered to the Registrar of Companies, Andhra Pradesh for registration and also the documents for inspection referred to hereunder, may be inspected at the registered office of Aishwarya Telecom Limited at 3-C, Samrat Commercial Complex, Opp. A G Office, Saifabad, Khairatabad, Hyderabad – 500 004 between 11.00 a.m. and 5.00 p.m. on any working day from the date of the Red Herring Prospectus till the Closing Date of the Issue.

Material Contracts

- i. Memorandum of Understanding dated July 3, 2007 entered into between the Issuer Company and SREI Capital Markets Limited and Sobhagya Capital Options Limited, to act as the Book Running Lead Managers to the Issue;
- ii. Supplemental Memorandum of Understanding dated February 25, 2008 entered into between the Issuer Company and SREI Capital Markets Limited and Sobhagya Capital Options Limited, to act as the Book Running Lead Managers to the Issue;
- iii. Letter of Appointment dated July 6, 2006 from the Issuer Company appointing SREI Capital Markets Limited and Sobhagya Capital Options Limited as the Book Running Lead Managers to the Issue.
- iv. Memorandum of Understanding dated May 31, 2007 entered into by the Issuer Company with Bigshare Services Private Limited, to act as Registrar to the Issue;
- v. Letter of Appointment dated May 31, 2007 from the Issuer Company appointing Bigshare Services Private Limited as Registrar to the Issue;
- vi. Engagement Letter dated February 9, 2007 to M/s Harish Kumar & Associates, appointing them as Legal Advisor to the Issue.
- vii. Requisition Letter/Request Letter dated May 21, 2007 from the Issuer Company appointing Credit Analysis and Research Limited (CARE) as Credit Rating Agency for the IPO;
- viii. Tripartite Agreement dated November 1, 2007 between the Company, NSDL and Bigshare Services Private Limited, the Registrar to the Issue;
- ix. Tripartite Agreement dated December 21, 2007 between the Company, CDSL and Bigshare Services Private Limited, the Registrar to the Issue;
- x. Escrow Agreement dated February 27, 2008 amongst Escrow Collecting Banks, the BRLMs, the Company, Registrar and the Syndicate Members;
- xi. Syndicate Agreement dated February 27, 2008 amongst the BRLMs, the Syndicate Members and the Company; and
- xii. Underwriting agreement dated [●] between the Company, BRLMs and the Syndicate Member(s).

Documents for Inspection

- i. Memorandum and Articles of Association of Aishwarya Telecom Limited, as amended from time to time;
- ii. Resolution passed by the Board of Directors at their meeting held on January 9, 2007 for the proposed Public Issue.

- iii. Special Resolution passed by the shareholders of the Company at the EGM held on February 15, 2007 pursuant to Section 81(1A) of the Companies Act, 1956;
- iv. Copies of Annual Report of the Company for the years ended 31st March, 2003, 2004, 2005, 2006 and 2007;
- v. Auditor's Report on the Restated financial statements of the Company dated March 24, 2008 and included in the Red Herring Prospectus;
- vi. Tax Benefit Certificate dated January 28, 2008 from M/s A M Reddy & Co., Statutory Auditors of the Company;
- vii. Copy of the Auditors Certificate dated March 1, 2008 from M/s A M Reddy & Co., Chartered Accountants regarding the Sources and Deployment of Funds as on February 15, 2008.
- viii. Resolution of the Members of the Company passed at the AGM held on June 25, 2007 appointing M/s A M Reddy & Co., Chartered Accountants, Hyderabad, as statutory auditors of the Company;
- ix. Consents of the Promoters, Directors, Company Secretary & Compliance Officer, Statutory Auditors, Book Running Lead Managers, Registrar to the Issue, Bankers to the Company, Bankers to the Issue, Rating Agency, Valuers, Underwriters to the Issue, Syndicate Members and Legal Advisor to the Issue, as referred to, to act in their respective capacities;
- x. General Power of Attorney dated May 24, 2007 and June 2, 2007 executed by all the Directors in favour of Mr G Rama Krishna Reddy for signing and making necessary changes in the Draft Red Herring Prospectus/Red Herring Prospectus;
- xi. Copies of the Resolutions passed at the Meeting of the Board of Directors held on June 2 1995, March 24 1999 and February 27 2004 confirming the appointment/re-appointment of Mr G Rama Manohar Reddy as Managing Director and Mrs G Amulya Reddy as Whole-Time Director, and copies of the Resolutions passed at the Board of Directors meeting held on June 1 2005, and April 2 2007 revising the remuneration of Mr G Rama Manohar Reddy and Mrs G Amulya Reddy;
- xii. Copy of Resolution passed at the Meeting of the Board of Directors held on September 15 2006 constituting Audit Committee, Remuneration Committee, Shareholders Grievance Committee, Share Transfer Committee and Management Committee and copy of Resolution dated August 14, 2007 for modification of Terms of the Audit Committee;
- xiii. Initial listing applications dated July 11, 2007 filed with BSE and NSE, and the letter of withdrawal from NSE, dated September 20, 2007;
- xiv. In-principle listing approvals from BSE dated September 4, 2007;
- xv. Term Loan and Working Capital Sanction letters of Banks and Lenders including fresh term loan sanctioned by State Bank of Hyderabad;
- xvi. Copies of Quotations obtained for purchase of Plant & Machineries;
- xvii. Legal Advisor's Certificate dated July 9, 2007;
- xviii. Legal Advisor's Due Diligence Report dated July 9, 2007;
- xix. Due Diligence Certificate dated July 11, 2007 to SEBI from SREI Capital Markets Limited;
- xx. SEBI Observation Letter no. CFD/DIL/ISSUES/NB/SC/114423/2008 dated January 18, 2008;
- xxi. Reply to SEBI's observations vide letter(s) dated February 26, 2008, March 1, 2008 and March 25, 2008;
- xxii. Copies of Form 5 alongwith relevant resolutions regarding increase in the Authorised Share Capital;

- xxiii. Copy of the Board Resolution dated July 11, 2007 approving the Draft Red Herring Prospectus, Board Resolution dated March 27, 2008 approving the Red Herring Prospectus and the Board resolutions towards allotment of 12,00,000 Equity Shares in the Pre-IPO placement;
- xxiv. Extracts of market data used in the Draft Red Herring Prospectus/Red Herring Prospectus with regard to industry information;
- xxv. Memorandum of Understanding dated October 17, 2006 entered into between the Company and IIT, Chennai;
- xxvi. Agreement dated March 29, 2005 entered into between the Company and DSIR and National Research Development Corporation (NRDC);
- xxvii. Agreement for Sale dated April 28, 2007 and renewed agreement dated 01.11.2007 entered into between the Company and Mr G Rama Manohar Reddy, Promoter and Managing Director of the Company, for the purchase of land;
- xxviii. Valuation Report dated November 15, 2006 of Mr. Moh'd Muneeruddin, Chartered Engineer and Government Valuer giving details of the land and the cost of construction of the Building for the land to be purchased from Mr G Rama Manohar Reddy;
- xxix. Agreement for Sale dated April 20, 2007 and renewed agreement dated 01.11.2007 entered into between the Company and Mrs G Amulya Reddy, Promoter and Whole-Time Director of the Company for the purchase of land;
- xxx. Valuation Report dated February 21, 2007 of Mr. Moh'd Muneeruddin, Chartered Engineer and Government Valuer giving details of the land and the cost of construction of the Building for the land to be purchased from Mrs G Amulya Reddy; and
- xxxi. Share Subscription Agreement date June 15, 2006 between M/s Futurtec OY (Ltd) and the Company.
- xxxii. The IPO Grading Report dated August 30, 2007 by CARE Limited and the letter dated January 29, 2008 by CARE revalidating the IPO Grading.

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made thereunder or guidelines issued, as the case may be. We further certify that all the disclosures made in this Red Herring Prospectus are true and correct.

SIGNED BY ALL THE DIRECTORS

Mr G Rama Krishna Reddy, *Chairman*

Mr G Rama Manohar Reddy, *Managing Director*

Mrs G Amulya Reddy, *Director*

Mr D Venkata Subbiah, *Director*

Mr K Hari Krishna Reddy, *Director*

Mr Venkataramana Krishnan, *Director*

Mr C N Bhavani Prasad, *Company Secretary & Compliance Officer*

Place: Hyderabad

Date: March 27, 2008