RED HERRING PROSPECTUS
Please read Section 60B of the Companies Act, 1956
100% Book Built Issue
November 21, 2007

eClerx Services Limited

(Our Company was originally incorporated on March 24, 2000 as eClerx Services Private Limited under the Companies Act, 1956. Our Company was converted to a public limited company and the name was changed to eClerx Services Limited, pursuant to resolution of the shareholders passed in the annual general meeting held on August 1, 2007. The Registrar of Companies, Mumbai has issued a fresh certificate of incorporation consequent to the conversion on August 28, 2007.)

Registered and Corporate Office: Sonawalla Building, First Floor, 29 Bank Street, Fort, Mumbai- 400 023, Maharashtra, India.
Telephone: + 91 22 4094 1000; Facsimile: +91 22 4094 1212;
Company Secretary and Compliance Officer: Ms. Shweta Bansal; Telephone: +91 22 4094 1000; Facsimile: +91 22 4094 1212; Email: eclerx.ipo@eclerx.com
Website: www.eclerx.com

PUBLIC ISSUE BY ECLERX SERVICES LIMITED ("COMPANY" OR "ISSUER") OF [●] EQUITY SHARES OF Rs. 10 EACH ("EQUITY SHARES") FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE AGGREGATING TO RS. 1,010 MILLION ("THE ISSUE"). THE ISSUE COMPRISES A FRESH ISSUE OF [●] EQUITY SHARES AGGREGATING TO RS. [●] MILLION ("FRESH ISSUE") AND AN OFFER FOR SALE BY MR. P. D MUNDHRA, MR. ANJAN MALIK AND BURWOOD VENTURES LIMITED, (BEING THE EXISTING SHAREHOLDERS OF THE COMPANY) OF 890,000 EQUITY SHARES AGGREGATING TO RS. [●] MILLION ("OFFER FOR SALE"). THE ISSUE WILL CONSTITUTE [●] % OF THE FULLY DILUTED EQUITY SHARE CAPITAL OF OUR COMPANY.

PRICE BAND: Rs. 270 to Rs. 315 PER EQUITY SHARE.

THE FACE VALUE OF EQUITY SHARES IS RS. 10 AND THE FLOOR PRICE IS 27.0 TIMES OF THE FACE VALUE AND THE CAP PRICE IS 31.5 TIMES OF THE FACE VALUE

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional working days after revision of the Price Band subject to the Bidding/ Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to the National Stock Exchange of India Limited ("NSE") and the Bombay Stock Exchange Limited ("BSE"), by issuing a press release, and also by indicating the change on the website of the Book Running Lead Managers ("BRLMs") and at the terminals of the Syndicate. In terms of Rule 19(2)(b) of the SCRR, this being an Issue for less than 25% of the post–Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Issue shall be allotted on a proportionate basis to Qualified Institutional Buyers ("QIBs"), 5% of the QIB Portion shall be available for allocation to Mutual Funds only and the remaining QIB Portion shall be available for allocation to all the QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. If at least 60% of the Issue cannot be allotted to QIBs, then the entire application money will be refunded. In addition, in accordance with Rule 19(2)(b) of the SCRR, a minimum of two million securities are being offered to the public and the size of the Issue shall aggregate to at least Rs. 1,000 million. Further, up to 10% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 30% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

IPO GRADING

This Issue has been graded by CRISIL Limited and has been assigned the "IPO Grade 3/5"indicating average fundamentals, through its letter dated October 29, 2007. The IPO grading is assigned on a five point scale from 1 to 5 with an "IPO Grade 5" indicating strong fundamentals and an "IPO Grade 1" indicating poor fundamentals. For further details in this regard, please see the section titled "General Information" on page 6.

RISK IN RELATION TO FIRST ISSUE

This being the first issue of the Equity Shares, there has been no formal market for the Equity Shares. The face value of the Equity Shares is Rs. 10 and the Floor Price is 27.0 times of the face value and the Cap Price is 31.5 times of the face value. The Issue Price (as determined by the Company and the Selling Shareholders in consultation with the 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 or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

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

COMPANY AND THE SELLING SHAREHOLDERS ABSOLUTE RESPONSIBILITY

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

LISTING

The Equity Shares offered through this Red Herring Prospectus are proposed to be listed on the NSE and the BSE. We have received in-principle approval from the NSE and the BSE for the listing of our Equity Shares pursuant to letters dated October 8, 2007 and September 28, 2007, respectively. BSE shall be the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGERS		REGISTRAR TO THE ISSUE
JM FINANCIAL	Edelweiss Ideas create, values protect	KARVY Karvy Computershare Private Limited
JM Financial Consultants Private Limited 141, Maker Chambers III, Nariman Point, Mumbai 400 021, India SEBI Reg. No. : INM000010361 Tel: +91 22 6630 3030 Facsimile: +91 22 2204 7185 Website: www.jmfinancial.in Email: eclerx.ipo@jmfinancial.in Contact Person: Ms. Poonam Karande	**Edelweiss Capital Limited** 14th Floor, Express Towers, Nariman Point, Mumbai 400 021, India SEBI Reg. No. : INM000010650 Telephone: +91 22 2286 4400 Facsimile: +91 22 2288 2119. Website: www.edelcap.com Email: eclerx.ipo@edelcap.com Contact Person: Mr. Pallav Shah	**Karvy Computershare Private Limited** Plot No. 17 to 24, Vithalrao Nagar, Madhapur, Hyderabad – 500 081, India SEBI Reg. No. : INR000000221 Telephone: +91 40 23420815-820 Facsimile: +91 40 2342 0814 Email: eclerxipo@karvy.com Website: www.karvy.com Contact Person: Mr. Murali Krishna

ISSUE PROGRAMME

BID / ISSUE OPENS ON : TUESDAY, DECEMBER 04, 2007	BID / ISSUE CLOSES ON : FRIDAY, DECEMBER 07, 2007

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DEFINITIONS AND ABBREVIATIONS

Company related terms

Term	Description
Acquisition Companies/ Igentica Group	Igentica Travel Solutions Limited, Electrobug Technologies Limited, Igentica Limited and Ebug Pricing Intelligence Limited in the U.K.
Articles/Articles of Association	The articles of association of our Company.
Auditors	The statutory auditors of our Company, Walker, Chandiok & Co; Chartered Accountants.
Board of Directors/Board	The board of directors of our Company or a committee constituted thereof.
Director(s)	Director(s) of our Company, unless otherwise specified.
eClerx or "the Company" or "our Company" or "the Issuer"	Unless the context otherwise indicates, refers to eClerx Services Limited.
ESOP Scheme	Employee Stock Option Plan 2005, as approved by the shareholders by way of a resolution dated November 16, 2005.
Memorandum/Memorandum of Association	The memorandum of association of our Company.
Promoters	Mr. P. D. Mundhra and Mr. Anjan Malik.
Promoter Group	Individuals, companies and entities enumerated in the section titled "Our Promoters and Promoter Group" beginning on page 65.
Promoter Contribution	Such number of Equity Shares, held by the Promoters and constituting 20% of the post Issue Equity Share capital of the Company, which shall be locked-in for a period of three years from the date of Allotment.
Registered Office	Sonawalla Building, First Floor, 29 Bank Street, Fort, Mumbai 400023, India.
"we or "us" or "our"	Unless the context otherwise requires, the Company and its Subsidiaries, on a consolidated basis, as described in this Red Herring Prospectus.
Subsidiaries	eClerx LLC in the U.S.A, eClerx Investments Limited in the British Virgin Islands, and eClerx Limited, Igentica Travel Solutions Limited, Electrobug Technologies Limited, Igentica Limited and Ebug Pricing Intelligence Limited in the U.K.

Issue Related Terms

Term	Description
Allotment/ Allot	Unless the context otherwise requires, the allotment or transfer of Equity Shares pursuant to the Issue.
Allottee	A successful Bidder to whom Equity Shares are Allotted.
Banker(s) to the Issue	ICICI Bank Limited, HDFC Bank Limited, Citibank NA and BNP Paribas
Basis of Allotment	The basis on which Equity Shares will be Allotted to Bidders under the Issue and which is described in "Issue Procedure – Basis of Allotment" on page 192.
Bid	An indication to make an offer during the Bidding Issue Period by a Bidder to subscribe to the Equity Shares of the Company at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue.
Bid cum Application Form	The form in terms of which the Bidder shall make an indication to make an offer to subscribe to the Equity Shares and which will be considered as the application for the issue of the Equity Shares pursuant to the terms of this Red Herring Prospectus.

Term	Description
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Red Herring Prospectus and the Bid cum Application Form.
Bidding/Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids.
Bid/Issue Opening Date	The date on which the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in an English national newspaper, a Hindi national newspaper and a Marathi newspaper with wide circulation.
Bid/Issue Closing Date	The date after which the Syndicate shall not accept any Bids for the Issue, which shall be the date notified in an English national newspaper, a Hindi national newspaper and a Marathi newspaper with wide circulation.
Book Building Process	Book building route as provided in Chapter XI of the SEBI Guidelines, in terms of which this Issue is being made.
BRLMs/ Book Running Lead Managers	JM Financial Consultants Private Limited and Edelweiss Capital Limited.
Business Day	Any day other than Saturday or Sunday on which commercial banks in Mumbai are open for business.
CAN/Confirmation of Allocation Note	Means the note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process.
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalised and above which no Bids will be accepted.
Cut-off Price	Any price within the Price Band finalised by the Company and the Selling Shareholders in consultation with the BRLMs. A Bid submitted at Cut-off Price is a valid Bid at all price levels within the Price Band.
Designated Date	The date on which the Escrow Collection Banks transfer the funds from the Escrow Account to the Public Issue Account, which in no event shall be earlier than the date on which the Prospectus is filed with the RoC following which the Board shall Allot Equity Shares to successful Bidders.
Designated Stock Exchange	The BSE
Draft Red Herring Prospectus	The Draft Red Herring Prospectus, issued in accordance with Section 60B of the Companies Act and SEBI Guidelines, which does not have, *inter alia*, the particulars of the Issue Price and the size of the Issue.
Edelweiss Capital	Edelweiss Capital Limited, a company incorporated under the Companies Act and having its registered office at 14th floor, Express Towers, Nariman Point, Mumbai 400 021, India.
Eligible NRI	An NRI from such jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe to the Issue.
Equity Shares	Equity shares of the Company of face value of Rs. 10 each.
Escrow Account(s)	Accounts opened with the Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Collection Banks	The banks which are clearing members and registered with SEBI as bankers to the Issue, at which the escrow accounts will be opened, in this case being ICICI Bank Limited, HDFC Bank Limited, Citibank NA and BNP Paribas.
Escrow Agreement	Agreement to be entered into among the Company, Selling Shareholders, the Registrar, the Escrow Collection Bank(s), the BRLMs and the Syndicate Members for collection of the Bid Amounts and for remitting refunds, if any, of the amounts collected, to the Bidders on the terms and conditions thereof.

Term	Description
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form.
Financial Year/ Fiscal/ FY	Period of twelve months ended March 31 of that particular year
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalised and below which no Bids will be accepted.
Fresh Issue	Issue of [•] Equity Shares by the Company at the Issue Price
Issue	Issue of [•] Equity Shares aggregating to Rs. 1,010 million comprising of fresh issue of [•] Equity Shares aggregating to Rs. [•] million and an offer for sale of 890,000 Equity Shares aggregating to Rs. [•] million by the Selling Shareholders.
Issue Price	The price at which Equity Shares will be Allotted in the Issue, as determined by the Company and the Selling Shareholders in consultation with the BRLMs, on the Pricing Date.
JMF / JM Financial	JM Financial Consultants Private Limited, a company incorporated under the Companies Act and having its registered office at 141, Maker Chambers III, Nariman Point, Mumbai 400 021, India.
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, that being 10% to 100% of the Bid Amount.
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996.
Mutual Fund Portion	5% of the QIB Portion or [•] Equity Shares or Rs. 30.3 million available for allocation to Mutual Funds only, out of the QIB Portion.
Net Proceeds	The proceeds of the Issue, after deducting the Issue related expenses, which are estimated at Rs. [•].
Non-Institutional Bidders	Bidders that are neither Qualified Institutional Buyers nor Retail Individual Bidders and who have Bid for an amount more than Rs. 100,000.
Non-Institutional Portion	The portion of the Issue being [•] Equity Shares aggregating up to Rs. 101 million available for allocation to Non-Institutional Bidders.
Offer for Sale	Offer for sale of 890,000 Equity Shares to Rs. [•] million, by the Selling Shareholders pursuant to this Red Herring Prospectus.
Pay-in Date	Bid/Issue Closing Date or the last date specified in the CAN sent to the Bidders, as applicable.
Pay-in-Period	(i) With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the Bid/Issue Closing Date, and (ii) With respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date.
Portfolio Manager	A portfolio manager as defined under the Securities and Exchange Board of India (Portfolio Mangers) Rules, 1993.
Price Band	Price band of a minimum price (floor of the price band) of Rs. 270 and the maximum price (cap of the price band) of Rs. 315 and includes revisions thereof.
Pricing Date	The date on which our Company and the Selling Shareholders in consultation with the BRLMs will finalize the Issue Price.
Prospectus	The prospectus, to be filed with the RoC containing, among other things, the Issue Price, the size of the Issue and certain other information.

Term	Description
Public Issue Account	Account opened with the Banker(s) to the Issue to receive monies from the Escrow Account for the Issue on the Designated Date.
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds registered with SEBI, foreign institutional investors registered with SEBI, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, multilateral and bilateral development financial institutions, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million.
QIB Margin Amount	An amount representing at least 10% of the Bid Amount that QIBs are required to pay at the time of submitting their Bid.
QIB Portion	The portion of the Issue being at least [•] Equity Shares or Rs. 606 million to be mandatorily allotted to QIBs.
Refund Account(s)	Account(s) opened with the Refund Bank(s), from which refunds of the whole or part of the Bid Amount, if any, shall be made.
Refunds through electronic transfer of funds	Refunds through electronic transfer of funds means refunds through ECS, NEFT, Direct Credit or RTGS as applicable.
Registrar/ Registrar to the Issue	Karvy Computer Share Private Limited.
Retail Individual Bidders	Individual Bidders (including HUFs applying through their *karta* and Eligible NRIs) who have bid for Equity Shares for an amount less than or equal to Rs. 100,000.
Retail Portion	The portion of the Issue being [•] Equity Shares aggregating up to Rs. 303 million 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 their Bid cum Application Forms or any previous Revision Form(s).
RHP or Red Herring Prospectus	The Red Herring Prospectus to be issued in accordance with Section 60B of the Companies Act, which will not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. The Red Herring Prospectus will be filed with the RoC at least three days before the Bid/Issue Opening Date and will become a Prospectus after filing with the RoC after determination of the Issue Price.
Selling Shareholder(s)	Mr. P. D. Mundhra, Mr. Anjan Malik and Burwood Ventures Limited.
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 as amended from time to time.
Stock Exchange(s)	The BSE and/ or the NSE as the context may refer to.
Syndicate or members of the Syndicate	The BRLMs and the Syndicate Members.
Syndicate Agreement	The agreement dated [•] to be entered into among the Company, the Selling Shareholders and the members of the Syndicate, in relation to the collection of Bids in this Issue.
Syndicate Members	JM Financial Services Private Limited and Edelweiss Securities Limited
TRS/ Transaction Registration Slip	The slip or document issued by any of the members of the Syndicate to a Bidder as proof of registration of the Bid.
Underwriters	BRLMs and Syndicate Members.
Underwriting Agreement	The agreement among the Underwriters, Selling Shareholders and the Company to be entered into on or after the Pricing Date.

General Terms/Abbreviations

Term	Description
A/c	Account.
Act or Companies Act	Companies Act, 1956, as amended from time to time.
AGM	Annual General Meeting.
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Assessment Year.
BSE	Bombay Stock Exchange Limited.
CAGR	Compounded Annual Growth Rate.
CDSL	Central Depository Services (India) Limited.
CIT	Commissioner of Income Tax.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository Participant	A depository participant as defined under the Depositories Act.
DP ID	Depository Participant's Identity.
DSE	Delhi Stock Exchange Limited.
DTA	Domestic Tariff Area.
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation.
EGM	Extraordinary General Meeting.
EOU	Export Oriented Unit.
EPS	Earnings Per Share i.e., profit after tax for a Fiscal/period divided by the weighted average number of equity shares/potential equity shares during that Fiscal/ period.
ESOP	Employee Stock Option Plan.
EU	European Union.
FDI	Foreign Direct Investment.
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations thereunder and amendments thereto.
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 and amendments thereto.
FII(s)	Foreign Institutional Investors as defined under SEBI (Foreign Institutional Investor) Regulations, 1995 registered with SEBI under applicable laws in India.
Financial Year/ Fiscal/ FY	Period of twelve months ended March 31 of that particular year.
FIPB	Foreign Investment Promotion Board.
GBP	Great Britain Pound or Pound Sterling, the official currency of the United Kingdom.
GDP	Gross Domestic Product.
GIR Number	General Index Registry Number.

Term	Description
GoI/Government	Government of India.
HUF	Hindu Undivided Family.
I.T. Act	The Income Tax Act, 1961, as amended from time to time.
IT Department	Income Tax Department.
IFRS	International Financial Reporting Standards.
Indian GAAP	Generally Accepted Accounting Principles in India.
IPO	Initial Public Offering.
IT	Information Technology.
ITES	Information Technology Enabled Services.
LIBOR	London Interbank Offered Rate.
MAT	Minimum Alternate Tax.
Merchant Banker	Merchant banker as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992.
MOU	Memorandum of Understanding.
NA	Not Applicable.
NAV	Net Asset Value being paid up equity share capital plus free reserves (excluding reserves created out of revaluation, preference share capital and share application money) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of 'profit and loss account', divided by number of issued equity shares outstanding at the end of Fiscal.
NR	Non-resident.
NRE Account	Non Resident External Account.
NRI	Non Resident Indian, is a person resident outside India, as defined under FEMA and the FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
NRO Account	Non Resident Ordinary Account.
NSDL	National Securities Depository Limited.
NSE	The National Stock Exchange of India Limited.
OCB	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Foreign Security by a Person resident outside India) Regulations, 2000.
p.a.	Per annum.
P/E Ratio	Price/Earnings Ratio.
PAN	Permanent Account Number allotted under the Income Tax Act, 1961.
PLR	Prime Lending Rate.
QIB	Qualified Institutional Buyer.
RBI	The Reserve Bank of India.
RoC	The Registrar of Companies.

Term	Description
RONW	Return on Net Worth.
Rs.	Indian Rupees.
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time.
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992.
SEBI Act	Securities and Exchange Board of India Act 1992, as amended from time to time.
Sec.	Section.
SEZ	Special Economic Zone.
SICA	The Sick Industrial Companies (Special Provisions) Act, 1985.
STP	Software Technology Park.
Takeover Code	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended from time to time.
TRAI	Telecom Regulatory Authority of India.
U.K.	United Kingdom.
U.S. / U.S.A.	United States of America.
USD	U.S. Dollars, the official currency of U.S.A.
US GAAP	Generally Accepted Accounting Principles in the United States of America.
Working Days	All days except Saturday, Sunday and any public holiday.

Technical Terms/Industry Related Terms

Term	Description
BPO	Business Process Outsourcing.
FTE	Full time equivalent
ISDA	International Swap Dealers Association.
KPO	Knowledge Process Outsourcing
PC	Personal Computer
PPS	Professional Pricing Society.
RFP	Request for Proposal

CERTAIN CONVENTIONS; PRESENTATION OF FINANCIAL AND MARKET DATA

Currency of Presentation

This Red Herring Prospectus contains translations of certain foreign currency amounts into Indian Rupees that have been presented solely to comply with the requirements of Clause 6.9.7.1 of the SEBI Guidelines. These convenience translations should not be construed as a representation that those U.S. Dollar or other currency amounts could have been, or can be converted into Indian Rupees, at any particular rate, the rates stated below or at all.

	Fiscal 2007	Fiscal 2006	Fiscal 2005
U.S Dollar			
Period End	43.59	44.61	43.75
Average	45.22	44.30	44.97
Low	46.55	45.94	46.45
GBP			
Period End	85.53	77.80	82.09
Average	86.10	78.70	83.03
Low	88.72	80.09	84.52

(Source: Reserve Bank of India website www.rbi.org.in)

All references to "Rupees" or "Rs." are to Indian Rupees, the official currency of the Republic of India.

All references to "US$", "USD" or "U.S. Dollars" are to United States Dollars, the official currency of the United States of America. All references to "Sterling", "pound sterling", "GBP" or "£" are to Pound Sterling, the official currency of the United Kingdom.

Financial Data

Unless stated otherwise, the financial data in this Red Herring Prospectus is derived from our unconsolidated restated financial statements prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines, which are included in this Red Herring Prospectus. Our fiscal year commences on April 1 and ends on March 31 of the next year, thus all references herein to a particular fiscal year are to the twelve-month period ended on March 31 of that year.

Our financial statements, included herein, have been prepared in accordance with Indian GAAP and the SEBI Guidelines. There are significant differences between Indian GAAP, IFRS and US GAAP. We have not attempted to reconcile those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the Indian GAAP financial statements included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Red Herring Prospectus should accordingly be limited. For a discussion of the principal differences between Indian GAAP and US GAAP, see section titled "Summary of Significant Differences between Indian GAAP, IFRS and U.S. GAAP" beginning on page 139.

In this Red Herring Prospectus, any discrepancies in any table between the totals and the sum of the amounts listed are due to rounding.

Industry and Market Data

Unless stated otherwise, industry and market data used throughout this Red Herring Prospectus has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Company believes that industry data used in this Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent sources.

The extent to which the market and industry data used in this Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data.

FORWARD-LOOKING STATEMENTS

This Red Herring Prospectus contains certain “forward-looking statements”. These forward looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “shall”, “will”, “would’ “will continue”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant statement.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the industries in India in which we have our businesses and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India and which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in our industry. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- The loss or decline in business from any of our key clients;
- Currency exchange risks between USD and other foreign currencies (in which currencies significant percentage of our revenue are denominated) and Indian Rupee (in which a significant portion of our costs are denominated);
- Our inability to attract and retain trained employees;
- Potential acquisitions and our inability to manage our growth; and
- Changes in political and economic conditions in India;

For further discussion of factors that could cause our actual results to differ, see the sections titled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages x and 127 respectively. Neither our Company, any Selling Shareholders, any of the Underwriters nor any of their respective affiliates has any obligation to update or otherwise revise any statements contained herein to reflect 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, our Company, the Selling Shareholders and the BRLMs will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges.

RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. To obtain a complete understanding you should read this section in conjunction with the sections titled "Our Business" beginning on page 37 and "Management's Discussion and Analysis on Results of Operations and Financial Conditions" on page 127. Any of the following risks as well as other risks and uncertainties discussed in this Red Herring Prospectus could have a material adverse effect on our business, financial condition and results of operations and could cause the trading price of our Equity Shares to decline which could result in the loss of all or part of your investment. Unless otherwise stated in the relevant risk factors set below, we are not in a position to specify or quantify the financial or other implications of any risk mentioned herein.

Risks Relating to Our Business

1. There is a pending criminal litigation against our Director.

The State of West Bengal has filed a criminal complaint (No. C/1785) on October 8, 1975 against Mr. Haridas Mundhra, Mr. V. K. Mundhra, Mr. Kashi Nath Tapuriah, Mr. Indra Kumar Daga, Mr. Ranjit Kumar Chatterjee, Mr. L P Agarwala, Mr. R K Agarwala, Mr. Balwant Singh and Mr. Kamal Kishore Kayan, before the 8th Metropolitan Magistrate Court Calcutta, under section 120 B, 409 and 411 of Indian Penal Code relating to criminal conspiracy.

It has been alleged that the defendants, one of which was Mr. V.K. Mundhra, our Director, were party to a criminal conspiracy of misappropriating and siphoning of Rs. 1 million of funds belonging to Lodna Colliery Company Limited. The last hearing was held on September 18, 2007. The prosecution failed to produce its witnesses before the court on the aforementioned date and the matter was adjourned till January 8, 2008.

2. We rely on a small number of clients for a large proportion of our income, and loss of any of these clients could adversely affect our profitability.

We currently derive and believe that we will continue to derive a substantial portion of our income from a small number of clients. In the six months ended September 30, 2007 and Fiscal 2007, our five largest clients accounted for 86.4% and 86.8% of our total income, respectively. As a result of our reliance on a small number of clients, we may face certain issues including pricing pressures. There are a number of factors, other than our performance, that could cause the loss of a client and such factors may not be predictable. Our contracts with these clients allow them to terminate such contracts without cause, in some cases with little or no penalty. Some of these clients could stop providing work to us without terminating or being in breach of their contract. The loss or significant decreases in the volumes of work from one or more of our large clients would have a material adverse effect on our business, results of operations, financial condition and cash flows.

Further, if any of our major clients becomes bankrupt or insolvent, we may lose some or all of our business from that client and our receivables from that client may have to be written off. Our business could also be adversely affected by the merger, acquisition or restructuring of our clients if the new entity chooses not to engage us to provide it with services.

These clients may in the future demand price reductions, develop and implement newer technologies, automate some or all of their processes or change their strategy by moving more work in-house or to other providers, any of which could reduce our profitability. Any significant reduction in or the elimination of the use of the services we provide to any of our clients, or any requirement to lower our prices, would harm our business.

3. We face currency exchange risks because a significant percentage of our revenues is denominated in U.S. Dollars and other foreign currencies and a significant percentage of our costs is denominated in Indian Rupees.

The exchange rate between the Rupee and the U.S. Dollar has changed substantially in recent years and may continue to fluctuate significantly in the future. During Fiscal 2006 the value of the Rupee against the U.S. Dollar fell by approximately 1.97% and during Fiscal 2007, the value of the Rupee against the U.S. Dollar rose by approximately 2.29%, respectively. Our entire revenues from services in Fiscals 2005, 2006 and 2007 was on account of overseas clients and was denominated in U.S. Dollars or other foreign currencies. While our costs incurred in Indian Rupees in Fiscal 2005, 2006 and 2007, constituted 77.8%, 83.2%, and 84.7% of our total costs incurred during this period. We expect that a majority of our revenues will continue to be generated in foreign currencies and that a significant portion of our expenses will continue to be denominated in Rupees. Accordingly, our operating results have been and will continue to be impacted by fluctuations in the exchange rate between the Rupee and the U.S. Dollar and other foreign currencies. Although we hedge a substantial portion of our receivables, we may not be able to perfectly hedge all our risks against foreign currency fluctuations. Any strengthening of the Rupee against the U.S. Dollar, the Euro or other foreign currencies could adversely affect our financial condition and results of operations.

4. ***The success of our business is dependent on our ability to anticipate and respond to client requirements.***

Typically, our clients come to us with certain problems and require us to devise and implement solutions, to achieve better efficiencies in their business. Such a positioning requires a considerable understanding of our client's business, the domain and the ability to devise solutions, along with the technology to implement these solutions. As our clients continue to seek better solutions, we are required to enhance our domain knowledge, our understanding of client needs and accordingly respond to the changing trends in our industry. Our inability to anticipate and cater to the needs of our existing and prospective clients will affect our business and prospects.

5. ***We may undertake or may be forced to undertake certain onerous contractual obligations with some of our clients.***

We have, in the past, included certain covenants in the agreements with our clients with respect to price reductions, indemnities and cooling off periods. Further, we cannot assure you that our existing or prospective customers will not demand for similar provisions in their contracts. While we believe such obligations have not materially affected us, there can be no assurance that they will not adversely affect us in the future. Furthermore, if we refuse to enter into contracts that contain such obligations, we may lose prospective clients and our business, financial condition and results of operations could be adversely affected.

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

All of our client contracts are on a non-exclusive basis and can be terminated with or without cause, after requisite notice period, which is typically 30 days and without termination-related penalties. Further, our business is dependent on the decisions and actions of our clients, and there are a number of factors relating to our clients that are outside our control that might result in the termination or non-renewal of an agreement or the loss of a client. Our clients may demand price reductions, change their strategy by moving more work in-house or to our competitors or replace their existing software with packaged software supported by licensors. Any of these factors could have a material adverse effect on our business, financial condition and results of operations.

7. ***Certain processes may become obsolete with the development of technology that may automate and eliminate the need for some of the services we currently provide.***

The businesses of our clients, especially those in retail, manufacturing and financial services, are constantly evolving and they seek new ways to increase their efficiency, control costs and maintain high levels of service quality. In time, as newer technologies are developed and implemented, some or all of their processes may be automated or may be moved in-house, potentially reducing or eliminating the need for the services currently performed by us. A significant reduction in services that we provide as the result of process obsolescence and technological improvements will have a material adverse effect on our business.

8. ***We have experienced rapid growth recently and may not be able to sustain our growth.***

Since we were founded in Fiscal 2000, we have experienced rapid growth and significantly expanded our operations. Our income and profit after tax increased to Rs. 862.3 million and Rs. 405.2 million, respectively, for Fiscal 2007 from Rs. 215.9 million and Rs. 32.9 million in Fiscal 2004. We may not be able to sustain our growth or maintain a similar rate of growth in the future due to a variety of reasons including a decline in the demand for our services, increased competition, non-availability of professionals with necessary skill sets, lack of management resources or due to a general slowdown in the economy. A failure to sustain our growth may have a material adverse effect on our financial condition and results of operations.

In addition, our inability to effectively manage our rapid infrastructure and personnel growth could have a material adverse effect on our operations and financial condition. We currently operate three facilities in India and our employees have increased from approximately 353 in Fiscal 2005 to approximately 1,021 in Fiscal, 2007. We expect to further expand our capacity by setting up another facility at Hinjewadi, Pune. The first phase of this facility is expected to be operational in the last quarter of Fiscal 2008, with the remaining capacity coming on stream in Fiscal 2009. We may not be able to effectively manage our infrastructure and employee expansion, open additional operations facilities or hire additional skilled employees as and when they are required to meet the ongoing needs of our clients, and we may not be able to develop and improve our internal systems. Our inability to execute our growth strategy, to ensure the continued adequacy of our current systems or to manage our expansion effectively could have a material adverse effect on our business, results of operations, financial condition and cash flows.

9. ***Out of our total 18 clients, 17 of them are located in the U.S.A. and Europe. Economic slowdown and other factors that affect the economic health of these countries may affect our business.***

Our revenue derived from clients located in the U.S.A. and Europe, constitutes 96.6% of our total revenue from services. Economic slowdown in our client markets may result in our clients reducing or postponing their spending significantly, which may in turn lower the demand for our services and negatively affect our business, financial condition and results of operations.

10. We have not entered into any definitive agreements to utilize the proceeds of the Issue.

We intend to use the net proceeds of the Issue for acquisitions, fitting of new facility in Pune, setting up additional facilities and general corporate purposes. For more information, see "Objects of the Issue" beginning on page 22.We propose to raise Rs. [•] million from the net proceeds of the Issue, out of which we currently do not have any definitive arrangements for Rs. 320 million, which is [•]% of the total net proceeds of the Issue.

Of the net proceeds of the Issue, we propose to use Rs. 220 million for acquisitions and other strategic initiatives. We have not finalized any target acquisitions as of date. However, we are in the process of evaluating targets and investment options in such regard. In addition, we propose to use Rs. 100 million for setting up additional facilities. We have not made any definitive arrangements for establishing such additional facilities. However, we are in the process of exploring options in Chennai, National Capital Region (NCR), Pune and Mumbai. Pending use of the funds for these purposes, we intend to invest the funds in high quality, interest/dividend bearing liquid instruments, including deposits with banks. If we are unable to spend the amount on acquisitions or setting up of additional facilities, the balance funds will be used for augmentation of our working capital and/or for general corporate purposes.

The objects of the Issue have not been appraised by any bank or other financial institution. We have not entered into any definitive agreements to utilize such net proceeds. Pending any use of the net proceeds of the Issue, we intend to invest the funds in high quality, liquid instruments including deposits with banks.

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

The market for our service offerings may evolve and may become highly competitive in the future. We may face competition from both Indian and international service providers, BPO divisions of large multinational technology firms as well as captive offshore centers of large corporations. We compete with other service providers on the basis of, *inter alia*, quality, sector-specific knowledge, methodologies, client service, range of offerings and market perception. The competition we face may continue to intensify. A number of multi-national corporations are setting up their captive units in India or other offshore countries. Further, service providers with existing operations in India may expand their operations in India. These new players may introduce new products and services and sophisticated technological advancements to anticipate customer requirements and provide innovative solutions to our clients. We cannot assure you that we will be able to retain our clients in the face of such competition. If we lose clients as a result of competition, our market share will decline, would have a material adverse effect on our business and profitability.

12. Unauthorized disclosure of sensitive or confidential client and customer data, whether through breach of our computer systems or through our employees, could expose us to protracted and costly litigation and cause us to lose clients and business.

We are typically required to access and process sensitive data in connection with our services, including portfolios of our clients in the financial services sectors. We are also subject to the data protection laws of the jurisdictions where our clients are based. In addition, many of the agreements with our clients do not include any limitation to our liability to them with respect to breaches of our obligation to maintain confidentiality of information received from them. Although we take precautions to protect confidential client data and have been certified with ISO 27001 standards and have also cleared internal security audits of our clients, we cannot assure you that we will be able to comply with all those obligations and not incur any liability. If any person, including any of our employees, breaches our network security or otherwise mismanages or misappropriates the sensitive data, we could be subject to significant liability and legal proceedings from our clients or their customers for breach of confidentiality. Further, we may be required to expend capital and other resources to protect against the threat of security breaches or to alleviate problems caused by such breaches. There can be no assurances that measures that we implement will not be circumvented in the future. Any breach of our network security may also have a negative impact on our reputation, which could have a material adverse effect on our business, results of operations, financial condition and cash flows.

13. We may be subject to third party claims of intellectual property infringement.

While we take precautions to ensure that we comply with the intellectual property rights of others and we believe that our products, methodologies and intellectual property rights do not infringe on the intellectual property rights of any other party, we cannot determine with certainty whether we are infringing upon any existing third party intellectual property rights which may force us to alter our technologies, obtain licenses or significantly cease some portions of our operations. We may also be susceptible to claims from third parties asserting infringement and other related claims.

There are currently no material pending or threatened intellectual property claims against us. However, if we become liable to third parties for infringing their intellectual property rights, we could be required to pay substantial damages including damages based on profits that we have obtained from the allegedly infringing technology as well as exemplary damages that a court may award and we may be forced to develop non-infringing technology, obtain a license for the infringing technology or cease selling the applications and using the products or methodologies that contain the infringing technology. We may be unable to develop non-infringing technology or to obtain a license on commercially reasonable terms. Any third party claims of intellectual property infringement may have a material adverse effect on our business, financial condition and results of operation.

14. We may fail to attract and retain trained employees as competition for skilled personnel is intense and we experience significant attrition rates.

The industry in which we operate is labour intensive and our success depends in large part upon our ability to attract, hire, train and retain qualified employees, including our ability to attract employees with needed skills in the geographic areas in which we operate.

There is significant competition for professionals in India with skills necessary to perform the services we offer to our clients. Increased competition for these professionals could have an adverse effect on us. High attrition rates among our employees could result in a loss of domain and process knowledge, which could result in poor service quality and lead to breaches by us of our contractual obligations. A significant increase in the turnover rate among our employees in India would increase our recruiting and training costs and decrease our operating efficiency, productivity and profit margins and could lead to a decline in demand for our services. Although we maintain a robust knowledge management and training programs to control the loss of attrition, we can not guarantee adequacy and efficiency of such measures. The annual attrition rate for employees of our Company for Fiscals 2007, 2006 and 2005 was 37.0%, 29.6% and 31.1%, respectively. In the event we are not be able to attract a high degree of talented employees, or experience high attrition levels which are largely out of our control or are unable to motivate and retain our existing employees, the future of our business and operations may be affected.

15. Wage increases in India may prevent us from sustaining our competitive advantage and may reduce our profit margin.

Our most significant costs are the salaries and related benefits of our operations staff and other employees. Wage costs in India have historically been significantly lower than wage costs in the U.S.A and Europe for comparably skilled professionals, which has been one of our competitive advantages. However, because of rapid economic growth in India, increased demand for services from India and increased competition for skilled employees in India, wages for comparably skilled employees in India are increasing at a faster rate than in the U.S.A and Europe, which may reduce this competitive advantage. We may need to increase the levels of employee compensation more rapidly than in the past to remain competitive in attracting and retaining the quality and number of skilled employees that our business requires. Wage increases in the long term may reduce our profit margins.

16. Our senior management team and other key team members in our business units are critical to our continued success and the results of our operations may be adversely affected by the departure of our senior management and key personnel.

We are dependent on our senior management team, for setting our strategic direction and managing our business, both of which are crucial to our success. We do not maintain key man life insurance for any of the senior members of our management team or other key personnel. Our ability to retain experienced personnel as well as senior management will also in part depend on us maintaining appropriate staff remuneration and incentive schemes. The loss of any of our key employees, particularly to competitors, could have a material adverse effect on our business, results of operations, financial condition and cash flows.

17. We take advantage of certain tax benefits under the provisions of the I.T. Act, which if withdrawn, may adversely affect our financial condition and results of operations.

We benefit from certain tax incentives provided by the Government of India. For example, currently we do not pay service tax on the income we earn in connection with the export of our services out of India. If in the future the Government of India changes the service tax law, requiring us to pay a service tax on our income from exports or to pay an increased service tax on our domestic business, our results would be impacted and our profitability would decline.

18. Failure of disaster recovery systems may affect our business.

We also undertake measures for disaster protection and downtime reduction which includes close monitoring of backup processes and maintenance of redundancy of all critical hardware and applications. However, in the event that such systems fail due to technical reasons or lack of efficient management of the same, we could lose data critical to our bus.iness and this in turn could affect our business, operations and financial condition.

19. If we cause disruptions to our clients' businesses or provide inadequate service, our clients may have claims for substantial penalties against us.

Most of our contracts with clients contain service level and performance requirements, including requirements relating to the quality of our services and the timing, quality and quantity of responses to the client's assignments. In some mission critical cases, the quality of services that we provide is measured by quality assurance ratings and surveys which are based in part on the results of direct monitoring by our clients. Failure to meet service requirements of a client or errors made by our associates in the course of delivering services to our clients could disrupt the client's business and result in a reduction in income or a claim for substantial damages against us. Some of our agreements specifically stipulate standards of service that, if not met by us, will result in lower payment to us. In addition, a failure or inability to meet a contractual requirement could seriously damage our reputation and affect our ability to attract new business.

We are required to maintain active data communications between our delivery centres and our clients' offices. Although we maintain spare facilities and communications links, disruptions could result from, among other things, technical and electricity breakdowns, computer glitches and viruses and adverse weather conditions. Any significant failure of our equipment or systems, or any major disruption to basic infrastructure like power and telecommunications in the locations in which we operate, could impede our ability to provide services to our clients, have a negative impact on our reputation, cause us to lose clients, reduce our income and harm our business.

Most, but not all, of our client contracts contain limitations on liability, but such limitations may be unenforceable or otherwise may not protect us from liability for damages. In addition, certain liabilities, such as claims of third parties for which we may be required to indemnify our clients, are generally not limited under those agreements. Our insurance coverage may not be available on reasonable terms or in sufficient amounts to cover one or more large claims, and our insurers may disclaim coverage as to any future claims. The successful assertion of one or more large claims against us that exceed available insurance coverage, or changes in our insurance policies (including premium increases or the imposition of large deductible or co-insurance requirements), could have a material adverse effect on our business, reputation, results of operations, financial condition and cash flows.

20. We may not be fully insured for all losses we may incur.

Although we attempt to limit and mitigate our liability for damages arising from negligent acts, errors or omissions through contractual provisions, limitations of liability set forth in our contracts may not be enforceable in all instances or may not otherwise protect us from liability for damages. In addition, certain liabilities, such as claims of third parties for which we may be required to indemnify our clients, are generally not limited under those agreements. . Our insurance coverage may not be available on reasonable terms or to be available in sufficient amounts to cover one or more large claims, and our insurers may disclaim coverage as to any future claim. Insurance coverage may be an inadequate remedy where the loss suffered is not easily quantifiable, for example, in the event of :severe damage to our reputation. The successful assertion of one or more large claims against us that exceed available insurance coverage, or changes in our insurance policies (including premium increases or the imposition of large deductible or co-insurance requirements), could have a material adverse effect on our business, reputation, results of operations, financial condition and cash flows.

Risks in relation to the Company

21. We have recently undertaken acquisitions of businesses and may not be able to integrate these or other future acquisitions successfully.

In the current Fiscal, we have acquired the Igentica Group, which have subsequently become our subsidiaries. There can be no assurance that we will successfully integrate this acquisition with our existing operations.

Part of our growth strategy includes pursuing strategic acquisitions. If we acquire another company, we could have difficulty in assimilating that company's personnel, operations, technology and software. In addition, the key personnel of the acquired company may decide not to work with us and we may not be able to retain the client base of the acquired company. We cannot assure you that we will be able to consummate acquisitions or alliances in the future on terms acceptable to us, or at all and further that the integration of any future acquisitions will be successful or that the expected strategic benefits of any future acquisitions or alliances will be realized. In addition, such acquisitions may involve a number of special risks, including, but not limited to, adverse short-term effects on our reported operating results, diversion of management's attention, difficulties assimilating and integrating the operations of the acquired company with our own and unanticipated liabilities or contingencies relating to the acquired company.

As of the date of this Red Herring Prospectus, we have not signed any letter of intent or entered into any definitive commitment or agreement for any material acquisition, strategic alliance or strategic investment, apart from for those transactions which have been concluded.

22. Grants of stock options under our ESOP Scheme will result in a charge to our profit and loss account and will to that extent reduce our profits.

We have adopted the ESOP Scheme, under which eligible employees of our Company and our Subsidiaries are able to participate, subject to such approvals as may be necessary. As per the ESOP Scheme, we are permitted to grant options up to 750,000 Equity Shares. For further details on the exercise price of the option please refer to the section titled "Notes to Capital Structure-ESOP Scheme" beginning on page 18.

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

As per applicable laws, stock options are subject to fringe benefit tax. The fringe benefit tax is payable on the fair market value of the specified security on the date which the option vests with the employees as reduced by the amount actually paid by, or recovered from, the employee in respect of such securities. The implementation of fringe benefit tax may increase our tax costs.

23. We operate entirely out of leased facilities which can be terminated for cause by the lessor.

We operate entirely out of leased properties which can be terminated for cause by the lessor. In case of such termination, we may encounter delay in finding suitable alternative properties in required timeframe or may not find alternatives at all. Because of the nature of our business, continuity of operations and access to facilities and systems is of critical importance. As a result, the termination, or threat of termination, of any of our leases would have a substantial disruptive effect on our ongoing business, distract our management and employees and may increase our expenses. Such an event may also damage our reputation, affect our ability to recruit and retain employees, affect our ability to attract and retain clients and permit affected clients to claim contractual damages or terminate or renegotiate their contracts with us. The termination of any of our leases could have a material adverse effect on our business and our financial condition.

24. Our indebtedness, including the conditions and restrictions imposed on us by our financing agreements and any acceleration of the amounts due under such arrangements, could adversely affect our ability to conduct our business, financial condition and results of operations.

Citibank NA has sanctioned a credit limit of upto Rs. 250 million by its letter dated September 3, 2007, consisting of a letter of credit facility of upto Rs. 140 million and a short term loan of upto Rs. 110 million at varied negotiated interest rates. For further details on the said facility refer to the section titled "Financial Indebtedness" beginning on page 163. We may incur additional indebtedness in the future. Our indebtedness has several important consequences, including but not limited to the following.

Our financing arrangements limit our ability *inter alia,* to issue guarantees (including promoter guarantees) and alter our equity structure, management and operating structure, create liens or other encumbrances on our property. Consent from these lenders is required for certain corporate and business actions such as future borrowings. Any failure to service our indebtedness, maintain the required security interests, comply with a requirement to obtain a consent or otherwise perform our obligations under our financing agreements could lead to a termination of one or more of our credit facilities, penalties and acceleration of amounts due under such facilities, which may adversely affect our business, financial condition and results of operations.

25. If we are unable to obtain required approvals and licenses in a timely manner, our business and operations may be adversely affected.

We require certain approvals, licenses, registrations and permissions for operating our business. As on date of filing of this Red Herring Prospectus, an application dated November 1, 2007 to the Development Commissioner, SEEPZ-SEZ, Mumbai, for setting up a unit under the special economic zone at Pune, is currently pending. If we fail to obtain any of these approvals or renewals, in a timely manner, or at all, our business, financial condition and results of operations could be adversely affected.For further details, please refer to section titled "Government and Other Approvals" beginning on page 160.

26. Our Registered Office and other premises from which we operate are not owned by us.

We do not own the premises on which our registered office and other facilities. We operate from rented and leased premises. The lease agreements for facilities are renewable at our option upon payment of such rates as stated in these agreements. If any of the owners of these premises do not renew the agreements under which we occupy the premises or renew such agreements on terms and conditions that are unfavourable to us, we may suffer a disruption in our operations which could have a material adverse effect on our business, financial condition and results of operations.

27. We have in the last 12 months, issued Equity Shares at a price that could be lower than the Issue Price.

We have, in the last 12 months, issued Equity Shares at a price that could be lower than the Issue Price. For further details regarding such issuances of Equity Shares, please see Note 1 to the section titled "Capital Structure – Notes to Capital Structure" on page 14.

28. We have not registered our logo and trademark name.

We have not registered the "eClerx" logo and we do not enjoy the statutory protections accorded to a registered trademark and are subject to the various risks arising out of the same, including but not limited to infringement or passing off our name and logo by a third party.

We have filed an application to Trademark registry for registration of trademarks in respect of our corporate logo. The applications are pending before the Registrar of Trademarks. In the event our logo is not registered, we would not enjoy the statutory protections accorded to a registered trademark and our ability to use our logo may be impaired. For further details please refer to section titled "Government and Other Approvals" on page 160.

29. Our Registered Office is taken on lease from one of our Promoter Group Companies.

Our Registered Office has been leased to the Company for a sum of Rs. 2,450 per month by Duncan Stratton & Co. Limited, a Promoter group company in which Mr. P. D. Mundhra, one of our Promoters, is a director. For further details please refer to section titled "Interest of our Directors" on page 54.

30. Valuations in the information technology enabled services industry may not be sustained in future and current valuations may not be reflective of future valuations for the industry.

There is no standard valuation methodology in information technology and related industries. The valuations in the IT industry are presently high and may not be sustained in future. The financial of the Company are not comparable with players in the industry. Additionally, current valuations may also not be reflective of future valuations within the industry.

31. The Offer for Sale proceeds will not be available to us.

This Issue includes an offer for sale of 890,000 Equity Shares aggregating to Rs. [•] million by certain existing shareholders of our Company. Therefore, the proceeds to the Offer for Sale shall be remitted to the Selling Shareholders and we will not benefit from such proceeds.

Risks relating to our Shareholders and the Equity Shares

32. We may continue to be controlled by our Promoters following this Issue and our other shareholders may not be able to affect the outcome of shareholder voting.

After the completion of the Issue, our Promoters and Promoter Group entities will collectively hold the majority of the fully diluted post-Issue equity capital. Consequently, our Promoters and Promoter Group entities, acting jointly, may exercise substantial control over us and may have the power to elect and remove a majority of our Directors and/or determine the outcome of proposals for corporate action requiring approval of our Board of Directors or shareholders, such as lending and investment policies, revenue budgets, capital expenditure, dividend policy and strategic acquisitions. Our Promoters will be able to influence our major policy decisions, including our overall strategic and investment decisions, by controlling the election of our Directors and, in turn, indirectly controlling the selection of our senior management, determining the timing and amount of any dividend payments, approving our annual budgets, deciding on increases or decreases in our share capital, determining our issuance of new securities, approving mergers, acquisitions and disposals of our assets or businesses, and amending our articles of association. This control could also delay, defer or prevent a change in control of our Company, impede a merger, consolidation, takeover or other business combination involving our Company, or discourage a potential acquirer from obtaining control of our Company even if it is in the best interests of our Company. The interests of our controlling shareholders could conflict with the interests of our other shareholders, including the holders of the Equity Shares, and the controlling shareholders could make decisions that materially adversely affect your investment in the Equity Shares.

33. ***You will not be able to trade any of the Equity Shares you purchase in the Issue immediately on allotment, on an Indian Stock Exchange.***

The Equity Shares will be listed on the NSE and the BSE. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Investors' book entry, or "demat" accounts with depository participants in India are expected to be credited within two working days of the date on which the basis of allotment is approved by the Designated Stock Exchange. In the event allotment of Equity Shares is not made within 15 days from the Bid/Issue Closing Date, we are liable to pay interest at 15% per annum. We have requested SEBI that the time limit for demat credit, dispatch of refund orders and submission of listing documents to Stock Exchanges be two days from the date of allotment as against the requirement of two days from the date of finalisation of basis of allotment under Clause 7.7.1 of the SEBI Guidelines. However, the allotment, dispatch of refund order and credit shall be completed within 15 days of the closure of the Issue. Thereafter, upon receipt of final approval of the stock exchanges, trading in the Equity Shares is expected to commence within seven working days of the date on which the basis of allotment is approved by the Designated Stock Exchange. There can be no assurance that the Equity Shares allocated earlier to investors will be credited to their demat accounts, or that trading will commence, within the time periods specified above.o:

34. ***There is no existing market for the Equity Shares, and we do not know if one will develop. Our stock price may be highly volatile after the Issue and, as a result, you could lose a significant portion or all of your investment.***

Prior to the Issue, there has not been a public market for the Equity Shares. We cannot predict the extent to which investor interest will lead to the development of an active trading market on the Stock Exchanges or how liquid that market will become. If an active market does not develop, you may experience difficulty selling the Equity Shares that you purchased. The Issue Price is not indicative of prices that will prevail in the open market following the Issue. Consequently, you may not be able to sell your Equity Shares at prices equal to or greater than the price you paid in the Issue. The market price of the Equity Shares on the Stock Exchanges may fluctuate after listing as a result of several factors, including the following:

- volatility in the Indian and other global securities markets;
- the performance of the Indian and global economy;
- significant developments in India's fiscal regime;
- risks relating to our business and industry, including those discussed in this prospectus;
- strategic actions by us or our competitors;
- investor perception of the investment opportunity associated with the Equity Shares and our future performance;
- adverse media reports about us, our shareholders or Promoters;
- future sales of the Equity Shares;
- variations in our quarterly results of operations;
- differences between our actual financial and operating results and those expected by investors and analysts;
- changes in analysts' recommendations or perceptions of us, the Indian IT sector or India; and
- our future expansion plans.

There has been significant volatility in the Indian stock markets in the past and our share price could fluctuate significantly as a result of market volatility. A decrease in the market price of the Equity Shares could cause you to lose some or all of your investment.

35. ***Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures.***

The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditures. There can be no assurance that we will be able to pay dividends.

36. ***Any future equity offerings by us could lead to dilution of your shareholding or adversely affect the market price of the Equity Shares.***

If we do not have sufficient internal resources to fund our investment requirements or working capital needs in the future, we may need to raise funds through equity financing. Further, we have, in the past, entered into agreements with certain key customers for the issue of shares and warrants to them. We may enter into such arrangements with our customers in the future. In addition, up to 750,000 Equity Shares, constituting [•]% of our post Issue paid-up equity capital may be granted in accordance with our ESOP Scheme. As a purchaser of the Equity Shares in the Issue, you could experience dilution to your shareholding in the event that we conduct future equity offerings. Such dilution can adversely affect the market price of the Equity Shares and could impact our ability to raise capital through an offering of our equity securities. In addition, any perception by investors that such issuance or sales will occur could also affect the trading price of the Equity Shares.

37. We face a possible risk on account of not meeting our net foreign exchange earning obligations.

We are registered as a software technology park ("STP") unit under the Software Technology Park Scheme. The STP Scheme imposes certain export obligations on the STP unit including requirements regarding maintaining positive net foreign exchange earnings. Failing to meet such requirement may result in the STP unit losing the benefits available to it under the STP Scheme and becoming liable for penal action under Foreign Trade (Development and Regulations) Act, 1992. In the event our units under the STPI Scheme incur losses during the initial ramp up period or have a long gestation period, we cannot assure you that we will continue to maintain a positive net foreign exchange earning for such units. Any loss in the benefits available to us as a STP unit will have a material adverse effect on our business, financial condition and results of operations and could cause the price of our Equity Shares to decline.

38. There are certain legal and regulatory proceedings involving our Company, our Directors, our Promoters and the Promoter Group.

The Directors and Promoters of the Company and members of the Promoter Group are parties to certain legal proceedings against such parties. These proceedings are pending at different levels of adjudication before various courts and appellate tribunals. As on date, there are one labour case pending against our Company and Mr. P.D. Mundhra, one of our Promoters, one criminal case and two civil cases are pending against Mr. V.K. Mundhra, one of our Directors, and one tax proceedings is pending against Mr, Anjan Malik, one of our Promoters. There are four civil cases pending against our Promoter Group companies, one civil case is pending against Consolidated Packaging Company Private Limited and three civil cases are pending against Duncan Stratton & Company Limited. For further details, see the section "Outstanding Litigation and Material Developments" beginning on page 157.

39. Certain of our Subsidiaries have incurred losses in the past.

Certain of our Subsidiaries have incurred losses during the last three Fiscals, as set forth below:

Sl. No.	Subsidiary Company	Profit After Tax (Rs. In Million)		
		Fiscal 2005	Fiscal 2006	Fiscal 2007
1.	eClerx LLC	0.14	(1.49)	2.08
2.	Igentica Limited	1.53	0.27	(3.24)
3.	Electrobug Technologies Limited	(27.03)	15.73	0.15

40. Certain of our Promoter Group companies have incurred losses in the past.

Certain of our Promoter Group companies have incurred losses during the last three Fiscals, as set forth below:

Sl. No.	Promoter Group Company	Profit After Tax (Rs. In Million)		
		Fiscal 2005	Fiscal 2006	Fiscal 2007
1.	Consolidated Properties Private Limited	(0.018)	0.396	0.139
2.	Ambassador Estates and Investment Private Limited	(0.003)	(0.005)	(0.01)
3.	Riddhi-Siddhi Realtors Private Limited	(0.003)	(0.005)	(0.010)
4.	Anmol Realtors Private Limited	(0.003)	(0.005)	(0.01)
5.	Mukund Realtors Private Limited	(0.003)	(0.005)	(0.01)
6.	Urvashi Realtors Private Limited	(0.003)	(0.005)	(0.008)
7.	Ashutosh Properties Private Limited	(0.003)	(0.005)	(0.01)

Sl. No.	Promoter Group Company	Profit After Tax (Rs. In Million)		
		Fiscal 2005	Fiscal 2006	Fiscal 2007
8.	Ace Rubber Ind. Private Limited;	(0.002)	2.30	9.73
9.	Chandak Exports Private Limited	(0.003)	(0.004)	Nil
10.	Consolidated Packaging Co. Private Limited	0.03	0.40	(0.34)
11.	Dia Exports Private Limited	(0.003)	(0.004)	(0.004)
12.	Gopal Krishna Rasayana Private Limited	(0.003)	(0.003)	(0.004)
13.	Master Packaging Services Private Limited	(0.003)	0.97	16.245
14.	New Multimedia Dye Chem Enterprises Private Limited	(0.003)	(0.003)	(0.004)
15.	Pankaj Properties and Leasing Company Limited	(0.008)	(0.004)	(0.002)
16.	Srivardhman Saving Private Limited	(0.003)	(0.004)	(0.003)
17.	Vishal Exports Private Limited	(0.004)	(0.004)	(0.004)
18.	Crescent Oils Private Limited	(0.003)	(0.004)	(0.046)
19.	Ojas Dyechem (India) Private Limited	(0.003)	(0.004)	(0.004)
20.	Inner Challenges Private Limited	(53.34)	(54.66)	(44.26)
21.	Himalaya Capital Services Private Limited	(0.09)	0.00	(0.15)
22.	Jagadamba Organics Private Limited	(0.41)	(0.03)	(0.06)
23.	N. T. Estates and Investments Private Limited	1.77	15.83	(2.05)
24.	Dorner Fashion Private Limited	0.003	0.075	(0.047)
25.	Pragati Tie-Up Private Limited	Nil	0.001	(2.21)

EXTERNAL RISKS

41. A substantial portion of our assets and operations are located in India, and we are subject to regulatory, economic and political uncertainties in India.

Our primary operations are based in India, and a substantial majority of our assets and our professionals are located in India. We intend to continue to develop and expand our offshore facilities in India. In the early 1990s, India experienced significant inflation, low growth in gross domestic product and shortages of foreign currency reserves. The Indian government, however, has exercised and continues to exercise significant influence over many aspects of the Indian economy. India's government has provided significant tax incentives and relaxed certain regulatory restrictions in order to encourage foreign investment in specified industries of the economy. Certain of those programs, which have benefited us, include tax holidays, liberalized import and export duties and preferential rules on foreign investment and repatriation. We cannot assure you that liberalization policies will continue. The Government of India is considering introducing a reservation policy to the private sector in India, pursuant to which all private sector companies operating in India, including our subsidiaries, would be required to reserve a certain percentage of jobs for the economically underprivileged population in the states where such companies are incorporated. If this policy is adopted, our ability to hire employees of our choice may be affected due to restrictions on our pool of potential employees and competition for these professionals.

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

42. Terrorist attacks and other acts of violence involving India, the United States, the United Kingdom or other countries could adversely affect the financial markets, result in a loss of client confidence and adversely affect our business, results of operations, financial condition and cash flows.

Certain events that are beyond our control, including the terrorist attacks in Mumbai on July 11, 2006, in London in July 2005, in New York City and Washington, D.C., on September 11, 2001 and in New Delhi on December 13, 2001, and other acts of violence or war, including those involving India, the United States, the United Kingdom or other countries, may adversely affect worldwide financial markets and could potentially lead to economic recession, which could adversely affect our business, results of operations, financial condition and cash flows, and more generally, any of these events could lower confidence in India. Southern Asia has, from time to time, experienced instances of civil unrest and hostilities among neighbouring countries, including India, Pakistan and China. In recent years there have been several instances of military confrontations along the Indo-Pakistani border. There continues to be potential for hostilities between India and Pakistan due to recent terrorist activities, troop mobilizations along the border and the geopolitical climate along the border. Although this has not been the case to date, such political tensions could create a perception that there is a risk of disruption of services provided by India-based companies, which could have a material adverse effect on the market for our services. Furthermore, if India were to become engaged in armed hostilities, particularly hostilities that were protracted or involved the threat or use of nuclear weapons, we might not be able to continue to operate.

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

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

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

Offshore outsourcing has been the subject of intense political debate, and has come under increased government scrutiny within the United States due to its perceived association with loss of jobs in the United States. Several U.S. state governments have implemented or are actively considering implementing restrictions on outsourcing by U.S. state government entities to offshore IT services providers. Any changes in the United States, Europe or other countries to their existing laws or the enactment of new legislation restricting offshore outsourcing, particularly by private companies, may adversely impact our business, financial condition and results of operations.

44. Any disruption in the supply of power, IT infrastructure and telecom lines could disrupt our business process or subject us to additional costs.

India's infrastructure, in particular its roads, airports and power sectors, needs to be upgraded to support the growth in the country. Infrastructure in the cities needs to be improved substantially to handle the expansion of industry in which we operate. Any disruption in basic infrastructure or the failure of the Government to improve the existing infrastructure facilities could negatively impact our business since we may not be able to provide timely or adequate services to our clients. We do not maintain business interruption insurance and may not be covered for any claims or damages if the supply of power, IT infrastructure or telecom lines is disrupted. This may result in the loss of a client, impose additional costs on us and have an adverse effect on our business, financial condition and results of operations.

Notes to Risk Factors

- This is a public Issue of [•] Equity Shares of Rs. 10 each for cash at a price of Rs. [•] per Equity Share including a premium of Rs. [] per Equity Share aggregating to Rs. 1,010 million. This Issue comprise of a Fresh Issue of [•] Equity Shares aggregating Rs. [•] million and an Offer for Sale of 890,000 Equity Shares aggregating to Rs. [•] million by the Selling Shareholders. The Issue will constitute [•]% of the fully diluted Equity Share capital of our Company.
- In terms of Rule 19 (2)(b) of the SCRR, this being an issue for less than 25% of the post–Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Issue will be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. If at least 60% of the Issue cannot be

allocated to QIBs, then the entire application money will be refunded forthwith. Further, up to 10% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 30% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

- Under-subscription, if any, in the Non-Institutional Portion and Retail Individual Portion would be met with spillover from other categories at the discretion of our Company and the Selling Shareholders in consultation with the BRLMs. Investors may note that in case of over-subscription in the Issue, Allotment to Non Institutional Bidders and Retail Bidders shall be on a proportionate basis. For more information, see the section titled “Issue Procedure - Basis of Allotment” beginning on page 192.
- The average cost of acquisition of Equity Shares by each of our Promoters, Mr. P. D. Mundhra and Mr. Anjan Malik is Rs. 0.01 per Equity Share each. For details see the section titled “Capital Structure” beginning on page 13.
- The net worth of our Company, on an unconsolidated basis, is Rs. 402.88 million as at September 30, 2007, respectively, as per restated unconsolidated financial statements of our Company under Indian GAAP in the section titled “Financial Statements” beginning on page 93.
- The net asset value per Equity Share of Rs. 10 each was Rs. 24.39 as at September 30, 2007, as per restated unconsolidated financial statements of our Company included in this Red Herring Prospectus. For further information, see the section titled “Capital Structure” beginning on page 13.
- Other than as stated in the section tiled “Capital Structure” beginning on page 13, our Company has not issued any Equity Shares for considerations other than cash.
- For details of transactions in the securities of our Company by our Promoters, our Promoter Group and Directors in the last six months, see the section “Capital Structure —Notes to Capital Structure” beginning on page 14.
- For information on changes in our Company’s name, refer to the section “History and Certain Corporate Matters” beginning on page 58.
- Except as disclosed in the sections “Our Promoters and Promoter Group” and “Our Management” beginning on pages 65 and 49, respectively, none of our Promoters, Directors or key managerial employees have any interest in the Company except to the extent of remuneration and reimbursement of expenses and to the extent of the Equity Shares held by them or their relatives and associates or held by the companies, firms and trusts in which they are interested as directors, member, partner or trustee and to the extent of the benefits arising out of such shareholding.
- Trading in Equity Shares of our Company for all investors shall be in dematerialised form only. For further details, see the section titled “Issue Procedure” beginning on page 176.
- For details pertaining to our related party transactions, refer to the notes on related party transactions in the section titled “Financial Statements- Related Party Transactions” beginning on page 102.
- The Company has not made any loans and advances to any person(s)/ company in which the Directors are interested, except as disclosed in the section titled “Financial Statements” beginning on page 93.
- Investors are advised to also refer to the section titled “Basis for Issue Price” beginning on page 25.
- Any clarification or information relating to the Issue shall be made available by the BRLMs and our Company to the investors 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 and the Syndicate Members for any complaints pertaining to the Issue. Investors are free to contact the BRLMs for any clarification or information relating to the Issue who will be obliged to provide the same to the investor.

SUMMARY OF OUR BUSINESS, STRENGTHS AND STRATEGIES

We provide data analytics and customized process solutions to global enterprise clients from our offshore delivery centers in India. Our portfolio of services comprises data analytics, operations management, data audits, metrics management and reporting services. We provide service solutions using a mix of custom designed data processes, delivery teams comprising generalists and domain specialists, and in-house software to automate processes. We currently offer our services to clients in the financial services, retail and manufacturing industries. Some of our largest clients in terms of revenue contribution include leading global corporations with whom we have multi-year partnerships.

We were one of the "Top 20 companies to watch" by *Business Today* magazine in the last three years, amongst a list that included some of the largest Indian companies. In their annual report of 2004, AT Kearney mentioned our Company as "Best of the Breed" under the Indian BPO segment. The Yankee Group in July, 2005 included our Company as "Best of the Breed" under the segment of 'Analytics Providers'. We are active members of industry bodies such as the PPS, Internet Retailer and ISDA.

As of Fiscal 2007, we had 1,021 employees with operations in India, U.K., U.S. and Ireland. For Fiscal 2007, Fiscal 2006 and Fiscal 2005, our unconsolidated revenue was Rs. 862.3 million, Rs. 477.5 million and Rs. 266.4 million, respectively, growing at a compound annual growth rate of 79.9 % over 2005-2007. For Fiscal 2007, Fiscal 2006 and Fiscal 2005, our profit after tax was Rs. 405.2 million, Rs. 240.4 million and Rs. 112.2 million, respectively.

Competitive Strengths

Ability to provide customised solutions

We are a provider of data analytics and customized process solutions. We utilize our understanding of specific industries and clients to design and implement end-to-end process solutions to meet specific client business needs. We believe that such solutions enable our clients achieve higher levels of efficiency and cost reduction.

Ability to manage highly complex programs

Our client programs are typically complex and multi-year, and require a high level of management involvement. We have developed particular skills in managing many such programs across different businesses with an efficient delivery structure, allowing us to scale effectively. This is a key asset as we grow our business and enhance our service offerings.

Deep domain knowledge

We have developed deep understanding of and specialization in several industries such as retail, manufacturing and financial services, where we are engaged by some of the world's largest companies to increase revenues, reduce operating costs and boost profits, across a variety of business functions including marketing, pricing, manufacturing and supply chain management.

Established relationships with leading global corporations

Our clients include more than fifteen "Fortune 500" companies and a high percentage of new work originates through reverse inquiry every year from our existing clients. Some of our employees are based within client offices, and a number have direct, off-shore access into some of our clients' systems and confidential data, which allows us to provide services related to core client processes and further deepens our relationship

Proven delivery model

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

Experienced management team

We have an experienced leadership team with diverse backgrounds and extensive general management experience. Our managers have worked within global organizations such as Lehman Brothers, EDS, the Tata Group, HDFC Bank, Deutsche Bank, Dell, Accenture, Logica, Siemens.

Business Strategy

Our strategic vision is to be one of the leading data analytics providers in India, and a leader in the data process solutions sector.

The key elements of our business strategy are as follows:

Growing our existing client relationships

We intend to leverage our domain expertise, understanding of our target industry and close relationship with our clients to expand the scope of current services as well as provide services in new areas and businesses. We will continue to build our account management teams working within client organizations, to deepen relationships with our clients and to identify new business opportunities.

Develop new client relationships

We will continue to develop new client relationships across various industries, by investing in marketing and branding, as well as expanding our sales force. We will add to our specialized sales teams in London, New York and Austin and to our sales support teams in India.

Add to our productized service offerings

We will leverage our domain knowledge and industry expertise to develop standardized or "off-the-shelf" service offerings that cater to a broad customer base and address common industry issues. Such offerings typically have high demand from both new and existing clients, are designed to be easily adopted by clients and can therefore be sold through a simpler sales cycle.

Invest in our people and delivery process

We will continue to focus on attracting, retaining and training highly skilled people. Our strategy is to further invest in training throughout the tenure of an employee's career. We will take further initiatives to strengthen our vibrant and distinctive culture, which emphasizes on teamwork, meritocracy, openness and commitment to client. We will further invest in refining delivery methodologies and software tools.

Strengthen capabilities through selective acquisitions

We will selectively consider acquisitions that expand the scope of our existing services, add new clients or allow us to enter new geographic markets. We will look primarily at companies with specific domain expertise operating in U.S. and Western Europe, where we can further reduce cost by migrating service delivery offshore.

SUMMARY OF FINANCIAL INFORMATION

Unconsolidated Summary Statement of Assets and Liabilities, As Restated

(Rupees in millions)

		As at					
		September 30, 2007	**March 31, 2007**	**March 31, 2006**	**March 31, 2005**	**March 31, 2004**	**March 31, 2003**
	Assets						
A.	**Fixed Assets**						
	Gross Block	216.48	142.91	115.20	52.93	34.19	9.46
	Less : Depreciation/ Amortisation	84.53	66.38	40.65	21.77	9.53	2.11
	Net Block	**131.95**	**76.53**	**74.55**	**31.16**	**24.66**	**7.35**
	Add: Capital Work in Progress (including Capital Advances)	0.10	0.40	0.22	1.50	1.72	0.06
		132.05	**76.93**	**74.77**	**32.66**	**26.38**	**7.41**
B.	**Investments**	87.34	0.02	12.62	-	21.23	-
C.	**Current Assets, Loans and Advances**						
	Sundry Debtors	187.35	119.24	66.37	42.12	-	-
	Cash and Bank Balance	99.51	73.51	59.04	18.52	2.65	3.93
	Loans and Advances	152.03	85.76	44.40	4.16	2.42	0.68
		438.89	**278.51**	**169.81**	**64.80**	**5.07**	**4.61**
	Total Assets	**658.28**	**355.46**	**257.20**	**97.46**	**52.68**	**12.02**
	Liabilities and Provisions						
D.	**Secured Loans**	59.61	-	-	-	-	-
E.	**Deferred Tax Liability**	2.39	-	-	-	0.44	0.03
F.	**Current Liabilities and Provisions**						
	Current Liabilities	160.06	23.09	104.66	16.79	5.41	3.67
	Provisions	33.34	38.87	32.47	16.37	41.50	0.31
		193.40	**61.96**	**137.13**	**33.16**	**46.91**	**3.98**
G.	**Net worth**						
	Represented by :						
	Shareholders' Funds :						
	Share Capital	165.53	10.12	10.12	0.12	0.10	0.10
	Stock Option Outstanding	0.52	0.19	0.05	-	-	-
	Reserves and Surplus	236.83	283.19	109.90	64.18	5.23	7.91
		402.88	**293.50**	**120.07**	**64.30**	**5.33**	**8.01**
	Total Liabilities	**658.28**	**355.46**	**257.20**	**97.46**	**52.68**	**12.02**

Unconsolidated Summary Statement of Profit and Losses, As Restated

(Rupees in millions)

	For the six months ended September 30, 2007	For the year ended				
		March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
Income						
Income from Operations	501.51	861.20	471.98	265.28	215.88	205.14
Other Income	12.90	1.14	5.54	1.13	0.04	0.00
	514.41	**862.34**	**477.52**	**266.41**	**215.92**	**205.14**
Expenditure						
Employee compensation and related expenses	172.39	245.47	125.06	75.74	30.22	7.05
General and administration expenses	120.32	163.82	82.46	59.54	140.75	187.81
Selling and marketing expenses	12.08	19.41	8.75	7.10	4.09	1.24
Interest on Fixed Loan	0.78	-	-	-	-	-
	305.57	**428.70**	**216.27**	**142.38**	**175.06**	**196.10**
Profit before depreciation and taxes	**208.84**	**433.64**	**261.25**	**124.03**	**40.86**	**9.04**
Depreciation	18.15	25.75	18.88	12.24	7.43	1.87
Profit before taxes	**190.69**	**407.89**	**242.37**	**111.79**	**33.43**	**7.17**
Provision for taxes						
- Current Income Tax	22.06	-	-	-	0.17	0.31
- Deferred Income Tax	2.39	-	-	(0.44)	0.40	0.04
- Fringe Benefit Tax	1.53	2.70	1.93	-	-	-
	25.98	**2.70**	**1.93**	**(0.44)**	**0.57**	**0.35**
Profit after tax	**164.71**	**405.19**	**240.44**	**112.23**	**32.86**	**6.82**
Balance brought forward from previous year	205.57	72.27	41.55	1.73	7.91	1.09
	370.28	**477.46**	**281.99**	**113.96**	**40.77**	**7.91**
Less :- Appropriation						
Adjustment in Opening Reserves	-	0.99	-	-	-	-
Interim Dividend	107.59	202.50	75.94	54.00	1.50	-
Tax on Interim Dividend	18.29	28.40	10.65	7.06	-	-
Proposed Dividend (Final)	-	-	86.06	-	30.00	-
Provision for Tax on Proposed Dividend	-	-	12.07	-	4.04	-
Transfer to General Reserve	162.99	40.00	25.00	11.35	3.50	-
	288.87	**271.89**	**209.72**	**72.41**	**39.04**	**-**
Balance Carried to Balance Sheet	**81.41**	**205.57**	**72.27**	**41.55**	**1.73**	**7.91**

THE ISSUE

Public Issue	[•] Equity Shares of Rs. 10 each at a premium of Rs [•] aggregating to Rs. 1,010 million
Of which	
Fresh Issue:	[•] Equity Shares of Rs. 10 each at a premium of Rs [•] aggregating to Rs. [•] million
Offer for sale:	890,000 Equity Shares of Rs. 10 each at a premium of Rs [•] aggregating to Rs. [•] million
Of which	
A) Qualified Institutional Buyers (QIB) portion	[•] Equity Shares aggregating to at least Rs. 606 million ***(Allocation on a proportionate basis)***
Of which	
Available for allocation to Mutual Funds only	[•] Equity Shares aggregating to at least Rs. 30.3 million ***(Allocation on a proportionate basis)***
Balance for all QIBs including Mutual Funds	[•] Equity Shares aggregating to at least Rs. 575.7 million ***(Allocation on a proportionate basis)***
B) Non-Institutional Portion	[•] Equity Shares aggregating up to Rs. 101 million ***(Allocation on a proportionate basis)***
C) Retail Portion	[•] Equity Shares aggregating up to Rs. 303 million ***(Allocation on a proportionate basis)***
Equity Shares outstanding prior to the Issue	16,552,500 Equity Shares
Equity Shares outstanding after the Issue	[•] Equity Shares
Use of Issue Proceeds	See the section titled "Objects of the Issue" beginning on page22. An amount of Rs. [•] million will be received by the Selling Shareholders on account of the Offer for Sale.

GENERAL INFORMATION

Our Company was originally incorporated on March 24, 2000 as eClerx Services Private Limited under the Companies Act, 1956. Our Company was converted to a public limited company and the name was changed to eClerx Services Limited, pursuant to resolutions of the shareholders passed in the AGM held on August 1, 2007. The Registrar of Companies, Mumbai issued a fresh certificate of incorporation consequent to the conversion on August 28, 2007.

Registered and Corporate office of our Company
eClerx Services Limited
Sonawalla Building,
First Floor, 29 Bank Street,
Fort, Mumbai 400 023, India.
Telephone: + 91 22 4094 1000
Facsimile: +91 22 4094 1212
Email: eclerx.ipo@eclerx.com,
Website: www.eclerx.com

Registration Number: 125319

Company Identification Number: U72200MH2000PLC125319

Address of Registrar of Companies

The Registrar of Companies, Mumbai
100, Everest, Marine Drive, Mumbai 400 002, India.

Board of Directors

The following persons constitute our Board of Directors:

Name, Designation, Occupation	Age	Address
Mr. V.K. Mundhra Chairman Non Executive Director Non Independent Director *Business Executive*	63	15, Narayan Dhabolkar Road, Shri Om Sadan, Napean Sea Road, Mumbai 400 006, India.
Mr. P. D. Mundhra Whole Time Director Non Independent Director *Business Executive*	34	15, Narayan Dhabolkar Road, Shri Om Sadan, Napean Sea Road, Mumbai 400 006, India.
Mr. Anjan Malik Non Executive Director Non Independent Director *Business Executive*	37	8, Bramham Gardens, London, SW5 0JQ, U.K.
Mr. Pradeep Kapoor Non Executive Director Independent Director *Business Executive*	62	2C, Jeevan Jyot Building, Setalvad Lane, Off Napean Sea Road, Mumbai 400 006, India.
Mr. Anish Ghoshal Non Executive Director Independent Director *Professional*	42	402, Rocky Hill, Rizvi Complex, Shirley Rajan Road, Bandra (West), Mumbai 400 050, India.
Mr. Vikram Limaye Non Executive Director Independent Director *Company Executive*	40	18, Shreenivas, 5th floor, D.V. Deshpande Marg, Shivaji Park, Dadar (West) Mumbai 400028, India.
Mr. Jimmy Bilimoria Non Executive Director Independent Director *Company Executive*	60	5, Battery House, 74, Bhulabhai Desai Road, Mumbai 400026, India

For further details of our Directors, see the section titled "Our Management" beginning on page 49.

Company Secretary and Compliance Officer

Ms. Shweta Bansal
eClerx Services Limited,
Sonawalla Building, First Floor,
29 Bank Street, Fort,
Mumbai 400 023, Maharashtra, India.
Telephone: + 91 22 4094 1000
Facsimile: +91 22 4094 1212

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

Book Running Lead Managers

JM Financial Consultants Private Limited	**Edelweiss Capital Limited**
141, Maker Chambers III, Nariman Point, Mumbai 400 021, India. SEBI Reg. No. : INM000010361 Telephone: +91 22 6630 3030 Facsimile: +91 22 2204 7185 Email: eclerx.ipo@jmfinancial.in Website: www.jmfinancial.in Contact Person: Ms. Poonam Karande	14th Floor, Express Towers, Nariman Point, Mumbai 400 021, India. SEBI Reg. No. : INM000010650 Telephone : +91 22 2286 4400 Facsimile: +91 22 2288 2119 Email: eclerx.ipo@edelcap.com Website: www.edelcap.com Contact Person: Mr. Pallav Shah

Syndicate Members

JM FINANCIAL SERVICES PRIVATE LIMITED	**EDELWEISS SECURITIES LIMITED**
Apeejay House, 3 Dinshaw Vachha Road, Churchgate, Mumbai 400 020, India SEBI Reg. No. : INB011054831 Tel: +91 22 6704 3184 Fax: +91 22 6654 1511 Email: eclerx.ipo@jmfinancial.in Website: www.jmfinancial.in Contact Person: Deepak Vaidya / T. N. Kumar	Office No. 303, 3rd Floor, Mayank Plaza, Opp. Green Park, Ameerpet, Hyderabad 500 016, India SEBI Reg. No. : INB231193310 (for NSE) INB011193332 (for BSE) Telephone: +91 22 2286 4400 Facsimile: +91 22 4097 9292 Email: eClerx.ipo@edelcap.com Website: www.edelcap.com Contact Person: Mr. Devang Ashar

Domestic Legal Counsel to the Issue

Luthra & Luthra Law Offices

103, Ashoka Estate,
Barakhamba Road,
New Delhi 110 001, India.
Telephone: +91 11 4121 5100
Facsimile: +91 11 2372 3909

Registrar to the Issue

Karvy Computershare Private Limited

Plot No. 17 to 24,
Vithalrao Nagar, Madhapur,
Hyderabad 500 081, India
SEBI Reg. No. : INR000000221
Telephone: +91 40 23420815-820
Facsimile: +91 40 2342 0814
Email: eclerxipo@karvy.com
Website: www.karvy.com
Contact Person: Mr. Murali Krishna

Bankers to the Issue and Escrow Collection Banks

ICICI Bank Limited Capital Markets Division, 30, Mumbai Samachar Marg, Fort, Mumbai 400 001, India. Telephone: +91 22 2262 7600 Facsimile: +91 22 2261 1138 Email: sidhartha.routray@icicibank.com SEBI Registration No.: INBI 0000 0004	**HDFC Bank Limited** 26A, Narayanan Properties, Chandivali Farm Road, Saki Naka, Andheri (E), Mumbai, 400 072, India Telephone: +91 22 2856 9009 Facsimile: +91 22 2856 9256 Email: deepak.rane@hdfcbank.com SEBI Registration No.: INBI00000063
Citibank N.A. Fort House, 4th floor, Unit 1, Dr. D.N Road, Fort, Mumbai 400 001, India. Telephone: +91 22 4000 5852 Facsimile: +91 22 4000 5791 Email: manish.khaitan@citi.com SEBI Registration No.: INBI00000037	**BNP Paribas** 1 Forbes, 6th floor, 1 , V.B.Gandhi Marg, Mumbai 400 023, India Telephone: +91 22 6618 2650 Facsimile: +91 22 6618 2643 Email: amar.kampani@asia.bnpparibas.com sunil.dsouza@asia.bnpparibas.com SEBI Registration No.: INBI00000893

Bankers to the Company

Bank of India Sadhana Reyon House, Dr. D.N Road, Mumbai 400 001, India. Telephone: +91 22 2261 4878 Facsimile: +91 22 2270 4461 Email: boidnroadbr@vsnl.net	**Kotak Mahindra Bank Limited** Ground Floor, Botawala Chambers, 2, Sir P.M Road, Fort, Mumbai 400 001, India Telephone: +91 22 22630376 Facsimile: +91 22 22630381 Email: sanjiv.mishra@kotak.com
Citibank N.A. Fort House, 4th floor, Unit 1, Dr. D.N Road, Fort, Mumbai 400 001, India. Telephone: +91- 22- 4000 5852 Facsimile: +91- 22- 4000 5791 Email: manish.khaitan@citi.com	**HSBC Bank Limited** India Area Management Office 52/ 60 M.G Road, Mumbai 400 001, India Telephone: +91 22 4042 2424 Facsimile: +91- 22- 22658312 Email: info@hsbc.co.in

Statutory Auditors

Walker, Chandiok & Co.

Engineering Centre, 6th Floor,
9, Matthew Road,
Opera House,
Mumbai 400004, India.
Telephone: +91 22 6626 2671
Facsimile: +91 22 2367 1624
Website: www.g-t.com
Contact Person: Mr. Hiren Shah

IPO Grading

CRISIL Limited

1061, Solitaire Corporate Park,
151 Andheri Kurla Road,
Andheri (E),
Mumbai 400093, India.
Telephone: +91 22 6758 8023
Facsimile: +91 22 6758 8088
Website: www.crisil.com
Contact Person: Mr. Vishal Thakkar
Email: tvishal@crisil.com

This Issue has been graded by CRISIL Limited and has been assigned the "IPO Grade 3/5"indicating average fundamentals, through its letter dated October 29, 2007. The IPO grading is assigned on a five point scale from 1 to 5 with an "IPO Grade 5" indicating strong fundamentals and an "IPO Grade 1" indicating poor fundamentals. A copy of the report provided by CRISIL Limited, furnishing the rationale for its grading is available for inspection at our Registered Office from 10.00 am to 4.00 pm on Working Days from the date of this Red Herring Prospectus until the Bid/Issue Closing Date.

Credit Rating

As the Issue is of equity shares, credit rating is not required.

Trustees

As the Issue is of equity shares, the appointment of trustees is not required.

Project Appraisal

None of the objects of the Issue have been appraised.

Monitoring Agency

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

Inter se allocation of Responsibilities between the Book Running Lead Managers

The responsibilities and co-ordination for various activities in this Issue are as under:

Activities	Responsibility	Co-ordinator
Capital structuring with relative components and formalities	Edelweiss Capital, JM Financial	JM Financial
Due diligence of Company's operations/ management/ business plans/ legal etc.	Edelweiss Capital, JM Financial	JM Financial
Drafting and design of Draft Red Herring Prospectus including memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and RoC filing		
Drafting and approval of all statutory advertisements	Edelweiss Capital, JM Financial	JM Financial
Drafting and approval of all publicity material other than statutory advertisements including corporate advertisements, brochures, etc.	Edelweiss Capital, JM Financial	Edelweiss Capital
Appointment of other Intermediaries: Printers, Registrar, Advertising Agency and Banker to the Issue	Edelweiss Capital, JM Financial	Edelweiss Capital
Institutional marketing strategy covering finalizing the list and division of investors for one on one meetings and institutional allocation including roadshow presentation	Edelweiss Capital, JM Financial	Edelweiss Capital

Activities	Responsibility	Co-ordinator
Retail/Non-institutional marketing strategy which will cover, *inter alia*, • Finalize media, marketing and public relation strategy, • Finalize centers for holding conferences for brokers, etc. • Finalize collection centers, • Follow-up on distribution of publicity and Issue material including form, Prospectus and deciding on the quantum of the Issue material	Edelweiss Capital, JM Financial	JM Financial
Managing the Book, coordination with Stock Exchanges	Edelweiss Capital, JM Financial	Edelweiss Capital
Pricing and allocation to QIB Bidders	Edelweiss Capital, JM Financial	Edelweiss Capital
Post bidding activities including management of Escrow Accounts, co-ordinate non-institutional allocation, intimation of allocation and dispatch of refunds to Bidders, etc.The post issue activities of the Issue will involve essential follow up steps, which include finalization of trading and dealing instruments and dispatch of certificates and demat delivery of shares, with the various agencies connected with the work such as Registrars to the Issue, Banker to the Issue and the bank handling refund business. The BRLMs shall be responsible for ensuring that these agencies fulfill their functions and enable them to discharge this responsibility through suitable agreements with the issuer.	Edelweiss Capital, JM Financial	Edelweiss Capital

Book Building Process

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

The principal parties involved in the Book Building Process are:

1. The Company;
2. The Selling Shareholders;
3. BRLMs;
4. Syndicate Members who are intermediaries registered with SEBI or registered as brokers with NSE/BSE and eligible to act as underwriters. Syndicate Members are appointed by the Managers; and
5. Registrar to the Issue.

In terms of Rule 19(2)(b) of the SCRR, the Issue is being made through the 100% Book Building Process, wherein at least 60% of Issue shall be Allotted on a proportionate basis to QIBs. Of the QIB Portion, 5% would be available for allocation to Mutual Funds. If at least 60% of the Issue cannot be Allotted to QIBs, then the entire application money will be refunded herewith. Further, up to 10% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 30% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

QIBs are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date. In addition, QIBs are required to pay 10% margin amount upon submission of their Bid and allocation to QIBs shall be on a proportionate basis. For further details please refer to the section titled “Issue Procedure” on page 176.

Our Company and the Selling Shareholders shall comply with guidelines issued by SEBI for this Issue. In this regard, our Company and the Selling Shareholders have appointed JM Financial and Edelweiss Capital as the Book Running Lead Managers to manage the Issue and to procure subscription to the Issue.

Withdrawal of the Issue

Our Company and the Selling Shareholders in consultation with the BRLMs reserves the right not to proceed with the Issue at any time including after the Bid/Issue Opening Date, without assigning any reason therefor. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which the Company shall apply for after Allotment and (ii) the final RoC approval of the Prospectus after it is filed with the RoC. In terms of the SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

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 this Issue)*

Bidders can bid at any price within the price band. For instance, assume a price band of Rs. 40 to Rs. 48 per share, issue size of 6,000 equity shares and receipt of nine bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the website of the NSE (www.nseindia.com) and BSE (www.bseindia.com). The illustrative book as shown below shows the demand for the shares of the company at various prices and is collated from bids from various investors.

Number of equity shares bid for	Bid Price(Rs.)	Cumulative equity shares Bid	Subscription
500	48	500	8.33%
700	47	1,200	20.00%
1,000	46	2,200	36.67%
400	45	2,600	43.33%
500	44	3,100	51.67%
200	43	3,300	55.00%
2,800	42	6,100	101.67%
800	41	6,900	115.00%
1,200	40	8,100	135.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue at which the selling shareholders are able to transfer the desired quantum of shares is the price at which the book cuts off, i.e. Rs. 42 in the above example. The issuer, in consultation with the BRLMs will finalise the issue price at or below such cut off price, i.e. at or below Rs. 42. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

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

Steps to be taken for bidding:

(1) Check eligibility for making a Bid (see section titled "Issue Procedure" on page 176).

(2) Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form.

(3) If your Bid is for Rs. 50,000 or more, ensure that the Bid cum Application Form is accompanied by the Permanent Account Number or by Form 60 or Form 61, as may be applicable, together with necessary documents providing proof of address. For details, see the section "Issue Procedure" of this Red Herring Prospectus.]

(4) 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 Programme

Bidding Period/Issue Period

BID/ISSUE OPENS ON	**TUESDAY, DECEMBER 04, 2007**
BID/ISSUE CLOSES ON	**FRIDAY, DECEMBER 07, 2007**

Bids and any revision in Bids shall be accepted only between 10.00 a.m and 3.00 p.m. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid cum Application Form except that on the Bid/Issue Closing Date, Bids shall be accepted only between 10.00 a.m and 3.00 p.m (Indian Standard Time) and uploaded till

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

Our Company and the Selling Shareholders reserve the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI Guidelines provided that the Cap Price is less than or equal to 120% of the Floor Price. The Floor Price can be revised up or down to a maximum of 20% of the Floor Price advertised at least one day before the Bid /Issue Opening Date.

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

Underwriting Agreement

After the determination of the Issue Price and allocation of our Equity Shares but prior to filing of the Prospectus with RoC, our Company and the Selling Shareholders will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions precedent to closing, as specified therein.

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 RoC)

Name and Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. in million)
JM Financial Consultants Private Limited 141, Maker Chambers III, Nariman Point, Mumbai 400 021, India	[•]	[•]
Edelweiss Capital Limited 14th Floor, Express Towers, Nariman Point, Mumbai 400 021, India	[•]	[•]
JM Financial Services Private Limited Apeejay House, 3 Dinshaw Vachha Road, Churchgate, Mumbai 400 020, India	[•]	[•]
Edelweiss Securities Limited Office No. 303, 3rd Floor, Mayank Plaza, Opp. Green Park, Ameerpet, Hyderabad 500 016, India	[•]	[•]

The above mentioned amount is provided for indicative purposes only and will be finalized after determination of Issue Price and actual allocation of the Equity Shares. The Underwriting Agreement is dated **[•]**.

In the opinion of the Board of Directors (based on certificates given to them by the Underwriters), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the stock exchanges. The above Underwriting Agreement has been accepted by the Board of Directors and our 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 the 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

The share capital of our Company as of the date of this Red Herring Prospectus is set forth below:

In Rs. million (except share data)

		Aggregate nominal value	Aggregate value at Issue Price
A)	**AUTHORISED SHARE CAPITAL**		
	*20,000,000 Equity Shares	200.00	
B)	**ISSUED SUBSCRIBED AND PAID UP CAPITAL PRIOR TO THE ISSUE**		
	16,552,500 Equity Shares	165.52	
C)	**PRESENT ISSUE IN TERMS OF THIS RED HERRING PROSPECTUS**:		
	a) Fresh Issue of [•] Equity Shares @	[•]	[•]
	b) Offer for Sale of 890,000 Equity Shares #	8.90	[•]
	Net Issue to Public of [•] Equity Shares	[•]	1,010.00
	Of which:		[•]
	QIB Portion of at least [•] Equity Shares *of which* Reservation for Mutual Funds is [•] Equity Shares	[•]	606.00
	Non Institutional Portion of [•] Equity Shares	[•]	101.00
	Retail Portion of [•] Equity Shares	[•]	303.00
D)	**ISSUED, SUBSCRIBED AND PAID UP CAPITAL POST THE ISSUE**		
	[•] Equity Shares	[•]	[•]
E)	**SHARE PREMIUM ACCOUNT**		
	Prior to the Issue	78.44	
	Post Issue	[•]	

* The authorised share capital of the Company was increased from Rs. 11,000,000 divided into 1,100,000 shares of Rs. 10 each to Rs. 200,000,000 divided into 20,000,000 Equity Shares of Rs. 10 each through a resolution passed by the shareholders of the Company on August 6, 2007.

@ The Fresh Issue has been authorized pursuant to the resolution of our Board dated August 30, 2007 and by a special resolution passed pursuant to shareholders resolutions Section 81 (1A) of the Companies Act, at the extra-ordinary general meeting of our shareholders of our Company held on August 31, 2007.

\# The Equity Shares offered through the Offer for Sale has been authorized by the Selling Shareholders pursuant to their letters dated August 31, 2007.

All Equity Shares issued by our Company are fully paid-up.

The Selling Shareholders are together offering 890,000 Equity Shares of Rs. [•] million in the following manner:

(Rs. in millions except share data)

Selling Shareholders	Equity Shares	Aggregate value at Issue Price
Mr. PD Mundhra	356,000	[•]
Mr. Anjan Malik	356,000	[•]
Burwood Ventures Limited	178,000	[•]
Total	**890,000**	[•]

The above shares have been held by the Selling Shareholders for a period of at least one year as on the date of filing the Red Herring Prospectus with SEBI and hence are eligible for being offered for sale in the Issue.

Notes to the Capital Structure

1. Share Capital History

Date of Allotment	Number of Equity Shares	Issue Price per Equity Share (in Rs.)	Face Value per Equity Share	Consideration (cash or other than cash)	Reasons for allotment	Share premium (in Rs.)	Cumulative Share Capital (in Rs)
March 24, 2000	10	10	10	Cash	Initial allotment to Mr. V. K. Mundhra on subscription to the Memorandum.	Nil	100
March 24, 2000	10	10	10	Cash	Initial allotment to Mr. P. D. Mundhra on subscription to the Memorandum.	Nil	200
May 30 , 2000	4,980	10	10	Cash	Further issue to Mr. P. D. Mundhra	Nil	50,000
May 30, 2000	5,000	10	10	Cash	Further issue to Mr. Anjan Malik	Nil	100,000
March 16, 2005	2,500	3,120	10	Cash	Further issue to Burwood Ventures Limited	7,775,000	125,000
July 29, 2005	387,500	10	10	Bonus shares	Bonus Issue	Nil	4,000,000
September 16 , 2005	612,500	10	10	Bonus Shares	Bonus Issue	Nil	10,125,000
July 16, 2007	30,375	1,275.88	10	Cash	Further issue to LB India Holdings Mauritius II Limited	38,451,105	10,428,750
August 11, 2007	30,375	670	10	Cash	Further issue to Dell Products LP	20,047,500	10,732,500
August 31, 2007	30,250	669.23	10	Cash	Further issue to Burwood Ventures Limited	19,941,707.50	11,035,000
August 31, 2007	15,449,000	10	10	Bonus Shares	Bonus Issue	Nil	165,525,000

Other than as mentioned in the table above, we have not made any issue of Equity Shares during the preceding one year.

The issues of bonus Equity Shares have been made by way of capitalization of general reserves/profit and loss account/ share premium.

Date of allotment of Bonus Shares	Ratio of the Bonus Issue	Number of Equity Shares issued as Bonus Shares	Face Value of Shares	Amount of reserves/ profit and loss account capitalized*
July 29, 2005	31:1	387,500	Rs. 10	Rs. 3,875,000
September 16, 2005	49:32	612,500	Rs. 10	Rs. 6,125,000
August 31, 2007	14:1	15,449,000	Rs. 10	Rs. 154,490,000

**Capitalised Rs. 7,775,000 of share premium pertaining to March 16, 2005 allotment*

2. Shareholding of the Promoters and Promoter Group and Lock-in

a. Build up of Promoters' share capital in Our Company, Promoters' contribution and Promoters' lock in:

Mr. P. D. Mundhra and Mr. Anjan Malik, our Promoters have by a written undertaking dated September 6, 2007 consented to have such number of Equity Shares, held by them to be considered as promoters' contribution and locked-in, which should constitute 20% of the post-Issue Equity Share capital of the Company for a period of three years from the date of Allotment ("**Promoters' Contribution**"). The number of such Equity Shares will be calculated post Allotment pursuant to the Issue and locked in accordingly.

Details of the build-up of the shareholding of our Promoters:

Name of the Promoters	Date of allotment/ acquisition/ sale	No. of Equity Shares*	Acquisition/ Sale Price per Equity Share (Rs.)**	Nature of Consideration	Nature of Transaction
Mr. P. D. Mundhra	March 24, 2000	10	10	Cash	Subscription
	May 30, 2000	4,980	10	Cash	Subscription
	July 29, 2005	154,690	Nil	Bonus	Bonus
	September 16 , 2005	244,510	Nil	Bonus	Bonus
	June 20, 2007	(625)	Nil	Gift	Gift to Mr. V.K Mundhra
	June 20, 2007	(625)	Nil	Gift	Gift to Ms. Chandrika Tapuriah
	June 20, 2007	(625)	Nil	Gift	Gift to Ms. Supriya Modi
	June 20, 2007	(10)	Nil	Gift	Gift to Ms. Shweta Mundhra
	August 31, 2007	5,632,270	Nil	Bonus	Bonus
	Total	**6,034,575**			
Mr. Anjan Malik	May 30, 2000	5,000	10	Cash	Subscription
	July 29 , 2005	155,000	Nil	Bonus	Bonus
	September 16, 2005	245,000	Nil	Bonus	Bonus
	August 11, 2007	(1250)	Nil	Gift	Gift to Mr. Pawan Malik
	August 11, 2007	(625)	Nil	Gift	Gift to Mr. Tariq Querishi
	August 11, 2007	(625)	Nil	Gift	Gift to Mr. Juilan Dyson
	August 31, 2007	5,635,000	Nil	Bonus	Bonus
	Total	**6,037,500**			

* *The Equity Shares were fully paid up at the time of allotment. Hence, the date of them being made fully paid up is the same as the date of allotment.*

** *The cost of acquisition includes the stamp duty paid.*

Details of the build-up of the shareholding of our Promoter Group:

Name of the Promoters	Date of allotment/ acquisition/ sale	No. of Equity Shares*	Acquisition/ Sale Price per Equity Share (Rs.)**	Nature of Consideration	Nature of Transaction
Mr. V. K. Mundhra	April 04, 2000	10	10	Cash	Subscription
	July 29, 2005	310	Nil	Bonus	Bonus
	September 16, 2005	490	Nil	Bonus	Bonus
	June 20, 2007	625	Nil	Gift	Gift from Mr. P. D Mundhra
	August 31, 2007	20,090	Nil	Bonus	Bonus
	Total	**21,525**			
Mr. Pawan Malik	August 11, 2007	1250	Nil	Gift	Gift from Mr. Anjan Malik
	August 31, 2007	17,500	Nil	Bonus	Bonus
	Total	**18,750**			
Ms. Supriya Modi	June 20, 2007	625	Nil	Gift	Gift from Mr. P.D Mundhra
	August 31, 2007	8750	Nil	Bonus	Bonus
	Total	**9,375**			
Ms. Shweta Mundhra	June 20, 2007	10	Nil	Gift	Gift from Mr. P.D Mundhra
	August 31, 2007	140	Nil	Bonus	Bonus
	Total	**150**			
	Total	**49,800**			

* *The Equity Shares were fully paid up at the time of allotment. Hence, the date of them being made fully paid up is the same as the date of allotment.*

** *The cost of acquisition includes the stamp duty paid.*

Details of Promoters' Contribution and Lock-in:

Name of the Promoter	Date of Acquisition/ Transfer	Nature of Consideration	No. of Equity Shares	Face Value (Rs.)	Issue (Rs.)	Cumulative shareholding	Percentage of Pre Issue Capital	Percentage of Post Issue Capital
Mr. P. D. Mundhra*	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]
Mr. Anjan Malik*	[•]	[•]	[•]	[•]	[•]	[•]	[•]	[•]

* The Equity Shares held by our Promoters, Mr. P.D. Mundhra and Mr. Anjan Malik, are in the dematerialized form

[This will be finalized after the Issue Price and the numbers of Equity Shares to be issued are finalized in the Prospectus]

The Equity Shares, which are being included for computation of the Promoters' Contribution, are not ineligible for such purpose under Clause 4.6 of the SEBI Guidelines.

The Promoters' Contribution has been brought in to the extent of not less than the specified minimum lot and from the persons defined as "Promoters" under Explanation I of Clause 6.8.3.2 of the SEBI Guidelines.

The Promoters have vide their undertaking dated September 6, 2007 agreed not to sell/transfer/pledge/or dispose of in any manner, Equity Shares forming part of the Promoters' contribution from the date of filing of this Red Herring Prospectus till the date of commencement of lock-in as per the SEBI Guidelines.

The Equity Shares proposed to be included as part of the minimum Promoters' Contribution are arising out of bonus shares issued to the Promoters out of share premium and free reserves of the Company.

Details of share capital locked-in for one year

In addition to the lock-in of the Equity Shares under the Promoters' Contribution, the entire pre-Issue Equity Share capital of our Company (except those Equity Shares which are transferred under the Offer for Sale) constituting [•] Equity Shares will be locked in for a period of one year from the date of Allotment.

Other requirements in respect of lock-in

In terms of Clause 4.15 of the SEBI Guidelines, the locked-in Equity Shares held by the Promoters can 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, the Equity Shares under the Promoters' Contribution 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 instant/present Issue.

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

Further, in terms of Clause 4.16.1(b) of the SEBI Guidelines, the Equity Shares held by the Promoter may be transferred to and amongst the Promoter group or to a new promoter or persons in control of the Company, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

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

3. Shareholding pattern of our Company

The table below represents the shareholding pattern of our Company

Name of Shareholder	Number of Equity Shares held prior to the Issue	Pre-Issue percentage of Equity Share Capital (%)*	Number of Equity Shares held post the Issue	Post-Issue percentage of Equity Share Capital (%)
A. Promoters				
Mr. P. D. Mundhra	6,034,575	36.46	5,678,575	[•]
Mr. Anjan Malik	6,037,500	36.47	5,681,500	[•]
Sub Total (A)	**12,072,075**	**72.93**	**11,360,075**	**[•]**
B. Promoter Group				
Mr. V. K. Mundhra	21,525	0.13	21,525	[•]
Mr. Pawan Malik	18,750	0.11	18,750	[•]
Ms. Supriya Modi	9,375	0.06	9,375	[•]
Ms. Shweta Mundhra	150	0.00	150	[•]
Sub Total (B)	**49,800**	**0.30**	**49,800**	**[•]**
C. Other shareholders/investors				
Burwood Ventures Limited	3,491,250	21.09	3,313,250	[•]
LB India Holdings Mauritius II Limited	455,625	2.75	455,625	[•]
Dell Products LP	455,625	2.75	455,625	[•]
Ms. Chandrika Tapuriah	9,375	0.06	9,375	[•]
Mr. Tariq Querishi	9,375	0.06	9,375	[•]
Mr. Julian Dyson	9,375	0.06	9,375	[•]
Public	-	-	[•]	[•]
Sub Total (C)	**4,430,625**	**26.77**	**4,252,625**	**[•]**
Total (A+B+C)	**16,552,500**	**100.00**	[•]	[•]

* *This is based on the assumption that such shareholders shall continue to hold the same number of Equity Shares after the Issue. This does not include any Equity Shares that such shareholders (excluding Promoters and Promoter Group) may subscribe for and be allotted in the Issue.*

** *Our Directors excluding Promoters do not hold any shares in our Company*

4. Top ten shareholders

The list of the top 10 shareholders of our Company and the number of Equity Shares held by them is provided below:

(a) Our top 10 shareholders and the number of Equity Shares held by them as on the date of filing this Red Herring Prospectus are as follows:

Sl.No.	Shareholder	Equity shares held prior to Issue
1.	Mr. Anjan Malik	6,037,500
2.	Mr. P. D. Mundhra	6,034,575
3.	Burwood Ventures Limited	3,491,250
4.	LB India Holdings Mauritius II Limited	455,625
5.	Dell Products LP	455,625
6.	Mr. V. K. Mundhra	21,525
7.	Mr. Pawan Malik	18,750
8.	Ms. Supriya Modi*	9,375
9.	Ms. Chandrika Tapuriah*	9,375
10.	Mr. Juilan Dyson*	9,375
11.	Mr. Tariq Querishi*	9,375

* All these shareholders had 9,375 Equity Shares as on the date of filing this Red Herring Prospectus.

(b) Our top 10 shareholders and the number of Equity Shares held by them 10 days prior to filing of this Red Herring Prospectus are as follows:

Sl.No.	Shareholder	Equity shares held prior to Issue
1.	Mr. Anjan Malik	6,037,500
2.	Mr. P. D. Mundhra	6,034,575
3.	Burwood Ventures Limited	3,491,250
4.	LB India Holdings Mauritius II Limited	455,625
5.	Dell Products LP	455,625
6.	Mr. V. K. Mundhra	21,525
7.	Mr. Pawan Mailk	18,750
8.	Ms. Supriya Modi*	9,375
9.	Ms. Chandrika Tapuriah*	9,375
10.	Mr. Julan Dyson*	9,375
11.	Mr. Tariq Querishi*	9,375

* All these shareholders had 9,375 Equity Shares 10 days prior to the date of filing this Red Herring Prospectus.

(c) We had only four shareholders as of two years prior to filing this Red Herring Prospectus and the number of Equity Shares held by them were as follows:

Sl.No.	Shareholder	Equity shares held prior to issue
1.	Mr. Anjan Malik	160,000
2.	Mr. P. D. Mundhra	159,968
3.	Burwood Ventures Limited	80,000
4.	Mr. V. K. Mundhra	32
	Total	**400,000**

5. Our Company, Promoters, Directors and the BRLMs have not entered into any buy-back and/or standby arrangements for the purchase of Equity Shares of our Company from any person.

6. Our Promoters, Directors of our Promoters, Directors and BRLMs have not purchased or sold any Equity Shares in the six months preceding the date of filing of this Red Herring Prospectus with SEBI, other than as disclosed below:

Transferor	Transferee	Number of Equity Shares	Date of transfer	Price per Equity Share (Rs.)	Nature of Transaction
Mr. P. D. Mundhra	Mr. V.K Mundhra	625	June 20, 2007	N.A.	Transfer by way of gift
	Ms. Chandrika Tapuriah	625	June 20, 2007	N.A.	Transfer by way of gift
	Ms. Supriya Modi	625	June 20, 2007	N.A.	Transfer by way of gift
	Ms. Shweta Mundhra	10	June 20, 2007	N.A.	Transfer by way of gift
Mr. Anjan Malik	Mr. Pawan Malik	1250	August 11, 2007	N.A.	Transfer by way of gift
	Mr. Tariq Qureshi	625	August 11, 2007	N.A.	Transfer by way of gift
	Mr. Julian Dyson	625	August 11, 2007	N.A.	Transfer by way of gift

7. ESOP Scheme:

We had adopted the ESOP Scheme for the benefit of our employees. The grant of options under the ESOP Scheme was approved pursuant by a special resolution passed by our shareholders at the EGM held on November 16, 2005.

Details of the ESOP Scheme are as follows:

Particulars	Details		
Options granted and exercise price of options	**Period**	**Number of options granted**	**Exercise Price/Equity Share**
	Fiscal 2006	8,750	10
	Fiscal 2007	300	10
		9,650	1,300
	Between Fiscal 2007	20,925	2,400
	to August 31, 2007	2,750	1,300
		1,000	10
		556,150	*
Total number of options granted			599,525
Total options vested (includes options exercised)			Nil
Options exercised			Nil
Options forfeited/ lapsed/ cancelled			3,650
Total number of Equity Shares arising as a result of full exercise of options already granted			Nil
Variations in terms of options			Nil
Money realised by exercise of options			Nil
Options outstanding (in force)			595,875
Pricing Formula	As decided by the Board of Directors		
Person wise details of options granted to			
i) Directors and key managerial employees**	As mentioned below**		
ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	**Fiscal 2006**: Mr. Nilesh Patel, Mr. Ritesh Pothan, Mr. Neville Bharucha, Mr. Sunil Malkani, Mr. Rajeev Bhattacharya **Fiscal 2007**: Mr. Ritesh Pothan, Mr. Neville Bharucha , Mr. Sunil Malkani, Mr. Suneer Kotian, Mr. Venu Atmakur, Mr. Anees Merchant Mr. Gokul Perumal, Mr. Rajeev Bhattacharya, Mr. Prateek Bharadwaj, Mr. Mukesh Mall **Between Fiscal 2007 to October 31, 2007**: Nil		
iii) Identified employees who are granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil		
Fully diluted EPS (unconsolidated) on a pre-Issue basis for as on September 30, 2007	Rs. 9.90		
Difference, if any, between employee compensation cost (calculated using the intrinsic value of stock option) and the employee compensation cost (calculated on the basis of fair value of options)	Not Applicable (since intrinsic value is calculated based on market price and since the Equity Shares are not quoted, the employee compensation cost is calculated based on fair value)		

Weighted average exercise price either equals or exceeds or is less than the market value of the stock	Not Applicable
Weighted average fair values of options whose exercise price equals or is less than the market value of the stock	Not Applicable
Diluted EPS pursuant to issue of Equity Shares on exercise of options	Not Applicable
Impact on the profits and EPS if the Issuer had followed the accounting policies specified in Clause 13 of the ESOP Guidelines	The Company follows the accounting policies as mentioned in Clause 13 of ESOP Guidelines for calculation of its profits and EPS.
Vesting schedule	April 1 through April 10 for Fiscal 2008, 2009 and 2010
Lock-in	Nil as none of the options has been exercised as on the date of filing this Red herring prospectus.
Impact on profits and EPS of the last three years	Fiscal 2007 Basic- Rs. 26.68 Diluted- Rs. 26.49 Fiscal 2006 Basic-Rs. 15.83 Diluted-Rs. 15.70 Fiscal 2005 Basic and diluted – Rs. 7.39

* The ESOP Scheme provides that in the event the Company issues bonus shares on existing Equity Shares, then the conversion rights of the existing option holders under the ESOP Scheme would stand modified to the effect that the percentage of shareholding of the option holder in the Company, upon conversion of the options would not change even after the bonus issue. The ESOP Scheme allows for proportionate adjustment of the total number of options to be granted and the exercise price for such grants, to give the above effect.

**Details regarding options granted to our key managerial employees under ESOP Scheme are set forth below:

Name of key managerial personnel	No. of options granted	No. of options exercised	No. of options outstanding
Mr. Daniel Foarde	37,500	Nil	37,500
Mr. Hoshi Mistry	53,250	Nil	53,250
Mr. Kaushal Mahajan	38,250	Nil	38,250
Mr. Mahesh Muthu	56,250	Nil	56,250
Mr. Rohitash Gupta	38,250	Nil	38,250
Mr. Kishore Poduri	25,500	Nil	25,500

**Employees represent permanent employees of our Company and Subsidiaries as on October 31, 2007*

In case the Company calculates the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the stock options and the impact of this difference on profits and on EPS of the Company shall also be disclosed in the Directors report. The Company undertakes to conform to the accounting policies as specified in the Clause 13.1 of the ESOP Guidelines.

8. Our key management personnel who have been granted options pursuant to the ESOP Scheme have confirmed to our Company that they do not intend to sell any Equity Shares arising from such options for three months after the date of listing of the Equity Shares in this Issue. Other employees holding Equity Shares at the time of listing of Equity Shares and Equity Shares on exercise of vested options may sell Equity Shares within the three month period after the listing of the Equity Shares. This disclosure is made in accordance with paragraph 15.3 (b) and 15.3 (c) of the ESOP Guidelines.

9. At least 60% of the Issue, that is, [•] Equity Shares of Rs. 606 million shall be available for allocation on a proportionate basis to QIBs, 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. Up to 10% of the Issue, i.e. [•] Equity Shares of upto Rs. 101 million shall be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 30% of the Issue, that is [•] Equity Shares of upto Rs. 303 million 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.

10. Under-subscription, if any, in the Retail or Non Institutional Portion would be met with spill over from other categories or combination of categories at the discretion of our Company and the Selling Shareholders in consultation with the BRLMs.

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

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

13. As on the date of this Red Herring Prospectus, the total number of holders of Equity Shares are 12, excluding holders of options outstanding and employees of our Company to whom Equity Shares would be allotted from time to time upon exercise of their options.

14. Our Company has not raised any bridge loans against the Net Proceeds.

15. Our Company has not issued any Equity Shares out of revaluation reserves.

16. Other than the stock options granted under the ESOP Scheme as detailed in note 7 above, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into the Equity Shares.

17. The Equity Shares held by the Promoters are not subject to any pledge.

18. Any oversubscription to the extent of 10% of the Issue can be retained for the purpose of rounding off while finalising the basis of Allotment.

19. Our Promoters and members of our Promoter Group will not subscribe to or apply for Equity Shares in this Issue.

20. Our Company presently does not intend or propose to alter its capital structure for a period of six months from the Bid/ Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise, except that our Company may grant stock options to the employees as per the prevailing the ESOP Scheme and Allot further Equity Shares to our employees pursuant to exercise of options granted earlier under the ESOP Scheme.

21. The Equity Shares issued pursuant to the Issue shall be fully paid-up at the time of Allotment, failing which no Allotment shall be made.

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

OBJECTS OF THE ISSUE

The net proceeds of the Issue, after deducting expenses relating to the Issue, are estimated at Rs. [•] million ("**Net Proceeds**")

The intended objects of this Fresh Issue are (a) fund acquisitions; (b) infrastructure investments; (c) set up additional facilities and (d) general corporate purposes. In addition, we believe that the listing of our Equity Shares will enhance our brand name and create a public market for the Equity Shares.

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

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

Requirement of Funds

The following table summarizes the intended use and the schedule of utilization of the Net Proceeds:

Sl. No.	Particulars	Amount (Rs. in million)	Estimated schedule of deployment		
			Fiscal 2008	Fiscal 2009	Fiscal 2010
1	Acquisitions	220.00	-	-	220.00
2	Infrastructure investments	180.00	91.87	88.13	Nil
3	Setting up of additional facilities	100.00	-	-	100.00
4	General corporate purposes	[•]	-	-	-
	Total	[•]	-	-	-

The entire requirement of funds as of date, will be met though the proceeds of the Fresh Issue.

Details of the Objects

1. *Acquisitions*

As part of our growth strategy, we will continue to selectively consider acquisitions that would expand the scope of our existing services, add new clients or allow us to enter new geographic markets. We are currently exploring options for such acquisitions and strategic investment opportunities. We have recently acquired the Igentica Group, which introduced us to a client base of global corporations in the travel and hospitality industry, for further details on the acquisition refer to the section titled "History and Certain Corporate Matters-Recent Acquisition" beginning on page 61.

We intend to utilise Rs. 220 million of the Net Proceeds towards such acquisitions and strategic initiatives. As of the date of this Red Herring Prospectus, we have executed no outstanding definitive commitment for any acquisition, investment or joint venture. The above amount is based on the management's current estimates of the amounts to be utilised towards such activities. The actual deployment of funds would depend on a number of factors, including the timing of acquisitions, number of acquisitions and size of the target companies. The proceeds of the Issue allocated towards acquisitions may not be the total value of the acquisition, but may provide us with leverage to enter into binding agreements. Our Company proposes to utilise such part of the Net Proceeds allocated for acquisition purposes, by March 31, 2010. In the event that there is a shortfall of the funds required for the acquisitions then, such shortfall shall be met out of the amounts allocated for the general corporate purposes and /or through internal accruals and consequently in the event, there is any under utilization of funds allocated for acquisition, then such amount would be allocated for general corporate purposes.

2. *Infrastructure investments*

Currently, we have three delivery centres, which have an aggregate capacity of approximately 1,035 workstations, located in Mumbai, India. As part of our expansion plans, we intend to set up new facilities to support the increase in business from existing and new clients. We have entered into a memorandum of understanding with DLF Akruti Info Parks (Pune) Limited on May 31, 2007 for an area of approximately 74,944 square feet in Hinjewadi, Pune and a seating facility of approximately 900 workstations. The lease for the facility is for a period of five years beginning from October 16, 2007. We have deposited a sum of Rs. 7.2 million towards acquisition of the lease from our internal accruals. The first phase of this facility is expected to be operational in the last quarter of Fiscal 2008, with the remaining capacity being made available in Fiscal 2009. The estimated delivery date of this facility is December, 2007.

We intend to utilise Rs. 180 million of the Net Proceeds towards setting up of the Hinjewadi facility. The break up of the expenditure proposed to be incurred in this regard is as below:

(Rs. in millions)

Item	Fiscal 2008	Fiscal 2009
Interior and furnishing fit out cost	45.76	42.00
Technology and equipment cost (inclusive of hardware requirements for 900 workstations)	46.12	46.12

The above estimates are based on the quotations received from various suppliers as mentioned below.

Item description	Name/Supplier/Model	Date of available quotations	Amount
Interior and furnishing fit out cost	Team One Architects Private Limited	August 7, 2007	Rs. 96,770,337
Interior and furnishing fit out cost	Nitin Parulekar Architects Private Limited	August 6, 2007	Rs. 72,750,000

3. *Setting up of additional facilities*

We are exploring opportunities of extending facilities in Chennai, National Capital Region (NCR), Pune and Mumbai, as part of our growth strategy. We believe that Pune and Chennai have the advantage of being relatively low-cost whereas NCR has the advantage of international connectivity and a large pool of managerial talent. An expansion in Mumbai may provide a quicker ramp-up. We intend to utilize approximately Rs. 100 million in or before Fiscal 2010 in a phased manner out of the Net Proceeds towards this objective.

Depending on factors such as availability, location and price, these properties may be either owned or leased. The estimated cost for establishment of the offices primarily comprises advance rent and deposit for purchase or lease/license arrangements, expenditures on furniture and fixtures, installation of computers, connectivity and other office equipment. However, the rents and deposits for lease/license arrangements and expenses towards furnishing may vary slightly based on location, size and several

(Rs. in million)

Item	Estimated Cost * By Fiscal 2010
Deposits/Advance Rentals	10.00
Interior and furnishing fit out cost	45.00
Technology and equipment cost	45.00
Total estimated costs	**100.00**

*based on management estimates.

We have not entered into any definitive arrangements for establishing any of these offices. Further, no second hand equipment and instruments have been purchased or are proposed to be purchased from the Net Proceeds.

4. General Corporate Purposes

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

Issue Related Expenses

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

Activity	Expenses (Rs. in million)	% of Issue size	% of Issue expenses
Lead management, underwriting and selling commissions	[•]	[•]	[•]
Advertising and marketing expenses	[•]	[•]	[•]
Printing and stationery	[•]	[•]	[•]
IPO Grading expenses	[•]	[•]	[•]
Other (Registrar's fees, legal fees, etc.)	[•]	[•]	[•]
Total estimated Issue expenses	[•]	[•]	[•]

Issue expenses will be finalized upon finalization of the Issue Price. Other than the listing fee which will be paid by our Company, all expenses with respect to the Issue will be shared between our Company and the Selling Shareholders on a proportionate basis in the ratio of Equity Shares issued by our Company in the Fresh Issue and the Equity Shares being sold by the Selling Shareholders in the Offer for Sale.

Appraisal Report

None of the projects for which Net Proceeds will be utilized have been financially appraised and the estimates of the costs of projects mentioned above are based on internal estimates of the Company.

Interim Use of Proceeds

Pending utilization for the purposes described above, our Company intends to invest the funds in high quality interest bearing liquid instruments including money market mutual funds and deposits with banks, for the necessary duration or for reducing overdrafts. Such investments would be in accordance with investment policies approved by our Board from time to time. The Company confirms that pending utilization of the Issue proceeds, it shall not use the funds for any investments in the equity markets.

Working Capital Requirement

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

Bridge Loan

We have not entered into any bridge loan facility that will be repaid from the Net Proceeds.

Monitoring of Utilization of Funds

Our Board will monitor the utilization of the Net Issue proceeds. We will disclose the details of the utilization of the Issue proceeds, including interim use, under a separate head in our financial statements for Fiscal 2008, Fiscal 2009 and Fiscal 2010, specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements of our listing agreements with the Stock Exchanges and in particular Clause 49 of the Listing Agreement.

Other than as set forth above, no part of the Net Proceeds will be paid by the Company as consideration to the Promoters, the Directors, the Company's key management personnel or companies promoted by the Promoters.

Offer for Sale

This Issue includes an offer for sale of 890,000 Equity Shares aggregating to up to Rs. [•] million by Selling Shareholders of our Company and we will not benefit from such proceeds.

BASIS FOR ISSUE PRICE

The issue price will be determined by us and the Selling Shareholders in consultation with the BRLMs on the basis of assessment of market demand and on the basis of the following qualitative and quantitative factors for the Equity Shares offered by the Book Building Process. The face value of the Equity Shares is Rs. 10 and the Issue Price is 27.0 times the face value at the lower end of the Price Band and 31.5 times the face value at the higher end of the Price Band.

QUALITATIVE FACTORS

Ability to provide customised solutions

We are a provider of data analytics and customized process solutions. We utilize our understanding of specific industries and clients to design and implement end-to-end process solutions to meet specific client business needs. We believe that such solutions enable our clients achieve higher levels of efficiency and cost reduction.

Ability to manage highly complex programs

Our client programs are typically complex and multi-year, and require a high level of management involvement. We have developed particular skills in managing many such programs across different businesses with an efficient delivery structure, allowing us to scale effectively. This is a key asset as we grow our business and enhance our service offerings.

Deep domain knowledge

We have developed deep understanding and specialization in several domains which help us cultivate client relationships in industry verticals such as retail, manufacturing and financial services, where we are engaged by some of the world's largest companies to increase revenues, reduce operating costs and boost profits, across a variety of business functions including marketing, pricing, manufacturing and supply chain management.

Established relationships with leading global corporations

Our clients include more than fifteen "Fortune 500" companies and a high percentage of new work originates through reverse inquiry every year from our existing clients. Some of our employees are present in client offices and have direct access into some of our clients' systems and confidential data, which allows us to provide services related to core client processes and further deepens our relationship

Proven delivery model

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

Experienced management team

We have an experienced leadership team with diverse backgrounds and extensive general management experience. Our managers have worked within global organizations such as Lehman Brothers, EDS, the Tata Group, HDFC Bank, Deutsche Bank, Dell, Accenture, Logica, Siemens.

QUANTITATIVE FACTORS

1. ***Adjusted earnings per Equity Share***

Period	EPS (Basic)*	EPS(Diluted)*	Weight
12 months ended March 31, 2007	26.68	26.49	3
12 months ended March 31, 2006	15.83	15.7	2
12 months ended March 31, 2005	7.39	7.39	1
Weighted Average EPS	**19.85**	**19.71**	

** EPS provided is based on unconsolidated restated financials*

i. EPS has been calculated as per the following formula: Net Profit/ Weighted average number of Equity Shares outstanding

ii. Net Profit, as restated and appearing in the restated unconsolidated financial statements has been considered for the purpose of computing the above ratio.

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

(a) Based on 12 months ended March 31, 2007 Basic EPS of Rs. 26.68, the P/E ratio is [•].

(b) Based on 12 months ended March 31, 2007 Diluted EPS of Rs. 26.49, the P/E ratio is [•].

(c) Based on weighted average adjusted EPS of Rs. 19.85 above, the P/E ratio is [•].

(d) Industry peer: Composite P/E of Industry: 19.9

(*Source: Capital Market, Vol.XXII/13, August 27-September 09, 2007)*

3. ***Return on Net Worth***

Period	Return on Net Worth (%)	Weight
12 months ended March 31, 2007	138%	3
12 months ended March 31, 2006	200%	2
12 months ended March 31, 2005	175%	1
Weighted Average Return on Net Worth	**165%**	

Net Worth is defined as share capital + reserves and surplus – miscellaneous expenses.

Return on Net Worth has been calculated as per the following formula:

(Net Profit before extraordinary items but after tax as restated/Net worth excluding share application money and revaluation reserves at the end of the year/period)

Minimum Return on total Net Worth after the Issue required to maintain the pre-Issue adjusted (diluted) EPS of Rs. 19.71 is [•] %.

4. ***Net Asset Value (NAV) per Equity Share***

(a) As of March 31, 2007: Rs 19.33

(b) After the Issue: Rs. [•]

5. **Comparison with Industry Peers**

FY 2007	EPS (Rs.)	P/E	RONW (%)	NAV (Rs.)
eClerx	26.68	[•]	138%	19.33
Peer Group				
- First Source	1.6	40.2	14.5%	21.5
Industry Composite		19.9		

Source: Capital Market, Vol.XXII/13, August 27-September 09, 2007

The Face Value of the Equity Shares is Rs. 10 each and the Issue Price of Rs. [•] is [•] times of the face value.

The BRLMs believe that the Issue Price of Rs. [•] is justified in view of the above qualitative and quantitative parameters. For details, please see "Risk Factors" on page x and the audited financial statements of our Company, as set out in the auditor's report as mentioned in section titled "Financial Statements" beginning on page 93 to have a more informed view.

STATEMENT OF TAX BENEFITS

Levy of Income Tax

In India, tax is charged on the basis of the residential status of a person (under terms of the provisions of the IT Act) on his/her total income in the previous year, at the rates as specified in the Finance Act as applicable in the relevant assessment year. An assessment year is a period of 12 months commencing on the first day of April every year ("**Assessment Year**"). Generally, the previous year means the financial year immediately preceding the Assessment Year.

In general, in the case of a person who is "resident" in India in a previous year, his/her global income is subject to tax in India. In the case of a person who is "non-resident" in India, only the income that is received or deemed to be received or that accrues or is deemed to accrue or arise to such person in India, is subject to tax in India. In the case of a person who is "not ordinarily resident" in India, the income chargeable to tax is the same as in the case of persons who are resident and ordinarily resident except that the income which accrues or arises outside India is not included in his total income unless it is derived from a business controlled or a profession set up in India. In the instant case, the income from the shares of the company would be considered to accrue or arise in India, and would be taxable in the hands of all persons irrespective of residential status. However, applicable Double Taxation Avoidance Agreement (DTAA's) may give some relief from tax in India to the non-resident.

Residence in India

An **individual** is considered to be a **resident** of India during any financial year if he or she is in India in that year for:

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

A **Hindu undivided Family (HUF), firm or other association of persons (AOP)** is resident in India except where the control and management of its affairs is situated wholly outside India.

A **company** is resident in India if it is an Indian company formed and registered under the Companies Act, 1956 or the control and management of its affairs is situated wholly in India.

A "**Non-Resident**" means a person who is not a resident in India.

A person is said to be **not ordinarily resident** in India in any previous year if such person is:

- a non-resident in India in nine out of the ten previous years preceding that year, or has during the seven previous years preceding that year been in India for a period of, or periods amounting in all to, seven hundred and twenty-nine days or less; or
- a Hindu undivided family whose manager has been a non-resident in India in nine out of the ten previous years preceding that year, or has during the seven previous years preceding that year been in India for a period of, or periods amounting in all to, seven hundred and twenty-nine days or less.

STATEMENT OF POSSIBLE DIRECT TAX BENEFITS AVAILABLE TO ECLERX SERVICES LIMITED AND ITS SHAREHOLDERS

1. BENEFITS AVAILABLE TO THE COMPANY UNDER THE INCOME TAX ACT, 1961 ('IT Act')

Special tax Benefits available to the company

1.1 Tax benefit under Section 10A of the Act

According to the provisions of Section 10A of the Act, the Company while computing its total income, is eligible to claim a deduction in respect of profits derived by its undertaking/s from the I T Enabled services for a period of ten consecutive assessment years, beginning with the assessment year relevant to the previous year in which the undertaking/s begin to render such services. The eligible amount would be the proportion that the profits of the business of the undertaking/s bear to the export turnover in respect of I T Enabled services of the undertaking/s vis-à-vis the total turnover of the undertaking/s. The benefit is available subject to fulfillment of conditions prescribed by the Section and no benefit under this Section shall be allowed with respect to any such undertaking from the financial year beginning on the 1st day of April, 2009 and subsequent years. However, from financial year beginning on 1st day of April 2007, the companies enjoying tax holiday under Section 10A are liable to pay Minimum Alternate Tax (MAT) at the rate of 10 percent (plus applicable surcharge and education cess)

General tax benefits available to the Company

1.2 Dividend income

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

1.3 Computation of capital gains

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

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

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

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

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

As per the Minimum Alternate Tax (MAT) Provision governed by Section 115JB of the IT Act, long term capital gains realized on sale of securities of the company (irrespective of whether the securities are listed on a recognized stock exchange in India) will be taxed at the rate of 10 percent (plus applicable surcharge and education cess).

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

1.4 Credit for Minimum Alternate Taxes ("MAT")

Under Section 115JAA(2A) of the IT Act, tax credit shall be allowed in respect of any tax paid (MAT) under Section 115JB of the IT Act for any Assessment Year commencing on or after April 1, 2006. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the IT Act. Such MAT credit shall not be available for set-off beyond 7 years immediately succeeding the year in which the MAT credit initially arose.

BENEFITS AVAILABLE TO SHAREHOLDERS

2. GENERAL BENEFITS AVAILABLE TO RESIDENT SHAREHOLDERS

2.1 Dividends exempt under Section 10(34)

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

2.2 Computation of capital gains

Under Section 48 of the IT Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, as per second proviso to Section 48 of the IT Act, in respect of long term capital gains (i.e. shares held for a period exceeding 12 months) from transfer of shares of Indian company, it permits substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index, as prescribed from time to time.

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

Under Section 112 of the IT Act and other relevant provisions of the IT Act, long term capital gains, (other than those exempt under Section 10(38) of the IT Act) arising on transfer of shares in the Company, would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess) after indexation. The amount of such tax should however be limited to 10 percent (plus applicable surcharge and education cess) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.

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

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

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

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion. 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 IT Act for any assessment year beginning on or after April 1, 2006.

Under Section 54F of the IT Act and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under Section 10(38) of the IT Act) arising to an individual or a Hindu Undivided Family ('HUF') on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.

Under Section 111A of the IT Act and other relevant provisions of the IT Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 10 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to STT. Short-term capital gains arising from transfer of shares in a Company, other than those covered by Section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.

2.3 Rebate under Section 88E

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

3. GENERAL BENEFITS AVAILABLE TO NON RESIDENTS/NON RESIDENT INDIAN SHAREHOLDERS.

3.1 Dividends exempt under Section 10(34)

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

3.2 Computation of capital gains

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

Under the first proviso to Section 48 of the IT Act, in case of a non resident shareholder, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations) (in cases not covered by Section 115E of the IT Act discussed hereunder), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case. The capital gains/ loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilized in the purchase of the shares.

Under Section 112 of the IT Act and other relevant provisions of the IT Act, long term capital gains, (other than those exempt under Section 10(38) of the IT Act) arising on transfer of shares in the Company, would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess) after indexation. The amount of such tax should however be limited to 10 percent (plus applicable surcharge and education cess) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.

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

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

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

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

Under Section 54F of the IT Act and subject to the conditions specified therein, long-term capital gains (other than those exempt from tax under Section 10(38) of the IT Act) arising to an individual or a Hindu Undivided Family ('HUF') on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer.

Under Section 111A of the IT Act and other relevant provisions of the IT Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 10 percent (plus applicable surcharge and education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to STT. Short-term capital gains arising from transfer of shares in a Company, other than those covered by Section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.

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

3.3 Option of taxation under Chapter XII-A of the Act:

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 IT Act, which *inter alia* entitles them to the following benefits:

- Under Section 115E of the IT Act, where the total income of a non-resident Indian includes any income from investment or income from long term capital gains of an asset other than a specified asset, such income shall be taxed at a concessional rate of 20 percent (plus applicable surcharge and education cess). Also, where shares in the company are subscribed for in convertible foreign exchange by a Non-Resident India, long term capital gains arising to the non-resident Indian shall be taxed at a concessional rate of 10 percent (plus applicable surcharge and education cess). The benefit of indexation of cost and the protection against risk of foreign exchange fluctuation would not be available.
- Under provisions of Section 115F of the IT Act, long term capital gains (in cases not covered under Section 10(38) of the IT Act) arising to a non-resident Indian from the transfer of shares of the Company subscribed to in convertible Foreign Exchange (in cases not covered under Section 115E of the IT Act) shall be exempt from Income tax, if the net consideration is reinvested in specified assets or in any savings certificates referred to in Section 10(4B), within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.
- Under provisions of Section 115G of the IT Act, it shall not be necessary for a Non-Resident Indian to furnish his return of income under Section 139(1) if his income chargeable under the IT Act consists of only investment income or long term capital gains or both; arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from as per the provisions of Chapter XVII-B of the IT Act.

3.4 Rebate under Section 88E

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

4 GENERAL BENEFITS AVAILABLE TO FII’S

4.1 Dividends exempt under Section 10(34)

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

4.2 Taxability of capital gains

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

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

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

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

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

Under Section 115AD (1)(ii) of the IT Act short term capital gains on transfer of securities shall be chargeable @ 30 percent and 10 percent (where such transaction of sale is entered on a recognized stock exchange in India and is liable to STT). The above rates are to be increased by applicable surcharge and education cess.

Under Section 115AD(1)(iii) of the IT Act income by way of long term capital gain arising from the transfer of shares (in cases not covered under Section 10(38) of the IT Act) held in the company will be taxable @10 percent (plus applicable surcharge and education cess). It is to be noted that the benefits of indexation and foreign currency fluctuations are not available to FIIs.

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

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

4.3 Exemption of capital gain from income tax

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

4.4 Rebate under Section 88E

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

4.5 Tax Deduction at Source

Generally, tax, surcharge and education cess on the capital gains, if any, are withheld at the source by the purchaser/ person paying for the equity shares in accordance with the relevant provisions of the IT Act. However, no deduction of tax shall be made from any income by way of capital gains arising from the transfer of securities referred to in Section 115AD of the IT Act payable to FII's.

5 GENERAL BENEFITS AVAILABLE TO MUTUAL FUNDS

As per the provisions of Section 10(23D) of the IT Act, Mutual Funds registered under the Securities and Exchange Board of India or Mutual Funds set up by Public Sector Banks or Public Financial Institutions or authorized by the Reserve Bank of India and subject to the conditions specified therein, would be eligible for exemption from income tax on their income.

6 GENERAL BENEFITS AVAILABLE TO VENTURE CAPITAL COMPANIES / FUNDS

Under Section 10(23FB) of the IT Act, any income of Venture Capital companies/ Funds (set up to raise funds for investment in venture capital undertaking notified in this behalf) registered with the Securities and Exchange Board of India would be exempt from income tax, subject to conditions specified therein. As per Section 115U of the IT Act, any income derived by a person from his investment in venture capital companies/ funds would be taxable in the hands of the person making an investment in the same manner as if it were the income received by such person had the investments been made directly in the venture capital undertaking.

7 SECURITIES TRANSACTION TAX

The exemption on long term capital gains and reduction of rate for short term capital gains would be applicable only if the sale / transfer of the equity shares take place on a recognised stock exchange in India. All transactions entered into on a recognised stock exchange in India will be subject to STT levied on the transaction value at the applicable rates. In case of purchase / sale of equity shares and units of an equity oriented mutual fund which is settled by way of actual delivery or transfer of the Equity Share/ unit, STT will be levied at the rate of 0.125% on both the buyer and seller of the Equity Share/ unit. For sale of equity shares and units of an equity oriented mutual fund settled otherwise than by way actual delivery or transfer of the Equity Share/ unit, STT will be levied at the rate of 0.025% on the seller of the Equity Share/ unit. Seller of derivatives would be subjected to an STT of 0.017% while in case of sale of a unit of equity oriented fund to the mutual fund would attract STT at the rate of 0.25%. The STT can be setoff against business income tax calculated as per the provisions of the IT Act, provided the gains on the transactions are offered to tax as business income and not as capital gains.

8 CAPITAL LOSS

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

9 TAX TREATY BENEFITS

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

10 GENERAL BENEFITS AVAILABLE UNDER THE WEALTH-TAX ACT, 1957

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

Notes:

- *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;*
- *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 presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws;*
- *This Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue;*
- *In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile; and*
- *The stated benefits will be available only to the sole/first named holder in case the shares are held by joint shareholders.*

INDUSTRY

Background

The global business environment is becoming increasingly information and knowledge intensive. In such an environment businesses are looking for solutions to aid in making operating and strategic decisions regarding products, prices, customers and markets. Business entities have realized the importance and opportunity in assimilating data, analyzing trends, creating knowledge and harnessing this knowledge for running business operations efficiently thereby contributing to growth and profits.

Business entities are now working with external service providers that have domain expertise in developing and managing processes solutions for that particular industry. The external service provider provides service solutions using a combination of custom designed data processes, delivery teams comprising generalists and domain experts, and specialist software to automate processes.

The term Knowledge Process Outsourcing (KPO) has generally come to refer to such activities and process solutions supplied by the service provider which essentially involves information searching, analyzing, interpreting and require significant domain expertise on part of the service provider, in the domain of the client. Service providers are now providing customized process solutions in several areas of the business including:

- Data analysis, integration and management
- Risk analysis and mitigation
- Market research and competitive intelligence
- Audit and reconciliation
- Research and development
- Information services

The service providers design, develop and manage the above process solutions in a host of domains including banking and financial services, design and engineering, pharmaceutical research, manufacturing, retail, legal services, education, media and entertainment and insurance.

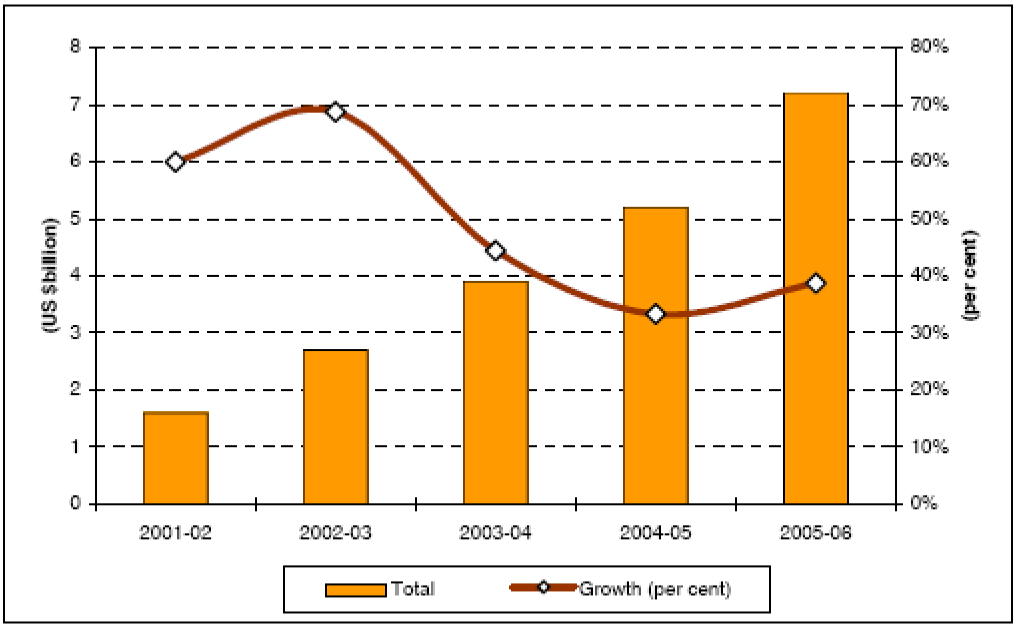
In comparison to Business Process Outsourcing (BPO), KPO delivers higher value to organizations that offshore their domain-based processes, thereby expanding BPOs' traditional cost-quality frontier. BPO on the other hand refers to outsourcing routine and standardized business processes that are to be carried out based on pre-determined and laid down rules. On the other hand, the central theme of KPO is to create value for the clients by providing business expertise rather than process expertise. Hence, KPO entails the shifting from simple execution of 'standardized processes' to carrying out processes that demand advanced analytical and technical skills as well as decisive judgment. KPO and BPO together make up the IT enabled Services (ITeS) industry which is used to refer to a range of IT-intensive processes or services that are performed or provided from a location distinct from those of the users, and delivered generally over telecom networks.

There has been a clear shift from the early days of outsourcing to India, when most of the offerings were low-end services, while over the years the industry has started offering higher end, customized services to clients. Multi-national Corporations were the early players to start outsourcing to India, in the early 1990s. Whereas the early considerations driving outsourcing into India were chiefly reducing costs and outsourcing non-core activities, over the years the Indian KPO players have moved up the value chain, and have started providing higher-end services to clients, gradually taking up more and more critical activities of clients.

Performance

The Indian ITeS industry grew significantly in 2005-06, with domestic revenues growing at a faster pace than export revenues. The Human Resources (HR) and KPO service lines sustained high growth rates on a low base, with no major changes in the contribution mix of service lines to revenues.

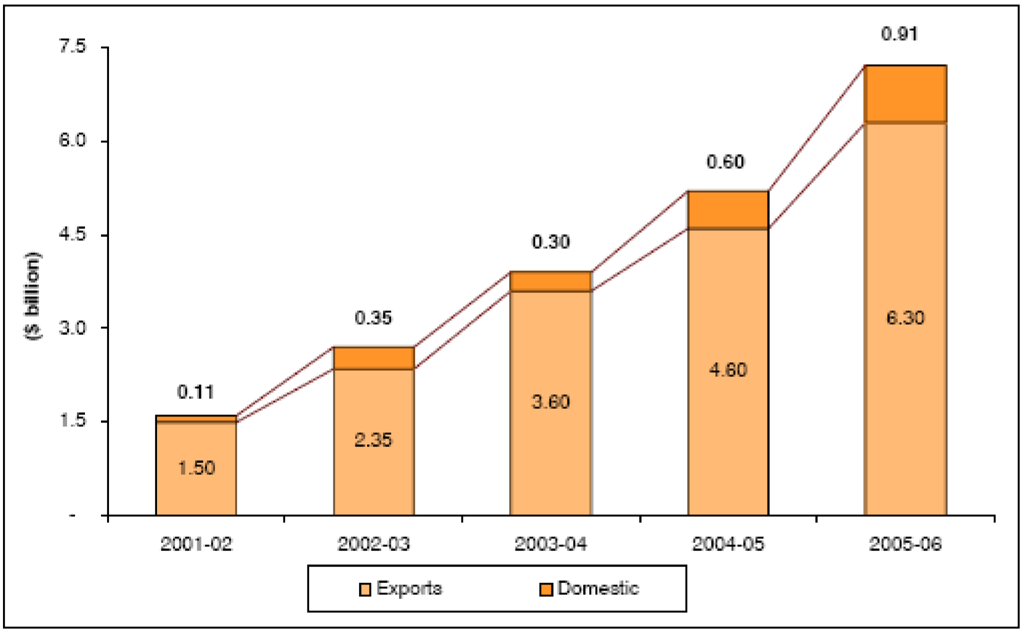
ITeS revenues (exports + domestic)



Source: NASSCOM

Revenues of the domestic ITeS industry recorded a 52 per cent year on year growth, significantly higher than export revenues, albeit on a lower base.

Composition of Indian ITeS revenues



Source: NASSCOM

As shown in the following table, average billing rates for traditional voice-based service lines like customer care, finance and administration services is at $10–15 per hour, while it is much higher for emerging services lines like KPO:

Average billing rates by service lines

Service line	US $/hr
Voice - based	
Customer care	
Inbound call centre	$12-14
Outbound call centre	$13-15
Non - voice based	
Finance & administration	$10-15
Patent drafting	$20-75
Research & data analytics	$20-35
Legal process outsourcing	$15-35

Source: CRISIL Annual review: IT enabled Services, June 2007

Key Growth Drivers

Following are expected to be the key drivers of the growth in the industry :

1) *Globalisation, overseas competition and the business economics imperative*
   - Globalisation has added to competitive pressures across geographic markets that were previously relatively isolated from overseas competition, and organizations now feel the need to source from locations which are most cost-effective.
2) *Global sourcing going mainstream, significant senior business leadership vision and oversight*
   - As a part of mainstream business strategies, offshoring initiatives are being accorded significant senior leadership consideration and business leaders are becoming increasingly comfortable offshoring business activities outside home locations.
3) *India's demonstrated superiority, sustained cost advantage and fundamentally powered value proposition*
   - Indian vendors are expanding their service offerings from low-end business processes to higher–value, knowledge–based processes providing a positive impact on the overall industry growth.
   - Indian offshore operations continue to provide cost savings of 40-50 percent to western European and US customers, as wage inflation is offset by reductions in other overhead costs, and gains in productivity and scale advantages (Source:NASSCOM).
   - The Indian talent market has the largest pool of suitable offshore talent – accounting for 28 percent of the total talent pool available across all offshoring destinations (Source: NASSCOM).
   - The number of IT-ITES professionals employed in India has grown from 830,000 in FY 2003-04 to well over one million in FY 2004-05. India will continue to have a significantly higher number of people in the productive (working) age group than in the dependent age group for at least the next few decades, helping sustain this trend (Source: NASSCOM).
4) *Global IT spends* are projected to grow at a steady rate of 10-11% per annum. The increase in global outsourcing spend will further give an impetus to the Indian outsourcing industry. Also, unpenetrated potential of G2000 corporations (late adopters) will lead to demand deepening vertical and geographic market penetration of offshore outsourcing.

Challenges faced by the industry

1) *Attrition*

   ITeS is a high growth industry. Despite the availability of trained manpower in the industry, there continues to be a lot of movement both within and across companies, thus driving up attrition rates in the industry.
2) *Information Security*

   Global customers consider network security, personnel security, physical security, and customer privacy and information protection to be critical. In addition, the importance is magnified in specific strategic processes such as financial reporting, tax and legal support, and in the verticals of healthcare and insurance.
3) *Knowledge pool*

   India has one of the largest pools of English-speaking graduates. In order to ensure a consistent flow of trained manpower in the future, the industry needs to work with the government to introduce courses in line with the requirements of the ITeS industry at school and college levels.
4) *Infrastructure*

   The lack of infrastructure has been an impediment to the growth of the IT industry in India. While cities boast robust infrastructure development, the rural and semi-urban areas need immediate attention.

OUR BUSINESS

Overview:

We provide data analytics and customized process solutions to global enterprise clients from our offshore delivery centers in India. Our portfolio of services comprises data analytics, operations management, data audits, metrics management and reporting services. We provide service solutions using a mix of custom designed data processes, delivery teams comprising generalists and domain specialists, and in-house software to automate processes.

We currently offer our services to clients in the financial services, retail and manufacturing industries. Some of our largest clients in terms of revenue contribution include leading global corporations with whom we have multi-year partnerships.

We typically design data solutions to meet specific requirements of our offshore clients. Our significant value addition lies in solving business issues for clients through a cost-effective combination of people, process and technology. We have considerable experience in managing multiple small and complex processes across different businesses of a client in a cost effective manner using our specific domain skills and customized software. We believe that we provide our clients with benefits beyond cost reduction by designing solutions that incorporate talent management, process improvements, better reporting and metrics.

We have an experienced leadership team with varied industry expertise. We have a culture of teamwork, meritocracy and constant learning, and a commitment to quality and clients.

We were one of the "Top 20 companies to watch" by *Business Today* magazine in the last three years, amongst a list that included some of the largest Indian companies. In their annual report of 2004, AT Kearney mentioned our Company as "Best of the Breed" under the Indian BPO segment. The Yankee Group in July, 2005 included our Company as "Best of the Breed" under the segment of 'Analytics Providers'. We are active members of industry bodies such as the PPS, Internet Retailer and ISDA.

As of Fiscal 2007, we had 1,021 employees with operations in India, U.K., U.S. and Ireland. For Fiscal 2007, Fiscal 2006 and Fiscal 2005, our unconsolidated revenue was Rs. 862.3 million, Rs. 477.5 million and Rs. 266.4 million, respectively, growing at a compound annual growth rate of 79.9% over 2005-2007. For Fiscal 2007, Fiscal 2006 and Fiscal 2005, our profit after tax was Rs. 405.2 million, Rs. 240.4 million and Rs. 112.2 million, respectively.

Competitive Strengths

We believe that the following are our principal competitive strengths:

Customised solutions provider

We believe that we are a provider of data analytics and customized process solutions. We utilize our understanding of specific industries and clients to design and implement end-to-end process solutions to meet specific client business needs. We believe that such solutions enable our clients achieve higher levels of efficiency and cost reduction. A vast majority of our work comes from solving individualized business needs. Such specialization is reflected in the fact that, to date, only a small minority of our contracts have been subject to a formal RFP process.

High complexity of programs

Our client programs are typically complex and multi-year. Such programs are run by teams of 15-20 employees working on multiple functions at varied skill levels and require a high level of management involvement. We have developed particular skills in managing many such programs across different businesses with an efficient delivery structure, allowing us to scale effectively. We believe this to be a key asset as we grow our business and enhance our service offerings.

Deep domain knowledge

We have developed deep understanding and specialization in several domains which help us cultivate client relationships in industry verticals such as retail, manufacturing and financial services:

- Retail and Manufacturing

  We are engaged by some of the world's largest retail and manufacturing companies to increase revenues, reduce operating costs and boost profits, across a variety of business functions including marketing, pricing, manufacturing and supply chain management. In particular, we have developed specialized knowledge of optimizing the effectiveness of e-commerce websites. This has helped us penetrate several industries where online platforms dominate such as supermarkets, travel and hospitality, consumer retail, and consumer electronics.

- Financial Services

  We are engaged by some of the leading financial services companies to provide specialist support to their capital markets, investment banking and asset management divisions. We have specialized knowledge of financial products and transactions including derivatives and structured products, and their associated data, risk management and processing requirements. We have capabilities in risk management, financial control, confirmations, settlements, valuations, cash flow calculations, reference data research and maintenance and transaction maintenance related to financial transactions.

Established relationships with leading global corporations

Our clients include more than fifteen "Fortune 500" companies. Our clients include global brands including leading PC component manufacturers, one of America's largest cable companies, a number of global investment banks and some of the world's largest commercial banks. We have growing relationships with our top three clients since 2002.

We have regular client interactions both at senior management and operations level. The strength of our client relationships is further reflected by our employees' presence in client offices, direct access into some of our clients' systems and confidential data, which allows us to provide services related to core client processes and further deepens our relationship. A high percentage of new work originates through reverse inquiry every year from our existing clients.

We provide a majority of services to our clients under long-term contracts with initial terms ranging from two to three years. This provides us with relatively predictable and recurring revenues for a substantial portion of our business and reduces our sales and marketing costs relative to project-based service providers. ˜

Proven delivery model

We are reputed for our service delivery. We believe that our clients trust our ability to understand requirements and to design and implement outsourced solutions that meet requirements. Such solutions are measured, monitored and audited by us on an on-going basis.

We use a defined framework for transitioning new programs which involves process scoping, solution design, piloting, and deployment. Our solutions are based on the following key drivers:

- *Process*: We define a detailed process design to include process flow charts, process steps and deliverables to meet the desired results for our clients. In addition, we design process metrics, quality benchmarks and audit processes to ensure consistent quality delivery.
- *Software:* We investigate potential automation tools to increase productivity, reduce cost and control quality. Our software team of about 100 developers builds automation tools to support our service delivery, allowing customers to benefit from cost saving and better quality control. Our knowledge of the technology helps us understand and enhance integration with the systems of our clients. Additionally, some of our software tools have been adapted to service the needs of multiple customers in a single industry allowing us to gain efficiencies of scale.
- *People*: Given the complexity of our programs, we often need to staff specific skill sets onto programs quickly. Consequently, we have developed efficient human resources practices to manage our hiring and people management needs. In addition, we have various systems to institutionalize knowledge gained from our internal experts, client programs and industry initiatives to train our people. Such systems allow us to train people quickly and effectively manage the impact of growth and attrition.

Experienced management team

We have an experienced leadership team with diverse backgrounds and extensive general management experience. Our managers have worked within global organizations such as Lehman Brothers, EDS, the Tata Group, HDFC Bank, Deutsche Bank, Dell, Accenture, Logica, Siemens. Our top 21 senior managers at or above the level of principals and program managers have an average of ten years of experience and understanding of business practices of multinational corporations.

Business Strategy

Our strategic vision is to be one of the leading data analytics providers in India, and a leader in the data process solutions sector.

The key elements of our business strategy are as follows:

Growing our existing client relationships

We believe there are significant opportunities for additional growth within our existing client base. We intend to leverage our domain expertise, understanding of our target industry and close relationship with our clients to expand the scope of current services as well as provide services in new areas and businesses. We will continue to build our account management teams working within client organizations, to deepen relationships with our clients and to identify new business opportunities.

Develop new client relationships

We will continue to develop new client relationships across various industries, in the following manner:

- *Invest in marketing and branding:* We intend to enhance our brand recognition through various initiatives such as sponsoring conferences at industry events (such as the PPS and ISDA conferences), contributing articles to relevant magazines and news programs and by increasing general media presence.
- *Expand sales force:* We will add to our specialized sales teams in London, New York and Austin and to our sales support teams in India. We anticipate new business growth to increase with these investments.

Add to our productized service offerings

We will leverage our domain knowledge and industry expertise to develop standardized or "off-the-shelf" service offerings, that caters to a broad customer base and address common industry issues. Such offerings typically have high demand from both new and existing clients, are designed to be easily adopted by clients and can therefore be sold through a simpler sales cycle. In turn, such offerings are delivered using common technology, people and process and therefore offer greater potential of profit through scalability.

Invest in our people and delivery process

We will continue to focus on attracting, retaining and training highly skilled people, with the objective of enhancing their technical and leadership skills and emphasize on innovative recruiting techniques. Our strategy is to further invest in training throughout the tenure of an employee's career. We will take further initiatives to strengthen our vibrant and distinctive culture, which emphasizes on teamwork, meritocracy, openness and commitment to client.

We will further invest in refining delivery methodologies and software tools. We are in the process of setting up new delivery infrastructure in Pune, with an installed capacity of 900 workstations, over Fiscal 2008 and 2009.

Strengthen capabilities through selective acquisitions

We will selectively consider acquisitions that expand the scope of our existing services, add new clients or allow us to enter new geographic markets. We will look primarily at companies with specific domain expertise operating in U.S. and Western Europe, where we can further reduce cost by migrating service delivery offshore.

For example, we recently acquired the Igentica Group, which introduced us to a client base of global corporations in the travel and hospitality industry and strengthened our sales presence in Western Europe. The acquisition also offers us the opportunities to improve profitability by further off-shoring.

Service Offerings

We help clients solve business problems through a cost-effective combination of people, process and technology, in the following areas:

	Retail and Manufacturing	***Financial Services***
Data Analytics	Pricing analytics Customer insight studies Product mix optimization	Portfolio matching and reconciliation Transaction maintenance Finance and Control
Operations Management	On-line store support Technical content development Product/services configuration	Reference data maintenance Transaction documentation Cash Settlement and Reconciliation
Audits/Reconciliation	On-line site audits Catalogue integrity checks Grey market and pricing monitoring	Legal contract review Reconciliations

Metrics and Reporting

Data Analytics

Our data analytics services encompass activities related to data collection, aggregation, analysis, inference and reporting.

<u>Retail and Manufacturing</u>

Pricing analytics: We provide detailed competitive price benchmarking of our client's products and pricing recommendations based on market conditions. We provide this service across local markets in multiple countries and handle different languages using proprietary tools and processes. This service is targeted towards organizations operating in markets where product prices change frequently.

Customer insight studies: We monitor and analyze customer feedback across a variety of channels including customer chat forums, bulletin boards, customer reviews and customer support logs from their contact centers and ensure compliance with applicable terms of service rules, in the process. On the basis of our analysis, we advise our clients on product and client service improvements.

Product mix optimization: We analyze our clients' catalogues vis-à-vis those of their competitors and also against broad industry trends to assist our clients in optimizing their product offerings. We analyze past sales data of our clients' products and ascertain product correlations, which are aimed at maximizing our clients' transaction value for each sale and optimizing their product portfolio.

<u>Financial Services:</u>

Portfolio matching and reconciliation: We reconcile large portfolios of trade transactions between our clients and their customers and report variance in positions and valuations. We identify mismatched positions and help measure and mitigate the risks arising from such positions.

Transaction maintenance: We optimize transaction portfolios to agreed constraints by setting off active trade positions using special algorithms and processes. We also manage trade positions by adjusting relevant parameters based on corporate and equity actions to ensure correct valuations and risk measures. We finally calculate and update cash flows in databases for complex securities and their associated derivative transactions.

Finance and Control: We monitor and analyze price fluctuations of trade positions of our clients on a daily basis and highlight price anomalies to senior management.

Operations Management

We manage a number of activities for our customers that are core to daily business processing.

Retail and Manufacturing:

On-line store support: We manage key client data processes to ensure current and accurate display of information in their web-stores. We maintain customized data portals for clients and products, conduct website audits to ensure data accuracy to minimise lost client profits and intellectual property infringement risk. We also optimize search features on the web pages and product databases to ensure that search results match business priorities. We also manage lifecycles of our clients' products on their web-stores by activating and deactivating products in accordance with the sales strategy.

Technical content development: We develop technical content for our clients' websites and brochures. As part of our services, we author product content, develop and edit images and banners. We manage content for promotional campaigns conducted on the web-stores of our clients. We use our relationships with third party partners, manufacturing units, product groups and sales channels to derive product information and customize them to target market and sales channel.

Product/services configuration: We maintain and ensure internal consistency in the products and services offered by our clients. We perform rules-based compatibility checks to ensure web product and service offerings can be fulfilled by our client organisations.

Financial Services*:*

Reference data maintenance: We maintain reference data repositories of corporate entities and equity issuers in the capital markets including information on corporate structures, corporate actions and issued securities. We assess and report on the impact of reference data change on trade positions.

Transaction documentation: We provide transaction documentation support to financial institutions trading in various financial products. We draft and maintain legal contracts covering the terms of derivative transactions and ensure that such contracts match our clients' internal risk systems.

Cash Settlement and Reconciliation: We calculate, confirm and settle cash flows on financial transactions for our clients. We assist our clients to investigate and resolve under and over payments at the transaction level by researching transaction related information in their systems.

Audits/Reconciliation

We provide audit and review services for our clients which are aimed at reducing process errors and operational risk and increasing compliance and providing process improvement insight.

Retail and Manufacturing:

On-line site audits: We implement a wide variety of audits on our client web stores to ensure accurate and relevant information. Such audits ensure correct website navigation and minimize lost sales. We monitor web traffic patterns on on-line stores and web forums to identify and report incidents of incorrect pricing or any other undesirable on-line activity with respect to our clients' products.

Catalogue integrity checks: For our clients with large and dynamic product catalogues, we ensure that the products and services catalogues are accurate, current and relevant. We verify product categorization and ensure that the pricing of the products does not result in negative or unintentionally low margins. We also identify cost trends for our clients' products which help them procure products at a better price from the manufacturers.

Grey market and pricing monitoring: We track clients' channel inventories and pricing to identify any grey market sales or presence of any counterfeit or stolen products therefore, control channel partners and protect brand. We also assist our clients track lost shipments and investigate product leakages.

Financial Services*:*

Legal contract review: We review and analyze legal contracts across various businesses. We identify and value legal, economic and execution risks, ensure compliance with internal rules, market standards and books and records. We help mitigate risk of individual transactions, identify systematic issues and perform process improvements.

Reconciliations: We perform a daily reconciliation of our clients' financial transactions across external and internal data sources. This helps mitigate risk, identify systematic issues and perform process improvements.

Metrics and Reporting

We provide metrics and reporting together with all of our services. We provide quality and quantity metrics, analysis of various trends in our clients' business and the quality trends in our service delivery. We typically build dashboards for our clients to monitor service delivery. Our reports also highlight information on trends to allow customers to make business decisions.

Clients

Our clients include some of the best known companies in the world, including fifteen "Fortune 500" companies. We have increased our client base from seven in Fiscal 2005 to 22 in Fiscal 2007. A comparison of our total income earned from our clients and our total number of clients, during the previous three years are detailed below:

Fiscal

2007		2006		2005	
Income from Operations (Rs. in million)	**Number of clients**	**Income from Operations (Rs. in million)**	**Number of clients**	**Income from Operations (Rs. in million)**	**Number of clients**
861.2	**22**	**472**	**17**	**265.3**	**7**

Case Studies

Case Study 1

One of our major clients is in the manufacturing and retail space. Our service offerings within this client from inception of such engagement in 2002 till date, is summarized below:

	Analytics	Operations Management	Audits and Reconciliations	Reporting / Metrics
Marketing	Pricing • Competitive benchmarking and price positioning and recommendations	Product Content • Creating and editing product content used in various marketing vehicles, online and offline	Auditing Marketing Communication • Auditing online and offline marketing communication to ensure data accuracy, timeliness and relevance	Marketing Program Effectiveness • Tracking sales against advertisement programs to determine return on investment and optimize future marketing spends
Supply Chain	Grey Market Monitoring • Monitoring supply chain to identify presence and source of grey market activity as well as counterfeit products	Managing Product Data Hierarchy • Managing Bill of Material databases to ensure that products & services offered for sale can by fulfilled	Product Catalog Audits • Identifying and eliminating catalog errors through automated / semi-automated reports	Popular Product Analysis • Perform top seller analysis by supplier, distributor, category, consumer segment, country and region
Sales	Product Bundling • Analyzing sales data to optimize product bundling and maximize size of each transaction	Search Engine Optimization • Ensuring relevant search results for popular keywords and maximize probability of conversion	Third Party Forum Monitoring • Searching external forums for unusual traffic, product related posts, pricing errors or other unauthorized activity	Lead Generation • Analyzing past purchase patterns and other public databases to generate sales leads
After Sales & Services	Customer Experience Analysis • Analyzing customer feedback from various contact centers to identify patterns and improve customer experience	Preventive Service Support • Coordinating pre-emptive service visits or part replacements by analyzing product return history	Terms of Service Monitoring • Moderating customer community bulletin boards to ensure compliance with appropriate terms of service	Sales Performance Tracking • Analyzing sales data to report performance of sales quotes and targets
Finance			Invoice Reconciliations • Reconciling sales data with order and financial systems to ensure that revenue recognition is synchronized	Invoice status reporting • Dispatching timely reports to vendors for incorrect, missing or rejected invoices
Legal	Negotiation Support • Benchmarking cost with competitors and identify missing rebates for improved vendor contract negotiation	Contract Support • Populating RFPs for customers and compiling economic parameters future analysis	Compliance Audits • Auditing marketing communication against clients' partner guidelines	Environmental Health and Safety • Reporting workplace safety metrics across client office locations using injuries and illness data

Our Core Competencies

Case Study 2

One of our major clients is in the financial services industry. Our service offerings within this client from inception of such engagement in 2003 till date, is summarized below:

	Analytics	Operations Management	Audits and Reconciliations	Reporting / Metrics
Markets	Portfolio Optimizations • portfolio reductions using set-off/close-out algorithms Corporate Action Monitoring & Analysis on Traded Securities • Analysis of corporate actions • Measuring impact on securities and derivatives transactions Fund Performance Benchmarking • Reporting of fund performance against market benchmarks		Reference Data Research & Maintenance • company names • traded securities • corporate actions	Sales & Marketing Support • Managing Request For Proposals for Asset Management Companies • Mining and analyzing market data • Credit event support and management
Operations	Process improvement & optimization studies	Trade Confirmations (Paper + Electronic medium) • Generation, verification & close-outs of financial contracts Cash Flow Calculations • Derivative transaction payment calculations Settlement Processing • Payment settlement with counterparties • Error resolution Trade Bookings • System entry of trades into trade systems • Verification data against reference and trade data	Trade Affirmations • Transaction verification of with counterparties System Migrations • Data migration programs • Parallel bookings and checkouts • Risk checks	Process Documentation • Gap analysis and workflow documentation of banks' internal trading processes Metrics • Error trending • Systematic issue resolution • Day to day status • Competitor benchmarking
Risk Management	Portfolio Matching • Matching of trade portfolios • Fund allocations • Portfolio risk reporting Exposure Management • Counterparty exposure calculation • Collateral calculation		Overnight Trade Reconciliations • Trade data reconciliations • Broker / sales ticket reconciliations Legacy Contracts Review • Complex confirmation review • Transaction benchmarking • Trend analysis	
Finance	Profit & Loss Explanatory • Profit and Loss reporting • Analysis of price moves	Monthly Trade Valuations • Positions valuations reporting	Structured Product Review • Detailed review of trade terms against internal booking legal contracts	
Legal		Documentation of legal contract • Drafting new relationship agreements • Maintaining accuracy of internal systems' data inter-linkages		

Core Competencies

Delivery Process

Solutions Deployment Process

We follow a five step process framework for deploying processes for our clients' organization as outlined below:

- *Process Scoping*: We initiate by identifying business requirements of our clients and understanding current processes in place. In this process, we interview clients' personnel, we document clients' business processes and systems.
- *Solution Development*: We design a solution process which includes milestones for client deliverables and identify the data, automation and people requirements. We then document in detail human resource, software development, network, information security requirements and draft the services contract.
- *Pilot*: We execute a pilot for our client, which is scaled down replica of the transitioned process to demonstrate our execution capabilities to our clients.
- *Process Deployment*: We sign the master services agreement and the statement of work. For effective migration, we deliver detailed process documentation to our clients. We then deploy manpower and infrastructure at various levels for efficient execution of the process.
- *Process Improvement*: We undertake periodic review sessions with clients to seek feedback and implement changed processes to improve service.

Knowledge Management

We have a dedicated knowledge management team which is responsible for overseeing knowledge management systems, structure, and policies. This aims at institutionalizing our knowledge gained from our internal experts, client programs and industry initiatives into modular training programs.

- *Training:* We have training programs aimed at developing industry, products and process specific knowledge. In addition, we impart training on management development, general corporate, soft skills and particular technical knowledge. We maintain more than 1000 training courses and associated tests, which are administered and evaluated through a managed training platform.
- *Documentation:* We maintain detailed descriptions of all the processes and work-flow streams, to manage staff transitions effectively.
- *Process improvement:* We use Six-Sigma Define Measure Analyse Improve and Control methodology for our business process improvements which are shared across the Company.
- *Intranet:* We archive our document repository on an intranet which enables effective management of market research, industry news catering to specific industries.

Software Development

We have a team dedicated to developing automation tools to support our service delivery. Our software automation tools increase productivity, allowing our customers to benefit from further cost saving and output gains with better control over quality. Our solutions are aimed towards codifying domain knowledge into software tools developed by us to reduce human intervention and gain consistency in the output.

Our knowledge of technology also helps us to understand and enhance integration with the systems of our clients. In addition, some of our software tools have been adapted to service the needs of multiple customers in a single industry which allows us to develop and market productized services.

Some of the automation tools we have developed are workflow management, reconciliation, reporting, analytics, data bridges and web crawlers. We also make significant efforts towards building and maintaining our internal software tools for human resources management, knowledge management and information security. These tools help us to track and manage employee performance, training programs, remuneration, career growth, systems access rights and management level.

Our People

We are structured as a professional services firm with 1,101employees in client delivery roles and the balance 188 in shared services and support functions, as of September 30, 2007. The shared services and support functions comprise knowledge management, software development, information security and human resources team.

Recruitment

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

Retention

We appraise our employees on both quantitative and qualitative terms, and conduct employee reviews twice in a year, where such reviews include a 360 degree feedback. We gauge employee satisfaction through annual surveys and an internal suggestion portal, and fine-tune our human resources policies to address concerns. We also attempt to increase job satisfaction through a dynamic rewards program, job rotations and fast track promotions.

We also analyze attrition trends and implement corrective actions. The annual attrition rate for employees of our Company for Fiscals 2007, 2006 and 2005 was 37%, 29.6% and 31.1%, respectively. We calculate annual attrition rate on the basis of average number of employees at the start and end of a particular Fiscal.

Risk management and Compliance

Information Security

We manage sensitive and confidential data for some of the largest organizations in the world. Maintaining the confidentiality, integrity and security of such data is of paramount importance. We have therefore actively sought and achieved ISO 27001:2005 certifications for information security management systems for client delivery centers. Maintenance of the certification requires annual audits and in addition, we have cleared periodic information security audits conducted by our clients.

Business Continuity and Disaster Recovery

We maintain alternative resources to reduce the risk of failure of internet links or internal networks. We have systems enabling automatic switching to such alternate internet service providers and replacement warranties for our server. We have a disaster recovery site 15 km away from our primary site of operations where we store tape backup servers in fireproof safes. We also conduct fire drills at our facilities on a regular basis and designated crisis wardens have been trained for emergencies.

Insurance

We maintain insurance policies with various insurance companies covering certain risks in relation to our business and our people. However, we do not maintain business interruption insurance and further our insurance policies may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. For more information, see "Risk Factors – We may not be fully insured for all losses we may incur." on page xiv.

Sales and Marketing

We market our services to both existing and potential clients through our business development, account management and sales support team. Our business development, account management and sales support team consists of more than 25 people as of September 30, 2007 based in London, New York, Austin, Dublin and Mumbai. We set targets for our business development, account management and sales support team at the beginning of each year, which are subject to periodic reviews.

Competition

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

- Clients who may choose to run their processes, either in their home countries or through captive units located offshore;
- Niche service providers that provide services in a specific geographic market, industry segment or service;
- BPO service providers operating from offshore locations including India and BPO arms of large information technology companies.

Intellectual Property

We use a mix of self-developed, client-provided and third-party software platforms to provide our services. The MSAs with our clients regulate the ownership of such intellectual property. We enter into licensing and non-disclosure agreements with our clients with respect to the use of their software systems and other information. We generally provide 'work for hire' where our clients own the intellectual property on the deliverables unless specified otherwise.

Facilities

Our corporate headquarters and registered office is located in a leased premise at Sonawalla Building, First Floor, 29 Bank Street, Fort, Mumbai. This office houses our corporate, general and administrative offices.

We have three delivery centres in Mumbai, one at Sewri and two at Ghatkopar, which we occupy on a leasehold basis and from where all client delivery is serviced.

In most of our leases, we have the option to extend the lease period with a corresponding increase in rent. We have also signed a memorandum of understanding with DLF Limited for a facility at the proposed special economic zone in Hinjewadi, Pune.

We maintain office facilities in London and Austin for eClerx Limited, U.K. and eClerx LLC, USA.

REGULATIONS AND POLICIES IN INDIA

Our Company is engaged in the business of providing data analytics and customized process solutions to large global organizations. We provide a wide range of services; our service portfolio includes data analytics, operations management, audit and reconciliation, and reporting metrics. These services are provided using a mix of custom designing data processes, assembling a delivery team comprising generalists and domain specialists, and developing customized software to integrate our processes with those of the clients.

The central and state government, have introduced a range of incentives, concessions, subsidies and simplification of procedural requirements for companies to promote the growth of information technology and information technology enabled services (IT-ITES) in India. These include relaxation of policies relating to inbound and outbound investments, exchange control relaxations, incentives for units located in a Domestic Tariff Area (DTA) or under Export Oriented Units (EOU)/ Software Technology Parks (STPs)/Special Economic Zones (SEZs) and Electronic Hardware Technology Park (EHTP) schemes including state level incentives, waivers and subsidies.

The following description is a summary of the relevant regulations and policies as prescribed by the Government of India that are applicable to us. The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. The regulations set out below are not exhaustive, and is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional legal advice.

Software Technology Parks Scheme

Software Technology Parks of India (STPI) came into existence in 1991, as an autonomous organization under Ministry of Communication and Information Technology. STPI was set-up to implement the software technology park scheme (STP Scheme) to promote software exports. STP Scheme permits the establishment of units engaged in software development and information technology enabled products and services (ITES). STP Scheme is a 100% export oriented scheme for undertaking software development for export using data communication links or in the form of physical media including export of professional services.

The STP Scheme has been notified by the Central Government (Ministry of Commerce) in exercise of its powers under Section 3 (1) of the Foreign Trade Development and Regulation Act, 1992 to permit the establishment of Software Technology Parks (STP) with the objective of encouraging, promoting and boosting the software exports from India. The production of products which are notified as information technology enabled products and services qualifies their producer or provider of such products or services for establishing a unit under the STP Scheme.

The STP Scheme provides infrastructure such as data communication facilities, operational space, common amenities, single window statutory services such as project approval, import certification and other facilities to boost software exports from India. In addition to the infrastructure support, an STP unit enjoys the following fiscal benefits, rendering it attractive for entrepreneurs:

1. All hardware and software imports are exempt from customs duties
2. A STP unit is exempt from payment of corporate tax up to the Fiscal year 2009
3. Domestic purchases by STP units are eligible for the benefit of deemed exports to suppliers
4. Capital goods purchased from the DTA (an area within India but outside a notified STP) are entitled for exemption from excise duty and reimbursement of central sales tax;
5. The sales in the domestic tariff area shall be permissible up to 50% of the export in value terms
6. Depreciation on capital goods up to 90% over a period of five years and also the accelerated rate of 7% per quarter during the first two years subject to an overall limit of 70% in the first three years.

Many state governments have also added to the incentives by providing for low rates of sales tax on products in the information technology sector.

The principal compliance required of a company accorded approval under the STP Scheme is the fulfillment of the export obligation. Additionally, the STP unit is required to file monthly, quarterly and annual returns to STPI in the nature of a performance report indicating the export performance and the CIF value of imported goods and foreign currency spent on incidental expenses.

The Information Technology Act, 2000/Data Protection Laws

The Information Technology Act, 2000 ("the IT Act") was enacted with the purpose of providing legal recognition to electronic transactions. In addition to providing for the recognition of electronic records, creating a mechanism for the authentication of electronic documentation through digital signatures, the IT Act also provides for civil and criminal liability including fines and imprisonment for various computer related offenses. These include offences relating to unauthorised access to computer systems, modifying the contents of such computer systems without authorization, damaging computer systems, the unauthorized disclosure of confidential information and computer fraud. For example, Section 66 of the IT Act has criminalized "hacking" of a computer resource with imprisonment up to three years, or with a fine which may extend up to two lakh rupees, or with both.

The Indian Penal Code, 1860, and the Indian Evidence Act, 1872 have been amended to include electronic records as "documents" for the purpose of these statutes.

The Telecom Regulatory Framework

The usage of telecommunications infrastructure in India, including bandwidth, telecommunication links and other infrastructure is regulated by legislation, administrative orders, licensing, contractual mechanisms and policies issued by the Department of Telecommunication from time to time. The above restrictions may be imposed either directly on the end user of such infrastructure, or upon the service provider supplying such infrastructure to the end user.

Further the Telecom Regulatory Authority of India (TRAI) was established under the Telecom Regulatory Authority Act of India, 1997 is responsible for regulating the telecommunication services, making recommendation on terms and conditions of license, effective management of spectrum, laying down the standards of quality of service to be provided by the service providers and ensure the quality of service and conduct the periodical survey of such service provided by the service providers so as to protect interest of the consumers of telecommunication service, ensure effective compliance of universal service obligations, notify the rates at which telecommunication services within India and outside India shall be provided.

Labour laws

India has stringent labour related legislation. The Industrial Disputes Act, 1947 (the "IDA") distinguishes between (i) employees who are 'workmen' and (ii) employees who are not 'workmen'. Workmen have been provided several benefits and are protected under various labour legislations, whilst those persons who have been classified as managerial employees and earning salary beyond a prescribed amount may not generally be afforded statutory benefits or protection, except in certain cases. Employees may also be subject to the terms of their employment contracts with their employer, which contracts are regulated by the provisions of the Indian Contract Act, 1872.

The conditions of service of employees of IT companies are inter alia regulated by the relevant shops and establishments law in which the IT unit is situated. For example, the Bombay Shops and Establishments Act, 1948 and the rules thereunder, *inter alia* determines the working hours, overtime payable, the leave policy, weekly holidays and maternity benefits. Termination of a non-workman is governed by the terms of the relevant employment contract and applicable labour laws. As regards a 'workman', the IDA sets out certain requirements in relation to the termination of the services of the workman's services. This includes detailed procedure prescribed for resolution of disputes with labour, removal and certain financial obligations upon retrenchment. The state specific Shops and Establishments Act also provides for certain notice and/or compensation requirements in the event of termination of service by the company. Preliminary information on some of the labour laws that may be applicable have been provided below.

The Minimum Wages Act, 1948

The Minimum Wages Act, 1948 ("MWA") came into force with the objective to provide for the fixation of a minimum wage payable by the employer to the employee. Under the MWA, every employer is mandated to pay not less than the minimum wages to all employees engaged to do any work whether skilled, unskilled, manual or clerical (including out-workers) in any employment listed in the schedule to the MWA, in respect of which minimum rates of wages have been fixed or revised under the MWA.

Employees State Insurance Act, 1948

The Employees State Insurance Act, 1948 (the "ESI Act") provides for certain benefits to employees in case of sickness, maternity and employment injury. Employees drawing wages up to a certain limit in establishments covered by the ESI Act are required to be insured, with an obligation imposed on the employer to make certain contributions in relation thereto. In addition, the employer is also required to register himself under the ESI Act and maintain prescribed records and registers in addition to filing of forms with the concerned authorities.

Employees Provident Fund and Miscellaneous Provisions Act, 1952

The Employees Provident Fund and Miscellaneous Provisions Act, 1952 provides for the institution of compulsory Provident fund, pension fund and deposit linked insurance funds for the benefit of eligible employees in factories and establishments as may be specified. A liability is placed on the employer and employee to make certain contributions to the funds mentioned above after obtaining the necessary registrations. There is also a requirement to maintain prescribed records and registers and filing of forms with the concerned authorities.

Payment of Gratuity Act, 1961

The Payment of Gratuity Act, 1961 (the "POG Act") provides for payment of gratuity to employees employed in factories, shops and establishments who have put in a continuous service of 5 years, in the event of their superannuation, retirement, resignation, death or disablement. The rule of '5 years continuous service' is however relaxed in case of death or disablement of an employee. Gratuity is calculated at the rate of 15 days wages for every completed year of service with the employer. Under the POG Act, an employer is obliged for a maximum gratuity payout of Rs. 350,000 for an employee. The POG Act also requires the employer to obtain and maintain an insurance policy for the employer's obligation towards payment of gratuity.

The Maternity Benefits Act, 1961

The purpose of the Maternity Benefit Act is to regulate the employment of pregnant women and to ensure that they get paid leave for a specified period during and after their pregnancy. It provides, *inter alia*, for paid leave of 12 weeks, payment of maternity benefits and enacts prohibitions on dismissal, reduction of wages paid to pregnant women, etc.

The Industrial Employment (Standing Orders) Act, 1946

The Industrial Employment (Standing Orders) Act, 1946 ("Standing Orders Act") requires employers in industrial establishments, which employ 100 or more workmen to define with sufficient precision the conditions of employment of workmen employed and to make them known to such workmen. The Standing Orders Act requires every employer to which the Standing Orders Act applies to certify and register the draft standing order proposed by him in the prescribed manner. However until the draftstanding orders are certified, the prescribed standing orders given in the Standing Orders Act must be followed.

Shops and Establishments legislations in various states

Our Company will be governed by the various shops and establishments legislations, as applicable, in the states where it has facilities. These legislations regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of *inter alia* registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work.

Intellectual Property

Intellectual property rights in India are protected under Patents Act of 1970, Copyright Act of 1957, Trade Mark Act of 1999 and Design Act of 2000. The above enactments provide for protection of intellectual property by imposing civil and criminal liability for infringement. In addition to the above domestic legislations India is a party to several international intellectual property related instruments including the Patent Co-operation Treaty, 1970, the Paris Convention for the Protection of Industrial Property, 1883, the International Convention for the Protection of Literary and Artistic Works signed at Berne in 1886 (the Universal Copyright Convention of 1952), the Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations 1961 and as a member of the World Trade Organisation is a signatory to the Agreement on Trade Related aspects of Intellectual Property Rights, 1995 (the TRIPS Agreement). In addition to the above, Indian law also provides for common law protection for intellectual property.

Relaxation of Policies Relating to Inbound Investments

India's economic policies are designed to attract significant capital inflows into India on a sustained basis and to encourage technology collaborations between Indian and foreign entities. The government has permitted up to 100 percent foreign investments in the IT sector, through the automatic route. Accordingly, unlike some other sectors, a foreign investor is not required to seek active support of joint venture partners for investing in a new IT-ITES venture.

OUR MANAGEMENT

Board of Directors

Under our Articles of Association, our Company is required to have not less than three directors and not more than twelve directors. Our Company currently has seven directors on our Board.

Sr. No	Name, Designation, Fathers Name, Residential Address, Nationality, and Occupation	Age	Director's Identification Number	Other Directorships held
1.	***Mr. V.K Mundhra*** *Father's Name:* Mr. Haridas Mundhra *Residential Address:* 15, Narayan Dhabolkar Road, Shri Om Sadan, Napean Sea Road, Mumbai 400 006, India. Chairman Non Executive Director Non-Independent Director *Nationality: Indian* *Occupation*: Business Executive	67	282180	• N. T. Estates & Investments Private Limited; • Innovative Impex Private Limited; • Duncan Stratton & Co. Limited; • Dorner Fashion Private Limited; • Vinayak Properties Private Limited; • Consolidated Properties Private Limited; • Aashutosh Properties Private Limited; • Om Sadan Private Limited; and • Pragati Tie-Up Private Limited
2.	***Mr. P.D. Mundhra*** *Father's Name:* Mr. V.K. Mundhra *Residential Address*: 15, Narayan Dhabolkar Road, Shri Om Sadan, Napean Sea Road, Mumbai 400 006, India. Whole Time Director Non-Independent Director *Nationality:* Indian *Occupation*: Business Executive	34	281165	• N. T. Estates & Investments Private Limited; • Innovative Impex Private Limited; • Duncan Stratton & Co. Limited; • Dorner Fashion Private. Limited; • Vinayak Properties Private. Limited; • Consolidated Properties Private Limited; • Ambassador Estates & Investments Private Limited; • Riddhi-Siddhi Realtors Private Limited; • Anmol Realtors Private Limited; • Mukund Realtors Private Limited; and • Urvashi Realtors Private Limited.

Sr. No	Name, Designation, Fathers Name, Residential Address, Nationality, and Occupation	Age	Director's Identification Number	Other Directorships held
3.	***Mr. Anjan Malik*** *Father's Name:* Mr. Krishnan Narayan Malik *Residential Address:* 8 Bramham Gardens, London, SW5 0JQ, UK. Non-Executive Director Non-Independent Director *Nationality:* Indian *Occupation*: Business Executive	37	01698542	Nil
4.	***Mr. Pradeep Kapoor*** *Father's Name:* (Late) Dr. D.P. Kapoor *Residential Address*: 2C, Jeevan Jyot Building, Setalvad Lane, Off: Napean Sea Road, Mumbai 400 006, India. Non Executive Director Independent Director *Nationality:* Indian *Occupation*: Business Executive	62	00053199	• ABG Cement Limited; • ABG Engineering and Construction Limited; and • ABG Energy Private Limited.
5.	***Mr. Anish Ghoshal*** *Father's Name:* Mr. Nirmal Kumar Ghoshal *Residential Address*: 402, Rocky Hill, Rizvi Complex, Shirley Rajan Road, Bandra (West), Mumbai 400 050, India. Non Executive Director Independent Director *Nationality:* Indian *Occupation*: Professional	42	00276807	• Rockwell Automation India Private Limited; • Baxter (India) Private Limited ; • Netel (India) Limited; • Nu Skin Enterprises India Private Limited; • Indian Advisory Services Private Limited; • Koch Chemical Technology Group India Private Limited; • Haver Ibau India Private Limited and • RVL Packaging India Private Ltd

Sr. No	Name, Designation, Fathers Name, Residential Address, Nationality, and Occupation	Age	Director's Identification Number	Other Directorships held
6.	***Mr. Vikram Limaye*** *Father's Name*: (Late) Mr. Mukund Limaye *Residential Address*: 18, Shreenivas, 5th floor D.V. Deshpande Marg Shivaji Park, Dadar (West) Mumbai 400 028, India. Non Executive Director Independent Director *Nationality*: Indian *Occupation:* Company Executive	40	00488534	• IDFC Private Equity Co. Limited; • IDFC Investment Advisors Limited; • IDFC Trustee Co. Limited; • SSKI Corporate Finance Private Limited; • SSKI Securities Private Limited; • Sharekhan Limited; • Human Value Developers Limited; • IDFC Project Equity Co. Limited; • Asset Reconstruction Co.(I) Limited; • India Infrastructure Opportunities Fund Limited; • IDFC PPP Trusteeship Company Limited; and • IDFC Capital Company Limited
7.	***Mr. Jimmy Bilimoria*** *Father's Name:* Mr. Sorab Maneckji Bilimoria *Residential Address*: 5, Battery House, 74, Bhulabhai Desai Road, Mumbai 400026, India. Non Executive Director Independent Director *Nationality*: Indian *Occupation:* Company Executive	60	00112654	• Ciba Speciality Chemicals (India) limited • ING Investment Management (India) Private Limited • Dai Ichi Karkaria Limited

Brief biographies of our Directors:

Mr. V.K. Mundhra, 67 years, is the Chairman of our Company. He joined our Company in March, 2000. He holds a bachelor's degree in commerce from St. Xavier's College, Calcutta. Mr. Mundhra has over 35 years of varied business experience having successfully run and looked after large scale manufacturing units in the field of steel, engineering and chemicals. During the 1960s and 1970s, he was a director of Turner Morrison and Company Limited, which had several large manufacturing and industrial units under its fold such as Shalimar Tar Products Limited, Lodna Colliery Company Limited, Angelo Brothers Limited, Shalimar Works Limited etc and was actively associated in their management. During the 1970s, he managed Globe Motors Limited, Delhi which had a steel division by the name of Globe Steel and an auto component clutch manufacturing unit called Luk Auto Ancillary India Limited. He converted Globe Steel from a mild steel manufacturing unit to an alloy steel manufacturing unit when they were hardly any such units in the private sector.

Mr. P.D. Mundhra, 34 years, is the whole time Director of our Company. He joined our Company in March, 2000. He holds a bachelor's degree in commerce from St. Xavier's College, Calcutta and a master's degree in business administration with major in finance, from the Wharton School, University of Pennsylvania. Mr. Mundhra has previously worked with Lehman Brothers, New York as a summer associate for a period of three months and with Citibank in Mumbai as an Assistant Manager, Treasury Division, for a period of six months. Mr. Mundhra was also the President of Carter Hydraulic Power Private Limited, where he was instrumental in setting up a joint venture with Amco Veba of Italy for manufacturing and marketing mobile cranes in India. He was also the General Manager of Sri Vardhman Saving Company Private Limited, where he was involved in setting up of a consumer products packaging plant for Hindustan Lever Limited. As the Director of our Company, he is responsible for advising and counselling management on corporate decisions, providing strategic guidance and oversight.

Mr. Anjan Malik, 37 years, is a non-executive Director of our Company. He joined our Company in May, 2000. He holds a first class honors degree in Physics from the Imperial College of Science and Technology, London. He also holds a master's degree in business administration with major in Finance, from the Wharton School, University of Pennsylvania, where he was a Ford Scholar, a scholarship granted to the graduating Valedictorian. Mr. Malik has previously worked with Accenture in Europe for a period of three years, where he managed system implementation projects for a number of enterprise clients in the financial services. He has also worked with Lehman Brothers for seven years in New York and London, where he helped building a successful global structured product business. In his last role at Lehman Brothers, he co-headed the European Fixed Income Credit Trading team.

Mr. Pradeep Kapoor, 62 years, is a non-executive and independent Director on our Board. He joined our Company on August, 2007. He holds a bachelor's degree in mechanical engineering, from Regional Engineering College, Bhopal University. He has been associated with the infrastructure industry, especially engineering and construction industry, for about 40 years and under his leadership a number of major cement plants, mineral processing plants and infrastructure projects have been constructed. In the past he was associated with one of the subsidiaries of Trafalgar House, U.K, Chairman of Fuller Infotech Private Limited and a Director of FLS Automotion India Private Limited. Further, Mr. Pradeep Kapoor has also been the chief executive officer of some of the major Indian companies such as Dodsal Limited and Sanghi Industries Limited. Currently, he is the managing director and chief executive officer of ABG Cement Limited, the managing director of ABG Engineering and Constructions Limited and a director of ABG Energy Private Limited.

Mr. Anish Ghoshal, 42 years, is a non-executive and independent Director on our Board. He joined our Board on August, 2007. He graduated with a bachelor's degree in commerce with honours from St. Xavier's College, Calcutta, thereafter he obtained bachelor's degree in law from University of Bombay. He has been involved in legal practice since 1990, specializing in corporate, regulatory laws, acquisitions, joint ventures, labor laws, real estate and intellectual property laws. He is currently a partner in AM Law, Advocates and Solicitors.

Mr. Vikram Limaye, 40 years, is a non-executive and independent Director of our Company. He joined our Board on August, 2007. He graduated with a bachelor's degree in commerce from University of Mumbai. He is also a chartered accountant from the Institute of Chartered Accountants of India and holds a master's degree in business administration from the Wharton School, University of Pennsylvania. He has over 18 years of experience with global investment banks, foreign banks and global accounting firms. He began his corporate career with Arthur Andersen in Mumbai and has also worked with the Business Advisory Services Group at Ernst and Young and the Global Consumer Banking Group at Citibank N.A. He has also worked with Credit Suisse First Boston, U.S.A. in a variety of roles in investment banking, capital markets, structured finance and credit portfolio management. He joined Infrastructure Development Finance Corporation Limited as an executive director in March, 2005.

Mr. Jimmy Bilimoria, 60 years, is a non-executive and independent Director of our Company. He joined our Board on October 29, 2007. He holds a bachelor's degree in commerce from Sydenham College of Commerce and Economics, Mumbai. He is also a fellow member of the Institute of Chartered Accountant, England and Wales. He is the chairman and managing director of Ciba Speciality Chemicals India Limited and has been associated with Ciba group since 1998 where he was responsible for successful implementation of business model for Ciba group in India, in setting up of an independent research and development facility and disinvestment of polymer business. He has also played a major role in the merger of Sandoz (India) Limited and Hindustan Ciba Geigy Limited in formation of Novartis India Limited, and the subsequent demerger of Ciba Speciality Chemicals India Limited. He is also a director of ING Invesment Management Pvt Limited and chairman of its audit committee.

Except Mr. V.K. Mundhra who is father of Mr. P.D. Mundhra, no other Directors of our Company are related to each other.

Borrowing Powers of the Directors in our Company

As per the provisions of the Companies Act, the borrowing powers of our Board are limited to monies, where the money to be borrowed, together with monies already borrowed by our Company (apart from the temporary loans obtained from our bankers in the ordinary course of business), will not exceed, at any time, the aggregate of the paid up capital of our Company and its free reserves.

Corporate Governance

The provisions of the listing agreements, to be entered into by the Company with the Stock Exchanges, will be applicable to our Company immediately upon the listing of our Equity Shares with the Stock Exchanges. We have complied with the corporate governance code in accordance with Clause 49 (as applicable) of the listing agreement, particularly in relation to appointment of independent Directors to our Board and constitution of the audit committee, shareholders' committee and remuneration committee. Our Company undertakes to take all necessary steps to continue to comply with all the requirements of Clause 49 of the listing agreement. In addition, our Company intends to adopt a code of conduct for corporate governance and a code of conduct for prevention of insider trading.

Currently our Board has seven Directors, of which the Chairman of the Board is a non-executive and non-independent Director. In compliance with the requirements of Clause 49 of the Listing Agreement, our Company has one executive Directors and five non-executive Directors on our Board, of whom three are independent directors.

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

a. Audit Committee;

b. Shareholders' Committee; and

c. Remuneration Committee.

a. ***Audit Committee***

Members

Name of Director	Designation
Mr. Vikram Limaye	Chairman (Non-Executive and Independent Director)
Mr. Anish Ghoshal	Member (Non-Executive and Independent Director)
Mr. P.D.Mundhra	Member (Whole Time Director)

Scope and Terms of Reference

The Audit Committee would perform the following functions with regard to accounts and financial management:

a) review of internal control systems;

b) review of the half yearly and annual accounts of the Company;

c) fixing scope of internal audit; and

d) investigate into any matter as may be referred to it by the Board

b. Shareholders' Committee

Members

Name of Director	Designation
Mr. Pradeep Kapoor	Chairman (Non-Executive and Independent Director)
Mr. Anish Ghoshal	Member (Non-Executive and Independent Director)
Mr. P.D. Mundhra	Member (Whole Time Director)

Scope and Terms of Reference

a) to approve transfer of shares;

b) to look into the redressal of shareholder and investors complaints; and

c) to provide information to shareholders

c. Remuneration Committee

Members

Name of Director	Designation
Mr. Anish Ghoshal	Chairman (Non-Executive and Independent Director)
Mr. Vikram Limaye	Member (Non-Executive and Independent Director)
Mr. V.K. Mundhra	Member (Non-Exceutive and Non-Independent Director)

Scope and Terms of Reference

a. To decide all the elements of remuneration package of all the executive directors and senior managerial executives;

b. To decide on details of fixed component and performance linked incentives along with the performance criteria;

c. To decide the eligibility criteria, stock option details, price of issue and term over which exercisable and

d. To decide on the terms and conditions of the service contracts, notice period, severance fees.

In addition, the Board has constituted an IPO Committee comprising Mr. V.K. Mundhra and Mr. P.D. Mundhra, at their meeting held on August 30, 2007, for the purposes of this IPO

Shareholding details of the Directors in the Company

Except as provided below, our Directors do not hold any Equity Shares in our Company:

Name of Director	Number of Equity Shares
Mr. V.K. Mundhra	21,525
Mr. P.D. Mundhra	6,034,575
Mr. Anjan Malik	6,037,500

Interest of our Directors

Except as mentioned in the Related Party Transactions as mentioned in section titled "Financial Statements" beginning on page 93, our Directors are interested only to the extent of Equity Shares held by them or any entities controlled by them and /or by their friends and relatives or which may be subscribed by them and /or allotted to them by our Company.

Our Directors are interested to the extent of remuneration payable to them and fees, if any, payable to them for attending meetings of the Board or committee thereof and reimbursement of traveling and other incidental expenses, for attendance at meetings.

Our Directors are not interested in the appointment of or acting as Underwriters, Registrar and Bankers to the Issue or any such intermediary registered with SEBI.

Except for our Registered Office, which has been leased to the Company for a sum of Rs. 2,450 per month by Duncan Stratton & Co. Limited, a Promoter group company in which Mr. P.D. Mundhra is a director, our Directors do not have any interest in any property acquired by our Company within two years preceding the date of this Red Herring Prospectus or proposed to be acquired by our Company, as of the date of this Red Herring Prospectus.

Remuneration of our Directors

Mr. P. D. Mundhra

Mr. P. D. Mundhra joined our Board on April, 2000. The remuneration payable to him, with effect from April 1, 2007, has been determined pursuant to the resolution of the Board dated June 16, 2007. The remuneration payable to him is Rs. 7.80 million per annum. He is also eligible for an annual performance bonus of up to 50% of his annual remuneration. The details of remuneration payable to him include the following:

Particulars	Remuneration (in Rupees)
Basic Pay	550,000
House Rent Allowance	50,000
Conveyance Allowance	800
Medical Allowance	1,250
Leave Travel Allowance	45,833
Other Allowance	2,177
Monthly Gross	650,000
Annual Compensation	7,800,000
Annual Performance Bonus	(Up to) 50% of Annual Compensation fixed pay.
Leave Encashment (up to 15 days)	Up to 3,25,000
Gratuity	As per the Company's policy

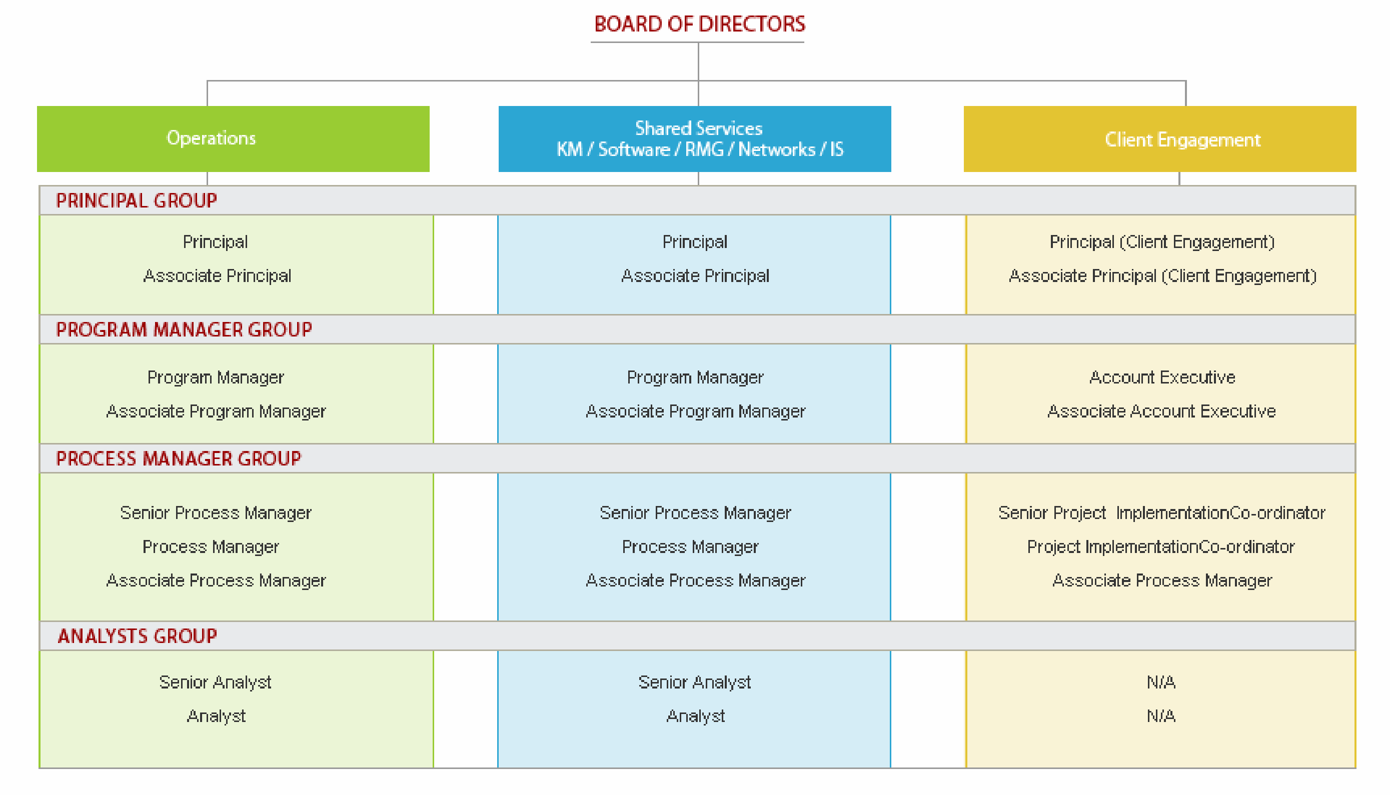
Mr. Anjan Malik

Mr. Anjan Malik joined our Board on May, 2000. Mr. Malik has entered into a service agreement dated April 11, 2006, with one of our subsidiaries i.e eClerx Limited, U.K. The base remuneration payable to him pursuant to the service agreement with eClerx Limited is GBP 0.10 million per annum (Rs. 8.6 million)

Changes in our Board of Directors during the last three years

Name	Date of Appointment	Date of Cessation	Reason
Mr. Pradeep Kapoor	August 11, 2007	N.A.	Appointment
Mr. Anish Ghoshal	August 11, 2007	N.A.	Appointment
Mr. Vikram Limaye	August 11, 2007	N.A.	Appointment
Mr. Jimmy Bilimoria	October 29, 2007	N.A.	Appointment

Management Organisation Structure



Details of key managerial personnel

In addition to our executive Directors, the following are our other key managerial personnel. All of our key managerial employees are permanent employees of our Company or our Subsidiaries. The details under this section are as of the date of this Red Herring Prospectus.

Key Managerial Personnel who are employees of our Company

Mr. Hoshi Mistry (**Principal**), 35 years, is responsible for the setup and on-going implementation of knowledge management and training programs of the Company. He joined our Company in April, 2002. He has received his bachelor's degree in engineering with a specialization in computer science from Ramrao Adik Institute of Technology, Bombay and a master's degree in technology with a specialization in computer science from the Indian Institute of Technology, Powai. Prior to joining us, he was working with Emageware Technologies as a Program Manager and was involved in systems design and algorithms development from August, 2000 to April, 2002. He has over 12 years of work experience and specializes in managing complex processes. He has a robust record in implementing turnkey projects from process consulting to operations and business process improvement. The remuneration paid to him for Fiscal 2007 was Rs. 2.21 million.

Mr. Kaushal G. Mahajan (**Associate Principal**), 32 years, is responsible for management of operations and business process reengineering for the financial services operations of our Company. He joined our Company in July, 2003. He has received his post-graduate diploma in management from Indian Institute of Management, Lucknow and bachelor of engineering with specializations in electronics, from Visveswaraya National Institute of Technology, Nagpur. Prior to joining us, he was working with HSBC as Manager, Business Process Improvement in Banking Services department from April, 2000 to July, 2003. He has over 8 years of experience in the financial services, retail and manufacturing industry. The remuneration paid to him for Fiscal 2007 was Rs. 1.96 million.

Mr. Kishore Poduri (**Associate Principal**), 35 years, is responsible for end to end implementation and delivery relating to the human resources systems and processes of our Company. He joined our Company in June, 2006. He has received his bachelor's degree in science with a specialization in computer science from Nagarjuna University and a master's degree in business administration with a specialization in human resources from Symbiosis Centre for Human Resource Development, Pune. Prior to joining us, he was at HDFC Bank where he was appointed as the Regional Head for Human Resources for the southern and eastern regions from December, 2002 to June, 2006. He has over 12 years of experience in financial and manufacturing industry. The remuneration paid to him for Fiscal 2007 was Rs. 2.10 million.

Mr. Rohitash Gupta (**Associate Principal**), 34 years, is responsible for the management of operations and business process reengineering for retail and manufacturing operations of our Company.. He joined our Company in November, 2003. He has received his bachelor's degree in technology from Indian Institute of Technology, Kanpur and a master's degree in management from the School of Management, Indian Institute of Technology, Bombay. Prior to joining us, he was working with ABB Limited from May, 1995 to May, 1997, Tata AutoComp Systems from June, 1999 to May, 2001 and Siemens Information Systems as Associate Consultant from June, 2001 to October, 2003. He has over 10 years of experience in retail and manufacturing industry. The remuneration paid to him for Fiscal 2007 was Rs. 2.11 million.

Key Managerial Personnel who are employees of our Subsidiaries:

We rely heavily on our Subsidiaries for sale and marketing of our services, and therefore certain employees of our Subsidiaries who are based in offshore locations and play a major role in marketing our services to clients in geographical locations outside India, are included as key managerial personnel of our Company. Mentioned below are the details of key managerial personnel of our Company who are employees of our Subsidiaries

Mr. Andrew Hobbs (**Associate Principal**), 39 years, is the head of sales and business development for the finance and derivatives operations of our Company. He joined eClerx Limited, U.K. one of our Subsidiaries, in November, 2006. While he does not hold any formal degree, Mr. Hobbs career was evaluated in 2000, by Professor Giora Harpaz of the City University of New York as equivalent to bachelor of business administration with a concentration in marketing and management information systems. He has over 19 years of experience in derivatives covering back office clearing/brokerage systems, sales and implementation, clearing/execution/funding sales and regional/global sales/business management and has held senior positions at Rolfe and Nolan and Deutsche Bank. Prior to joining us, Mr. Hobbs was at GL Trade as their head of Post Trade Derivatives for London/Northern Europe business units from July, 2004 to October, 2006. The remuneration paid to him for Fiscal 2007 was Rs. 8.07 million.

Mr. Daniel Foarde (**Associate Principal**), 41 years, is responsible for managing client relationships, architecting solutions, and handling relationship based sales. He joined eClerx, LLC, one of our Subsidiaries in September, 2006. He has received his bachelor's degree in business administration in finance from the University of Texas and a master's degree in business administration from the University of Texas. Prior to joining us, he was working with Fiserv- EPSIIA as the Vice-President of sales, marketing and project development from 2004 to 2006. He has over 20 years of experience in financial services, retail and manufacturing industry. The remuneration paid to him for Fiscal 2007 was Rs. 4.35 million.

Mr. Joseph Ryan (**Associate Principal**), 48 years, is the head of sales and business development for our retail and manufacturing business for the North America region. He joined eClerx, LLC, one of our Subsidiaries, in December, 2006. He has received his applied sciences diploma for instrumentation and control (robotics) from University of New Mexico. Prior to joining us, he was with B-Global as Vice President, Business Development from 2003 to 2006. He has over 25 years of experience, as a business development executive in various industries, such as, retail, manufacturing, travel, hospitality, wireless communications and workforce automation. The remuneration paid to him for Fiscal 2007 was Rs. 2.64 million.

Mr. Mahesh K. Muthu (**Associate Principal**), 25 years, is responsible for managing client relationships, architecting solutions, and handling relationship based sales. He joined eClerx, LLC, one of our Subsidiaries, on September, 2004. He holds a bachelor's of science degree in economics with a specialisation in finance from the Wharton School, University of Pennsylvania. Prior to joining us, he was working with the Financial Planning and Analysis department at Dell Inc., from July, 2003 to August,

2004. He has over 4 years of experience in the financial services, retail and manufacturing industry. The remuneration paid to him for Fiscal 2007 was Rs. 9.90 million.

Mr Nick Singh Kandola (Associate Principal), 43 years is responsible for sales and business development for our retail business in Europe. He holds a bachelors of science degree in electronic engineering from Portsmouth University, a master's degree in business administration from Middlesex, London University and a master's degree in Comparative Religious Studies from Antwerp University, Belgium. He has over 22 years of experience in research, development, product marketing and business operations. He has worked for four leading companies including GEC Research Labs Limited, Racal Electronics Plc, Azlan Plc and as Director of Marketing at Cisco Systems (UK) Limited. In the year 1999, he played a major role in raising USD24 million from venture capitalists to lead the development of a European electronic trading system for the high technology sector. This business was subsequently transformed into Igentica. In the year 2006, he spearheaded the acquisition of Electrobug Technologies. He joined our subsidiary, eClerx Limited, U.K. on August 1, 2007. Prior to joining us, he was the chief executive officer of the Igentica Group.

Changes in the key managerial personnel during the last three years

Name	Date of Appointment	Date of Cessation	Reason
Mr. Rajeev Bhattacharya	November 24, 2003	October 16, 2006	Resignation
Mr. Penny Lane	August 1, 2001	December 1, 2006	Resignation
Mr. Simon Salt	March 1, 2004	September 1, 2006	Resignation
Mr. Mahesh K. Muthu*	September 4, 2004	-	Appointment
Mr. Kishore Poduri	June 16, 2006	-	Appointment
Mr. Andrew Hobbs#	November 6, 2006	-	Appointment
Mr. Joseph Ryan^	December 15, 2006	-	Appointment
Mr. Nick Singh Kandola@	August 1, 2007	-	Appointment

* Mr. Muthu joined eClerx, LLC, one of our Subsdiaries

\# Mr. Hobbs joined eClerx Limited, U.K., one of our Subsdiaries

^ Mr. Ryan joined eClerx, LLC, one of our Subsdiaries

@ Mr. Kandola joined eClerx Limited, U.K., one of our Subsdiaries

Shareholding of the key managerial personnel

None of the key managerial personnel hold any Equity Shares of our Company.

Bonus or profit sharing plan of our key managerial personnel

Except the ESOP, there is no other bonus or profit sharing plan for our key managerial personnel. For details of ESOP, see the section titled "Capital Structure" beginning on page 13.

Interest of key managerial personnel

None of our key managerial personnel have any interest in our Company and/or our Subsidiaries other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

Employee Stock Option Scheme

For details of our ESOP, see the section titled "Capital Structure – Notes to Capital Structure" beginning on page 14.

Loans taken by Directors / Key Managerial Personnel

Our Directors and key managerial personnel have not taken any loan from our Company

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

No amount or benefit has been paid or given to any officer of our Company within the two preceding years from the date of filing of this Red Herring Prospectus or is intended to be paid, other than in the ordinary course of their employment, other than the options granted to them under our ESOP Scheme and the shares allotted to them on exercise of options from time to time.

Except as stated in the section titled "Financial Statements" beginning on page 93, none of the beneficiaries of loans and advances and sundry debtors are related to our Directors.

HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was originally incorporated on March 24, 2000 as eClerx Services Private Limited under the Companies Act, 1956. Our Company was converted to a public limited company and the name was changed to eClerx Services Limited, pursuant to resolutions of the shareholders passed in the AGM held on August 1, 2007. The Registrar of Companies, Mumbai issued a fresh certificate of incorporation consequent to the conversion on August 28, 2007.

Change in Registered Office: We have not changed the Registered Office of our Company since incorporation.

Major Events

Following are the key events and milestones achieved by us:

Calendar Year	Events
2000	Setting up of a sales office in London, the U.K.
2001	Setting up of a of a sales office in the Austin, U.S.
2004	Listed as "Best of Breed" in the BPO segment by AT Kearney.
2004	Opening of delivery centre at Mumbai (Sewri).
2004	Featured as one of the "Top 20 companies to Watch in 2005" in *Business Today* Magazine.
2006	Listed as "Pricing Experts" by the Professional Pricing Society. Obtained the ISO – 27001 certification. Opening of a delivery centre at Mumbai (Raheja Plaza, Ghatkopar). Listed by the *Yankee Report* as a "Best of Breed" analytics provider.
2007	Opening of a delivery centre at Mumbai (Ashok Silk Mills, Ghatkopar). Acquisition of the Igentica Group. Total number of employees crosses the 1,000 mark.

Our Main Objects

Our Main Objects as contained in the Memorandum of Association are as follows:

"To carry on the business of out sourcing of computer consultants and all other relating to computers including programming, information management retrieval, data preparation, Internet and processing and to operate, and maintain computer systems and communication system, aids of all kinds and to deal in computers and software and to provide technical and advise and supply software and other services for such users in India and abroad".

Changes in Memorandum of Association

Since the date of Incorporation the following changes have been made to the Memorandum of Association;

Date of Amendment	Amendment
August 6, 2007	The authorised share capital of the Company was increased from Rs. 11,000,000 divided into 1,100,000 shares of Rs. 10 each to Rs. 200,000,000 divided into 20,000,000 Equity Shares of Rs. 10 each.

Subsidiaries: The subsidiaries of our Company are eClerx LLC, eClerx Investments Limited, eClerx Limited, Igentica Travel Solutions Limited, Electrobug Technologies Limited, Igentica Limited and Ebug Pricing Intelligence Limited.

The table below lists out the companies which are our Subsidiaries and the dates on which these companies became our Subsidiaries.

Date of Acquisition	Name of Subsidiaries
April 1, 2007	eClerx LLC, USA
April 1, 2007	eClerx Limited, U.K.
June 25, 2007	eClerx Investments Limited, British Virgin Islands
July 27, 2007	Igentica Travel Solutions Limited, U.K.
July 27, 2007	Igentica Limited, U.K.
July 27, 2007	Electrobug Technologies Limited, U.K.
July 27, 2007	Ebug Pricing Intelligence Limited, U.K.

eClerx LLC ("ELC")

ELC was incorporated on March 6, 2002 as a limited liability company to carry on the business of transaction of any and all lawful acts, activities and/ or businesses for which a company may be organized under the Texas Limited Liability Company Act. The registered office of ELC is situated at 905 Orleans, Beaumont, Texas 77701. ELC became our subsidiary on April 1, 2007.

Board of Directors: The board of directors of ELC comprises Mr. Anjan Malik and Mr. P. D. Mundhra.

Shareholding Pattern: The shares of ELC are not listed in any stock exchanges. The shareholding pattern of ELC as of October 31, 2007 was as follows:

Name of Shareholder	No. of shares	% of Issued Capital
eClerx Services Limited	100	100.00
Total	**100**	**100.00**

Financial Performance:

The following table sets forth ELC's audited summary financial data:

(In Rs. million, except per share data)

	For the year ended March 31			Six Months ended September 30, 2007
	2005	2006	2007	
Total Revenues	15.97	37.23	48.15	23,98
Profit / Loss after Tax	0.14	(1.49)	2.08	1.99
Equity share capital	0.00*	0.00*	0.00*	0.00*
Reserves and Surplus (excluding revaluation reserves) (1)	0.29	(1.42)	0.70	2.59
Earnings/ (Loss) per share (diluted) (Rs.) (2)	-	-	-	-
Book value per equity share (Rs.) (2)	-	-	-	-

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is 1 USD (Rs. 39.7)

* The equity share capital of the Company is USD 100 (Rs. 39.7)

eClerx Limited ("ECL")

ECL was incorporated on January 11, 2000 to carry on the business of a general trader, marketing specialist, consultant, manufacturers agent, representative, merchant, importer and exporter,. The registered office of ECL is situated at 4 Red Lion Court, Alexandra Road, Hounslow, Middlesex, TW3 1JS, U.K. ECL became our wholly owned subsidiary on April 1, 2007, pursuant to the following share purchase agreements:

Acquisition of shares in ECL: We had entered into two different share purchase agreement both dated April 1, 2007 with Trice Limited ("**TL**") and Hiram International Holdings SA ("**HIHS**") for purchase of their holding in ECL constituting of 50 equity shares of face value 1 GBP each, held by them respectively. The total consideration paid by us to TL for purchase of 50 equity shares of ECL was GBP 20,300 (Rs. 1.75 million) and to HIHS for purchase of 50 equity shares of ECL was GBP 20,300 (Rs. 1.75 million) respectively.

Board of Directors: The board of directors of ECL comprises Mr. Anjan Malik and Mr. P. D. Mundhra.

Shareholding Pattern: The shares of ECL are not listed in any stock exchanges. The shareholding pattern of ECL as of October 31, 2007 was as follows:

Name of Shareholder	No. of shares	% of Issued Capital
eClerx Services Limited	100	100.00
Total	**100**	**100.00**

Financial Performance:

The following table sets forth ECL's audited summary financial data:

(In Rs. million, except per share data)

	For the year ended March 31			Six Months ended September 30, 2007
	2005	2006	2007	
Total Revenues	17.92	19.06	38.94	34.05
Profit / Loss after Tax	1.52	0.70	1.56	2.00
Equity share capital	0.008	0.008	0.008	0.008
Reserves and Surplus (excluding revaluation reserves) (1)	0.255	0.94	2.60	4.42
Earnings/ (Loss) per share (diluted) (Rs.) (2)	2,633.39	9,503.27	26,083.23	44,280.34
Book value per equity share (Rs.) (2)	15,211.75	7,007.45	15,635.74	20,000.00

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is 1 GBP (Rs. 83.0)

eClerx Investments Limited ("EIL")

EIL was incorporated on June 25, 2007 to carry on the business of an Investment and acquisition vehicle for our Company. The registered office of EIL is situated at Trident Chambers, Wickam Cay, Road Town, Tortola, British Virgin Islands. EIL became our Subsidiary on June 25, 2007.

Board of Directors: The board of directors of EIL comprises CDS International Limited.

Shareholding Pattern: The shares of EIL are not listed in any stock exchanges. The shareholding pattern of EIL as of October 31, 2007 was as follows:

Name of Shareholder	No. of shares	% of Issued Capital
eClerx Services Limited	1,000,000	100.00
Total	**1,000,000**	**100.00**

Financial Performance: The following table sets forth audited summary financial data of EIL for the period between the date of its incorporation, i.e. June 25, 2007 and September 30, are 2007:

(In Rs. million, except per share data)

	Period between June 25, 2007 and September 30, 2007
Total Revenues	0.03
Profit after Tax	(0.91)
Equity share capital	83.13
Reserves and Surplus (excluding revaluation reserves) (1)	(36.97)
Earnings/ (Loss) per share (diluted) (Rs.) (2)	(0.92)
Book value per equity share (Rs.) (2)	79.44

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is 1 GBP (Rs. 83.0)

Recent Acquisitions: We have recently acquired Igentica Travel Solutions Limited and its wholly owned subsidiaries, Igentica Limited, Electrobug Technologies Limited and Ebug Pricing Intelligence Limited in U.K., ("**ITS Group**") through EIL, pursuant to a Share Purchase Agreement dated July 24, 2007 ("**SPA**"). These companies are primarily engaged in the business of providing pricing analytics services to certain large organizations in the travel and hospitality sector in Western Europe. These acquisitions were funded from our internal accruals and the funds raised from Issue Proceeds would not be utilized for funding of these acquisitions. The salient features of the share purchase agreement are mentioned below.

*Share Purchase Agreement ("**SPA**"):*

- The SPA was entered into between the shareholders of Igentica Travel Solutions Limited as the sellers and EIL as the buyer along with Igentica Travel Solutions Limited, Igentica Limited, Electrobug Technologies Limited, Ebug Pricing Intelligence Limited and us as the confirming parties.
- The purchase price for the acquisition of shares is payable in two installments, as per the terms and conditions of the SPA and the escrow agreement dated July 27, 2007 entered into between EIL, the selling shareholders and the escrow agents. The first installment for GBP 434,135 (Rs. 37.38 million), was paid on July 27, 2007 ("Closing Date") and an equal amount, has been deposited in an escrow account. We are also required to deposit an amount for GBP. 434,135 six months after the Closing Date. The second installment, to be paid a year after Closing Date, will be calculated pursuant to a formula based on the revenues of the business over the twelve month period post Closing Date, and shall be funded from the first and the second escrow amounts. Any shortfall or excess in such installment against the deposits available in escrow will be to the account of the purchaser. Further, a loan of GBP 110,000 (Rs. 9.47 million) has also been granted by EIL to Igentica Travel Solutions Limited.
- As per the SPA, EIL would have the right for indemnification, from the selling shareholders for any losses or damages incurred by it, pursuant to the SPA, only in the event, if such aggregate losses incurred would exceed GBP 5,000 (Rs. 0.43 million). Further, any losses incurred by either of the parties and arising on or before the Closing Date would be adjusted against the second installment purchase price. However, the aggregate liability of the selling shareholders shall not exceed the purchase price.
- The selling shareholders would cause the appointment of Mr. P.D. Mundhra and Mr. Anjan Malik as the directors of all the ITS Group companies on the Closing Date.
- The parties have agreed that any disputes, controversy or claim arising, in relation to the SPA, would be settled by arbitration through negotiations between the parties and in accordance with the rules for arbitration and conciliation of the International Chamber of Commerce.

The details of the ITS Group companies, which are also subsidiaries of our Company, are mentioned below.

Igentica Travel Solutions Limited ("ITSL")

ITSL was incorporated in April 2006, to carry on the business of a specialist price intelligence unit serving retail and the hotel groups primarily. The registered office of ITSL is situated at 13 Leaholme Gardens, Burnham, Berkshire, SL1 6LD, U.K. ITSL became a subsidiary of Eclerx Investments Limited and therefore our Subsidiary on July 27, 2007.

Board of Directors: The board of directors of ITSL comprises Mr. P.D. Mundhra and Mr. Anjan Malik.

Shareholding Pattern: The shares of ITSL are not listed in any stock exchanges. The shareholding pattern of ITSL as of October 31, 2007 was as follows:

Name of Shareholder	No. of shares	% of Issued Capital
eClerx Investments Limited	994	99.4
Candy Glazer	4	0.4
Rakesh Mathur	2	0.2
Total	**1,000**	**100.00**

Financial Performance: The following table sets forth ITSL's audited summary financial data:

(Figures in Rs. except share data)

	For the year ended March 31, 2007	For six months period ended September 30, 2007
Total Revenues	-	31.66
Profit / Loss after Tax	-	(1.98)
Equity share capital (Rs.)	82,590	82,590
Reserves and Surplus (excluding revaluation reserves) (1)	-	-
Earnings/ (Loss) per share (diluted) (Rs.) (2)	-	(1,978.98)
Book value per equity share (Rs.) (2)	82.59	(2,333.06)

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is 1 GBP (Rs. 83.0)

Igentica Limited ("IL")

IL was incorporated in April 1999, to carry on the business of is a specialist price intelligence unit serving retail and the hotel groups primarily. The registered office of IL is situated at is situated at 13 Leaholme Gardens, Burnham, Berkshire, SL1 6LD, U.K. ITSL became a subsidiary of Eclerx Investments Limited and therefore our Subsidiary, with effect from July 27, 2007.

Board of Directors: The board of directors of IL comprises Mr. P.D. Mundhra and Mr. Anjan Malik.

Shareholding Pattern: The shares of IL are not listed in any stock exchanges.The shareholding pattern of IL as of October 31, 2007 was as follows:

Name of Shareholder	No. of shares	% of Issued Capital
Igentica Travel Solutions Limited	1	100.00
Total	**1**	**100.00**

Financial Performance: The following table sets forth IL's audited summary financial data:

(Figures in Rs. million except for share data)

	For the year ended March 31			Six Months ended September 30, 2007
	2005	2006	2007	
Total Revenues	26.22	27.99	34.96	-
Profit / Loss after Tax	1.53	0.27	(3.24)	-
Equity share capital (Rs.)	83	83	83	83
Reserves and Surplus (excluding revaluation reserves) (1)	(61.72)	(58.23)	7.22	6.74
Earnings/ (Loss) per share (diluted) (Rs.) (2)	1,534,311	265,613	(3,239,082)	-
Book value per equity share (Rs.) (2)	(61,715,701)	(58,231,625)	7,218,796	6,735,783

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is 1 GBP (Rs. 83.0).

Electrobug Technologies Limited ("ETL")

ETL was incorporated on October 2000 to carry on the business of a specialist price intelligence unit serving retail and the hotel groups primarily. The registered office of ETL is situated at 13 Leaholme Gardens, Burnham, Berkshire, SL1 6LD, U.K. ETL became a subsidiary of Eclerx Investments Limited, and therefore our Subsidiary with effect from July 27, 2007.

Board of Directors: The board of directors of ETL comprises Mr. P.D. Mundhra and Mr. Anjan Malik.

Shareholding Pattern: The shares of ETL are not listed in any stock exchanges.The shareholding pattern of ETL as of October 31, 2007 was as follows:

Name of Shareholder	No. of shares	% of Issued Capital
Igentica Travel Solutions Limited	118,518	100.00
Total	118,518	**100.00**

Financial Performance: The following table sets forth ETL's audited summary financial data:

(Figures in Rs. million except for share data)

	For the year ended December 31			
	2005	2006	January 1, 2007 to March 31, 2007	Six Months ended September 30, 2007
Total Revenues	53.63	62.50	9.41	-
Profit / Loss after Tax	(27.03)	15.73	0.15	-
Equity share capital	9.84	9.33	10.20	9.79
Reserves and Surplus (excluding revaluation reserves) [1]	43.24	(14.72)	(15.95)	(15.15)
Earnings/ (Loss) per share (diluted) (Rs.) [2]	(228.00)	132.00	2.00	-
Book value per equity share (Rs.) [2]	(281.00)	(45.47)	(48.51)	(45.22)

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is 1 GBP (Rs. 83.0).

(3) The accounting year was changed to year ending March 31 in line with its parent company ITSL

Ebug Pricing Intelligence Limited ("EPIL")

EPIL was incorporated on October, 2005 to carry on the business of a specialist price intelligence unit (based in Slough, UK) serving retail and the hotel groups primarily. The registered office of EBL is situated at 13 Leaholme Gardens, Burnham, Berkshire, SL1 6LD, U.K. EPIL became a subsidiary of Eclerx Investments Limited and therefore our Subsidiary, with effect from July 27, 2007.

Board of Directors: The Board of directors of EPIL comprises Mr. P.D. Mundhra and Mr. Anjan Malik.

Shareholding Pattern: The shares of EPIL are not listed in any stock exchanges. The shareholding pattern of EPIL as of October 31, 2007 was as follows:

Name of Shareholder	No. of shares	% of Issued Capital
Electrobug Technologies Limited	1	100.00
Total	1	**100.00**

Financial Performance:

(Figures in Rs. million except for share data)

	For the year ended July 31			
	2005	2006	August 1, 2006 to March 31, 2007	Six Months ended September 30, 2007
Total Revenues	0.66	10.75	11.73	-
Profit / Loss after Tax	0.05	1.03	0.96	-
Equity share capital (Rs.)	83	83	83	-
Reserves and Surplus (excluding revaluation reserves) (1)	0.05	1.08	2.14	2.00
Earnings/ (Loss) per share (diluted) (Rs.) (2)	51,562	1,028,766	962,942	-
Book value per equity share (Rs.) (2)	51,645	1,077,718	2,141,996	2,141,996

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is 1 GBP (Rs. 83.0).

(3) The accounting year was changed to year ending March 31 in line with its parent company ITSL

Material Agreements: We have not entered into any shareholders agreements as on the date of filing this Red Herring Prospectus.

Strategic and Financial Partnerships:

Our Company has not entered in to any strategic and financial partnerships.

OUR PROMOTERS AND PROMOTER GROUP

Promoters

The Promoters of our Company are Mr. P.D Mundhra and Mr. Anjan Malik.

The details of our Promoters who are individuals are as follows:

Mr. P.D. Mundhra: For more details of Mr. P.D. Mundhra, please see the section titled "Our Management" beginning on page 49.

Identification Particulars	Details
PAN	AEUPM7819R
Passport No.	G0900118
Voter ID Number	Not Available
Driving License Number	WB-01-007168

Mr. Anjan Malik: For more details of Mr. Anjan Malik, please see the section titled "Our Management" beginning on page 49.

Identification Particulars	Details
PAN	AJOPM4534G
Passport No.	Z1491790
Voter ID Number	Not Available
Driving License Number	MALIK705040A99HT 07

We confirm that the details of the permanent account number, bank account numbers and passport numbers have been submitted to the Stock Exchanges at the time of filing the Draft Red Herring Prospectus with the Stock Exchanges.

Further, our Promoters and Promoter Group, including relatives of the Promoters, have confirmed that they have not been detained as willful defaulters by the RBI or any other Governmental authority.

Additionally, there are no violations of securities laws committed by them in the past or are pending against them and none of our Promoters or persons in control of bodies corporate forming part of our Promoter Group have been restricted from accessing the capital markets for any reasons, by SEBI or any other authorities.

For other details relating to our Promoters, including addresses, terms of appointment as our Directors and other directorships, see the section titled "Our Management" beginning on page 49.

Promoter Group

In addition to the Promoters named above, the following natural persons, companies and entities form part of the Promoter Group.

The natural persons who are part of the Promoter Group (being the immediate relatives of our Promoters), apart from the individual Promoters mentioned above, are as follows:

Promoter	Name of the Relative	Relationship
Mr. P.D. Mundhra	Mrs. Shweta Mundhra	Spouse
	Mr. V. K. Mundhra	Father
	Ms. Supriya Modi	Sister
	Master Pranay Mundhra	Son
	Ms. Advita Mundhra	Daughter
	Mr. Rajkumar Keyal	Spouse's Father
	Mrs. Sarita Keyal	Spouse's Mother
	Mr. Ashish Keyal	Spouse's Brother

Promoter	Name of the Relative	Relationship
Mr. Anjan Malik	Mrs. Richa Malik	Spouse
	Mr. Krishan Narayan Malik	Father
	Mrs. Lily Das Malik	Mother
	Mr. Pawan Malik	Brother
	Master Vansh Malik	Son
	Master Yuv Malik	Son
	Mr. Vinay Singh	Spouse's Father
	Mrs. Maya Singh	Spouse's Mother
	Ms. Kavita Mathur	Spouse's Sister

Promoter Group Companies and Entities

The companies that are part of the Promoter Group have been provided below. The companies that form part of the Promoter Group include:

1. a company in which 10% or more of the share capital is held by our Promoters or their immediate relatives; and
2. a company in which a company specified below holds 10% or more, of the share capital; and
3. a company promoted by our Promoters.

S. No.	Name of Promoter Group companies and entities associated with Mr. P.D. Mundhra
1)	N. T. Estates and Investments Private Limited
2)	Duncan Stratton & Co. Limited
3)	Dorner Fashion Private Limited
4)	Vinayak Properties Private Limited
5)	Consolidated Properties Private Limited
6)	Ambassador Estates and Investments Private Limited
7)	Riddhi-Siddhi Realtors Private Limited
8)	Anmol Realtors Private Limited
9)	Mukund Realtors Private Limited
10)	Urvashi Realtors Private Limited
11)	Aashutosh Properties Private Limited
12)	Ace Rubber Ind. Private Limited
13)	Chandak Exports Private Limited
14)	Consolidated Packaging Co. Private Limited
15)	Dia Exports Private Limited
16)	Gopal Krishna Rasayan Private Limited
17)	Master Packaging Services Private Limited
18)	New Multi Dye Chem Enterprises Private Limited
19)	Pankaj Properties and Leasing Co. Private Limited
20)	S.K.G Ind. Limited
21)	Srivardhman Saving Co. Private Limited

22)	Vishal Exports Private Limited
23)	Innovative Impex Private Limited
24)	Himalayan Capital Services Private Limited
25)	Jagdamba Organics Private Limited
26)	Crescent Oils Private Limited
27)	Ojas Dyechem (India) Private Limited
28)	Om Sadan Private Limited
29)	Pragati Tie-Up Private Limited
30)	RK Trading Company

S. No.	Name of Promoter Group Companies and Entities associated with Mr. Anjan Malik
1.	Inner Challenges Private Limited

Promoter Group Companies associated with Mr. P.D. Mundhra

- **N. T. Estates and Investments Private Limited ("NTEIPL")**

NTEIPL was incorporated on January 2, 1982, under the Companies Act. Its registered office is located at Sonawala Building, 1st Floor, 29, Bank Street, Fort, Mumbai 400 023. NTEIPL is engaged in the business of securities trading.

Shareholding as of July 31, 2007

The shares of NTEIPL are not listed on any stock exchange. The shareholding pattern of NTEIPL as of October 31, 2007 is as follows:

S. No.	Shareholder	Number of shares	Percentage of issued capital
1	Ms. Yashodha Devi Mundhra	260	0.34
2	Mr. V.K. Mundhra	740	0.97
3	Duncan Stratton & Co. Limited	22,000	28.76
4	Vinayak Properties Private Limited	20,000	26.14
5	Dorner Fashion Private Limited	12,000	15.69
6	Others	21,500	28.10
	Total	**76,500**	**100**

There has been no change in the capital structure of NTEIPL in the last six months.

Directors as of October 31, 2007

The board of directors of NTEIPL comprises Mr. V. K. Mundhra and Mr. P.D. Mundhra.

There has been no change in the management of NTEIPL since its inception.

Financial Performance

The audited financial results of NTEIPL for the Fiscals 2005, 2006 and 2007 are set forth below:

(in Rs. million except for share data)

	For the year ended March 31		
	2005	**2006**	**2007**
Total Revenues	7.48	23.25	7.49
Profit after Tax	1.77	15.83	(2.05)
Equity share capital	7.65	7.737	7.99
Reserves and Surplus (excluding revaluation reserves) [1]	19.83	39.93	50.93
Earnings/ (Loss) per share (diluted) (Rs.) [2]	23.11	204.61	(25.62)
Book value per equity share (Rs.) [2]	359.24	616.04	737.66

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is Rs.100.

- **Duncan Stratton & Co Limited ("DSCL")**

DSCL was incorporated on December 6, 1940, under the Indian Companies Act, 1913. Its registered office is located at Sonawala Building, 1st Floor, 29 Bank Street, Fort, Mumbai 400 023. DSCL is engaged in the business of real estate, property development and lease rental.

Shareholding as of October 31, 2007

The shares of DSCL are not listed on any stock exchange. The shareholding pattern of DSCL is as follows:

S. No.	Shareholder	Number of shares	Percentage of issued capital
1	Dorner Fashions Private Limited	150,000	37.50
2	Mr. P.D. Mundhra (HUF)	40,000	10.00
3	Vinayak Properties Private Limited	183,498	45.87
4	Others	26,502	06.63
	Total	**400,000**	**100**

There has been no change in the capital structure of DSCL in the last six months.

Directors as of October 31, 2007

The board of directors of DSCL comprises Mr. V.K. Mundhra and Mr. P. D. Mundhra.

There has been no change in the management of DSCL since its inception.

Financial Performance

The audited financial results of DSCL for the Fiscals 2004, 2005 and 2006 are set forth below:

(in Rs. million except for share data)

	For the year ended March 31		
	2005	**2006**	**2007**
Total Revenues	1.54	2.07	2.61
Profit after Tax	0.27	0.80	0.99
Equity share capital	2.00	2.00	2.00
Reserves and Surplus (excluding revaluation reserves) [1]	10.25	11.05	12.04
Earnings/ (Loss) per share (diluted) (Rs.) [2]	0.69	2.00	2.49
Book value per equity share (Rs.) [2]	30.62	32.62	35.10

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is Rs.5.

- **Dorner Fashion Private Limited ("DFPL")**

DFPL was incorporated on January 11, 1995, under the Companies Act. Its registered office is located at Flat A 6th Floor, Block No.B, 21 Khetra, West Bengal 711106. DFPL is engaged in the business of trading and investment in shares and stocks.

Shareholding as of October 31, 2007

The shares of DFPL are not listed on any stock exchange. The shareholding pattern of DFPL is as follows:

S. No.	Shareholder	Number of shares	Percentage of issued capital
1	Innovative Impex Private Limited	245,000	49.45
2	N.T. Estates and Investment Private Limited	230,400	46.51
3	Mr. P.D. Mundhra (HUF)	20,000	4.04
	Total	**495,400**	**100**

There has been no change in the capital structure of DFPL in the last six months.

Directors as of October 31, 2007

The board of directors of DFPL comprises Mr. V. K. Mundhra and Mr. P.D. Mundhra.

There has been no change in the management of DFPL since its inception.

Financial Performance

The audited financial results of DFPL for the Fiscals 2005, 2006 and 2007 are set forth below:

(in Rs. million except for share data)

	For the year ended March 31		
	2005	**2006**	**2007**
Total Revenues	0.025	0.279	0.05
Profit after Tax	0.003	0.075	(0.047)
Equity share capital	4.95	4.95	4.95
Reserves and Surplus (excluding revaluation reserves) (1)	0.38	0.48	0.48
Earnings/ (Loss) per share (diluted) (Rs.) (2)	0.006	0.15	(0.10)
Book value per equity share (Rs.) (2)	10.77	10.96	10.96

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is Rs.10.

- **Vinayak Properties Private Limited ("VPPL")**

VPPL was incorporated on August 25, 1987, under the Companies Act. Its registered office is located at Sonawala Building, 1st Floor, 29 Bank Street, Fort, Mumbai 400 023. VPPL is engaged in the business of real estate.

Shareholding as of October 31, 2007

The shares of VPPL are not listed on any stock exchange. The shareholding pattern of VPPL is as follows:

S. No.	Shareholder	Number of shares	Percentage of issued capital
1	Mr. P.D. Mundhra (HUF)	900	90.00
2	Mr. V.K. Mundhra	99	9.90
3	Mr. Sunil Bajaj	1	0.10
	Total	**1,000**	**100**

There has been no change in the capital structure of VPPL in the last six months.

Directors as of October 31, 2007

The board of directors of VPPL comprises Mr. V.K. Mundhra and Mr. P.D. Mundhra.

There has been no change in the management of VPPL since its inception.

Financial Performance

The audited financial results of VPPL for the Fiscals 2005, 2006 and 2007 are set forth below:

(in Rs. million except for share data)

	For the financial year behind March 31		
	2005	**2006**	**2007**
Total Revenues	0.003	0.56	0.56
Profit after Tax	Nil	0.59	0.48
Equity share capital	0.1	0.1	0.1
Reserves and Surplus (excluding revaluation reserves) (1)	1.03	1.59	2.07
Earnings/ (Loss) per share (diluted) (Rs.) (2)	(0.329)	558.55	478.51
Book value per equity share (Rs.) (2)	1134.29	1692.85	2171.35

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is Rs.100.

- **Consolidated Properties Private Limited ("CPPL")**

CPPL was incorporated on September 14, 1987, under the Companies Act. Its registered office is located at Sonawala Building 1st Floor, 29 Bank Street, Fort, Mumbai 400 023. CPPL is engaged in the business of real estate.

Shareholding as of October 31, 2007

The shares of CPPL are not listed on any stock exchange. The shareholding pattern of CPPL is as follows:

S. No.	Shareholder	Number of shares	Percentage of issued capital
1	Dorner Fashion Private Limited	17,500	44.76
2	Innovative Impex Private Limited	12,500	31.97
3	Vinayak Properties Private Limited	9,000	23.02
4	Mr. V.K. Mundhra	99	0.25
5	Mr. Sunil Bajaj	1	0.003
	Total	**39,100**	**100**

There has been no change in the capital structure of CPPL in the last six months.

Directors as of October 31, 2007

The board of directors of CPPL comprises Mr. V.K Mundhra and Mr. P.D. Mundhra.

There has been no change in the management of CPPL since its inception.

Financial Performance

The audited financial results of CPPL for the Fiscals 2005, 2006 and 2007 are set forth below:

(in Rs. million except for share data)

	For the year ended March 31		
	2005	**2006**	**2007**
Total Revenues	0.01	0.27	0.21
Profit after Tax	(0.018)	0.396	0.139
Equity share capital	3.91	3.91	3.91
Reserves and Surplus (excluding revaluation reserves) (1)	0.075	1.00	1.13
Earnings/ (Loss) per share (diluted) (Rs.) (2)	(0.45)	(0.5)	3.56
Book value per equity share (Rs.) (2)	101.92	125.38	128.94

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.100.

- **Ambassador Estates and Investments Private Limited ("AEIPL")**

AEIPL was incorporated on December 2, 1998, under the Companies Act. Its registered office is located at Sonawala Building, 1st Floor, 29 Bank Street, Fort, Mumbai 400 023. AEIPL is engaged in the business of real estate.

Shareholding as of October 31, 2007

The shares of AEIPL are not listed on any stock exchange. The shareholding pattern of AEIPL is as follows:

S. No.	Shareholder	Number of shares	Percentage of issued capital
1	Mr. P.D.Mundhra	5,000	50.00
2	Ms. Yashodha Devi Mundhra	1	0.01
3	Ms. Shweta Mundhra	4,999	49.99
	Total	**10,000**	**100**

There has been no change in the capital structure of AEIPL in the last six months.

Directors as of October 31, 2007

The board of directors of AEIPL comprises Ms. Shweta Mundhra and Mr. P. D. Mundhra.

There has been no change in the management of AEIPL since its inception.

Financial Performance

The audited financial results of AEIPL for the Fiscals 2005, 2006 and 2007 are set forth below:

(in Rs. million except for share data)

	For the year ended March 31		
	2005	**2006**	**2007**
Total Revenues	Nil	Nil	Nil
Profit after Tax	(0.003)	(0.005)	(0.01)
Equity share capital	0.1	0.1	0.1
Reserves and Surplus (excluding revaluation reserves) (1)	Nil	Nil	Nil
Earnings/ (Loss) per share (diluted) (Rs.) (2)	Nil	Nil	Nil
Book value per equity share (Rs.) (2)	7.64	7.25	6.52

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.10.

- **Riddhi-Siddhi Realtors Private Limited ("RSRPL")**

RSRPL was incorporated on February 4, 1999, under the Companies Act. Its registered office is located at Sonawala Building, 1st Floor, 29 Bank Street, Fort, Mumbai 400 023. RSRPL is engaged in the business of real estate.

Shareholding as of October 31, 2007

The shares of RSRPL are not listed on any stock exchange. The shareholding pattern of RSRPL is as follows:

S. No.	Shareholder	Number of shares	Percentage of issued capital
1	Mr. P.D.Mundhra	5,999	59.99
2	Mr. Yashodha Devi Mundhra	1	0.01
3	Mr. P.D.Mundhra (HUF)	4,000	40.00
	Total	**10,000**	**100**

There has been no change in the capital structure of RSRPL in the last six months.

Directors as of October 31, 2007

The board of directors of RSRPL comprises Ms. Shweta Mundhra and Mr. P.D. Mundhra.

There has been no change in the management of RSRPL since its inception.

Financial Performance

The audited financial results of RSRPL for the Fiscals 2005, 2006 and 2007 are set forth below:

(in Rs. million except for share data)

	For the year ended March 31		
	2005	**2006**	**2007**
Total Revenues	Nil	Nil	Nil
Profit after Tax	(0.003)	(0.005)	(0.010)
Equity share capital	0.1	0.1	0.1
Reserves and Surplus (excluding revaluation reserves) (1)	Nil	Nil	Nil
Earnings/ (Loss) per share (diluted) (Rs.) (2)	(0.30)	(0.49)	(1.03)
Book value per equity share (Rs.) (2)	7.74	7.35	13.58

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is Rs.10.

- **Anmol Realtors Private Limited ("ARPL")**

ARPL was incorporated on February 4, 1999, under the Companies Act. Its registered office is located at Sonawala Building, 1st Floor, 29 Bank Street, Fort, Mumbai 400 023. ARPL is engaged in the business of real estate.

Shareholding as of October 31, 2007

The shares of ARPL are not listed on any stock exchange. The shareholding pattern of ARPL is as follows:

S. No.	Shareholder	Number of shares	Percentage of issued capital
1	Mr. P.D.Mundhra	9,999	99.99
2	Ms. Yashodha Devi Mundhra	1	0.01
	Total	**10,000**	**100**

There has been no change in the capital structure of ARPL in the last six months.

Directors as of October 31, 2007

The board of directors of ARPL comprises Ms. Shweta Mundhra and Mr. P.D. Mundhra.

There has been no change in the management of ARPL since its inception.

Financial Performance

The audited financial results of ARPL for the Fiscals 2005, 2006 and 2007 are set forth below:

(in Rs. million except for share data)

	For the year ended March 31		
	2005	**2006**	**2007**
Total Revenues	Nil	Nil	Nil
Profit after Tax	(0.003)	(0.005)	(0.01)
Equity share capital	0.1	0.1	0.1
Reserves and Surplus (excluding revaluation reserves) [1]	Nil	Nil	Nil
Earnings/ (Loss) per share (diluted) (Rs.) [2]	(0.29)	(0.48)	(0.82)
Book value per equity share (Rs.) [2]	7.75	7.37	6.64

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.10.

- **Mukund Realtors Private Limited ("MRPL")**

MRPL was incorporated on February 4, 1999, under the Companies Act. Its registered office is located at Sonawala Building, 29 Bank Street, Fort, Mumbai 400 023. MRPL is engaged in the business of real estate.

Shareholding as of October 31, 2007

The shares of MRPL are not listed on any stock exchange. The shareholding pattern of MRPL is as follows:

S. No.	Shareholder	Number of shares	Percentage of issued capital
1	Mr. P.D.Mundhra	7,999	79.99
2	Ms. Yashodha Devi Mundhra	1	0.01
3	Mr. V.K. Mundhra	2,000	20.00
	Total	**10,000**	**100**

There has been no change in the capital structure of MRPL in the last six months.

Directors as of October 31, 2007

The board of directors of MRPL comprises Ms. Shweta Mundhra and Mr. P. D. Mundhra.

There has been no change in the management of MRPL since its inception.

Financial Performance

The audited financial results of MRPL for the Fiscals 2005, 2006 and 2007 are set forth below:

(in Rs. million except for share data)

	For the year ended March 31		
	2005	**2006**	**2007**
Total Revenues	Nil	Nil	Nil
Profit after Tax	(0.003)	(0.005)	(0.01)
Equity share capital	0.1	0.1	.01
Reserves and Surplus (excluding revaluation reserves) [1]	Nil	Nil	Nil
Earnings/ (Loss) per share (diluted) (Rs.) [2]	(0.30)	(0.48)	(0.78)
Book value per equity share (Rs.) [2]	7.73	7.35	6.67

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.10.

- **Urvashi Realtors Private Limited ("URPL")**

URPL was incorporated on February 9, 1999, under the Companies Act. Its registered office is located at Sonawala Building, 1st Floor, 29 Bank Street, Fort, Mumbai 400 023. URPL is engaged in the business of real estate.

Shareholding as of October 31, 2007

The shares of URPL are not listed on any stock exchange. The shareholding pattern of UPRL is as follows:

S. No.	Shareholder	Number of shares	Percentage of issued capital
1	Mr. P.D.Mundhra	6,999	69.99
2	Ms. Yashodha Devi Mundhra	1	0.01
3	Mr. V.K. Mundhra	3,000	30.00
	Total	**10,000**	**100**

There has been no change in the capital structure of URPL in the last six months.

Directors as of October 31, 2007

The board of directors of URPL comprises Ms. Shweta Mundhra and Mr. P.D. Mundhra. There has been no change in the management of URPL since its inception.

Financial Performance

The audited financial results of URPL for the Fiscals 2005, 2006 and 2007 are set forth below:

(in Rs. million except for share data)

	For the year ended March 31		
	2005	**2006**	**2007**
Total Revenues	Nil	Nil	Nil
Profit after Tax	(0.003)	(0.005)	(0.008)
Equity share capital	0.1	0.1	0.1
Reserves and Surplus (excluding revaluation reserves) (1)	Nil	Nil	Nil
Earnings/ (Loss) per share (diluted) (Rs.) (2)	(0.30)	(0.48)	(0.82)
Book value per equity share (Rs.) (2)	7.74	7.38	13.35

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.10.

- **Aashutosh Properties Private Limited ("APPL")**

APPL was incorporated on August 5, 1987, under the Companies Act. Its registered office is located at Sonawala Building, 1st Floor, 29 Bank Street, Fort, Mumbai 400 023. APPL is engaged in the business of real estate.

Shareholding as of October 31, 2007

The shares of APPL are not listed on any stock exchange. The shareholding pattern of APPL is as follows:

S. No.	Shareholder	Number of shares	Percentage of issued capital
1	Mr. V.K. Mundhra	99,900	99.90
2	Mr. P.K.Chatterjee	100	0.10
	Total	**10,000**	**100**

There has been no change in the capital structure of APPL in the last six months.

Directors as of October 31, 2007

The board of directors of APPL comprises Mr. V.K. Mundhra and Mr. Pratip Chatterjee.

There has been no change in the management of APPL since its inception.

Financial Performance

The audited financial results of APPL for the Fiscals 2005, 2006 and 2007 are set forth below:

(in Rs. million except for share data)

	For the year ended March 31		
	2005	**2006**	**2007**
Total Revenues	Nil	Nil	Nil
Profit after Tax	(0.003)	(0.005)	(0.01)
Equity share capital	0.1	0.1	0.1
Reserves and Surplus (excluding revaluation reserves) (1)	Nil	Nil	Nil
Earnings/ (Loss) per share (diluted) (Rs.) (2)	(2.94)	(4.96)	(4.87)
Book value per equity share (Rs.) (2)	(274.06)	(278.08)	(282.96)

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.100.

- **Ace Rubber Ind. Private Limited ("ARIPL")**

ARIPL was incorporated on October 15, 1971, under the Companies Act. Its registered office is located at House No.76, Sector 17, 14/7 Mathura Road, Faridabad. ARIPL is engaged in the business of trading and manufacturing of rubber goods.

Shareholding as of October 31, 2007

The shares of ARIPL are not listed on any stock exchange. The shareholding pattern of ARIPL is as follows:

S. No.	Shareholder	Number of shares	Percentage of issued capital
1	Mr. V.K. Mundhra	2,790	27.90
2	Pankaj Properties and leasing Co Private Limited	4,500	45.00
3	Master Packaging Service Private Limited	1,900	19.00
4	Others	810	8.10
	Total	**10,000**	**100**

There has been no change in the capital structure of ARIPL in the last six months.

Directors as of October 31, 2007

The board of directors of ARIPL comprises Mr. Brojo Ghosh and Mr. Sabya Sachi Chatterjee.

There has been no change in the management of ARIPL since its inception.

Financial Performance

The audited financial results of ARIPL for the Fiscals 2005, 2006 and 2007 are set forth below:

(in Rs. million except for share data)

	For the year ended March 31		
	2005	**2006**	**2007**
Total Revenues	Nil	2.62	13.13
Profit after Tax	(0.002)	2.30	9.73
Equity share capital	0.1	0.1	0.1
Reserves and Surplus (excluding revaluation reserves) [(1)]	Nil	2.22	11.95
Earnings/ (Loss) per share (diluted) (Rs.) [(2)]	(2.29)	2304.42	973.11
Book value per equity share (Rs.) [(2)]	12.81	2317.23	1204.83

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.10.

- **Chandak Exports Private Limited ("CEPL")**

CEPL was incorporated on June 13, 1980, under the Companies Act. Its registered office is located at Sonawala Building, 29 Bank Street, Fort, Mumbai 400 023. CEPL is engaged in the business of real estate investment.

Shareholding as of October 31, 2007

The shares of CEPL are not listed on any stock exchange. The shareholding pattern of CEPL is as follows:

S. No.	Shareholder	Number of shares	Percentage of issued capital
1	Duncan Stratton & Co. Limited	450	45.00
2	Dia Exports Private Limited	200	20.00
3	Mr. Yashodha Devi Mundhra	175	17.50
4	Mr. V.K. Mundhra	150	15.00
5	Hari Properties Private Limited	25	2.50
	Total	**1,000**	**100**

There has been no change in the capital structure of CEPL in the last six months.

Directors as of October 31, 2007

The board of directors of CEPL comprises Mr. Sabya Sachi Chatterjee and Mr. Salion Banerjee.

There has been no change in the management of CEPL since its inception.

Financial Performance

The audited financial results of CEPL for the Fiscals 2005, 2006 and 2007 are set forth below:

(in Rs. million except for share data)

	For the year ended March 31		
	2005	**2006**	**2007**
Total Revenues	Nil	Nil	Nil
Profit after Tax	(0.003)	(0.004)	Nil
Equity share capital	0.1	0.1	0.1
Reserves and Surplus (excluding revaluation reserves) [(1)]	Nil	Nil	Nil
Earnings/ (Loss) per share (diluted) (Rs.) [(2)]	(2.69)	(3.54)	(4.25)
Book value per equity share (Rs.) [(2)]	(2.99)	(6.53)	(10.79)

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.100.

- **Consolidated Packaging Co. Private Limited ("CPCPL")**

CPCPL was incorporated on December 11, 989, under the Companies Act. Its registered office is located at Sonawala Building, 29 Bank Street, Fort, Mumbai 400 023. CPCPL is engaged in the business of investment and financing.

Shareholding as of October 31, 2007

The shares of CPCPL are not listed on any stock exchange. The shareholding pattern of CPCPL is as follows:

S. No.	Shareholder	Number of shares	Percentage of issued capital
1	Dorner Fashion Private Limited	17,700	32.18
2	Pankaj Properties and Leasing Company Limited	12,300	22.36
3	S.K.G Ind. Limited	10,000	18.18
4	Mr. V.K. Mundhra	1	0.002
5	Garima Suppliers Private Limited	9,998	18.18
6	Others	5,001	9.09
	Total	**55,000**	**100**

There has been no change in the capital structure of CPCPL in the last six months.

Directors as of October 31, 2007

The board of directors of CPCPL comprises Mr. Devendra Das and Mr. Yusuf Eranpurwala.

There has been no change in the management of CPCPL since its inception.

Financial Performance

The audited financial results of CPCPL for the Fiscals 2005, 2006 and 2007 are set forth below:

(in Rs. million except for share data)

	For the year ended March 31		
	2005	**2006**	**2007**
Total Revenues	0.12	0.54	0.08
Profit after Tax	0.03	0.40	(0.34)
Equity share capital	5.5	5.5	5.5
Reserves and Surplus (excluding revaluation reserves) (1)	2.51	2.90	2.57
Earnings/ (Loss) per share (diluted) (Rs.) (2)	0.49	7.20	(6.12)
Book value per equity share (Rs.) (2)	145.60	152.79	56.67

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.100.

- **Dia Exports Private Limited ("DEPL")**

DEPL was incorporated on September 26, 1975, under Companies Act. Its registered office is located at Sonawala Building, 29 Bank Street, Fort, Mumbai 400 023. DEPL is engaged in the business of real estate investment and export.

Shareholding as of October 31, 2007

The shares of DEPL are not listed on any stock exchange. The shareholding pattern of DEPL is as follows:

S. No	Shareholder	Number of shares	Percentage of issued capital
1	Duncan Stratton & Co. Limited	450	45.00
2	Chandak Exports Private Limited	150	15.00
3	Ms. Yashodha Devi Mundhra	01	0.10
4	Mr. V.K. Mundhra	398	39.80
5	Hari Properties Private Limited	01	0.10
	Total	**1000**	**100**

There has been no change in the capital structure of DEPL in the last six months.

Directors as of October 31, 2007

The board of directors of DEPL comprises Mr. Sabya Sachi Chatterjee and Mr. Salion Banerjee

There has been no change in the management of DEPL since its inception.

Financial Performance

The audited financial results of DEPL for the Fiscals 2005, 2006 and 2007 are set forth below:

(in Rs. million except for share data)

	For the year ended March 31		
	2005	**2006**	**2007**
Total Revenues	Nil	Nil	Nil
Profit after Tax	(0.003)	(0.004)	(0.004)
Equity share capital	0.1	0.1	0.1
Reserves and Surplus (excluding revaluation reserves) (1)	Nil	Nil	Nil
Earnings/ (Loss) per share (diluted) (Rs.) (2)	(2.70)	(3.54)	(4.25)
Book value per equity share (Rs.) (2)	4.50	0.96	(3.29)

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is Rs.100.

- **Gopal Krishna Rasayan Private Limited ("GKRL")**

GKRL was incorporated on October 15, 1981, under the Companies Act. Its registered office is located at 203 Ground Floor, Sai Prasad Commercial Complex, 1st Road, Khar West, Mumbai 400 052. GKRL is engaged in the business of manufacture and trading of chemicals.

Shareholding as of October 31, 2007

The shares of GKRL are not listed on any stock exchange. The shareholding pattern of GKRL is as follows:

S. No.	Shareholder	Number of shares	Percentage of issued capital
1	Mr.V.K.Agarwalla	390	39.00
2	Ms. Sudha Agarwalla	100	10.00
3	Consolidated Packaging Co. Limited	450	45.00
4	Others	60	6.00
	Total	**1,000**	**100**

There has been no change in the capital structure of GKRL in the last six months.

Directors as of October 31, 2007

The board of directors of GKRL comprises Mr. Pratip Chatterjee and Mr. Davendra Das.

There has been no change in the management of GKRL since its inception.

Financial Performance

The audited financial results of GKRL for the Fiscals 2005, 2006 and 2007 are set forth below:

(in Rs. million except for share data)

	For the year ended March 31		
	2005	**2006**	**2007**
Total Revenues	Nil	Nil	Nil
Profit after Tax	(0.003)	(0.003)	(0.004)
Equity share capital	0.1	0.1	0.1
Reserves and Surplus (excluding revaluation reserves) [(1)]	Nil	Nil	Nil
Earnings/ (Loss) per share (diluted) (Rs.) [(2)]	(2.60)	(3.49)	(4.19)
Book value per equity share (Rs.) [(2)]	11.92	8.43	4.25

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.100.

- **Master Packaging Services Private Limited ("MPSPL")**

MPSPL was incorporated on June 8, 1978, under the Companies Act. Its registered office is located at Sonawala Building, 1st Floor, 29 Bank Street, Fort, Mumbai 400 023. MPSPL is engaged in the business of manufacture of paper, corrugated boxes, packing materials, packing components and packaging machines.

Shareholding as of October 31, 2007

The shares of MPSPL are not listed on any stock exchange. The shareholding pattern of MPSPL is as follows:

S. No.	Shareholder	Number of shares	Percentage of issued capital
1	Mr. S.K.G. Industries	450	45.00
2	Ace Rubber Industries	150	15.00
3	Ms. Yashodha Devi Mundhra	153	15.30
4	Mr. V.K. Mundhra	247	24.70
	Total	**1,000**	**100**

There has been no change in the capital structure of MPSPL in the last six months.

Directors as of October 31, 2007

The board of directors of MPSPL comprises Mr. Brojo Ghosh and Mr. Sabya Sachi Chatterjee.

There has been no change in the management of MPSPL since its inception.

Financial Performance

The audited financial results of MPSPL for the Fiscals 2005, 2006 and 2007 are set forth below:

(in Rs. million except for share data)

	For the year ended March 31		
	2005	**2006**	**2007**
Total Revenues	Nil	1.10	19.26
Profit after Tax	(0.003)	0.97	16.245
Equity share capital	0.1	0.1	0.1
Reserves and Surplus (excluding revaluation reserves) [(1)]	Nil	0.86	17.10
Earnings/ (Loss) per share (diluted) (Rs.) [(2)]	(2.70)	966.55	16245.21
Book value per equity share (Rs.) [(2)]	(1.70)	956.84	17202.06

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.100.

- **New Multi Dye Chem Enterprises Private Limited ("NMDPL")**

NMDPL was incorporated on March 22, 1982, under the Companies Act. Its registered office is located at Sonawala Building, 1st Floor, 29 Bank Street, Fort, Mumbai 400 023. NMDPL is engaged in the business of manufacturing and trading of chemicals.

Shareholding as of October 31, 2007

The shares of NMDPL are not listed on any stock exchange. The shareholding pattern of NMDPL is as follows:

S. No.	Shareholder	Number of shares	Percentage of issued capital
1	Ms. Sudha Agarwalla	1,400	14.00
2	Ms. Swasti Board and Paper Mills	1,000	10.00
3	Mr. Vinay Kumar Agarwalla	2,500	25.00
4	Consolidated Packaging Co. Limited	4,500	45.00
5	Others	600	6.00
	Total	**10,000**	**100**

There has been no change in the capital structure of NMDPL in the last six months.

Directors as of October 31, 2007

The board of directors of NMDPL comprises Mr. Pratip Chatterjee and Mr. Davendra Das.

There has been no change in the management of NMDPL since its inception.

Financial Performance

The audited financial results of NMDPL for the Fiscals 2005, 2006 and 2007 are set forth below:

(in Rs. million except for share data)

	For the year ended March 31		
	2005	**2006**	**2007**
Total Revenues	Nil	Nil	Nil
Profit after Tax	(0.003)	(0.003)	(0.004)
Equity share capital	0.1	0.1	0.1
Reserves and Surplus (excluding revaluation reserves) (1)	Nil	Nil	Nil
Earnings/ (Loss) per share (diluted) (Rs.) (2)	(2.60)	(3.49)	(0.42)
Book value per equity share (Rs.) (2)	9.72	6.23	0.20

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.10.

- **Pankaj Properties and Leasing Company Limited ("PPLCL")**

PPLCL was incorporated on March 19, 1984, under the Companies Act. Its registered office is located at C/o Hussian & Co, No. 31, 1st floor, Albert Street, Trichimon, Bangalore 560 025. PPLCL is engaged in the business of real estate.

Shareholding as of October 31, 2007

The shares of PPLCL are not listed on any stock exchange. The shareholding pattern of PPLCL is as follows:

S. No.	Shareholder	Number of shares	Percentage of issued capital
1	Consolidated Properties Private Limited	59,760	24.00
2	Duncan Stratton & Co. Limited	59,760	24.00
3	Vinayak Properties Private Limited	59,760	24.00
4	Others	69,720	28.00
	Total	**24,900**	**100**

There has been no change in the capital structure of PPLCL in the last six months.

Directors as of October 31, 2007

The board of directors of PPLCL comprises Mr. Pratip Chatterjee and Mr. Brojo Ghosh.

There has been no change in the management of PPLCL since its inception.

Financial Performance

The audited financial results PPLCL for the Fiscals 2005, 2006 and 2007 are set forth below:

(in Rs. million except for share data)

	For the year ended March 31		
	2005	**2006**	**2007**
Total Revenues	Nil	Nil	Nil
Profit after Tax	(0.008)	(0.004)	(0.002)
Equity share capital	2.49	2.49	2.49
Reserves and Surplus (excluding revaluation reserves) [1]	0.018	0.014	0.014
Earnings/ (Loss) per share (diluted) (Rs.) [2]	(0.031)	(0.015)	(0.009)
Book value per equity share (Rs.) [2]	10.07	10.06	10.06

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.10.

- **S.K.G Ind. Limited ("SKGIL")**

SKGIL was incorporated on February 24, 1983, under the Companies Act. Its registered office is located at 1, R.N. Mukherjee Road, C/o Carter Hydraulic Power Private Limited, Kolkata 700 001. SKGIL is engaged in the business of investments in real estates, shares and stocks.

Shareholding as of October 31, 2007

The shares of SKGIL are not listed on any stock exchange. The shareholding pattern of SKGIL is as follows:

S. No.	Shareholder	Number of shares	Percentage of issued capital
1	Vinayak Properties Private. Limited	57,600	24.00
2	Duncan Stratton & Company Limited	57,600	24.00
3	Consolidated Properties Private Limited	54,240	22.60
4	Others	70,560	29.40
	Total	**240,000**	**100**

There has been no change in the capital structure of SKGIL in the last six months.

Directors as of October 31, 2007

The board of directors of SKGIL comprises Mr. Sabya Sachi Chatterjee and Mr. Salion Banerjee.

There has been no change in the management of SKGIL since its inception.

Financial Performance

The audited financial results of SKGIL for the Fiscals 2005, 2006 and 2007 are set forth below:

(in Rs. million except for share data)

	For the year ended March 31		
	2005	**2006**	**2007**
Total Revenues	0.006	0.006	2.490
Profit after Tax	0.003	0.003	2.488
Equity share capital	2.4	2.40	2.40
Reserves and Surplus (excluding revaluation reserves) (1)	0.048	0.051	0.051
Earnings/ (Loss) per share (diluted) (Rs.) (2)	0.014	0.014	10.37
Book value per equity share (Rs.) (2)	10.21	10.21	10.21

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.10.

- **Srivardhman Saving Co. Private Limited ("SSCPL")**

SSCPL was incorporated on December 15, 1971, under the Companies Act. Its registered office is located at Sonawala Building, 1st Floor, 29 Bank Street, Fort, Mumbai 400 023. SSCPL is engaged in the business of investment and financing.

Shareholding as of October 31, 2007

The shares of SSCPL are not listed on any stock exchange. The shareholding pattern of SSCPL is as follows:

S. No.	Shareholder	Number of shares	Percentage of issued capital
1	Ms. Yashodha Devi Mundhra	590	59.00
2	Mr. V.K. Mundhra	10	1.00
3	Vishaal Exports Private Limited	200	20.00
4	Pankaj Properties and Leasing Company Limited	200	20.00
	Total	**1,000**	**100**

There has been no change in the capital structure of SSCPL in the last six months.

Directors as of October 31, 2007

The board of directors of SSCPL comprises of Mr. Brojo Ghosh and Mr. Sabya Sachi Chatterjee.

There has been no change in the management of SSCPL since its inception.

Financial Performance

The audited financial results SSCPL for the Fiscals 2005, 2006 and 2007 are set forth below:

(in Rs. million except for share data)

	For the year ended March 31		
	2005	**2006**	**2007**
Total Revenues	Nil	Nil	Nil
Profit after Tax	(0.003)	(0.004)	(0.003)
Equity share capital	0.1	0.1	0.1
Reserves and Surplus (excluding revaluation reserves) (1)	Nil	Nil	Nil
Earnings/ (Loss) per share (diluted) (Rs.) (2)	(2.80)	(3.69)	(2.51)
Book value per equity share (Rs.) (2)	64.09	60.40	57.90

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.100.

- **Vishal Exports Private Limited ("VEPL")**

VEPL was incorporated on September 29, 1977, under the Companies Act. Its registered office is located at Sonawala Building, 1st Floor, 29 Bank Street, Fort, Mumbai 400 023. VEPL is engaged in the business of exporting, importing and distribution of merchandise, machinery and equipment as well as transporting or carrying of the merchandise from one part of the country to another part.

Shareholding as of October 31, 2007

The shares of VEPL are not listed on any stock exchange. The shareholding pattern of VEPL is as follows:

S. No.	Shareholder	Number of shares	Percentage of issued capital
1	Ms. Yashodha Devi Mundhra	98	9.33
2	Mr. V.K. Mundhra	250	23.81
3	Vardhman Saving Company Private Limited	200	23.81
4	Pankaj Properties and Leasing Company Limited	450	42.86
5	Mr. S.S.Chatterjee	2	0.19
	Total	**1,000**	**100**

There has been no change in the capital structure of VEPL in the last six months.

Directors as of October 31, 2007

The board of directors of VEPL comprises Mr. Brojo Ghosh and Mr. Sabya Sachi Chatterjee

There has been no change in the management of VEPL since its inception.

Financial Performance

The audited financial results of VEPL for the Fiscals 2005, 2006 and 2007 are set forth below:

(in Rs. million except for share data)

	For the year ended March 31		
	2005	**2006**	**2007**
Total Revenues	Nil	Nil	Nil
Profit after Tax	(0.004)	(0.004)	(0.004)
Equity share capital	0.1	0.1	0.1
Reserves and Surplus (excluding revaluation reserves) (1)	(0.012)	(0.008)	(0.008)
Earnings/ (Loss) per share (diluted) (Rs.) (2)	(3.91)	(3.97)	(4.19)
Book value per equity share (Rs.) (2)	111.97	108.006	103.82

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.100.

- **Innovative Impex Private Limited ("IIPL")**

IIPL was incorporated on March 18, 1985, under the Companies Act. Its registered office is located at Sonawala Building, 1st Floor, 29 Bank Street, Fort, Mumbai 400 023. IIPL is engaged in the business of real estate, lease rentals, business service centres and exports.

Shareholding as of October 31, 2007

The shares of IIPL are not listed on any stock exchange. The shareholding pattern of IIPL is as follows:

S. No.	Shareholder	Number of shares	Percentage of issued capital
1	Duncan Stratton & Co. Limited	18,000	30.00
2	Vinayak Properties Private Limited	24,000	40.00
3	Dorner Fashion Private Limited	17,000	28.33
4	Mr. V.K. Mundhra	850	1.42
5	Mr. Kirit Gopaldas Thakkar	150	0.25
	Total	42,000	**100**

There has been no change in the capital structure of IIPL in the last six months.

Directors as of October 31, 2007

The board of directors of IIPL comprises Mr. V.K. Mundhra and Mr. P.D. Mundhra.

There has been no change in the management of IIPL since its inception.

Financial Performance

The audited financial results of IIPL for the Fiscals 2005, 2006 and 2007 are set forth below:

(in Rs. million except for share data)

	For the year ended March 31		
	2005	**2006**	**2007**
Total Revenues	0.54	0.72	1.36
Profit after Tax	0.04	0.07	0.363
Equity share capital	6.00	6.00	6.00
Reserves and Surplus (excluding revaluation reserves) (1)	Nil	Nil	Nil
Earnings/ (Loss) per share (diluted) (Rs.) (2)	(0.59)	1.17	6.04
Book value per equity share (Rs.) (2)	86.18	87.35	93.39

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is Rs.100.

- **Himalayan Capital Services Private Limited ("HCSPL")**

HCSPL was incorporated on January 10, 1996, under the Companies Act. Its registered office is located at SCO 140 – 141, Sector 34 A, Chandigarh. HCSPL is engaged in the business of investment and finance.

Shareholding as of October 31, 2007

The shares of HCSPL are not listed on any stock exchange. The shareholding pattern of HCSPL is as follows:

S. No.	Shareholder	Number of shares	Percentage of issued capital
1.	Mr. Amit Kumar Modi	52,020	50.50
2.	Ms. Supriya Modi	14,500	14.08
3.	Wilful Finance and Investment Company Private Limited	36,480	35.42
	Total	**113,300**	**100**

There has been no change in the capital structure of HCSPL in the last six months.

Directors as of October 31, 2007

The board of directors of HCSPL comprises Mr. Amit Kumar Modi and Ms. Supriya Modi.

There has been no change in the management of HCSPL since its inception.

Financial Performance

The audited financial results of HCSPL for the Fiscals 2005, 2006 and 2007 are set forth below:

(in Rs. million except for share data)

	For the year ended March 31		
	2005	**2006**	**2007**
Total Revenues	0.51	0.51	0.49
Profit / Loss after Tax	(0.09)	0.00	(0.15)
Equity share capital	6.52	6.52	10.30
Reserves and Surplus (excluding revaluation reserves) (1)	11.98	11.98	11.83
Earnings/ (Loss) per share (diluted) (Rs.) (2)	Nil	Nil	Nil
Book value per equity share (Rs.) (2)	280.00	280.00	215.00

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.100.

- **Jagdamba Organics Private Limited ("JOPL")**

JOPL was incorporated on May 16, 1988, under the Companies Act. Its registered office is located at Ashiana Building, Set No. 4, Ellysium Hill, District Shimla. JOPL is engaged in the business of trading and managing cultivation of fruits and vegetables.

Shareholding as of October 31, 2007

The shares of JOPL are not listed on any stock exchange. The shareholding pattern of JOPL is as follows:

S. No.	Shareholder	Number of shares	Percentage of issued capital
1.	Mr. Amit Kumar Modi	287,495	87.12
2.	Mr. Supriya Modi	42,500	12.88
3.	Mr. A. K. Chopra	1	-
4.	Mr. Ravinder Talwar	1	-
5.	Mr. Vivek Bakshi	1	-
6.	Mr. Jatinder Arora	1	-
7.	Mr. Anil Sharma	1	-
	Total	**330,000**	**100**

There has been no change in the capital structure of JOPL in the last six months.

Directors as of October, 2007

The board of directors of JOPL comprises Ms. Supriya Modi, Mr. Deepak Suri and Mr. Gautam Khanna.

There has been no change in the management of JOPL since its inception.

Financial Performance

The audited financial results of JOPL for the Fiscals 2005, 2006 and 2007 are set forth below:

(in Rs. million except for share data)

	For the year ended March 31		
	2005	**2006**	**2007**
Total Revenues	0.60	0.65	0.60
Profit / Loss after Tax	(0.41)	(0.03)	(0.06)
Equity share capital	33.00	33.00	33.00
Reserves and Surplus (excluding revaluation reserves) [(1)]	0.10	0.07	0.01
Earnings/ (Loss) per share (diluted) (Rs.) [(2)]	Nil	Nil	Nil
Book value per equity share (Rs.) [(2)]	100.00	100.00	100.00

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is Rs.100.

- **Crescent Oils Private Limited ("COPL")**

COPL was incorporated on June 5, 1979, under the Companies Act. Its registered office is located at Sonawala Building, 1st Floor, 29 Bank Street, Fort, Mumbai 400 023. COPL is engaged in the business of investment and financing.

Shareholding as of October 31, 2007

The shares of COPL are not listed on any stock exchange. The shareholding pattern of COPL is as follows:

S. No.	Shareholder	Number of shares	Percentage of issued capital
1.	Mr. Vasudeo Goenka	2,200	24.44
2.	Mr. Ravi Goenka	2,400	26.67
3.	Mr. Rajeev Goenka	2,400	26.67
4.	Ms. Preneti Shinde	1,000	11.11
5.	Mr. Vinay Kumar Agarwalla	165	1.83
6.	Pankaj Properties and Leasing Company Limited	200	2.22
7.	Consolidated Packaging Co Limited	450	5.00
8.	Mr. Sabya Sachi Chatterjee	150	1.67
9.	Others	35	0.39
	Total	**9,000**	**100.00**

There has been no change in the capital structure of COPL in the last six months.

Directors as of October 31, 2007

The board of directors of COPL comprises Mr. G.D.Damani and Mr. Sabya Sachi Chatterjee.

There has been no change in the management of COPL since its inception.

Financial Performance

The audited financial results of COPL for the Fiscals 2005, 2006 and 2007 are set forth below:

(in Rs. million except for share data)

	For the year ended March 31		
	2005	**2006**	**2007**
Total Revenues	Nil	Nil	Nil
Profit / Loss after Tax	(0.003)	(0.004)	(0.046)
Equity share capital	0.1	0.1	0.9
Reserves and Surplus (excluding revaluation reserves) (1)	Nil	Nil	Nil
Earnings/ (Loss) per share (diluted) (Rs.) (2)	(2.604)	(3.542)	(5.09)
Book value per equity share (Rs.) (2)	21.113	17.571	114.25

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.100.

- **Ojas Dyechem (India) Private Limited ("ODIL")**

ODIL was incorporated on June 5, 1979, under the Companies Act. Its registered office is at Sonawala Building, 1st Floor, 29 Bank Street, Fort, Mumbai 400 023. ODIL is engaged in the business of manufacture and trading of chemicals.

Shareholding as of October 31, 2007

The shares of ODIL are not listed on any stock exchange. The shareholding pattern ODIL is as follows:

S. No.	Shareholder	Number of shares	Percentage of issued capital
1.	Mr. Vinay Kumar Agarwalla	308	30.80
2.	Consolidated Packaging Co. Limited	450	45.00
3.	Others	242	24.20
	Total	**1,000**	**100**

There has been no change in the capital structure of ODIL in the last six months.

Directors as of October 31, 2007

The board of directors of ODIL comprises Mr. G.D. Damani and Mr. Sabya Sachi Chatterjee.

There has been no change in the management of ODIL since its inception.

Financial Performance

The audited financial results of ODIL for the Fiscals 2005, 2006 and 2007 are set forth below:

(in Rs. million except for share data)

	For the year ended March 31		
	2005	**2006**	**2007**
Total Revenues	Nil	Nil	Nil
Profit / Loss after Tax	(0.003)	(0.004)	(0.004)
Equity share capital	0.1	0.1	0.9
Reserves and Surplus (excluding revaluation reserves) (1)	Nil	Nil	Nil
Earnings/ (Loss) per share (diluted) (Rs.) (2)	(2.604)	(3.542)	(4.80)
Book value per equity share (Rs.) (2)	(15.129)	(8.983)	85.09

(1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.100.

NOTE: ODIL has not carried on any business for the Fiscal 2004; hence no information is available for the same

- **Om Sadan Private Limited ("OSPL")**

OSPL was incorporated on August 11, 1980 under the Companies Act. Its registered office is at 15, Narayan Dhabolkar Road, Napean Sea Road, Mumbai 400 006. OSPL is engaged in the business of real estate.

Shareholding as of October 31, 2007

The shares of OSPL are not listed on any stock exchange. The shareholding pattern of OSPL is as follows:

S. No.	Shareholder	Number of shares	Percentage of issued capital
1.	Mr. O.P.Navani	50	50
2.	Mr. V.K. Mundhra	50	50
	Total	**100**	**100**

There has been no change in the capital structure of OSPL in the last six months.

Directors as of October 31, 2007

The board of directors of OSPL comprises Mr. O.P. Navani and Mr. V.K. Mundhra.

There has been no change in the management of OSPL since its inception.

Financial Performance

The audited financial results of OSPL for the Fiscals 2005, 2006 and 2007 are set forth below:

(in Rs. million except for share data)

	For the year ended March 31		
	2005	**2006**	**2007**
Total Revenues	N.A	N.A	N.A
Profit / Loss after Tax	N.A	N.A	N.A
Equity share capital	0.1	0.1	0.1
Reserves and Surplus (excluding revaluation reserves) [1]	N.A	N.A	N.A
Earnings/ (Loss) per share (diluted) (Rs.) [2]	N.A	N.A	N.A
Book value per equity share (Rs.) [2]	N.A	N.A	N.A

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is Rs.1000.

NOTE: OSPL has not carried out any business for the Fiscals 2005, 2006 and 2007; hence no information is available for the same.

- **Pragati Tie-Up Private Limited ("PTUPL"**)

PTPL was incorporated on March 21, 2005 under the Companies Act. Its registered office is located at 493/B/1, G.T.Road, (South), Howrah – 711 102. PTUPL is engaged in the business of real estate.

Shareholding as of October 31, 2007

The shares of PTUPL are not listed on any stock exchange. The shareholding pattern of OSPL is as follows:

S. No.	Shareholder	Number of shares	Percentage of issued capital
1.	B.S.Confin Private Limited	133,000	12.28
2.	Novel Apartments Private Limited	130,500	12.04
3.	High Time Holding Private Limited	112,500	10.34
4.	Others	708,000	65.34
		1,083,500	**100**

There has been no change in the capital structure of PTUPL in the last six months.

Directors as of October 31, 2007

The board of directors of PTUPL comprises Mr. V.K. Mundhra and Mr. Harman Prasad Agarwal.

There has been no change in the management of PTUPL since its inception.

Financial Performance

The audited financial results of OSPL for the Fiscals 2005, 2006 and 2007 are set forth below:

(in Rs. million except for share data)

	For the year ended March 31		
	2005	**2006**	**2007**
Total Revenues	0.01	0.06	Nil
Profit / Loss after Tax	Nil	0.001	(2.21)
Equity share capital	0.10	10.835	10.835
Reserves and Surplus (excluding revaluation reserves) (1)	Nil	96.62	94.41
Earnings/ (Loss) per share (diluted) (Rs.) (2)	0.02	Nil	(2.04)
Book value per equity share (Rs.) (2)	10.00	97.56	97.13

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is Rs.10.

Sole Proprietary Concern

- **RK Trading Company ("RKTC")**

RKTC has been established as a sole proprietary concern registered in the name of Mr. Raj Kumar Keyal in 1972. Its registered office is located at Falat 5D, Rameshwara Building, 19A, Sarat Bose Road, Calcutta 700 020. RKTC is in the business of trading in shares.

Financial Performance

The audited financial results of RKTC for the Fiscals 2005, 2006 and 2007 are set forth below:

(in Rs. million except for share data)

	For the year ended March 31		
	2005	**2006**	**2007**
Total Revenues	0.114	0.295	0.183
Profit after Tax	0.089	0.092	0.092

Promoter Group Company associated with Mr. Anjan Malik

- **Inner Challenges Private Limited ("ICPL")**

ICPL was incorporated on March 20, 2001, under the Companies Act. At the time of incorporation, the registered office of ICPL was at Delhi and later shifted to Bangalore on August 13, 2003. Its registered office is located at Santoshima Farm, Byrasettyhalli, Gollahalli Gate, Nelamangala, Bangalore 562 123. ICPL is engaged in the business of establishment of yoga retreat to promote yoga, vipassana and zen.

Shareholding as of October 31, 2007

The shares of ICPL are not listed on any stock exchange. The shareholding pattern of ICPL is as follows:

S. No.	Shareholder	Number of shares	Percentage of issued capital
1	Mr. Pawan Malik	39,90,000	99.750
2	Mr. Amarjit Singh	5,000	0.125
3	Mr. S. N. Malik	5,000	0.125
	Total	**4,000,000**	**100**

There has been no change in the capital structure of ICPL in the last six months.

Directors as of October 31, 2007

The board of directors of ICPL comprises Mr. Pawan Malik, Mr. Amarjit Singh and Mr. S. N. Malik.

Financial Performance

The audited financial results of ICPL for the Fiscals 2005, 2006 and 2007 are set forth below

(in Rs. million except for share data)

	For the year ended March 31		
	2005	2006	2007
Total Revenues	49.59	75.80	129.22
Profit after Tax	(53.34)	(54.66)	(44.26)
Equity share capital	195.00	195.00	400.00
Reserves and Surplus (excluding revaluation reserves) (1)	Nil	Nil	Nil
Earnings/ (Loss) per share (diluted) (Rs.) (2)	(2.80)	(2.74)	(0.91)
Book value per equity share (Rs.) (2)	6.88	4.19	6.55

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is Rs.10.

Interest of our Promoters

The aforementioned Promoters of our Company are interested to the extent of their shareholding in us. Further, our individual Promoters who are also the Directors of our Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration, reimbursement of expenses payable to them. Our individual Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by 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.

Further, our individual Promoters are also directors on the boards of certain Promoter Group entities and they may be deemed to be interested to the extent of the payments made by our Company, if any, to these Promoter Group entities. For further details, see "Our Promoters and Promoter Group" beginning on page 65. For the payments that are made by our Company to certain Promoter Group entities, please refer to the section titled "Financial Statements", beginning on page 93.

Except as stated otherwise in this Red Herring Prospectus, we have not entered into any contract, agreements or arrangements during the preceding two years from the date of this Red Herring Prospectus in which the Promoters are directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them including the properties purchased by our Company other than in the normal course of business.

Further, except as disclosed in the sections titled "Our Promoters and Promoter Group" beginning on page 65, our Promoters do not have any interest in any venture that is involved in any activities similar to those conducted by us.

Interest in the property of our Company

Except for the Company's office situated at Fort, Mumbai which has been leased to the Company for a sum of Rs. 2,450 per month by DSCL, one of the Promoter Group companies in which Mr. P.D. Mundhra is a Director, the Promoters do not have any interest in any property acquired by our Company within two years preceding the date of this Red Herring Prospectus or proposed to be acquired by our Company.

Common Pursuits

Our Promoters and Directors do not have an interest in any venture that is involved in any activities similar to those conducted by the Company or any member of the Promoter Group. For, further details on the related party transactions, to the extent of which our Company is involved, see "Financial Statements- Related Party Transactions" beginning on page 102.

Disassociation by the Promoters in the last three years

Our Promoters have not disassociated themselves with any company in the past three years.

Previous Public or Rights Issues:

None of our Promoter Group companies and entities are presently listed on any stock exchange, or have made any public or rights issues in the preceding three years.

Sick Companies:

None of our Promoter Group companies and entities is a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 or is under winding up or have any BIFR proceedings initiated against them. None of our Promoter Group companies and entities has been struck off as a defunct company by any registrar of companies in India.

Loss making companies:

None of our Promoter Group companies and entities has made a loss in the preceding 3 years, except as disclosed below. The loss making companies are:

1. Consolidated Properties Private Limited;
2. Ambassador Estates and Investment Private Limited;
3. Riddhi-Siddhi Realtors Private Limited;
4. Anmol Realtors Private Limited;
5. Mukund Realtors Private Limited;
6. Urvashi Realtors Private Limited;
7. Ashutosh Properties Private Limited;
8. Ace Rubber Ind. Private Limited;
9. Chandak Exports Private Limited;
10. Consolidated Packaging Co. Private Limited;
11. Dia Exports Private Limited;
12. Gopal Krishna Rasayana Private Limited;
13. Master Packaging Services Private Limited;
14. New Multimedia Dye Chem Enterprises Private Limited;
15. Pankaj Properties and Leasing Company Limited;
16. Srivardhman Saving Private Limited;
17. Vishal Exports Private Limited;
18. Innovative Impex Private Limited;
19. Himalaya Capital Services Private Limited;
20. Jagadamba Organics Private Limited;
21. Crescent Oils Private Limited;
22. Ojas Dyechem (India) Private Limited; and
23. Inner Challenge Private Limited.

Payment or Benefit to Promoters

Except as stated in "Financial Statements - Related Party Transactions" beginning on page 102, no amount or benefit has been paid or given to any Promoter within the two preceding years from the date of filing of this Red Herring Prospectus or is intended to be paid.

Other Confirmations

Our Promoters have further confirmed that they have not been declared as willful defaulters by the Reserve Bank of India or any other Governmental authority and there are no violations of securities laws committed by them in the past or are pending against them.

There are no sales or purchases between our Company and any company and entities in the Promoter Group exceeding 10% of the sales or purchases of our Company.

DIVIDEND POLICY

The declaration and payment of dividends on our equity shares will be recommended by our board of directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition. The dividend and dividend tax paid by our Company during the last five Fiscal and for the six months ended September 30, 2007, is presented below:

(*Rs. in million except per share data and percentages*)

Particulars	**Six months ended September 30, 2007**	**Year ended March 31,**				
		2007	**2006**	**2005**	**2004**	**2003**
Face Value of Equity Shares (Rs. per Equity Share)	10	10	10	10	10	10
Interim Dividend on Equity Shares	107.6	202.50	75.94	54.00	1.50	-
Final Dividend on Equity Shares	Nil	-	86.06	-	30.00	-
Total Dividend on Equity Shares	107.6	202.50	162.00	54.00	31.50	-
Dividend rate (%)	65	2,000	1,600	43,200	31,500	-
Dividend tax	18.3	28.40	22.72	7.06	4.04	-

The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts, if any, in the future.

Pursuant to the terms of our loan facility agreements, namely from Citibank NA we cannot declare or pay any dividend to our shareholders during any financial year unless we have paid all the dues to the respective lenders or paid or have made satisfactory provisions therefore or if we are in default of the terms and conditions of such loan facility agreement.

FINANCIAL STATEMENTS

UNCONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AND PROFITS AND LOSSES, AS RESTATED OF eCLERX SERVICES LIMITED, FOR THE YEARS ENDED MARCH 31, 2007, 2006, 2005, 2004 AND 2003 AND FOR THE PERIOD ENDED SEPTEMBER 30, 2007

Auditors' report as required by Part II of Schedule II of the Companies Act, 1956

The Board of Directors
eClerx Services Limited
Mumbai, Maharashtra
India.

Dear Sirs

1. We have examined the unconsolidated financial information of eClerx Services Limited (formerly eClerx Services Private Limited) ('the Company'), annexed to this report for the five years ended March 31, 2007 and for the period April 1, 2007 to September 30, 2007. This financial information has been prepared by the management and approved by the Board of Directors of the Company for the purpose of disclosure in the Offer Document being issued by the Company in connection with the Initial Public Offering ('IPO') for the issue of equity shares having a face value of Rs. 10 each at an issue price to be arrived at by a book building process aggregating Rs. 1010 million (referred to as 'the Issue'). This financial information has been prepared in accordance with the requirements of:

   i) Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');

   ii) The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ('the SEBI Guidelines') issued by the Securities and Exchange Board of India ('SEBI') in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments;

   iii) The revised Guidance Note on reports in Company Prospectuses issued by the Institute of the Chartered Accountants of India ('ICAI'); and

   iv) The terms of our letter of engagement with the Company requesting us to carry out work in connection with the Offer Document being issued by the Company in connection with its proposed Initial Public Offer.

a. Unconsolidated Financial Information as per the audited financial statements

2. We have examined the attached 'Unconsolidated Summary Statement of Assets and Liabilities, of the Company as Restated as at September 30, 2007 and as at March 31, 2007, 2006, 2005, 2004 and 2003 (Annexure 1) and the attached 'Unconsolidated Summary Statement of Profits and Losses, as Restated' (Annexure 2) for the period / years then, together referred to as 'Unconsolidated Restated Summary Statements'. These Unconsolidated Restated Summary Statements have been arrived at after making such adjustments and regroupings to the financial statements of the Company which are appropriate and are more fully described in the Significant Accounting Policies and Notes appearing in Annexures 3 and 4 to this report.

3. The financial statements of the Company for the financial years ended on March 31, 2007, 2006, 2005, 2004 and 2003 which were audited and reported upon by the respective auditors for the respective years, names of whom and the year covered by their audit are furnished below:

Year	Name of the Statutory Auditors
2006-2007	M/s. C. M. Gabhawala & Co.
2005-2006	M/s. C. M. Gabhawala & Co.
2004-2005	M/s. C. M. Gabhawala & Co.
2003-2004	M/s. S. K. Somani & Associates
2002-2003	M/s. S. K. Somani & Associates

We have relied on these audited financial statements and have not carried out any audit tests or review procedures on the financial statements of the Company for the years ended on these respective dates. Since we did not perform the audit for the above years, the financial report included for such years are solely based on the report submitted by the respective statutory auditors for the relevant years. The financial statements for the period April 1, 2007 to September 30, 2007 have been audited by us.

4. Based on our examination of these Unconsolidated Restated Summary Statements read in conjunction with the Accounting Policies and Notes given in Annexures 3 and 4 respectively, we state that:

   a) The 'Unconsolidated Restated Summary Statements' of the Company have been restated with retrospective effect to reflect the significant accounting policies being adopted by the Company as at September 30, 2007, stated in Annexure 3 to this report;

   b) The restated profits have been arrived at after charging all expenses, including depreciation, and after making such adjustments and regroupings as in our opinion are appropriate in the year to which they are related as described in the Notes forming part of the Unconsolidated Restated Summary Statements, stated in Annexure 4 to this report;

   c) There were no qualifications in the audit reports issued by the statutory auditors for the period ended September 30, 2007 and for the years ended March 31, 2007, 2006, 2005, 2004 and 2003, which would require adjustment in these Unconsolidated Restated Summary Statements; and

   d) There are no extra ordinary items which need to be disclosed separately in the Unconsolidated Restated Summary Statements.

b. Other Unconsolidated Financial Information:

5. We have examined the following unconsolidated financial information in respect of the period ended on September 30, 2007 and for the years ended March 31, 2007, 2006, 2005, 2004 and 2003 of the Company, proposed to be included in the Offer Document, as approved by the Board of Directors and annexed to this report:

   a) Unconsolidated Statement of Cash Flows, As Restated (Annexure 5)

   b) Unconsolidated Statement of Accounting Ratios, As Restated (Annexure 6);

   c) Unconsolidated Statement of Tax Shelters (Annexure 7)

   d) Unconsolidated Capitalisation Statement (Annexure 8)

   e) Statement of Dividend Paid (Annexure 9)

   f) Unconsolidated Age-wise analysis of Debtors, As Restated (Annexure 10)

   g) Unconsolidated Statement of Loans and Advances, As Restated (Annexure 11); and

   h) Unconsolidated Statement of Quoted Investments, As Restated (Annexure 12).

6. In respect of the 'Unconsolidated Financial Information as per the audited financial statements' and 'Other Unconsolidated Financial Information' contained in this report, we have relied upon the audited financial statements for the years ended March 31, 2007, 2006, 2005, 2004 and 2003 which were audited by other firms of Chartered Accountants, as referred to in paragraph 3 above. We have not carried out any audit tests or review procedures on the financial information for the above periods since we did not perform the audits and the financial report included for these years are solely based on the report submitted by the other auditors.

7. In our opinion, the 'Unconsolidated Financial Information as per audited financial statements' and 'Other Unconsolidated Financial Information' mentioned above for the period ended September 30, 2007 and for the years ended as on March 31, 2007, 2006, 2005, 2004 and 2003 have been prepared in accordance with Part II of the Act and SEBI Guidelines.

8. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us or by any other firm of Chartered Accountants nor should it be construed as a new opinion on any of the financial statements referred to therein.

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

For Walker, Chandiok & Co.
Chartered Accountants

Khushroo B. Panthaky
Partner
Membership No. F-42423
Mumbai
Date: November 1, 2007

eClerx Services Limited (formerly eClerx Services Private Limited)

Annexure 1

Unconsolidated Summary Statement of Assets and Liabilities, As Restated

(Rupees in millions)

		As at					
		September 30, 2007	**March 31, 2007**	**March 31, 2006**	**March 31, 2005**	**March 31, 2004**	**March 31, 2003**
	Assets						
A.	**Fixed Assets**						
	Gross Block	216.48	142.91	115.20	52.93	34.19	9.46
	Less : Depreciation/ Amortisation	84.53	66.38	40.65	21.77	9.53	2.11
	Net Block	**131.95**	**76.53**	**74.55**	**31.16**	**24.66**	**7.35**
	Add: Capital Work in Progress (including Capital Advances)	0.10	0.40	0.22	1.50	1.72	0.06
		132.05	**76.93**	**74.77**	**32.66**	**26.38**	**7.41**
B.	**Investments**	87.34	0.02	12.62	-	21.23	-
C.	**Current Assets, Loans and Advances**						
	Sundry Debtors	187.35	119.24	66.37	42.12	-	-
	Cash and Bank Balance	99.51	73.51	59.04	18.52	2.65	3.93
	Loans and Advances	152.03	85.76	44.40	4.16	2.42	0.68
		438.89	**278.51**	**169.81**	**64.80**	**5.07**	**4.61**
	Total Assets	**658.28**	**355.46**	**257.20**	**97.46**	**52.68**	**12.02**
	Liabilities and Provisions						
D.	**Secured Loans**	59.61	-	-	-	-	-
E.	**Deferred Tax Liability**	2.39	-	-	-	0.44	0.03
F.	**Current Liabilities and Provisions**						
	Current Liabilities	160.06	23.09	104.66	16.79	5.41	3.67
	Provisions	33.34	38.87	32.47	16.37	41.50	0.31
		193.40	**61.96**	**137.13**	**33.16**	**46.91**	**3.98**
G.	**Net worth**						
	Represented by :						
	Shareholders' Funds :						
	Share Capital	165.53	10.12	10.12	0.12	0.10	0.10
	Stock Option Outstanding	0.52	0.19	0.05	-	-	-
	Reserves and Surplus	236.83	283.19	109.90	64.18	5.23	7.91
		402.88	**293.50**	**120.07**	**64.30**	**5.33**	**8.01**
	Total Liabilities	**658.28**	**355.46**	**257.20**	**97.46**	**52.68**	**12.02**

Refer Annexure 2A – Notes on Adjustments in Restated Financials

eClerx Services Limited (formerly eClerx Services Private Limited)

Unconsolidated Summary Statement of Profit and Losses, As Restated

Annexure 2

(Rupees in millions)

	For the six months ended September 30, 2007	For the year ended March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
Income						
Income from Operations	501.51	861.20	471.98	265.28	215.88	205.14
Other Income	12.90	1.14	5.54	1.13	0.04	0.00
	514.41	**862.34**	**477.52**	**266.41**	**215.92**	**205.14**
Expenditure						
Employee compensation and related expenses	172.39	245.47	125.06	75.74	30.22	7.05
General and administration expenses	120.32	163.82	82.46	59.54	140.75	187.81
Selling and marketing expenses	12.08	19.41	8.75	7.10	4.09	1.24
Interest on Fixed Loan	0.78	-	-	-	-	-
	305.57	**428.70**	**216.27**	**142.38**	**175.06**	**196.10**
Profit before depreciation and taxes	**208.84**	**433.64**	**261.25**	**124.03**	**40.86**	**9.04**
Depreciation	18.15	25.75	18.88	12.24	7.43	1.87
Profit before taxes	**190.69**	**407.89**	**242.37**	**111.79**	**33.43**	**7.17**
Provision for taxes						
- Current Income Tax	22.06	-	-	-	0.17	0.31
- Deferred Income Tax	2.39	-	-	(0.44)	0.40	0.04
- Fringe Benefit Tax	1.53	2.70	1.93	-	-	-
	25.98	**2.70**	**1.93**	**(0.44)**	**0.57**	**0.35**
Profit after tax	**164.71**	**405.19**	**240.44**	**112.23**	**32.86**	**6.82**
Balance brought forward from previous year	205.57	72.27	41.55	1.73	7.91	1.09
	370.28	**477.46**	**281.99**	**113.96**	**40.77**	**7.91**
Less :- Appropriation						
Adjustment in Opening Reserves	-	0.99	-	-	-	-
Interim Dividend	107.59	202.50	75.94	54.00	1.50	-
Tax on Interim Dividend	18.29	28.40	10.65	7.06	-	-
Proposed Dividend (Final)	-	-	86.06	-	30.00	-
Provision for Tax on Proposed Dividend	-	-	12.07	-	4.04	-
Transfer to General Reserve	162.99	40.00	25.00	11.35	3.50	-
	288.87	**271.89**	**209.72**	**72.41**	**39.04**	**-**
Balance Carried to Balance Sheet	**81.41**	**205.57**	**72.27**	**41.55**	**1.73**	**7.91**

Refer Annexure 2A - Notes on Adjustments in Restated Financials

eClerx Services Limited (formerly eClerx Services Private Limited)

Annexure 2A

Notes on Adjustments in Restated Financials

A. Changes in Accounting Policies, Adjustments Relating to previous years and/or incorrect Accounting Policies, effect of which has been quantified and for which Adjustments have been carried out in the Restated Accounts

1. During the year 2006 - 07, the Company has segregated its block of fixed assets under Furniture & Fixtures to exclude Leasehold Improvements, to the extent identifiable. Leasehold Improvements are amortised over the lease period. The write back of Depreciation arising out of this change which was recognized in the year 2006 - 07, has now been apportioned to the respective preceding years.
2. During the year 2006 - 07, with respect to assets costing Rs. 0.01 million or less, the Company has changed the rate of depreciation to be in accordance with Schedule XIV of the Companies Act, 1956, which requires that assets costing below Rs. 0.01 million be fully depreciated in the year of acquisition. The write off of additional Depreciation out of this policy change which was recognized in the year 2006 - 07, has now been apportioned to the respective preceding years.
3. During the year 2006 - 07, the Company initiated accounting for hedging contracts in compliance with Accounting Standard – 11 (Revised 2003) "The Effects of Changes in Foreign Exchange Rates", issued by the ICAI. The same has been given effect to in the preceding years also, wherever applicable.
4. Prior year's figures have been regrouped / reclassified, wherever necessary to conform with the current period's classification.

B. Changes in Accounting Policies, Adjustment Relating to previous years and/or incorrect Accounting Policies, effect of which has not been quantified and for which Adjustments have not been carried out in the Restated Accounts of the relevant years.

1. During the year 2006 - 07, the Company changed the method of accounting for provisioning of gratuity from the "management's estimate" to "actuarial valuation". As a result, the differential amount of Rs. 1.24 million as at March 31, 2007 has been charged to "Profit and Loss Account" in the financial year ended as on that date.
2. The Company had during the financial year 2002-03 and 2003-04, recorded the deferred tax liability of Rs. 0.04 million and Rs. 0.40 million upto 31st March 2003 and 31st March 2004, by charging the same to the "Profit and Loss Account". However in the year 2004-05, the Company reversed the deferred tax liability of earlier years as they were of the opinion that the same would be reversed during the holiday period enjoyed under Section 10A of the Income Tax Act, 1961 upto 31st March 2009, as per the Accounting Standard Interpretation - 5, issued by the ICAI.

C. OTHERS:

1. Notwithstanding the change in the figures of profit before tax on account of restatement, no adjustments / restatements have been carried out in respect of the following,
   (a) Deferred tax
   (b) Appropriation to profits
   (c) Fringe Benefit tax

The impact of Adjustments carried out in the Restated Accounts are as provided below:-

(Rupees in millions)

	For the six months period ended on	For the year ended				
	September 30, 2007	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
Profit after tax as per attached accounts	**164.71**	**396.73**	**244.62**	**113.13**	**35.00**	**7.11**
Lease Equalisation expense		2.09	(1.10)	(0.74)	(0.28)	
Depreciation		6.37	(3.73)	(0.50)	(1.86)	(0.29)
Gain on foreign exchange fluctuation			0.65	0.34		
Profit after tax as per restated accounts	**164.71**	**405.19**	**240.44**	**112.23**	**32.86**	**6.82**

Significant Accounting Policies

I. Significant Accounting Policies

Basis of preparation

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956, to the extent applicable. The financial statements are presented in Rs. in millions, unless otherwise stated.

Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles ('GAAP') in India requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements. Management believes that the estimates made in the preparation of financial statements are prudent and reasonable. Actual future periods results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

Revenue recognition

Revenue from data analytics services and process solutions comprises from both time/unit price and fixed fee based service contracts. Revenue from time / unit price based contracts is recognised on completion of the related services and is billed in accordance with the contractual terms specified in the respective customer contracts. Revenue from fixed fee based service contracts is recognised on achievement of performance milestones specified in the customer contracts.

Unbilled receivables represent costs incurred and revenues recognised on contracts to be billed in subsequent periods as per the terms of the contract.

Interest income is recognised using the time proportion method, based on the underlying interest rates.

Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Cost includes freight, duties, taxes and incidental expenses related to acquisition and installation of the fixed assets. Depreciation on fixed assets is provided under Written Down Value method at the rates specified in Schedule XIV to the Companies Act, 1956, except in respect of the following assets:

Leasehold Improvements – amortised over the lease period, subject to a maximum of nine years.

Computer Software - estimated useful life of the asset

The useful life is reviewed at the end of each reporting period for any changes therein and accordingly the asset is amortised over the remaining useful life.

Impairment of Assets

In accordance with AS 28 'Impairment of Assets' issued by the Institute of Chartered Accountants of India, the carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of the assets (or where applicable, that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. An impairment loss is recognised whenever the carrying amount of an asset or a cash generating unit exceeds its recoverable amount. Impairment loss is recognised in the Profit and Loss Account or against revaluation surplus where applicable.

Retirement benefits

Gratuity and leave encashment

The Company provides for gratuity benefit, which is a defined benefit plan, covering all its eligible employees. Provisions in respect of gratuity benefits has been made based on an actuarial valuation carried out by an independent actuary as at the balance sheet date.

The employees are entitled to leave encashment. The employees cannot carry forward unutilized leave balances in future periods. Instead, they would receive cash compensation at the end of the financial year for the unutilized portion of the leave balances. The Company records its obligation to pay leave encashment at the end of each accounting period.

Investments

Long-term investments are carried at cost and provision is made when in the management's opinion there is a decline, other than temporary, in the carrying value of such investments. Current investments are valued at the lower of cost and market value.

Taxation

Income tax expense comprises current income tax, fringe benefit tax and deferred tax.

Current taxes

Provision for current income-tax is recognised in accordance with the provisions of Indian Income Tax Act, 1961 and is made annually based on the tax liability after taking credit for tax allowances and exemptions.

Deferred taxes

Deferred tax assets and liabilities are recognised for the future tax consequences attributable to timing differences that result between the profits offered for income taxes and the profits as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantively enacted at the balance sheet date. The effect of a change in tax rates on deferred tax assets and liabilities is recognised in the period that includes the enactment date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realized in the future, however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty, supported by convincing evidence of recognition of such assets. Deferred tax assets are reassessed for the appropriateness of their respective carrying values at each balance sheet date.

The profits of the Company are exempt from taxes under the Income Tax Act, 1961, being profit from industrial undertakings situated in Software Technology Park. Under Section 10A of the Income Tax Act, 1961, the Company can avail of an exemption of profits from income tax for a period up to fiscal year 2009 in relation to its undertakings set up in the Software Technology Park at Mumbai. In this regard, the Company recognised deferred taxes in respect of those originating timing differences, which reverse after the tax holiday period, resulting in tax consequences. Timing differences which originate and reverse within the tax holiday period do not result in tax consequence and therefore no deferred taxes are recognised in respect of the same.

Fringe Benefits

Provisions for Fringe Benefits Tax (FBT) have been recognised on the basis of harmonious contextual interpretation of the provision of the Income Tax Act, 1961.

Leases

Operating lease

Lease rentals in respect of assets acquired under operating lease are charged off to the profit and loss account as incurred.

Foreign currency transactions

Transactions in foreign currency are recorded at the average exchange rate of the previous month. Net exchange gain or loss resulting in respect of foreign exchange transactions settled during the period is recognised in the profit and loss account except for the resultant net exchange gain or loss on account of imported fixed assets, which is adjusted in the carrying amount of the related fixed assets.

Foreign currency denominated current assets and current liabilities at period end are translated at exchange rates as on that date and the resulting net gain or loss is recognised in the profit and loss account, except for exchange differences related to acquisition of fixed assets purchased from foreign countries, which are adjusted in the carrying amount of the related fixed assets.

Forward contracts are entered into to hedge the foreign currency risk of firm commitments or highly probable forecast transactions. The premium or discount on all such contracts arising at the inception of each contract is amortised as income or expense over the life of the contract. Any profit or loss arising on the cancellation or renewal of forward contracts is recognised as income or as expense for the period.

Earnings per share

The basic earnings per equity share are computed by dividing the net profit attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share, and also the weighted average number of equity shares, which may be issued on the conversion of all dilutive potential shares, unless the results would be anti dilutive.

Provisions and contingencies

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources embodying economic benefits and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Notes to Restated Financials

1. The Company entered into a share purchase agreement dated April 1, 2007 with shareholders of eClerx Limited, United Kingdom (UK) to acquire the entire share capital of that Company for a consideration of GBP 40,600. The goodwill on consolidation of Rs 0.63 million has been fully amortised in the Consolidated Profit and Loss Account.

2. The Company entered into an ownership transfer agreement dated April 1, 2007 with shareholders of eClerx LLC, United States of America (USA) to acquire the entire ownership of that Company for a consideration of US $ 17,500. The capital reserve on consolidation of Rs 0.06 million has been adjusted against the goodwill in the Consolidated Profit and Loss Account.

3. The Company has incorporated a 100% subsidiary, eClerx Investments Limited in the British Virgin Islands (BVI) on September 25, 2007.

4. Auditors' remuneration has been classified as under:

(Rupees in millions)

	Six months ended September 30, 2007	For the year ended				
		March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
Statutory Audit	0.55	0.05	0.06	0.06	0.04	0.02
Tax audit	-	0.05	0.04	0.02	-	-
Others – Includes out of pocket expenses	1.00	0.06	0.08	0.04	0.01	-
Total	**1.55**	**0.16**	**0.18**	**0.12**	**0.05**	**0.02**

5. **Segment reporting:**

The Company operates under a single primary segment i.e. data analytics and process outsourcing services.

Disclosure of details under geographical segments is as under:

(Rupees in millions)

Operational Revenues	Six months ended September 30, 2007	Year ended March 31, 2007
United States of America	366.17	647.19
United Kingdom	44.94	85.49
Europe	73.44	111.21
Asia Pacific	16.96	17.31
Total Revenues	**501.51**	**861.20**

6. **Deferred Tax Balances**

The components of deferred tax liability and assets arising on account of timing differences between taxable income and accounting income are as follows:

(Rupees in millions)

	As at					
	September 30, 2007	**March 31, 2007**	**March 31, 2006**	**March 31, 2005**	**March 31, 2004**	**March 31, 2003**
a) Liabilities						
Depreciation	4.14	-	-	-	0.44	0.03
b) Assets						
Provision for Gratuity	(1.75)	-	-	-	-	-
Net Deferred Tax Liabilities	**2.39**	**-**	**-**	**-**	**0.44**	**0.03**

7. **Details of Sundry Debtors**

(Rupees in millions)

Age wise Break-up	As at					
	September 30, 2007	**March 31, 2007**	**March 31, 2006**	**March 31, 2005**	**March 31, 2004**	**March 31, 2003**
Debt exceeding six months	5.65	-	1.12	-	-	-
Other Debts	181.70	119.24	65.25	42.12	-	-
Total	**187.35**	**119.24**	**66.37**	**42.12**	**-**	**-**

8. **Investments**

(Rupees in millions)

Types of Investments	As at					
	September 30, 2007	**March 31, 2007**	**March 31, 2006**	**March 31, 2005**	**March 31, 2004**	**March 31, 2003**
- eClerx Limited, UK	3.31	-	-	-	-	-
- eClerx LLC, USA	0.71	-	-	-	-	-
- eClerx Investments Limited, BVI	83.13	-	-	-	-	-
Mutual Funds	0.19	0.02	12.62	-	21.23	-
Total	**87.34**	**0.02**	**12.62**	**-**	**21.23**	**-**

9. **Loans & Advances**

(Rupees in millions)

Particulars	As at					
	September 30, 2007	**March 31, 2007**	**March 31, 2006**	**March 31, 2005**	**March 31, 2004**	**March 31, 2003**
Loans and advances						
- Promoter	-	-	-	-	-	-
- directors of company	-	-	-	-	-	-
- Group companies	-	-	-	-	-	-
- Others	152.03	85.76	44.40	4.16	2.42	0.68
Total	**152.03**	**85.76**	**44.40**	**4.16**	**2.42**	**0.68**

10. RELATED PARTY TRANSACTIONS

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

A. Related parties

(a) Where control exists

1. eClerx Limited, UK (wholly owned subsidiaries)
2. eClerx LLC, USA (wholly owned subsidiaries)
3. eClerx Investments Limited, BVI (wholly owned subsidiaries)
4. Igentica Travel Solutions Limited (99.4% held by eClerx Investments Limited)
5. Igentica Limited (100% held by Igentica Travel Solutions Limited)
6. Electrobug Technologies Limited (100% held by Igentica Travel Solutions Limited)
7. E-Bug Pricing Intelligence Limited (100% held by Electrobug Technologies Limited)

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

1. Innovative Impex Private Limited
2. Duncan & Stratton Company Limited
3. N.T.Estates & Investments Private Limited
4. Dorner Fashion Private Limited
5. Vinayak Properties Private Limited
6. Consolidated Properties Private Limited
7. Ambassador Estates & Investments Private Limited
8. Riddhi-Siddhi Realtors Private Limited
9. Anmol Realtors Private Limited
10. Urvashi Realtors Private Limited
11. Aashutosh Properties Private Limited
12. Ace Rubber Industries Private Limited
13. Chandak Exports Private Limited
14. Consolidated Packaging Company Private Limited
15. Dia Exports Private Limited
16. Gopal Krishna Rasayan Private Limited
17. Master Packaging Services Private
18. New Multi Dye Chem Enterprises Private Limited
19. Om Sadan Private Limited
20. Pankaj Properties & Leasing Company
21. S.K.G Industries Limited
22. Srivardhman Saving Company (P) Limited
23. Vishal Exports Private Limited
24. RK Trading Company
25. Himalayan Capital Services (P) Limited
26. Jagdamba Organics (P) Limited
27. Crescent Oils Private Limited
28. Ojas Dyechem (India) Private Limited
29. Inner Challenges Private Limited
30. Pragati Tie-up Private Limited

(c) Key Management Personnel

1. P.D.Mundhra (Director)
2. Anjan Malik (Director)
3. V.K. Mundhra (Director)

(d) Relatives of Key Management Personnel

Promoter	Name of the Relative	Relationship
Mr. P.D. Mundhra	Mrs. Shweta Mundhra	Spouse
	Mr. V. K. Mundhra	Father
	Ms. Supriya Modi	Sister
	Master Pranay Mundhra	Son
	Ms. Advita Mundhra	Daughter
	Mr. Rajkumar Keyal	Spouse's Father
	Mr. Sarita Keyal	Spouse's' Mother
	Mr. Ashish Keyal	Spouse's' Brother
Mr. Anjan Malik	Mrs. Richa Malik	Spouse
	Mr. Krishan Narayan Malik	Father
	Mrs. Lily Das Malik	Mother
	Mr. Pawan Malik	Brother
	Master Vansh Malik	Son
	Master Yuv Malik	Son
	Mr. Vinay Singh	Spouse's Father
	Mrs. Maya Singh	Spouse's' Mother
	Ms. Kavita Mathur	Spouse's Sister

B. DETAILS OF RELATED PARTY TRANSACTIONS

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

(Rupees in millions)

Sr. No.	Name	Nature of Transaction	Relationship	For the Period ended September 30, 2007	For the year ended March 31,2007	For the year ended March 31,2006	For the year ended March 31,2005	For the year ended March 31,2004	For the year ended March 31,2003
1	eClerx Limited, UK	Contract for Services	Common Director	35.03	26.56	8.84	160.10	80.78	29.47
2	eClerx LLC, USA	Contract for Services	Common Director	25.10	51.94	36.87	6.38	-	-
3	eClerx Investments Limited	Investment	Wholly owned Subsidiary	83.13	-	-	-	-	-
4	Innovative Impex Private Limited	Contract for Services	Common Director	-	0.60	0.18	-	-	-
		Loan taken and Repaid		-	-	-	-	14.50	17.09
5	Anjan Malik	Dividend	Director	39.24	81.00	30.37	40.10	-	-
		Remuneration		-	-	0.18	0.12	0.12	-
6	P. D. Mundhra	Remuneration	Director	3.90	8.80	0.18	0.12	0.12	-
		Loan taken and Repaid		-	39.20	6.50	8.55	-	-
		Dividend		39.22	80.84	30.31	40.02	-	-
7	V.K. Mundhra	Dividend	Director	0.14	0.16	0.06	0.08	-	-
8	Duncan Stratton & Co Ltd	Rent	Common Director	0.01	0.21	-	-	-	-
9	Shweta Mundhra	Dividend	Director's Spouse	-	-	-	-	-	-
10	Supriya Modi	Dividend	Director's Sister	0.06	-	-	-	-	-
11	Pawan Malik	Dividend	Director's Brother	0.12	-	-	-	-	-

Annexure 5

Unconsolidated Statement of Cash Flows, As Restated

(Rupees in millions)

	For the six months ended September 30, 2007	For the year ended March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
A. Cash Flow from Operating Activities						
Net Profit Before Tax & Exceptional Items	**190.69**	**407.89**	**242.37**	**111.79**	**33.43**	**7.17**
Adjustments for :						
Depreciation	18.15	25.75	18.88	12.24	7.43	1.87
Dividend Income	(0.43)	(0.20)	(0.52)	(0.01)	-	-
(Profit) / Loss on Sale of Investments	-	0.00	(0.01)	(0.39)	(0.03)	-
Interest income	(0.04)	(0.07)	(0.05)	(0.02)	(0.01)	(0.00)
Stock Options Outstanding	0.33	0.14	0.05	-	-	-
Short Term Capital Loss	0.06	-	-	-	-	-
Unrealised gain on Secured Loans	(0.87)					
Gain on Forward Contracts Hedging of prior years	-	(0.99)	-	-	-	-
Operating Profit Before Working Capital Changes	**207.89**	**432.52**	**260.72**	**123.61**	**40.82**	**9.04**
Adjustments for :						
Trade and Other Receivables	(68.11)	(52.87)	(24.24)	(42.12)	-	-
Fixed Deposit with banks	-	(0.06)	(0.35)	(0.66)	(0.11)	(0.04)
Loans and Advances	(66.28)	(41.36)	(40.24)	(1.73)	(1.75)	(0.05)
Current Liabilities and Provisions	5.57	22.96	5.84	19.84	9.30	0.32
Cash Generated from Operations	**79.07**	**361.19**	**201.73**	**98.94**	**48.26**	**9.27**
Income Taxes	(23.59)	(2.70)	(1.93)	0.44	(0.57)	(0.35)
Net Cash Generated by Operating Activities	**55.48**	**358.49**	**199.80**	**99.38**	**47.69**	**8.92**
B. Cash Flow from Investing Activities :						
Sale of Investments	100.21	27.78	94.16	21.62	7.32	-
Purchase of Investments	(100.42)	(15.18)	(106.77)	-	(28.53)	-
Sale of Fixed Assets	-	0.11	-	-	-	2.58
Investments in subsidiaries	(87.16)	-	-	-	-	-
Purchase of Fixed Assets (including Capital Work in Process)	(73.27)	(28.03)	(60.99)	(18.52)	(26.40)	(9.08)
Interest income	0.04	0.07	0.05	0.02	0.01	0.00
Dividend Income	0.43	0.20	0.52	0.01	-	-
Net Cash Generated by / (used in) Investing Activities	**(160.17)**	**(15.05)**	**(73.03)**	**3.13**	**(47.60)**	**(6.50)**
C. Cash Flow from Financing Activities :						
Dividend Paid	-	(288.56)	(75.94)	(84.00)	(1.50)	-
Dividend Tax Paid	-	(40.47)	(10.65)	(11.09)	-	-
Share Capital Issued	79.35	-	-	7.80	-	-
Proceeds from Secured Loans	60.48	-	-	-	-	-
Expenses related to Initial Public Offering	(9.14)	-	-	-	-	-
Net Cash Generated by / (used in) Financing Activities	**130.69**	**(329.03)**	**(86.59)**	**(87.29)**	**(1.50)**	-
Net (Decrease) / Increase in Cash and cash equivalents	**26.00**	**14.41**	**40.18**	**15.22**	**(1.41)**	**2.42**
Cash & Cash Equivalents at the beginning of the period	72.30	57.89	17.71	2.49	3.90	1.48
Cash & Cash Equivalents at the end of the period	**98.30**	**72.30**	**57.89**	**17.71**	**2.49**	**3.90**

Note: Cash and Cash equivalents do not include fixed deposits pledged by the Company with the Bank.

eClerx Services Limited (formerly eClerx Services Private Limited)

Unconsolidated Statement of Accounting Ratios

Annexure 6

(Rupees in millions)

		As at and for six months ended September 30, 2007	As at and for the year ended				
			March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
Net worth	(A)	402.88	293.5	120.07	64.3	5.33	8.01
Adjusted Profit after Tax	(B)	164.71	405.19	240.44	112.23	32.86	6.82
Number of Shares outstanding at the end of the year/period	(C)	16,552,500	1,012,500	1,012,500	12,500	10,000	10,000
Weighted average number of shares outstanding at the end of the year/period	(D)	16,520,429	15,187,500	15,187,500	15,187,500	12,150,000	12,150,000
Weighted average number of shares outstanding at the end of the year/period for diluted EPS	(E)	16,642,934	15,295,245	15,318,765	15,187,500	12,150,000	12,150,000
Earnings per Share - Basic (Rs.)	(B/D)	9.97	26.68	15.83	7.39	2.70	0.56
- Diluted (Rs.)	(B/E)	9.90	26.49	15.70	7.39	2.70	0.56
Return on Net worth (%)	(B/A)	41%	138%	200%	175%	616%	85%
Net Asset Value per Share calculated with reference to the Number of Shares outstanding at the end of the year/period (Rs.)	(A/C)	24.34	289.88	118.59	5,144.00	533.00	801.00
Net Asset Value per Share calculated with reference to the Weighted average number of shares outstanding at the end of the year/period (Rs.)	(A/D)	24.39	19.33	7.91	4.23	0.44	0.66

Notes :

1. The figures for the six months ended September 30, 2007 have not been annualised.
2. The ratios have been computed as follows:
   Earnings per Share (Rs.)
   Basic = <u>Net profit attributable to equity shareholders</u>
   Weighted average number of equity shares outstanding during the year/period

   Diluted = <u>Net profit attributable to equity shareholders</u>
   Weighted average number of equity shares
   outstanding during the year/period with dilutive impact of options

   Return on Net worth (%) = <u>Net Profit before extraordinary items but after tax as restated</u>
   Net worth excluding share application money and revaluation
   reserves at the end of the year /period

   Net asset value per equity share (Rs.) = <u>Net worth excluding share application money, revaluation reserve and preference share capital at the end of the year/period</u>
   Number of shares outstanding at the end of the year / period
3. Restated net profit, as appearing in the restated Statement of profits and losses (Annexure 2) and net worth as appearing in the Statement of restated assets and liabilities (Annexure 1), has been considered for the purpose of computing the above ratios. These ratios are computed on the basis of the standalone (unconsolidated) restated financial information of the issuer company.
4. Earnings per share calculations are done in accordance with Accounting Standard 20 “Earnings Per Share” issued by the Institute of Chartered Accountants of India.
5. Calculation of ratios post issue has not been considered.

eClerx Services Limited (formerly eClerx Services Private Limited)

Unconsolidated Statement of Tax Shelters

Annexure 7

(Rupees in millions)

Year ending March 31		2007	2006	2005	2004	2003
Tax Rate		33.66%	33.66%	33.59%	35.87%	36.75%
Profit before tax as per Profit and loss account		399.43	246.55	112.68	35.52	7.46
Tax at actual rate of profit		131.45	82.99	41.23	12.74	2.74
Adjustments						
Permanent Differences:						
i)	Donations	(2.15)	(1.65)	(0.96)	-	-
ii)	Deduction u/s 10A	403.89	240.31	111.94	31.17	5.46
iii)	Dividend Income	0.20	0.52	0.01	-	-
v)	Disallowance u/s 40(a) of the Income Tax Act, 1961	-	-	-	(0.16)	-
Timing Differences:						
i)	Depreciation	(1.34)	8.08	2.92	4.28	1.15
ii)	Provision for gratuity	(1.24)	(1.01)	(1.02)	-	-
iii)	Disallowance of Prior years reversed	-	0.28	0.08	-	-
iv)	Disallowance u/s 40(a) of the Income Tax Act, 1961	-	-	(0.28)	(0.08)	-
Net Adjustments		399.36	246.53	112.69	35.21	6.61
Tax Savings thereon		134.42	82.99	41.23	12.63	2.43
Total Taxation		0.03	-	-	0.11	0.31

Annexure 8

Unconsolidated Capitalisation Statement

(Rupees in millions)

	Pre-issue as at September 30, 2007	Adjusted for the Public Issue (*)
Borrowing		
Short - Term debt	-	-
Long-term debt	-	-
Total Debt	**-**	**-**
Shareholders' funds		
Share Capital		
- Equity	165.53	*
- Equity Options Outstanding	0.52	-
Less: Calls- in- arrears	-	-
- Preference	-	-
Share premium	69.30	-
Reserves & surplus	167.53	*
Less: Miscellaneous Expenditure not written off	-	-
Total Shareholders' Funds	**402.88**	*
Long-term Debt/Equity ratio	-	*

* Post issue will be calculated on conclusion of the book building process

eClerx Services Limited (formerly eClerx Services Private Limited)

Statement of Dividend Paid

Annexure 9

(Rupees in millions)

Particulars	Six months ended September 30, 2007	Year ended 31 March				
		2007	2006	2005	2004	2003
Face Value of Equity Shares (Rs. Per Share)	10	10	10	10	10	10
Interim Dividend on Equity Shares	107.59 *	202.50	75.94	54.00	1.50	-
Final Dividend on Equity Shares	-	-	86.06	-	30.00	-
Total Dividend on Equity Shares	107.59 *	202.50	162.00	54.00	31.50	-
Dividend rate (%)	65	2,000	1,600	43,200	31,500	-
Dividend tax	18.29	28.40	22.72	7.06	4.04	-

*Disbursed on October 10, 2007

Unconsolidated Age-wise analysis of Debtors, As Restated

Annexure 10

(Rupees in millions)

Agewise Break-up	September 30, 2007	As at				
		March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
Debt Exceeding six months	5.65	-	1.12	-	-	-
Other Debts	181.70	119.24	65.25	42.12	-	-
Total	**187.35**	**119.24**	**66.37**	**42.12**	**-**	**-**

Unconsolidated Statement of Loans and Advances, As Restated

Annexure 11

(Rupees in millions)

Particulars	September 30, 2007	As at				
		March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
Loans and advances						
- Promoter	-	-	-	-	-	-
- directors of company	-	-	-	-	-	-
- Group companies	-	-	-	-	-	-
- Others	152.03	85.76	44.40	4.16	2.42	0.68
Total	**152.03**	**85.76**	**44.40**	**4.16**	**2.42**	**0.68**

Unconsolidated Statement of Quoted Investments, As Restated

Annexure 12

(Rupees in millions)

Types of Investment	September 30, 2007	As at March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
Mutual Funds	0.19	0.02	12.62	-	21.23	-
Total	**87.34**	**0.02**	**12.62**	**-**	**21.23**	**-**

AUDITORS' REPORT

To

The Board of Directors of eClerx Services Limited

1. We have audited the attached Consolidated Balance Sheet of eClerx Services Limited (formerly known as eClerx Services Private Limited) ('the Company' or 'the Parent Company') and its subsidiaries [collectively referred to as the 'eClerx Group'] as at September 30, 2007, the related Consolidated Profit and Loss Account and Consolidated Cash Flow Statement for the period April 1, 2007 to September 30, 2007, annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our audit was conducted in accordance with the terms of engagement as specified by the Board of Directors of the Parent Company.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are prepared, in all material respects, in accordance with the financial reporting framework generally accepted in India and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We report that the consolidated financial statements have been prepared by the eClerx Group's management in accordance with the requirements of Accounting Standard 21 - 'Consolidated Financial Statements' and Accounting Standard 25, 'Interim Financial Reporting', issued by the Institute of Chartered Accountants of India ('ICAI'), to the extent considered relevant and appropriate for the purpose of interim financial reporting.

4. In our opinion and to the best of our information and according to the explanations given to us, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   i. in the case of the Consolidated Balance Sheet, of the state of affairs of eClerx Group as at September 30, 2007;

   ii. in the case of the Consolidated Profit and Loss Account, of the profits of eClerx Group for the period ended on that date; and

   iii. in the case of the Consolidated Cash Flow Statement, of the cash flows of eClerx Group for the period ended on that date.

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

For Walker, Chandiok & Co.

Chartered Accountants

Khushroo B. Panthaky

Partner

Membership No: F-42423

Mumbai

Date : November 1, 2007

eClerx Services Limited (formerly eClerx Services Private Limited)

(Rupees in millions)

Consolidated Balance Sheet	Schedule	As at September 30, 2007
Sources of Funds		
Shareholders' Funds :		
Share Capital	A	165.53
Stock Option Outstanding		0.52
Reserves and Surplus	B	238.50
Loan Funds		
Secured Loans	C	59.94
Minority Interest		-
Deferred Tax Liability		2.39
		466.88
Application of Funds		
Goodwill		81.57
Fixed Assets		
Gross Block	D	220.32
Less : Depreciation / Amortisation		87.12
Net Block		133.20
Add: Closing Work in Process (including Capital Advances)		0.37
		133.57
Investments	E	0.18
Current Assets, Loans and Advances		
Sundry Debtors	F	207.01
Cash and Bank Balance	G	148.00
Loans and Advances	H	159.28
		514.29
Less : Current Liabilities and Provisions		
Current Liabilities	I	227.32
Provisions	J	35.41
		262.73
Net Current Assets		**251.56**
		466.88

Significant Accounting Policies and Notes to Accounts

The schedules referred to above form an integral part of the financial statements.

For Walker, Chandiok & Co.
Chartered Accountants

Khushroo B. Panthaky
Partner
Membership No. F-42423

Place : Mumbai
Date :November 1, 2007

For and on behalf of the Board of Directors

V. K. Mundhra
Chairman

Vikram Limaye
Director

P. D. Mundhra
Director

Shweta Bansal
Company Secretary

Date : October 29, 2007

eClerx Services Limited (formerly eClerx Services Private Limited)

(Rupees in millions)

Consolidated Profit and Loss Account	Schedule	For the six months ended September 30, 2007
Income		
Income from Operations		513.58
Other Income	K	13.11
		526.69
Expenditure		
Employee compensation and related expenses	L	215.27
General and administration expenses	M	74.03
Selling and marketing expenses	N	20.51
Interest on Fixed Loan		0.78
Goodwill amortised		0.57
		311.16
Profit before depreciation and taxes		**215.53**
Depreciation	D	18.24
Profit before taxes		**197.29**
Provision for taxes		
- Current Income Tax		23.79
- Deferred Income Tax		2.39
- Fringe Benefit Tax		1.53
		27.71
Profit after tax		**169.58**
Minority Interest		0.01
Profit for the period		**169.57**
Balance brought forward from previous year		205.01
Profit available for appropriation		**374.58**
Less : Appropriations		
Interim Dividend		107.59
Tax on Interim Dividend		18.29
Transfer to General Reserve		162.99
Balance carried to Balance Sheet		**85.71**
Earning per share (in Rs.)		
-Basic		10.26
-Diluted		10.19
Significant Accounting Policies and Notes to Accounts		

The schedules referred to above form an integral part of the financial statements.

For Walker, Chandiok & Co.
Chartered Accountants

Khushroo B. Panthaky
Partner
Membership No. F-42423

Place : Mumbai
Date : November 1, 2007

For and on behalf of the Board of Directors

V. K. Mundhra
Chairman

Vikram Limaye
Director

P. D. Mundhra
Director

Shweta Bansal
Company Secretary

Date : October 29, 2007

eClerx Services Limited (formerly eClerx Services Private Limited)

Consolidated Cash Flow Statement

(Rupees in millions)

	For the six months ended September 30, 2007
A. Cash Flow from Operating Activities:	
Net Profit Before Tax	**197.29**
Adjustments for :	
Depreciation	18.24
Dividend Income	(0.43)
Interest income	(0.40)
Stock Options Outstanding	0.33
Interest Expense	0.78
Foreign Exchange Gain (net)	(12.28)
Short Term Capital Loss	0.06
Goodwill amortised	0.57
Operating Profit Before Working Capital Changes	**204.16**
Adjustments for :	
Trade and Other Receivables	(62.87)
Loans and Advances	(49.37)
Current Liabilities and Provisions	13.77
Cash generated from Operations	**105.69**
Income Taxes	(26.96)
Net Cash Generated by Operating Activities	**78.73**
B. Cash Flow from Investing Activities :	
Sale of Investments	100.21
Purchase of Investments	(100.36)
Purchase of Fixed Assets (including Capital work in progress)	(73.99)
Investment in subsidiaries	(38.70)
Interest income	0.40
Dividend Income	0.43
Net Cash Generated by / (used in) Investing Activities	**(112.01)**
C. Cash Flow from Financing Activities :	
Proceeds from Secured Loans	58.91
Proceeds from Equity shares issued	79.35
Expenses related to Initial Public Offering	(9.14)
Interest Expense	(0.78)
Dividend Tax paid	(18.29)
Net Cash generated by / (used in) Financing Activities	**110.05**
Effect of Exchange fluctuation on Cash and Cash Equivalents	(14.65)
Net (Decrease) / Increase in Cash and cash equivalents	**62.12**
Cash and Cash Equivalents at the beginning of the period	84.67
Cash and Cash Equivalents at the end of the period	**146.79**

Notes :

1 Cash and cash equivalents does not include Rs. 1.21 millions fixed deposits pledged with bank.

2 Cash and cash equivalents at the year end include amount held in the Escrow account of Rs. 35.04 millions (Refer Note 3 of Schedule O)

For Walker, Chandiok & Co.
Chartered Accountants
Khushroo B. Panthaky
Partner
Membership No. F-42423

Place : Mumbai
Date : November 1, 2007

For and on behalf of the Board of Directors

V. K. Mundhra
Chairman

Vikram Limaye
Director

P.D.Mundhra
Director

Shweta Bansal
Company Secretary

Date : October 29, 2007

eClerx Services Limited (formerly eClerx Services Private Limited)

(Rupees in millions)

Schedules to the Balance Sheet		As at September 30, 2007
A	**Share Capital**	
	Authorised	
	20,00,00,000 Equity Shares of Rs.10 each	
	Issued, Subscribed and Paid-up	
	16,552,500 Equity Shares of Rs.10/- each fully paid up	165.53
	(Of the above shares 1,64,49,000 Equity shares of Rs. 10/-	
	each have been issued for consideration other than cash	
	by way of Bonus shares by capitalising free reserves)	
		165.53
B	**Reserves and Surplus**	
	Securities Premium Account	78.44
	Less: Expenses relating to Initial Public Offering	(9.14)
		69.30
	General Reserve	
	Opening balance	78.20
	Add: Transferred from Profit and Loss Account	162.99
	Less : Transferred to Share Capital Account consequent to issue of Bonus Shares	(154.49)
		86.70
	Balance in Profit and Loss Account	85.71
	Foreign Currency Translation Reserve	(3.21)
		238.50
C	**Secured Loans**	
	Working Capital Loan	0.33
	PCFC Loan	59.61
	(secured against first exclusive charge on all present and future current and movable assets of the Company)	
		59.94
E	**Investments**	
	Investments - current, quoted, non-trade	
	Templeton Floating Rate Income fund - Short Term Plan	
	18016.16 units	0.18
	Market value of quoted investments Rs. 0.18 million	
		0.18

(Rupees in millions)

Schedules to the Balance Sheet		As at September 30, 2007
F	**Sundry Debtors**	
	(Unsecured, considered good)	
	Debts outstanding for period exceeding six months	9.29
	Other debts	197.72
		207.01
G	**Cash and Bank balances**	
	Cash in Hand	0.72
	Balance with scheduled banks in current accounts	111.03
	Balance in Escrow Account (refer note 3, schedule O)	35.04
	Balance with scheduled banks in fixed deposit accounts	1.21
	(The fixed deposits have been pledged with the banks against bank guarantees / foreign currency hedging)	
		148.00
H	**Loans and Advances**	
	(Unsecured, considered good)	
	Unbilled Revenues	88.74
	Foreign Currency Receivable	4.79
	Advance receivable in cash or kind or for value to be received:	
	Prepaid Expenses	6.96
	Deposits	18.00
	Advance Fringe Benefit Tax	6.20
	Advance Corporate Tax	25.50
	Service Tax Credit	6.23
	Other Advances	2.86
		159.28
I	**Current Liabilities**	
	Sundry Creditors for Goods and Services	34.83
	Accrued Employee Bonus and Incentives	19.25
	Statutory dues payable	6.53
	Other Liabilities	25.91
	Dividend Payable	107.59
	Payable to selling shareholders of Igentica Travel Services Ltd	33.21
		227.32
J	**Provisions**	
	Gratuity	5.15
	Fringe Benefit Tax	6.19
	Income Tax	24.07
		35.41

eClerx Services Limited (formerly eClerx Services Private Limited)

(Rupees in millions)

		For the six months ended September 30, 2007
Schedules to Profit and Loss Account		
K	**Other Income**	
	Interest on fixed deposit	0.30
	Dividend	0.43
	Foreign exchange gain	12.28
	Bank Interest	0.10
		13.11
L	**Employee compensation and related expenses**	
	Salary and Wages *	211.86
	Gratuity	0.91
	Staff Welfare	2.50
		215.27
	* included Directors remuneration of Rs.8.44 million	
M	**General and administration expenses**	
	Contract for Services	2.35
	Rent	16.24
	Legal and Professional fees	10.81
	Electricity	11.38
	Communication expenses	11.37
	Auditors remuneration	2.12
	Office Expenses	2.35
	Rates and Taxes	5.20
	Printing and Stationery	2.44
	Local Conveyance	1.57
	Donation	1.26
	House-keeping expenses	1.22
	Security Charges	1.23
	Recruitment expenses	0.65
	Insurance	0.50
	Repairs and Maintenance	
	-Building	1.00
	-Others	0.06
	Short term Capital Loss	0.06
	Miscellaneous expenses	2.22
		74.03
N	**Selling and marketing expenses**	
	Advertisement expenses	1.37
	Travelling expenses	17.51
	Business Promotion expenses	1.63
		20.51

eClerx Services Limited (formerly eClerx Services Private Limited)

Schedule to the Balance Sheet

Schedule D - Fixed Assets

(Rupees in millions)

	GROSS BLOCK - AT COST				DEPRECIATION / AMORTISATION				NET BLOCK	
ASSETS	As on April 1, 2007	Additions during the period	Deductions / Adjustments	As on September 30, 2007	Up to March 31, 2007	For the period	Deductions/ Adjustments	Up to September 30, 2007	As on September 30, 2007	As on March 31, 2007
LEASEHOLD IMPROVEMENT	15.86	23.34	-	39.20	2.09	2.34	-	4.43	34.77	13.77
OFFICE EQUIPMENTS	11.48	11.33	-	22.81	3.12	1.02	-	4.14	18.67	8.36
COMPUTER	82.05	23.38	-	105.43	44.18	8.81	-	52.99	52.44	37.87
COMPUTER SOFTWARE	14.74	10.33	-	25.07	7.24	5.04	-	12.28	12.79	7.50
FURNITURE FIXTURES	22.57	5.24	-	27.81	12.25	1.03	-	13.28	14.53	10.32
TOTAL	**146.70**	**73.62**	**-**	**220.32**	**68.88**	**18.24**	**-**	**87.12**	**133.20**	**77.82**

eClerx Services Limited (formerly eClerx Services Private Limited)

Schedule O: Significant Accounting Policies and Notes to Accounts

I. Significant Accounting Policies

Basis of preparation

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956, to the extent applicable. The financial statements are presented in Rupees in millions, unless otherwise stated.

Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles ('GAAP') in India requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements. Management believes that the estimates made in the preparation of financial statements are prudent and reasonable. Actual future periods results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

Basis of consolidation

The Consolidated Financials Statements (CFS) relate to eClerx Services Limited and its subsidiaries. The CFS have been prepared on the following basis:

a) The financial statements of the parent company and its subsidiaries have been consolidated on a line by line basis by adding together the book values of the items like assets, liabilities, income and expenses.

b) The CFS have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances. The impact of change in accounting policies, if not material has been ignored.

c) The excess / deficit, as on the date of acquisition, of the Company's investment cost over the subsidiaries networth is recognized as goodwill / capital reserve.

d) In case of the foreign subsidiaries, the revenue items are consolidated using "average exchange rate" prevailing during the period. All the assets and liabilities as at the balance sheet date are converted at the rate of exchange prevailing at the end of the period.

Revenue recognition

Revenue from data analytics services and process solutions comprises from both time/unit price and fixed fee based service contracts. Revenue from time / unit price based contracts is recognised on completion of the related services and is billed in accordance with the contractual terms specified in the respective customer contracts. Revenue from fixed fee based service contracts is recognised on achievement of performance milestones specified in the customer contracts.

Unbilled receivables represent costs incurred and revenues recognised on contracts to be billed in subsequent periods as per the terms of the contract.

Interest income is recognised using the time proportion method, based on the underlying interest rates.

Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Cost includes freight, duties, taxes and incidental expenses related to acquisition and installation of the fixed assets. Depreciation on fixed assets is provided under Written Down Value method at the rates specified in Schedule XIV to the Companies Act, 1956, except in respect of the following assets:

Leasehold Improvements – amortised over the lease period, subject to a maximum of nine years.

Computer Software - estimated useful life of the asset

The useful life is reviewed at the end of each reporting period for any changes therein and accordingly the asset is amortised over the remaining useful life.

Impairment of Assets

In accordance with AS 28 'Impairment of Assets' issued by the Institute of Chartered Accountants of India, the carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any impairment.

The recoverable amount of the assets (or where applicable, that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. An impairment loss is recognised whenever the carrying amount of an asset or a cash generating unit exceeds its recoverable amount. Impairment loss is recognised in the Profit and Loss Account or against revaluation surplus where applicable.

Retirement benefits

Gratuity and leave encashment

The Company provides for gratuity benefit, which is a defined benefit plan, covering all its eligible employees. Provisions in respect of gratuity benefits has been made based on an actuarial valuation carried out by an independent actuary as at the balance sheet date.

The employees are entitled to leave encashment. The employees cannot carry forward unutilized leave balances in future periods. Instead, they would receive cash compensation at the end of the financial year for the unutilized portion of the leave balances. The Company records its obligation to pay leave encashment at the end of each accounting period.

Investments

Long-term investments are carried at cost and provision is made when in the management's opinion there is a decline, other than temporary, in the carrying value of such investments. Current investments are valued at the lower of cost and market value.

Taxation

Income tax expense comprises current income tax, fringe benefit tax and deferred tax.

Current taxes

Provision for current income-tax is recognised in accordance with the provisions of Indian Income Tax Act, 1961 and is made annually based on the tax liability after taking credit for tax allowances and exemptions.

Deferred taxes

Deferred tax assets and liabilities are recognised for the future tax consequences attributable to timing differences that result between the profits offered for income taxes and the profits as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantively enacted at the balance sheet date. The effect of a change in tax rates on deferred tax assets and liabilities is recognised in the period that includes the enactment date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realized in the future, however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty, supported by convincing evidence of recognition of such assets. Deferred tax assets are reassessed for the appropriateness of their respective carrying values at each balance sheet date.

The profits of the Company are exempt from taxes under the Income Tax Act, 1961, being profit from industrial undertakings situated in Software Technology Park. Under Section 10A of the Income Tax Act, 1961, the Company can avail of an exemption of profits from income tax for a period up to fiscal year 2009 in relation to its undertakings set up in the Software Technology Park at Mumbai. In this regard, the Company recognised deferred taxes in respect of those originating timing differences, which reverse after the tax holiday period, resulting in tax consequences. Timing differences which originate and reverse within the tax holiday period do not result in tax consequence and therefore no deferred taxes are recognised in respect of the same.

Fringe Benefits

Provisions for Fringe Benefits Tax (FBT) have been recognised on the basis of harmonious contextual interpretation of the provision of the Income Tax Act, 1961.

Leases

Operating lease

Lease rentals in respect of assets acquired under operating lease are charged off to the profit and loss account as incurred.

Foreign currency transactions

Transactions in foreign currency are recorded at the average exchange rate of the previous month. Net exchange gain or loss resulting in respect of foreign exchange transactions settled during the period is recognised in the profit and loss account except for the resultant net exchange gain or loss on account of imported fixed assets, which is adjusted in the carrying amount of the related fixed assets.

Foreign currency denominated current assets and current liabilities at period end are translated at exchange rates as on that date and the resulting net gain or loss is recognised in the profit and loss account, except for exchange differences related to acquisition of fixed assets purchased from foreign countries, which are adjusted in the carrying amount of the related fixed assets.

Forward contracts are entered into to hedge the foreign currency risk of firm commitments or highly probable forecast transactions. The premium or discount on all such contracts arising at the inception of each contract is amortised as income or expense over the life of the contract. Any profit or loss arising on the cancellation or renewal of forward contracts is recognised as income or as expense for the period.

Earnings per share

The basic earnings per equity share are computed by dividing the net profit attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share, and also the weighted average number of equity shares, which may be issued on the conversion of all dilutive potential shares, unless the results would be anti dilutive.

Provisions and contingencies

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources embodying economic benefits and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

II. Notes to Accounts:

6. The Company entered into a share purchase agreement dated April 1, 2007 with eClerx Limited, U.K. to acquire the entire share capital of the latter for a consideration of GBP 40,600. The goodwill on consolidation of Rs. 0.63 million has been fully charged off in the Consolidated Profit and Loss Account after adjusting Rs. 0.06 million discussed under 2 below.

7. The Company entered into an ownership transfer agreement dated April 1, 2007 with eClerx LLC, U.S.A. to acquire the entire ownership of that Company for a consideration of US $ 17,500. The capital reserve on consolidation of Rs 0.06 million has been adjusted against the goodwill in the Consolidated Profit and Loss Account.

8. The Company has incorporated a 100% subsidiary, eClerx Investments Limited (**"EIL"**) in the British Virgin Islands on June 25, 2007. This subsidiary acquired 99.4% of Igentica Travel Solutions Limited alongwith its wholly owned subsidiaries - Igentica Limited, Electrobug Technologies Limited and Ebug Pricing Intelligence Limited pursuant to a Share Purchase Agreement ("**SPA**") dated July 24, 2007. The salient features of the share purchase agreement are mentioned below :

   - The SPA was entered into between the shareholders of Igentica Travel Solutions Limited as the sellers and EIL as the buyer.
   - As per the terms and conditions of the SPA and the escrow agreement dated July 27, 2007 entered into between EIL, the selling shareholders and the escrow agents, the purchase price for the acquisition of shares is payable in two installments. The first installment for GBP 431,529 (Rs. 35.64 million), was paid on July 27, 2007 ("Closing Date") and an amount of GBP 434,134 (Rs. 35.86 million) has been deposited in an escrow account. EIL is also required to deposit an amount of GBP 434,134 (Rs. 35.86 million) in the Escrow account six months after the closing date. The second installment, to be paid a year after Closing Date, will be calculated pursuant to a formula based on the revenues of the business over the twelve month period post Closing Date, and shall be funded from the first and the second escrow amounts. Any shortfall or excess in such installment against the deposits available in escrow will be to the account of the purchaser.
   - As per the SPA, EIL would have the right for indemnification, from the selling shareholders for any losses or damages incurred by it, pursuant to the SPA, only in the event, if such aggregate losses incurred would exceed GBP 5,000 (Rs. 0.43 million). Further, any losses incurred by either of the parties and arising on or before the Closing Date would be adjusted against the second installment purchase price. However, the aggregate liability of the selling shareholders shall not exceed the purchase price.
   - The purchase price shall not be less that GBP 850,000 and not greater than GBP 1.5 million

The Company has accounted for "goodwill on acquisition" by considering the floor price of GBP 850,000 and accordingly recognized goodwill of Rs.67.87 million in the books. The amount of goodwill will be reviewed on July 27, 2008 based on second installment of purchase consideration calculated pursuant to a formula based on the revenues of the business over the twelve month period post closing date of July 27, 2007.

The goodwill arising on consolidation in respect of acquisition made during the period, other than as discussed under 1 above, shall be reviewed for impairment in future.

4. CFS as at September 30, 2007 comprise the financial statements of eClerx Services Limited and its subsidiaries as below:

Sr. No.	Name if the Company	Country of Incorporation	Shareholding and voting power
1	eClerx Limited	United Kingdom	100%
2	eClerx LLC	United States of America	100%
3	eClerx Investments Limited	British Virgin Islands	100%
4	Igentica Travel Solutions Limited	United Kingdom	99.4% held by eClerx Investments Limited
5	Igentica Limited	United Kingdom	100% held by Igentica Travel Solutions Limited
6	Electrobug Technologies Limited	United Kingdom	100% held by Igentica Travel Solutions Limited
7	E-Bug Pricing Intelligence Limited	United Kingdom	100% held by Electrobug Technologies Limited

5. Auditors' remuneration has been classified as under:

(Rupees in millions)

	Six months ended September 30, 2007
Audit fees	1.12
Tax audit	——
Others – Includes out of pocket expenses	1.00
	2.12

6. Segment reporting:

The Company operates under a single primary segment i.e. data analytics and process outsourcing services.

Disclosure of details under geographical segments is as under:

(Rupees in millions)

Operational Revenues	**Six months ended September 30, 2007**
United States of America	366.17
United Kingdom	57.01
Europe	73.44
Asia Pacific	16.96
Total Revenues	**513.58**

(Rupees in millions)

Assets (net of current liabilities)	Six months ended September 30, 2007
India	377.74
United Kingdom	86.56
Unites States	2.58
Total Assets	**466.88**

7. Deferred Tax Balances

The components of deferred tax liability and asset arising on account of timing differences between taxable income and accounting income are as follows:

(Rupees in millions)

	September 30, 2007
(a) Liability	Nil
Depreciation	4.14
(b) Asset	
Provision for gratuity	1.75
Total	**2.39**
Net Deferred Tax Liability	**2.39**

8. **RELATED PARTY TRANSACTIONS**

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

A. **Related parties**

(a) Where control exists (subsidiaries)

1. eClerx Limited, UK
2. eClerx LLC, USA
3. eClerx Investments Limited, BVI
4. Igentica Travel Solutions Limited, UK (99.4% holding by eClerx Investments Limited)
5. Igentica Limited (100% holding by Igentica Travel Solutions Limited)
6. Electrobug Technologies Limited (100% holding by Igentica Travel Solutions Limited)
7. E-Bug Pricing Intelligence Limited (100% holding by Electrobug Technologies Limited)

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

1. Innovative Impex Private Limited
2. Duncan & Stratton Company Limited
3. N.T.Estates & Investments Private Limited
4. Dorner Fashion Private Limited
5. Vinayak Properties Private Limited
6. Consolidated Properties Private Limited
7. Ambassador Estates & Investments Private Limited

8. Riddhi-Siddhi Realtors Private Limited
9. Anmol Realtors Private Limited
10. Urvashi Realtors Private Limited
11. Aashutosh Properties Private Limited
12. Ace Rubber Industries Private Limited
13. Chandak Exports Private Limited
14. Consolidated Packaging Company Private Limited
15. Dia Exports Private Limited
16. Gopal Krishna Rasayan Private Limited
17. Master Packaging Services Private Limited
18. New Multi Dye Chem Enterprises Private Limited
19. Om Sadan Private Limited
20. Pankaj Properties & Leasing Company
21. S.K.G Ind. Limited
22. Srivardhman Saving Company (P) Limited
23. Vishal Exports Private Limited
24. RK Trading Company
25. Himalayan Capital Services (P) Limited
26. Jagdamba Organics (P) Limited
27. Crescent Oils Private Limited
28. Ojas Dyechem (India) Private Limited
29. Inner Challenges Private Limited
30. Pragati Tie-up Private Limited

(c) Key Management Personnel

1. P.D.Mundhra (Director)
2. Anjan Malik (Director)
3. V.K. Mundhra (Director)

(d) Relatives of Key Management Personnel

Promoter	**Name of the Relative**	**Relationship**
Mr. P.D. Mundhra	Mrs. Shweta Mundhra	Spouse
	Mr. V. K. Mundhra	Father
	Ms. Supriya Modi	Sister
	Master Pranay Mundhra	Son
	Ms. Advita Mundhra	Daughter
	Mr. Rajkumar Keyal	Spouse's Father
	Mr. Sarita Keyal	Spouse's Mother
	Mr. Ashish Keyal	Spouse's Brother

Promoter	Name of the Relative	Relationship
Mr. Anjan Malik	Mrs. Richa Malik	Spouse
	Mr. Krishan Narayan Malik	Father
	Mrs. Lily Das Malik	Mother
	Mr. Pawan Malik	Brother
	Master Vansh Malik	Son
	Master Yuv Malik	Son
	Mr. Vinay Singh	Spouse's Father
	Mrs. Maya Singh	Spouse's Mother
	Ms. Kavita Mathur	Spouse's Sister

B. DETAILS OF RELATED PARTY TRANSACTIONS

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

(Rupees in millions)

Sr. No.	Name	Nature of Transaction	Relationship	For sixmonths ended September 30, 2007
1	eClerx Limited, UK	Contract for Services	Subsidiary	35.03
2	eClerx LLC, USA	Contract for Services	Subsidiary	25.10
3	eClerx Investments Limited	Investment	Wholly owned subsidiary	83.13
4	Anjan Malik	Remuneration	Director	4.54
		Dividend		39.24
5	P. D. Mundhra	Remuneration	Director	3.90
		Dividend		39.22
6	V.K. Mundhra	Dividend	Director	0.14
7	Duncan Stratton & Company Limited	Rent	Common Director	0.01
8	Shweta Mundhra	Dividend	Director's Spouse	-
9	Supriya Modi	Dividend	Director's Sister	0.06
10	Pawan Malik	Dividend	Director's Brother	0.12

9. The Company did not have any subsidiaries prior to April 1, 2007. As such, there are no figures for previous period for the purposes of the Consolidated Financials Statements.

As per our report of even date
For Walker, Chandiok & Co
Chartered Accountants
Khushroo B. Panthaky
Partner
Membership No. F-42423

Place : Mumbai
Date : November 1, 2007

For and on behalf of the Board of Directors

V. K. Mundhra
Chairman

Vikram Limaye
Director

P. D. Mundhra
Director

Shweta Bansal
Company Secretary

Date : October 29, 2007

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

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

Overview

We provide data analytics and customized process solutions to global enterprise clients from our offshore delivery centers in India. Our portfolio of services comprises data analytics, operations management, data audits, metrics management and reporting services. We provide service solutions using a mix of custom designed data processes, delivery teams comprising generalists and domain specialists, and in-house software to automate processes.

We currently offer our services to clients in the financial services, retail and manufacturing industries. Some of our largest clients in terms of revenue contribution include leading global corporations with whom we have multi-year partnerships.

We typically design data solutions to meet specific requirements of our offshore clients. Our significant value addition lies in solving business issues for clients through a cost-effective combination of people, process and technology. We have considerable experience in managing multiple small and complex processes across different businesses of a client in a cost effective manner using our specific domain skills and customized software. We believe that we provide our clients with benefits beyond cost reduction by designing solutions that incorporate talent management, process improvements, better reporting and metrics.

For Fiscal 2007, Fiscal 2006 and Fiscal 2005, our unconsolidated income was Rs. 862.3 million, Rs. 477.5 million and Rs. 266.4 million, respectively, growing at a compound annual growth rate of 79.9% over Fiscal 2005 to 2007. For Fiscal 2007, Fiscal 2006 and Fiscal 2005, our profit after tax was Rs. 405.2 million, Rs. 240.4 million and Rs. 112.2 million, respectively.

Components of Our Income and Expenditure

Income

Our income comprise of our income from operations and other income.

Income from Operations

We earn income principally from contracts to provide process solutions to our clients. In the six months ended September 30, 2007, we had a total unconsolidated income of Rs. 514.4 million. We attribute the growth in our income to increased volumes of contracts from existing clients, addition of new clients and selective price increases. In Fiscal 2007, we had a total unconsolidated income of Rs. 862.3 million compared to Rs. 477.5 million in Fiscal 2006, an increase of approximately 80%.

We earn revenues pursuant to contracts with our clients, which are individual statements of work (SOWs) that are governed by a master service agreement (MSA) which is a framework agreement specifying the general terms applicable to our services. We typically enter into multiple SOWs under each MSA, specifying scope of services and the pricing terms. Most of our SOWs have terms of between one and three years. Currently we have more than 20 operating MSAs and over 100 active SOWs.

With new clients, the time between first contact to award of the contracts varies between six months to two years. It is typically easier and faster to close contracts with existing clients. Our project contracts can be terminated with or without cause, after requisite notice period, which is typically for a period of 30 days and without termination-related penalties.

We price most of our services on a full-time equivalence basis. We charge our clients based on full-time equivalent, or FTE, rates for the personnel who will directly perform the services. The FTE rates vary by category of service delivery personnel and are set at levels to reflect all our costs and a margin. We also offer services on the basis of unit-of-output basis with minimum monthly billing for certain productized services.

Particulars	**Fiscal**				**For the six months ended September 30,**	
	2006		**2007**		**2007**	
	Income from operations (Rs. in million)	**% of Total Income**	**Income from operations (Rs. in million)**	**% of Total Income**	**Income from operations (Rs. in million)**	**% of Total Income**
Five largest clients	409.5	86.8	755.9	87.8	433.3	86.4

In Fiscal 2006, our income from our top 5 clients was Rs. 409.5 million, constituting 86.8% of our total income in that period, and we had three clients from whom we earned income of more than USD 1 million.

Our top five clients for Fiscal 2007 contributed Rs. 755.9 million to our revenues, thereby constituting 87.8% of our total income and we had five clients from whom we earned income of more than USD 1 million. Our top 5 clients of Fiscal 2007 continued providing us with more business, thereby constituting 77.9% of the total income in Fiscal 2007.

In the six months ended September 30, 2007, our income from our top five clients was Rs. 433.3 million, constituting 86.4% of our total income in that period, and we had five clients from whom we had already earned income of more than USD 500,000 for this period. Our top five clients of Fiscal 2006 continued providing us with more business, thereby constituting 74.9% of the total income in the six months ended September 30, 2007.

Other Income

Our other income comprises interest on fixed deposit, dividend, foreign exchange gain, profit on sale of investments, income tax refund, interest on income tax refund and provisions which are no longer required.

Expenditure

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

Employee Compensation and Related Expenses

Our employee cost is proportionate with the volume of programs being executed at a time. Large commitments of incremental staff are made usually after there is high visibility of a SOW getting executed. We typically reserve some employees who service the pilot stages of a new contract and to address attrition. We actively seek to maintain a balanced ratio of charged staff to total headcount.

Our expenditure on employee compensation and related expenses include:

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

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

General and Administrative Expenses

Our general and administrative expenditure include *inter alia* contract for services, rental charges, electricity, communication, internet charges, legal and professional fees, house keeping expenditure, conveyance charges and other miscellaneous expenditure.

Given the nature of our business, contracts for services form a major component of our general and administrative expenditure and is primarily on the account of cross charges from our wholly owned Subsidiaries in the U.K. and the U.S. We have entered into marketing services agreement with our Subsidiaries to sell and market our services to clients in the local jurisdictions at arm's length consideration. The cross charges compensate our Subsidiaries for all expenses including direct and indirect costs associated with our sales personnel in Europe and the U.S.

We rent our facilities and rent paid for such premises accounts for a significant portion of our expenses. Our programs support a number of customer time zones which accounts for our expenditure on electricity, communication expenses and internet.

Selling and Marketing expenditure

Our employees travel overseas frequently to meet with clients, scope out new opportunities and to review existing programs. Business promotion expenses are also incurred when senior management participate in global conferences and industry related trade shows.

Depreciation

Depreciation on fixed assets, both tangible and intangible, is provided pro-rata to the period of use based on management's estimate of useful lives of the assets (which are shorter than those prescribed under the Companies Act).

Intangible assets, other than software, are amortised over the best estimate of the useful life from the date the assets are available for use. Further, the useful life is reviewed at the end of each reporting period for any changes in the estimates of useful life and accordingly the asset is amortized over the remaining useful life. Depreciation for leasehold improvements is calculated on the basis of either the lease term or the estimated useful life of the asset whichever is shorter.

Factors affecting our results of operations

Our results of operations depend on various factors, including the following:

Foreign Currency Risk

All our revenues are denominated in USD, GBP, Euro and Aus Dollars and most of our expenses are incurred and paid in Indian rupees. The exchange rates among the Indian rupee, the U.S. dollar and the pound sterling have changed substantially in recent years and may fluctuate substantially in the future. We actively seek to manage this risk by hedging a part of our receivables in the foreign exchange market.

Cost of People

The principal component of our cost is the wages of our people. The number of people assigned to a program will vary according to size, complexity, duration, and demands of the program. The gross margin that we earn is dependent on the wage cost that we incur and the proportion of staff reserved for future programs. If wages in India increase due to competitive pressures, we may experience a greater increase in our people cost.

Income Taxes

The profits of our Company are exempt from income tax under Section 10A of the IT Act, 1961, being profit from industrial undertakings situated in Software Technology Park, for a period of up to Fiscal 2009 in relation to its undertakings set up in the Software Technology Park at Mumbai. In this regard, the Company recognised deferred taxes in respect of those originating timing differences, which reverse after the tax holiday period, resulting in tax consequences. Timing differences which originate and reverse within the tax holiday period do not result in tax consequence and therefore no deferred taxes are recognised in respect of the same.

Global demand

The demand for our services is dependent upon acceptance of our service offerings in the international markets, our ability to keep pace with technological changes and provide innovative services.

Acquisitions

The success of our acquisitions is dependent on a number of factors including difficulty in integrating the operations of the acquired company and effectively transferring their programs. Our first acquisition was in July 2007, when we acquired a group of four companies based in the U.K. in the travel and hospitality sectors. For further details on our acquisitions, see section titled "History and Certain Corporate Matters" on page 58.

Critical Accounting Policies

We prepare financial statements in conformity with Indian GAAP, which requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities on the date of the financial statements and the reported amounts of income and expenses during the financial reporting period, among other things. We primarily make estimates related to efforts expected to be incurred in our engagements, allowances for doubtful accounts receivable, useful lives of fixed assets, future income tax liabilities and provisions for contingencies and litigation. We continually evaluate these estimates and assumptions based on the most recently available information, our own historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ from those estimates.

Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting the estimate may differ significantly from management's current judgments. Our significant accounting policies are more fully described under Annexure 3 of our restated financial statements for the Fiscal 2003, 2004, 2005, 2006, 2007 and six months ended September 30, 2007, included on page 98.

We have described below the critical accounting policies that our management believes are the most significant judgments and estimates used in the preparation of our financial statements:

Revenue Recognition

Revenue from data analytics services and process solutions comprises from both time/unit price and fixed fee based service contracts. Revenue from time / unit price based contracts is recognised on completion of the related services and is billed in accordance with the contractual terms specified in the respective customer contracts. Revenue from fixed fee based service contracts is recognised on achievement of performance milestones specified in the customer contracts.

Unbilled receivables represent costs incurred and revenues recognised on contracts to be billed in subsequent periods as per the terms of the contract, and interest income is recognised using the time proportion method, based on the underlying interest rates.

Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Cost includes freight, duties, taxes and incidental expenses related to acquisition and installation of the fixed assets. Depreciation on fixed assets is provided pro rata to the period of use based on management's best estimate of useful lives of the assets (which are shorter than those prescribed under the Companies Act). The factors considered for determining the useful life include period over which the assets are expected to be used, obsolescence and experience with similar type of assets. Depreciation for leasehold improvements is calculated on the basis of either the lease term or the estimated useful life of the asset whichever is shorter

Foreign currency transactions

We are exposed to foreign currency transactions including foreign currency revenues and receivables. With a view to minimize the volatility arising from fluctuations in currency rates, we enter into foreign exchange forward contracts and other derivative instruments. Forward contracts are entered into to hedge the foreign currency risk of firm commitments or highly probable forecast transactions. The premium or discount on all such contracts arising at the inception of each contract is amortised as income or expense over the life of the contract. Any profit or loss arising on the cancellation or renewal of forward contracts is recognised as income or as expense for the period.

Transactions in foreign currency are recorded at the average exchange rate of the previous month. Net exchange gain or loss resulting in respect of foreign exchange transactions settled during the period is recognised in the profit and loss account except for the resultant net exchange gain or loss on account of imported fixed assets, which is adjusted in the carrying amount of the related fixed assets.

Foreign currency denominated current assets and current liabilities at period end are translated at exchange rates as on that date and the resulting net gain or loss is recognised in the profit and loss account, except for exchange differences related to acquisition of fixed assets purchased from foreign countries, which are adjusted in the carrying amount of the related fixed assets.

Retirement benefits

We provide for gratuity benefits to our eligible employees. The provisions in respect of gratuity benefits have been made based on an actuarial valuation carried out by an independent actuary as at the balance sheet date.

The employees are also entitled to leave encashment. The employees cannot carry forward unutilized leave balances in future periods. Instead, they would receive cash compensation at the end of the financial year for the unutilized portion of the leave balances. We record our obligation to pay leave encashment at the end of each accounting period.

Taxation

Income tax expense comprise of current tax expense, fringe benefit tax and deferred tax expense or credit.

Current taxes

The provision for current income tax is recognised in accordance with the provisions of Indian Income Tax Act, 1961 and is made annually based on the tax liability after taking credit for tax allowances and exemptions.

Deferred taxes

Deferred tax assets and liabilities are recognised for the future tax consequences attributable to timing differences that result between the profits offered for income taxes and the profits as per the financial statements. The effect of a change in tax rates on deferred tax assets and liabilities is recognised in the period that includes the enactment date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realized in the future, however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty, supported by convincing evidence of recognition of such assets. Deferred tax assets are reassessed for the appropriateness of their respective carrying values at each balance sheet date.

The profits of our Company are exempt from income tax under Section 10A of the Income Tax Act, 1961, being profit from industrial undertakings situated in Software Technology Park, for a period of up to Fiscal 2009 in relation to its undertakings set up in the Software Technology Park at Mumbai.

We have recognised deferred taxes in respect of those originating timing differences, which reverse after the tax holiday period, resulting in tax consequences. Timing differences which originate and reverse within the tax holiday period do not result in tax consequence and therefore no deferred taxes are recognised in respect of the same.

Fringe Benefits

Provisions for Fringe Benefits Tax (FBT) have been recognised on the basis of harmonious contextual interpretation of the provision of the IT Act, 1961.

Provisions and contingencies

We create a provision when there is a present obligation resulting from a past event which may require an outflow of resources embodying economic benefits and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Results of Operations

The following table sets forth certain information with respect to our revenues, expenditures and profits for the periods indicated.

Particulars	For the six ended months September 30		For the year ended March 31							
	2007		2007		2006		2005		2004	
	Amount in Rs. million	% of Total Income	Amount in Rs. million	% of Total Income	Amount in Rs. million	% of Total Income	Amount in Rs. million	% of Total Income	Amount in Rs. million	% of Total Income
Income from Operations	501.5	97.5%	861.2	99.9%	472	98.8%	265.3	99.6%	215.9	100%
Other Income	12.9	2.5%	1.1	0.1%	5.5	1.2%	1.1	0.4%	0.0	0%
Total Income	**514.4**	**100.0%**	**862.3**	**100.0%**	**477.5**	**100.0%**	**266.4**	**100.0%**	**215.9**	**100%**
Expenditure										
Employee compensation and related expenses	172.4	33.5%	245.5	28.5%	125.1	26.2%	75.7	28.4%	30.2	14%
General and administration expenses	120.3	23.4%	163.8	19%	82.5	17.3%	59.5	22.3%	140.8	65.2%
Selling and marketing expenses	12.1	2.3%	19.4	2.2%	8.8	1.8	7.1	2.7%	4.1	1.9%
Interest on Fixed Loan	0.8	0.15%	-	-	-	-	-	-	-	-
Total Expenditure	**305.6**	**59.4%**	**428.7**	**49.7%**	**216.3**	**45.3%**	**142.4**	**53.4%**	**175.1**	**81.1%**
Profit Before Depreciation and Tax	**208.8**	**40.6%**	**433.6**	**50.3%**	**261.2**	**54.7%**	**124**	**46.5%**	**40.9**	**18.9%**
Depreciation	18.2	3.5%	25.8	3%	18.9	4%	12.2	4.6%	7.4	3.4%
Profit/(Loss) Before Tax	**190.7**	**37.1%**	**407.9**	**47.3%**	**242.4**	**50.8%**	**111.8**	**42%**	**33.4**	**15.5%**
Provision for taxation including FBT										
- Current Income Tax	22.1	4.3%	-	-	-	-	-	-	0.2	0.1%
- Deferred Income Tax	2.4	0.5%	-	-	-	-	(0.4)	(0.1)%	0.4	0.2%
- Fringe Benefit Tax	1.5	0.3%	2.7	0.3%	1.9	0.4%	-	-	-	-
Profit/(Loss) After Tax	**164.7**	**32%**	**405.2**	**47%**	**240.4**	**50.3%**	**112.2**	**42.1%**	**32.9**	**15.2%**

Discussion of Results of Operations of six months ended September 30, 2007 on an unconsolidated basis.

Total Income: The total income for the six months ended September 30, 2007 was Rs. 514.4 million.

Income from Operations: The income from operations for the six months ended September 30, 2007 was Rs. 501.5 million.

Other Income: Our other income for the six months ended September 30, 2007 was Rs. 12.9 million. The growth in other income can be attributed mainly to foreign exchange gain of Rs. 12.4 million during this period.

Employee Compensation and Related Expenses: The expenditure on employee compensation and related expenses for the six months ended September 30, 2007 was Rs. 172.4 million. The employee compensation and related expenses as a percentage of the total income during this period was 33.5 %.

General and Administrative Expenses: The general and administrative expenses of our Company for the six months ended September 30, 2007 was Rs. 120.3 million reflecting higher costs from our wholly named Subsidiaries in the U.S and U.K. as they have expanded their sales and marketing staff. The general and administrative expenses, as a percentage of the total income for this period was 23.4%.

Selling and Marketing Expenses: Our selling and marketing expenses for the six months ended September 30, 2007 was Rs. 12.1 million. The selling and marketing expenses, as a percentage of total income for this period was 2.3%.

Profit Before Depreciation, and Tax: As a result of the foregoing, profit before depreciation and tax for the six months ended September 30, 2007 was Rs. 208.8 million.

Depreciation: The depreciation for the six months ended September 30, 2007 was Rs. 18.2 million.

Profit Before Tax: As a result of the foregoing, the profit before tax for the six months ended September 30, 2007 was Rs. 190.7 million.

Total Tax: The total tax for the six months ended September 30, 2007 was Rs. 26 million primarily due to payment of current income tax of Rs. 22.1 million.

Profit After Tax: As a result of the foregoing, the net profit after taxation for the six months ended September 30, 2007 was Rs. 164.7 million.

Comparison of the Fiscal 2007 with Fiscal 2006 on an unconsolidated basis

Total Income: Our total income increased by 80.6% to Rs. 862.3 million in Fiscal 2007 from Rs. 477.5 million in Fiscal 2006.

Income from Operations: Our income from operations increased by 82.4% to Rs. 861.2 million in Fiscal 2007 from Rs. 472 million in Fiscal 2006. The growth in our income was organic in nature and was primarily due to increased volumes of contracts from existing clients, addition of new clients and selective price increases.

Other Income: Other income decreased by 80% to Rs. 1.1 million in Fiscal 2007 from Rs. 5.5 million in Fiscal 2006. This decrease in other income was caused due to foreign exchange fluctuations.

Employee Compensation and Related Expenses: Employee compensation and related expenses increased by 96.4% to Rs. 245.5 million in Fiscal 2007 from Rs. 125 million in Fiscal 2006 primarily reflecting an increase in salaries and wages, directors' remunerations, staff welfare expenditure and training expenditures. Salaries and wages increased by 89.8% to Rs. 229.3 million in Fiscal 2007 from Rs. 120.8 million in Fiscal 2006 due to a substantial increase in headcount to 1,021 employees in Fiscal 2007 from 620 employees in Fiscal 2006. The remuneration paid to our directors increased by 2100% to Rs. 8.8 million in Fiscal 2007 from Rs. 0.4 million in Fiscal 2006 considering the performance of the Company and realignment of directors' remuneration according to industry standards. Staff welfare expenditure also increased by 141.2% to Rs. 4.1 million in Fiscal 2007 from Rs. 1.7 million in Fiscal 2006 as we instituted more formal rewards and recognition programs for our employees. Training expenditure increased by 280% to Rs. 1.9 million in Fiscal 2007 from Rs. 0.5 million in Fiscal 2006 as we invested further in our knowledge management initiatives by developing additional collaterals and other training initiatives.

Employee compensation and related expenses as a percentage of total income increased to 28.5% in Fiscal 2007 from 26.2% in Fiscal 2006 primarily due to wage inflation pressures in India.

General and Administrative Expenses: General and administrative expenses increased by 98.5% to Rs. 163.8 million in Fiscal 2007 from 82.5 million in Fiscal 2006 primarily reflecting an increase (i) in rent charges by 101% to Rs. 20.3 million in Fiscal 2007 from Rs. 10.1 million in Fiscal 2006. The increase was primarily due to the rent for the Company's new facilities in Raheja Plaza, Ghatkopar being accounted for full in Fiscal 2007 compared to part in Fiscal 2006; (ii) in expenses on contract for services by 107.1% to Rs. 87.2 million in Fiscal 2007 from Rs. 42.1 million in Fiscal 2006. The increase reflected higher cross charges of expanded staff in our wholly owned Subsidiaries in the U.S and U.K. and increases in wage scales; (iii) in expenses on foreign exchange of Rs. 8.1 million in Fiscal 2007 to no corresponding expense in Fiscal 2006. The increase was due to foreign exchange fluctuations; (iv) in communication expenses by 66.7% to Rs. 7.5 million in Fiscal 2007 from Rs. 4.5 million in Fiscal 2006. The increase was due to our increased volume of business and higher number of employees; (iii) in legal and professional fees by 400% to Rs. 3 million in Fiscal 2007 from Rs. 0.6 million in Fiscal 2006 due to increased volume of business activities.

General and administrative expenses as a percentage of total income increased to 19% in Fiscal 2007 from 17.3% in Fiscal 2006.

Selling and Marketing Expenses: Selling and marketing expenses increased by 120.5% to Rs. 19.4 million in Fiscal 2007 from Rs. 8.8 million in Fiscal 2006 primarily reflecting an increase (i) in travelling expenses by 153.6% to Rs. 14.2 million in Fiscal 2007 from Rs. 5.6 million in Fiscal 2006. The increase was due to more employees traveling overseas to meet with clients to scope out new opportunities and to review existing programs and (ii) in advertisements expenses by 116.7% to Rs. 1.3 million in Fiscal 2007 from Rs. 0.7 million in Fiscal 2006 due to more investment in brand building and recruitment advertisements.

Selling and marketing expenses as a percentage of total income increased to 2.2% in Fiscal 2007 from 1.8% in Fiscal 2006.

Profit Before Depreciation and Tax: As a result of the foregoing, profit before depreciation and tax increased by 66% to Rs. 433.6 million in Fiscal 2007 from Rs. 261.2 million in Fiscal 2006.

Depreciation: Depreciation increased by 36.5% to Rs. 25.8 million in Fiscal 2007 from Rs. 18.9 million in Fiscal 2006, reflecting the higher charge on newly purchased computers for our new facilities.

Profit Before Tax: As a result of the foregoing, profit before tax increased by 68.3% to Rs. 407.9 million in Fiscal 2007 from Rs. 242.4 million in Fiscal 2006.

Total Tax: Total taxes increased by 42.1% to Rs. 2.7 million in Fiscal 2007 from Rs.1.9 million in Fiscal 2006 due to an increase in fringe benefit tax.

Profit After Tax: As a result of the foregoing, the net profit after taxation increased by 68.6% to Rs. 405.2 million in Fiscal 2007 from Rs. 240.4 million in Fiscal 2006.

Comparison of Fiscal 2006 with Fiscal 2005 on an unconsolidated basis

Total Income: Our total income increased by 79.2% to Rs. 477.5 million in Fiscal 2006 from Rs. 266.4 million in Fiscal 2005.

Income from Operations: Our income from operations increased by 77.9% to Rs. 472 million in Fiscal 2006 from Rs. 265.3 million in Fiscal 2005. We attribute the growth in our income to increased volumes of contracts from existing clients, addition of new clients and selective price increases.

Other Income: Other income increased by 400% to Rs. 5.5 million in Fiscal 2006 from Rs. 1.1 million in Fiscal 2005. This increase in other income was caused due to foreign exchange fluctuations.

Employee Compensation and Related Expenses: Employee Compensation and Related Expenses increased by 65.1% to Rs. 125 million in Fiscal 2006 from Rs. 75.7 million in Fiscal 2005 primarily reflecting an increase in salaries and wages. Salaries and wages increased by 66.8% to Rs. 120.8 million in Fiscal 2006 from Rs. 72.4 million in Fiscal 2005 due to increase in headcount to 620 employees in Fiscal 2006 from 353 employees in Fiscal 2005.

Employee Compensation and Related Expenses as a percentage of total income decreased to 26.2% in Fiscal 2006 from 28.4% in Fiscal 2005.

General and Administrative Expenses: General and administrative expenses increased by 38.7% to Rs. 82.5 million in Fiscal 2006 from Rs. 59.5 million in Fiscal 2005 primarily reflecting an increase (i) in rent charges by 60.3% to Rs. 10.1 million in Fiscal 2006 from Rs. 6.3 million in Fiscal 2005 due to additional space being leased in Sewri, Mumbai, and (ii) in expenses on contract for services by 19.9% to Rs. 42.1 million in Fiscal 2006 from Rs. 35.1 million in Fiscal 2005. The increase was due to higher cross charges on sales and marketing.

General and administrative expenses as a percentage of total income decreased to 17.3% in Fiscal 2006 from 22.3% in Fiscal 2005.

Selling and Marketing Expenses: Selling and marketing expenses increased by 23.9% to Rs. 8.8 million in Fiscal 2006 from Rs. 7.1 million in Fiscal 2005 primarily reflecting an increase in business promotion expenses including travel and corporate branded merchandise, by 127.3% to Rs. 2.5 million in Fiscal 2006 from Rs. 1.1 million in Fiscal 2005.

Selling and marketing expenses as a percentage of total income decreased to 1.8% in Fiscal 2006 from 2.7% in Fiscal 2005.

Profit Before Depreciation and Tax: As a result of the foregoing, profit before depreciation and tax increased by 110.6% to Rs. 261.2 million in Fiscal 2006 from Rs. 124 million in Fiscal 2005.

Depreciation: Depreciation increased by 54.9% to Rs. 18.9 million in Fiscal 2006 from Rs. 12.2 million in Fiscal 2005, due to depreciation charges on newly purchased computers for our new facilities.

Profit Before Tax: As a result of the foregoing, profit before tax increased by 116.8% to Rs. 242.4 million in Fiscal 2006 from Rs. 111.8 million in Fiscal 2005.

Total Tax: Total tax increased from deferred tax benefit of Rs. 0.4 million in Fiscal 2005 to Rs. 1.9 million in Fiscal 2006 due to an increase in provision for taxation reflecting provision for fringe benefit tax (FBT) Rs. 1.9 million. The increase in provision for taxation was due to introduction of FBT in Fiscal 2006.

Profit After Tax: As a result of the foregoing, the net profit after taxation increased by 114.3% to Rs. 240.4 million in Fiscal 2006 from Rs. 112.2 million in Fiscal 2005.

Comparison of Fiscal 2005 with Fiscal 2004 on an unconsolidated basis

Total Income: Our total income increased by 23.4% to Rs. 266.4 million in Fiscal 2005 from Rs. 215.9 million in Fiscal 2004.

Income from Operations: Our income from operations increased by 22.9% to Rs. 265.3 million in Fiscal 2005 from Rs. 215.9 million in Fiscal 2004. This increase was primarily due to increase in volume of business from existing clients.

Other Income: Other income increased by 2,650% to Rs. 1.1 million in Fiscal 2005 from Rs. 0.04 million in Fiscal 2004. This increase in other income was caused due to the benefit of interest income earned from short term investments and profits on sale of such investments.

Employee Compensation and Related Expenses: Employee Compensation and Related Expenses increased by 150.7% to Rs. 75.7 million in Fiscal 2005 from Rs. 30.2 million in Fiscal 2004 primarily reflecting an increase in salaries and wages. Salaries and wages increased by 144% to Rs. 72.4 million in Fiscal 2005 from Rs. 29.6 million in Fiscal 2004 due to increase in headcount to 353 employees in Fiscal 2005 from 187 employees in Fiscal 2004 and increase in wage scale.

Employee Compensation and Related Expenses as a percentage of total income increased to 28.4%in Fiscal 2005 from 14% in Fiscal 2004.

General and Administrative Expenses: General and administrative expenses decreased by 57.7% from Rs. 140.8 million in Fiscal 2004 to Rs. 59.5 million in Fiscal 2005, primarily reflecting a purchase of software in Fiscal 2004 by us for providing services to our clients.

General and administrative expenses as a percentage of total income decreased to 22.3% in Fiscal 2005 from 65.2% in Fiscal 2004.

Selling and Marketing Expenses: Selling and marketing expenses increased by 73.2% to Rs. 7.1 million in Fiscal 2005 from Rs. 4.1 million in Fiscal 2004 primarily reflecting an increase in travelling expenses by 82.8% to Rs. 5.3 million in Fiscal 2005 from Rs. 2.9 million in Fiscal 2004.

Selling and marketing expenses as a percentage of total income increased to 2.7% in Fiscal 2005 from 1.9% in Fiscal 2004.

Profit Before Depreciation and Tax: As a result of the foregoing, profit before depreciation and tax increased by 203.2% to Rs. 124 million in Fiscal 2005 from Rs. 40.9 million in Fiscal 2004.

Depreciation: Depreciation increased by 64.9% to Rs. 12.2 million in Fiscal 2005 from Rs. 7.4 million in Fiscal 2004.

Profit Before Tax: As a result of the foregoing, profit before tax increased by 234.7% to Rs. 111.8 million in Fiscal 2005 from Rs. 33.4 million in Fiscal 2004.

Total Tax: Total tax decreased from total tax liability of Rs. 0.6 million in Fiscal 2004 to deferred tax benefit Rs. 0.4 million in Fiscal 2005.

Profit After Tax: As a result of the foregoing, the net profit after taxation increased by 241% to Rs. 112.2 million in Fiscal 2005 from Rs. 32.9 million in Fiscal 2004.

Liquidity and Capital Resources

Cash Flows

We need cash primarily to fund our capital expenditures on additional facilities and acquisitions. We also need cash to fund our working capital needs and for other general corporate purposes. We fund these capital requirements primarily through cash from operations. These sources of funding, and our ability to fund our capital expenditure needs, could be adversely affected by reduction in clients and pricing realizations which would consequently decrease our internal accruals. On September 30, 2007, we had cash and cash equivalents of Rs. 98.3 million. This represents cash and bank balances excluding the fixed deposits pledged with the bank.

Our summarised statement of unconsolidated cash flows for the last three fiscal years and the six months ended September 30, 2007 is set forth below: *(Rs. in million)*

	Fiscal			Six month ended September 30, 2007 (un-consolidated basis)
	2005	**2006**	**2007**	**2007**
Net cash flow from operating activities	99.4	199.8	358.5	55.5
Net cash flow from (used in) investing activities	3.1	(73)	(15)	(160.2)
Net cash flow from (used in) financing activities	(87.3)	(86.6)	(329)	130.7
Cash and cash equivalents at the beginning of the period	2.49	17.7	57.9	72.3
Cash and cash equivalents at the end of the period	17.7	57.9	72.3	98.3

Operating activities

Net cash generated from our operating activities for the six months ended September 30, 2007 amounted to Rs. 55.5 million. This consisted of net profit before tax and extraordinary items of Rs. 190.7 million and a net positive adjustment of Rs. 17.2 million, principally comprised of a positive adjustment for depreciation of Rs. 18.2 million resulting in operating profit before working capital changes of Rs. 207.9 million. During this period our negative cash adjustments for working capital requirement was Rs. 152.4 million. The working capital adjustments included trade and other receivables of Rs. 68.1 million, loans and advances of Rs. 66.3 million and income taxes of Rs. 23.6 million.

Net cash generated from our operating activities for Fiscal 2007 amounted to Rs. 358.5 million. This consisted of net profit before tax and extraordinary items of Rs. 407.9 million and a net positive adjustment of Rs. 24.62 million, principally comprised of a positive adjustment for depreciation of Rs. 25.6 million and a negative adjustment of Rs. 1 million towards loss incurred in hedging of forward contracts, resulting in operating profit before working capital changes of Rs. 432.5 million. For the Fiscal 2007, our negative cash adjustments for working capital requirement was Rs. 74 million. The working capital adjustments included trade and other receivables of Rs. 52.9 million, loans and advances of Rs. 41.4 million, income taxes of Rs. 2.7 million, and also a positive adjustment of Rs. 23 million for current liabilities and provisions. The current liabilities decreased by 77.9% to Rs. 23.1 million in Fiscal i:2007 from Rs. 104.7 million in Fiscal 2006 primarily due to the payment of dividend of Rs. 98.13 million out of the provision for proposed dividend including dividend distribution tax.

Net cash generated from our operating activities for Fiscal 2006 amounted to Rs. 199.8 million. This consisted of net profit before tax and extraordinary items of Rs. 242.4 million and a net positive adjustment of Rs. 18.3 million, principally comprised of a positive adjustment for depreciation of Rs. 18.9 million, resulting in operating profit before working capital changes of Rs. 260.7 million. For the Fiscal 2006, our negative cash adjustments for working capital requirement was Rs. 60.9 million. The working capital adjustments included trade and other receivables of Rs. 24.2 million due to transfer of end customer invoicing from our Subsidiaries to our Company, loans and advances of Rs. 40.2 million, income taxes of Rs. 1.9 million, and also a positive adjustment of Rs. 5.8 million for current liabilities and provisions. The current liabilities increased by 523.2% to Rs. 104.7 million in Fiscal 2006 from Rs. 16.8 million in Fiscal 2005 primarily due to provisioning for proposed dividend including dividend distribution tax, to an amount of Rs. 98.13 million, in Fiscal 2006.

Net cash generated from our operating activities for Fiscal 2005 amounted to Rs. 99.4 million. This consisted of net profit before tax and extraordinary items of Rs. 111.8 million and a net positive adjustment of Rs. 11.8 million, principally comprised of a positive adjustment for depreciation of Rs. 12.2 million, resulting in operating profit before working capital changes of Rs. 123.6 million. For the Fiscal 2005, our negative cash adjustments for working capital requirement was Rs. 24.2 million. The working capital adjustments included trade and other receivables of Rs. 42.1 million and a positive adjustment of Rs. 19.8 million for current liabilities and provisions.

Investing activities

Our investment activities comprise of our investment on new facilities and on short-term liquid funds

In the six months ended September 30, 2007, we used Rs. 160.2 million for investment activities. We used Rs. 73.3 million on purchase of fixed assets, primarily for our facility in Ashok Silk Mills, Ghatkopar, Mumbai. We generated Rs. 100.2 million from our sale of short-term liquid funds and we used Rs. 100.4 million for purchase of short-term liquid funds. We invested

Rs. 87.2 million in certain of our Subsidiaries, primarily comprising an investment of Rs. 83.1 million in acquiring 1 million shares of eClerx Investments Limited, BVI.

In Fiscal 2007, we used Rs. 15 million for our investment activities. We generated funds primarily from our sale of short-term liquid funds of Rs. 27.8 million and we used funds mainly for purchase of short-term liquid funds of Rs. 15.2 million and investment on fixed assets, including capital work in process of Rs. 28 million for our facility in Raheja Plaza, Ghatkopar, Mumbai

In Fiscal 2006, we used Rs. 73 million for our investment activities. We generated funds primarily from our sale of short-term liquid funds of Rs. 94.2 million and we used funds mainly for purchase of short-term liquid funds of Rs. 106.8 million and investment on fixed assets, including capital work in process of Rs. 61 million.

In Fiscal 2005, we generated Rs. 3.1 million from our investment activities. We generated funds primarily from our sale of short-term liquid funds of Rs. 21.6 million and we used funds mainly for investment on fixed assets, including capital work in process of Rs. 18.5 million.

Financing Activities

In the six months ended September 30, 2007, we generated Rs. 130.7 million for our financing activities. We generated Rs. 60.5 million from secured loan from Citibank NA and Rs. 79.3 million from equity shares issued during this period. We used Rs. 9.1 million for expenses related to this Issue.

In Fiscal 2007, we used Rs. 329 million for our financing activities. We used Rs. 288.6 million for payment of dividends and Rs. 40.5 million towards dividend tax.

In Fiscal 2006, we used Rs. 86.6 million for our financing activities. We used Rs. 75.9 million for payment of dividends and Rs. 10.6 million towards dividend tax.

In Fiscal 2005, we used Rs. 87.3 million for our financing activities. We used Rs. 84 million for payment of dividends and Rs. 11.1 million towards dividend tax. We also generated Rs. 7.8 million from issue of share capital.

Indebtedness and Other Off-Balance Sheet Arrangements

Citibank NA has sanctioned a credit limit of upto Rs. 250 million by its letter dated September 3, 2007, consisting of a letter of credit facility of upto Rs. 140 million and a short term loan of upto Rs. 110 million at varied negotiated interest rates. As on September 30, 2007, the total outstanding amount with respect to the facility is Rs. 59.6 million.

We do not have any off balance sheet arrangements.

Quantitative and Qualitative Disclosure About Market Risk

Foreign Currency Risk

We are exposed to foreign currency risk in the ordinary course of business, as we earn revenues and incur expenses in currencies other than the Indian Rupee, principally the US Dollar, Euro and Pound Sterling. Our exchange rate risk arises from our foreign currency revenues, receivables and payables. We enter into forward exchange contracts to mitigate our foreign exchange risk. Such contracts typically are of a short duration, generally less than one year. As of September 30, 2007, we had outstanding forward contracts amounting to USD 16.9 million (with a contracted value of Rs. 717.4 million).

Credit Risk

We are exposed to credit risk on accounts receivable owed to us by our clients. If our clients, do not pay promptly or at all it is possible that we may have to make provisions for or write off such amounts.

Significant developments after September 30, 2007 that may affect our future results of operations

To our knowledge, no circumstances have arisen since the date of the last financial statements as disclosed in this Red Herring Prospectus, which materially and adversely affect or are likely to affect, the trading and profitability of our Company, or the value of our unconsolidated assets or our ability to pay our material liabilities within the next 12 months:

Unusual or infrequent events or transactions

To our knowledge there have been no unusual or infrequent events or transactions that have taken place during the last three years.

Significant Regulatory Changes

Except as described in the section titled "Regulations and Policies in India" on page 46, there have been no significant regulatory changes that could affect our income from continuing operations.

Known trends or uncertainties

Except as described in this Red Herring Prospectus in general and the section titled "Risk Factors" on page x and this section, in particular, to the best of our knowledge and belief, there are no known trends or uncertainties that have or had or are expected to have any material adverse impact on revenues or income of our Company from continuing operations.

Future relationship between expenditure and revenues

Except as described in sections titled "Risk Factors", "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page x, 37and 127, respectively, to the best of our knowledge, there is no future relationship between expenditure and income that will have a material adverse impact on the operations and finances of our Company.

New products or business segment

There are currently no publicly announced new products or business segments. However, our business strategy entails expanding our products and services portfolio. For further details on our business strategy, see section titled "Our Business" beginning on page 37.

Dependence on a few clients

Our business is primarily dependent on the services it provides to certain key clients. See section titled "Risk Factors" beginning on page x.

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP, IFRS AND U.S. GAAP

The Company's financial statements are prepared in conformity with Indian GAAP on an annual basis. No attempt has been made to reconcile any of the information given in this Red Herring Prospectus ("Prospectus") to any other principles or to base it on any other standards.

The areas in which differences between Indian GAAP vis-à-vis IFRS and U.S. GAAP could be significant to the Company's consolidated balance sheet and consolidated statement of profit and loss are summarised below. Potential investors should not construe the summary to be exhaustive or complete and should consult their own professional advisers for their fuller understanding and impact on the financial statements set out in this Prospectus.

Further, the Company has not prepared financial statements in accordance with IFRS or U.S. GAAP. Accordingly, there can be no assurance that the summary is complete, or that the differences described would give rise to the most material differences between Indian GAAP, U.S. GAAP and IFRS. In addition, the Company cannot presently estimate the net effect of applying either IFRS or U.S. GAAP on the results of the Company's operations or financial position, which may result in material adjustments when compared to Indian GAAP.

The summary includes various IFRS, U.S. GAAP and Indian GAAP pronouncements issued for which the mandatory application dates are later than the date of this Prospectus. Indian GAAP comprises accounting standards issued by the Institute of Chartered Accountants of India and certain provisions of Listing Agreements with the stock exchanges of India. In certain cases, the Indian GAAP description also refers to Guidance Notes issued by the Institute of Chartered Accountants of India that are recommendatory but not mandatory in nature and also certain accounting treatments specified by a Court Order in a Scheme of Amalgamation/Arrangement.

Subject	**IFRS**	**U.S. GAAP**	**Indian GAAP**
Historical cost	Uses historical cost, but intangible assets, property plant and equipment (PPE) and investment property may be revalued. Derivatives, biological assets and certain securities must be revalued.	No revaluations except some securities and derivatives at fair value.	Uses historical cost, but property, plant and equipment may be revalued. No comprehensive guidance on derivatives and biological assets.
First-time adoption of accounting frameworks	Full retrospective application of all IFRSs effective at the reporting date for an entity's first IFRS financial statements, with some optional exemptions and limited mandatory exceptions.	First-time adoption of U.S. GAAP requires retrospective application. In addition, particular standards specify treatment for first-time adoption of those standards.	Similar to U.S. GAAP.
Basis of presentation	Financial statements must comply with IFRS.	Financial statements must comply with U.S. GAAP and if a public company, the U.S. Securities and Exchange Commission's (the "SEC") rules, regulations and financial interpretations. Generally, non consolidated financial statements are not presented.	Financial statements must comply with Indian GAAP.

U.S. GAAP	Subject	IFRS	Indian GAAP
Contents of financial statements — General	Comparative two years' balance sheets, income statements, cash flow statements, changes in shareholders' equity and accounting policies and notes.	Similar to IFRS, except three years required for public companies for all statements except balance sheet where two years are provided.	Balance sheet, profit and loss account, cash flow statement, accounting policies and notes are presented for the current year, with comparatives for the previous year. Public company: Consolidated financial statements along with the standalone financial statements. For a public offering, selected financial data for the five most recent years are required, adjusted to the current accounting norms and pronouncements.
Balance sheet	Does not prescribe a particular format; entities should present a classified balance sheet. Assets and liabilities should be disclosed in an order which reflects their relative liquidity with current and non-current classification. Certain items must be presented on the face of the balance sheet.	Does not prescribe a particular format; entities should present a classified balance sheet. Items on the face of the balance sheet are generally presented in decreasing order of liquidity with current and non-current classification. Public companies must follow SEC guidelines regarding minimum disclosure requirements. Restricted accounts are disclosed separately on the face of the balance sheet.	The Companies Act prescribes the balance sheet format; short term/ long-term distinction is only required for certain balance sheet items. No separate disclosure on the face of the balance sheet is required for restricted accounts.
Income statement	Does not prescribe a standard format, although expenditure must be presented in one of two formats (function or nature). Certain items must be presented on the face of the income statement.	Present as either a single-step or multiple-step format. Expenditures must be presented by function.	No prescribed format for the profit and loss account but there are disclosure norms for certain income and expenditure items under the Companies Act and the accounting standards. Other industry regulations prescribe industry specific format.
Cash flow statements — format and method	Standard headings, but limited flexibility of contents. Use direct or indirect method.	Similar headings to IFRS, but more specific guidance for items included in each category. Use direct or indirect method.	Similar to IFRS, except that use of indirect method is required for listed companies.

U.S. GAAP	Subject	IFRS	Indian GAAP
Cash flow statements — definition of cash and cash equivalents	Cash includes overdrafts and cash equivalents with original short-term maturities (less than three months). Cash and cash equivalents are disclosed on the face of the balance sheet.	Cash excludes overdrafts but includes cash equivalents with original short-term maturities of three months or less. Restricted or encumbered cash is not included in cash and cash equivalents. Cash and cash equivalents are disclosed on the face of the balance sheet.	Similar to U.S. GAAP, except that restricted or encumbered cash included in cash and cash equivalents is required to be disclosed separately. Cash and bank balances are disclosed on the face of the balance sheet.
Cash flows — classification of specific items	(i) Interest and dividend paid — Operating or financing activities. (ii) Interest and dividend received — Operating or investing activities. (iii) Taxes paid — Operating — unless specific identification with financing or investing.	(i) Interest paid, interest received and dividend received — Operating activities. (direct method). Under the indirect method will be show as the change in the asset/liability or a as supplemental cash disclosure. (ii) Dividends paid — Financing activities. (iii) Taxes paid — Operating activities. Supplementary disclosure required.	(i) Interest and dividend paid — Financing activities. (ii) Interest and dividend received — Investing activities. (iii) Taxes paid — Similar to IFRS.
Statement of changes in Shareholders' Equity	The statement must be presented as a primary statement. The statement shows capital transactions with owners, the movement in accumulated profit and a reconciliation of all other components of equity.	Similar to IFRS. The information may be included in the notes.	No separate statement required. However, any adjustments to equity and reserve account are shown in the schedules/notes accompanying the financial statements.
Comprehensive income	The total of gains and losses recognised in the period comprises net income and the following gains and losses recognised directly in equity: • fair value gains (losses) on land and buildings, available for sale investments and certain financial instruments;	Comprehensive income is divided into net income and other comprehensive income. An enterprise that has no items of other comprehensive income in any period presented is not required to report comprehensive income.	

U.S. GAAP	Subject	IFRS	Indian GAAP
	• foreign exchange translation differences; • the cumulative effect of changes in accounting policy; and • changes in fair values on certain financial instruments if designated as cash flow hedges, net of tax, and cash flow hedges reclassified to income and/ or the relevant hedged asset/liability. Recognised gains and losses can be presented either in the notes or separately highlighted within the primary statement of changes in shareholders' equity.	Items included in other comprehensive income shall be classified based on their nature. For example, under existing accounting standards, other comprehensive income shall be classified separately into: • cumulative foreign currency translation adjustments; • minimum pension liability adjustments; • changes in the fair value of cash flow and net investment hedges; • and unrealised gains and losses on certain investments in debt and equity securities.	No concept of comprehensive income. However, certain adjustments are allowed through reserves where prescribed by accounting standards, statute or is done in accordance with industry practices and court orders.
Correction of fundamental errors	Restatement of comparatives is mandatory.	Similar to IFRS.	Include effect in the current year income statement. The nature and amount of prior period items should be separately disclosed in the statement of profit and loss in a manner that their impact on current profit or loss can be perceived.
Changes in accounting policy	Restate comparatives and prior year opening retained earnings.	Generally include effect in the current year income statement through the recognition of a cumulative effect adjustment. Disclose pro forma comparatives. Retrospective adjustments for specific items. Recent amendment requires accounting similar to IFRS. The new amendment is applicable to accounting changes that are made in fiscal years beginning after 15 December 2005.	Include effect in the income statement for the period in which the change is made except as specified in certain standards (transitional provision) where the change during the transition period resulting from adoption of the standard has to be adjusted against opening retained earnings and the impact needs to be disclosed.

U.S. GAAP	Subject	IFRS	Indian GAAP
Contents of financial statements — Disclosures	In general, IFRS has extensive disclosure requirements. Specific items include, among others: the fair values of each class of financial assets and liabilities, customer or other concentrations of risk, income taxes and pensions. Other disclosures include amounts set aside for general risks, contingencies and commitments and the aggregate amount of secured liabilities and the nature and carrying amount of pledged assets.	In general, U.S. GAAP has extensive disclosure requirements. Areas where U.S. GAAP requires specific additional disclosures include, among others; concentrations of credit risk, segment reporting, significant customers and suppliers, use of estimates, income taxes, pensions, and comprehensive income.	Generally, disclosures are not extensive as compared to IFRS and U.S. GAAP. Disclosures are driven by the requirements of the Companies Act and the accounting standards.
Consolidation	The consolidated financial statements include all enterprises that are controlled by the parent. Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than one half of the voting power of an enterprise unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control. Control can also exist in certain situations where the parent owns one half or less of the voting power of an enterprise.	A company must first evaluate whether the potential subsidiary is a variable interest entity ("VIE") and whether the Company has a variable interest in an entity. A variable interest changes with a change in an entity's net asset value and is the means through which expected losses are absorbed and expected residual returns are received. If the entity is a VIE, the Company must evaluate the potential subsidiary under the FIN 46R Consolidation of Variable Interest Entities ("FIN 46R") model. If the potential subsidiary is not a VIE, the Company should evaluate the consolidation of the potential subsidiary under the provisions of SFAS 94 Consolidation of All Majority Owned Subsidiaries ("SFAS 94"). FIN 46R addresses consolidation of VIE's in which the Company has a primary obligation to absorb losses or receive residual returns, and the equity investment at hand is not sufficient to permit the	Consolidation is required when there is a controlling interest, directly or indirectly through subsidiaries, by virtue of holding majority voting shares or control over board of directors

U.S. GAAP	Subject	IFRS	Indian GAAP
		entity to finance its activities without additional subordinated financial support, regardless of ownership interest. SFAS 94 states that all majority owned subsidiaries (i.e., all companies in which a parent has a controlling financial interest through direct or indirect ownership of a majority voting interest) must be consolidated unless control does not rest with the majority owner.	
Business Combinations	All business combinations are treated as acquisitions. Assets and liabilities acquired are measured at their fair values. Pooling of interest method is prohibited. Goodwill is capitalised but not amortised. It is tested for impairment at least annually at the cash-generating unit level. After re-assessment of respective fair values of net assets acquired, any excess of acquirer's interest in the net fair values of acquirer's identifiable assets is recognised immediately in the income statement.	Similar to IFRS, except specific rules for acquired in-process research and development (generally expensed) and contingent liabilities.Similar to IFRS; however, impairment measurement model is different.In respect of any excess of acquirer's interest in the net fair values of acquirer's identifiable assets, first reduce proportionately the fair values assigned to non-current assets (with certain exceptions) and any remaining excess thereafter is recognised in the income statement immediately as an extraordinary gain.	On consolidation, for an entity acquired and held as an investment, treated as acquisition.On amalgamation of an entity, either uniting of interests or acquisition.On a business acquisition (i.e., assets and liabilities only) treated as acquisition.On consolidation, the assets and liabilities are incorporated at their existing carrying amounts.On amalgamation, they may be incorporated at their existing carrying amounts or, alternatively, the consideration is allocated to individual identifiable assets and liabilities on the basis of their fair values.On a business acquisition, they may be incorporated at their fair values or value of surrendered assets. Goodwill arising under purchase method of accounting is capitalised and amortised over useful life not exceeding five years, unless a longer period can be justified. In case of goodwill arising on consolidation, no specific guidance for amortisation. No specific guidance for impairment of goodwill arising on

U.S. GAAP	Subject	IFRS	Indian GAAP
			acquisition or consolidation. Any excess of acquirer's interest in the net fair values of acquirer's identifiable assets is recognised as capital reserve, which is neither amortised nor available for distribution to shareholders. However, in case of an amalgamation accounted under the purchase method, the fair value of intangible assets with no active market is reduced to the extent of capital reserve, if any, arising on the amalgamation.
Revenue recognition — General Criteria	Based on several criteria, which require the recognition of revenue when risks and rewards have been transferred and the revenue can be measured reliably.	Revenue is generally realised or realisable and earned when all of the four revenue recognition criteria are met: • persuasive evidence of an arrangement exists; • delivery has occurred or services have been rendered; • the seller's price to the buyer is fixed or determinable; and • collectibility is reasonably assured. U.S. GAAP generally requires title transfer prior to revenue recognition and provides extensive detailed guidance for specific transactions.	Similar to IFRS. However, under IFRS and U.S. GAAP, the revenue from auction sale would be segregated between recovery of outstanding ground rent and costs; and former classified as ground rent and excess recovery after adjusting recoverable costs as other income.
Interest expense	Recognised on an accrual basis. Effective yield method used to amortise non-cash finance charges.	Similar to IFRS.	Similar to IFRS, however, practice varies with respect to recognition of discounts, premiums and costs of borrowings.
Employee benefits — Defined benefit plans	Similar to U.S. GAAP conceptually, although several differences in details.	For gratuity plans, must use the projected unit credit method to determine benefit obligation. Under FASB 158, recognition of funded status is to take effect for fiscal years ending	Liability for a gratuity plan and compensated absences, which are defined benefit obligations, are accrued based on an actuarial valuation. Actuarial gains or losses are

U.S. GAAP	Subject	IFRS	Indian GAAP
		after December 15, 2006, for publicly traded entities. These entities are required to recognize funded status of defined pension plans in the statement of financial position, which was previously being disclosed in the footnotes of the registrants. An amount equal to the "net periodic pension cost" is to be charged to the statement of financial performance regardless of whether contributions are made during the period. The net periodic pension cost is an actuarially determined amount equal to: the present value of future benefits which have accrued during the period; and • an interest cost component related to the increase in the projected benefit obligation due to the passage of time; less • estimated earnings on invested assets segregated to provide future benefits; and • an amortisation of previously unrecognised prior service costs, transition assets/obligations and experience gains/ losses. If contributions differ from the net pension cost, an asset representing prepaid pension costs or a liability for unfunded accrued pension costs arises and is recorded in the statement of financial position.	recognized immediately in the statement of income.
	Recognition of minimum pension liability is not required.	Recognition of minimum pension liability is required when the accumulated benefit obligation exceeds the fair value of the plan assets and the amount of the accrued liability.	Recognition of minimum pension liability is not required.

U.S. GAAP	Subject	IFRS	Indian GAAP
Employee benefits — Compensated absences	Discounting not prohibited when computing liability for compensated absences.	Similar to IFRS.	Determine liability for compensated absences based on an actuarial valuation.
Employee share compensation	Recognise expense for services acquired. The corresponding amount will be recorded either as a liability or as an increase in equity, depending on whether the transaction is determined to be cash or equity-settled. The amount to be recorded is measured at the fair value of the shares or share options granted.	FAS 123R which is effective for annual periods beginning 15 June 2005 has now dispensed with the intrinsic value method and going forward, all entities would have to use the fair value model. FAS 123 R is applicable to both public and non-public entities.	It is mandatory only for listed entities. Employee stock options granted to the employees under stock option schemes are evaluated as per the accounting treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 issued by the Securities and Exchange Board of India. Accordingly, the excess of the fair value of the stock option as on the date of grant of options is charged to the Profit and Loss Account on straight-line-method over the vesting period of the options. The fair value of the options is measured on the basis of an independent valuation performed or the market price in respect of stock options granted.
Deferred revenue expenditure	Expensed under IAS 38. Even advertising costs need to be expensed as incurred even though the expenditure incurred may provide future economic benefits.	Charge off, unless deferment permitted by specific literature. For example, SOP 93-7 permits deferment of cost of direct response advertising	Under Indian GAAP, after the issuance of AS 26-Intangible Assets, no such deferred revenue expenses should be recognised.The balances for these items on the date of adoption of AS 26 should continue to be expensed over the number of years originally contemplated.
Preliminary expenses	Expense as incurred under IAS 38.	Charge off under SOP 98-5.	AS - 26 requires to be expensed.
Capital issue expenses	The transaction costs of an equity transaction should be accounted for as a deduction from equity, net of any related income tax benefit. The costs of a transaction which fails to be completed should be expensed.	May be set off against the realised proceeds of share issue	May be set off against the securities premium account

U.S. GAAP	Subject	IFRS	Indian GAAP
Property, Plant & Equipment	Use historical cost or revalued amounts. Regular valuations of entire classes of assets are required, when revaluation option is chosen.	PP&E is recorded at historical acquisition cost. Revaluations are not permitted.	Use historical cost or revalued amounts. On revaluation, an entire class of assets is revalued, or selection of assets is made on systematic basis. No current requirement on frequency of valuation.
Capitalisation of borrowing costs	Permitted for qualifying assets, but not required.	Required. FAS 34 requires interest capitalisation only to the extent that it is an acquisition cost. Accordingly, real estate projects under development are qualifying assets; however, real estate held for future development or sale is not. FAS 34, par. 11 states that interest should be capitalised on land expenditures only when development activities are in progress. Assets qualifying for interest capitalisation include real estate developments intended for sale or lease that are constructed as discrete projects. Land that is not undergoing activities necessary to prepare it for its intended use does not qualify for capitalisation. When development activities are undertaken, however, expenditures to acquire land qualify for interest capitalisation while the development activities are in process. If the resulting asset is a structure, the interest capitalised on land expenditures becomes part of the cost of the structure; if the resulting asset is developed land, the capitalised interest is part of the cost of the land. SFAS No. 34 provides guidance on determining the appropriate amount of interest to be capitalised.	Required. Accounting Standard ("AS") 16, Borrowing Costs, defines the term 'qualifying asset' as "an asset that necessarily takes a substantial period of time to get ready for its intended use or sale". The following assets ordinarily take twelve months or more to get ready for intended use or sale unless the contrary can be proved by the enterprise: (i) assets that are constructed or otherwise produced for an enterprise's own use, e.g., assets constructed under major capital expansions; and (ii) assets intended for sale or lease that are constructed or otherwise produced as discrete projects (for example, ships or real estate developments).

U.S. GAAP	Subject	IFRS	Indian GAAP
Depreciation and Amortisation	Allocated on a systematic basis to each accounting period over the estimated useful life of the asset. Estimated useful life should be reviewed every year. Intangible assets with indefinite life are not amortised but are tested for impairment annually.	Similar to IFRS.	Depreciation is provided at the rates specified in Schedule XIV of the Companies Act. There is no concept of indefinite life intangible assets.
Impairment of long-lived assets	If impairment is indicated, write down assets to recoverable amount which is the higher of net selling price and value in use based on discounted cash flows. If no loss arises, reconsider useful lives of those assets. Impairment loss is recorded in the income statement. Reversal of loss is permitted in certain cases.	Under FASB 144, 'Impairment of Long-Lived Assets." For assets to be held and used, impairment review based on undiscounted cash flows. If the undiscounted cash flows are less than the carrying amount, measure the impairment loss using market value or discounted cash flows. Impairment loss is recorded in the income statement as a separate line item - Reversals of impairment loses are prohibited.	Similar to IFRS. Accounting Standard 28 - "Impairment of Assets", is mandatory with effect from 1 April 2004.
Leases – classification	A lease is a finance lease if substantially all risks and rewards of ownership are transferred. Substance rather than form is important.	Similar to IFRS, but with more extensive form-driven requirements. Specific rules must be met to record a finance or capital lease a prescribed under FASB 13	Similar to IFRS.
Leases - lessor accounting	Record amounts due under finance leases as a receivable. Allocate gross earnings to give constant rate of return based on (pre-tax) net investment method.	Similar to IFRS, but with specific rules for leveraged leases as prescribed under FAS 13.	Similar to IFRS.
Leases - lessee accounting	Record finance leases as asset and obligation for future rentals. Depreciate over useful life of asset. Apportion rental payments to give constant interest rate on outstanding obligation. Charge operating lease rentals on straight-line basis.	Similar to IFRS.	Similar to IFRS.

U.S. GAAP	Subject	IFRS	Indian GAAP
Leases — lessee accounting: sale and leaseback transactions	For a finance lease, defer and amortise profit arising on sale and finance leaseback. If an operating lease arises, profit recognition depends on sale proceeds compared to fair value of the asset. Consider substance/linkage of the transactions.	Timing of profit and loss recognition depends on whether seller relinquishes substantially all or a minor part of the use of the asset. Immediately recognise losses. Consider specific strict criteria if a property transaction.	Similar to IFRS.
Investments	Investments in are classified as held-to maturity, available-for-sale or held trading at acquisition. Investments classified as held-to-maturity are recorded at amortised cost less impairment, if any. Realised gains and losses are reported in earnings. Investments classified as available-for-sale are reported at fair value. Unrealised gains and losses on the change in fair value are reported in equity, less impairment, if any. Investments classified as trading are reported at fair value with unrealised gains and losses included in earnings. There is an option in IFRS to classify any financial asset "at fair value through profit or loss". Changes in fair values in respect of such securities are recognised in the income statement. This is an irrevocable option to classify a financial asset at fair value through profit or loss. Generally, in a non-consolidated financial statements, investment in subsidiary is accounted under the equity method.	Similar to IFRS but no option to classify all financial assets "at fair value through profit or loss". Investments in listed equity securities can only be classified as available for sale or as trading. Investments in unlisted equity securities are recorded at cost less impairment, if any. Similar to IFRS.	Long-term investments are carried at cost (with provision for other than temporary diminution in value). Current investments carried at lower of cost or fair value. In a non-consolidated financial statements, investment in subsidiary is carried at cost less impairment, if any.

U.S. GAAP	Subject	IFRS	Indian GAAP
Foreign currency transactions	Transactions in foreign currency are accounted for at the exchange rate prevailing on the transaction date. Foreign currency assets and liabilities are restated at the year-end exchange rates.	Similar to IFRS.	Similar to IFRS, except for the following: • exchange difference arising on repayment/ restatement of liabilities incurred prior to 1 April 2004 for the purposes of acquiring fixed assets, is adjusted in the carrying amount of the respective fixed assets; and • exchange difference arising on repayment/ restatement of liabilities incurred on or after 1 April 2004 for the purposes of acquiring fixed assets from a country outside India, is adjusted in the carrying amount of the respective fixed assets. • The amounts so adjusted are depreciated over the remaining useful life of the respective fixed assets.
Provisions	Record the provisions relating to present obligations from past events if outflow of resources is probable and can be reliably estimated. Discounting required if effect is material.	Similar to IFRS Rules for specific situations (including employee termination costs, environmental liabilities and loss contingencies). Discounting required only when timing of cash flows is fixed.	Similar to IFRS. Discounting is not permitted.
Contingent Assets	A possible asset that arise from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the entity's control. The item is recognised as an asset when the realisation of the associated benefit such as an insurance recovery, is virtually certain.	Contingent assets are recognised, when realised, generally upon receipt of consideration. However, there are very strict rules under FASB 5 that govern contingent gains. Usually such gains are disallowed.	Similar to IFRS, except that certain disclosures as specified in IFRS are not required.
Contingent liability	A possible obligation whose outcome will be confirmed only on the occurrence or non-occurrence of uncertain	An accrual for a loss contingency is recognised if it is probable (defined as likely) that there is a present	Similar to IFRS. Disclosure may be limited compared to US GAAP and IFRS.

U.S. GAAP	Subject	IFRS	Indian GAAP
	future events outside the entity's control. It can also be a present obligation that is not recognised because it is not probable that there will be an outflow of economic benefits, or the amount of the outflow cannot be reliably measured. Contingent liabilities are disclosed unless the probability of outflows is remote.	obligation resulting from a past event and an outflow of economic resources is reasonably estimable. If a loss is probable but the amount is not estimable, the low end of a range of estimates is recorded. Contingent liabilities are disclosed unless the probability of outflows is remote.	
Debt issue costs	Permits, but does not require, direct incremental costs of issuing debt to be deferred as an asset and amortised as an adjustment to yield.	Debt issue costs should be deferred as an asset and amortised as an adjustment to yield. Amortisation should be done based on the interest method, but other methods may be used if the results are not materially different from the interest method.	Debt issue costs are expensed as incurred.
Dividends	Dividends are recorded as liabilities when declared.	Similar to IFRS.	Dividends are recorded as provisions when proposed.
Deferred income taxes	Use full provision method (some exceptions), driven by balance sheet temporary differences. Recognise deferred tax assets if recovery is probable. Deferred tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the balance sheet date.	Deferred income tax assets and liabilities are determined using the balance sheet method. The net deferred tax asset or liability is based on temporary differences between the book and tax bases of assets and liabilities, and recognises enacted changes in tax rates and laws. U.S. GAAP permits deferred tax assets to be recognised for any operating loss carry forwards to the extent that it is more likely than not that they will be realised. A valuation allowance should be recorded against deferred tax assets when it is determined that realisation of the deferred tax asset is less than more likely than not. The FASB recently issued FIN 48, "Accounting for Uncertainty in Income	Deferred tax assets and liabilities should be recognised for all timing differences subject to consideration of prudence in respect of deferred tax assets. Where an enterprise has unabsorbed depreciation or carry forward of losses under tax laws, deferred tax assets should be recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is certain that such previously unrecognised deferred tax assets will be realised.Deferred tax assets and liabilities are measured using tax rates that have been enacted or

U.S. GAAP	Subject	IFRS	Indian GAAP
		Taxes." FIN 48 which establishes the criteria than an individual tax position would have to meet for recognition in the financial statements. FIN 48 applies to all tax positions that are accounted for under FAS 109. The term tax position includes, but is not limited to the following: • a decision not to file a tax return in a jurisdiction	substantively enacted by the balance sheet date.
		• the allocation of income between jurisdiction • the characterization of income in the tax return • decision to exclude taxable income in the tax return • decision to classify a transaction, entity, or other position as tax-exempt in the tax return. A separate measurement step is to be taken to determine the amount of tax benefit to be recorded for financial statement purposes, but only if the more-likely-than-not recognition threshold is met, and the recorded tax benefit will equal the largest amount of tax benefit that is greater than 50% likely being realized upon ultimate settlement with a tax authority.	
Measurement of derivative instruments and hedging activities	Measure derivatives and hedge instruments at fair value. Recognise the changes in fair value in the income statement, except for effective cash flow hedges, where the changes are deferred in equity until effect of the underlying transaction is recognised in the income statement. Ineffective portions of hedges are recognised in the income statement. IFRS requires extensive documentation and effectiveness testing to obtain hedge accounting.	Similar to IFRS, except no 'basis adjustment' on cash flow hedges of forecast transactions.	Derivatives are initially measured at cost. However, there is no comprehensive guidance for derivative accounting.

U.S. GAAP	Subject	IFRS	Indian GAAP
	Gains/losses from hedge instruments that are used to hedge forecast transaction may be included in cost of non-financial asset/liability (basis adjustment).		
Fringe Benefits Tax	Fringe Benefits Tax is included as part of the related expense (fringe benefit) which gives rise to incurrence of the tax.	Similar to IFRS.	Fringe Benefits Tax should be disclosed as a separate item after determining profit before tax on the face of the profit and loss account for the period in which the related fringe benefits are recognised.
Derecognition of financial assets	Derecognise financial assets based on risks and rewards first; control is secondary test.	Derecognise based on control. Requires legal isolation of assets even in bankruptcy.	No specific guidance. In general, derecognise financial assets based on risks and rewards of ownership. A guidance note issued by ICAI on securitisation requires derecognition based on control.
Financial liabilities – classification	Classify capital instruments depending on substance of the issuer's obligations. Mandatorily redeemable preference shares classified as liabilities.	Where an instrument is not a share, classify as liability when obligation to transfer economic benefit exists. Similar to IFRS.	No specific guidance. In practice, classification is based on legal form rather than substance. All preference shares are shown separately as share capital under shareholders' funds.
Derecognition of financial liabilities	Derecognise liabilities when extinguished. The difference between the carrying amount and the amount paid is recognised in the income statement. IFRS uses 10% threshold for differentiating modification in the terms from extinguishment of liabilities	Similar to IFRS.	No specific guidance but practice is similar to IFRS. No 10% criteria is specified.
Capital instruments - purchase of own shares	Show as deduction from equity.	Similar to IFRS.	Purchase of own shares are permitted under limited circumstances subject to the legal requirements stipulated in the Companies Act. On purchase, such shares are required to be cancelled i.e. cannot be kept as treasury stock.

U.S. GAAP	Subject	IFRS	Indian GAAP
Functional currency definition	Currency of primary economic environment in which entity operates.	Similar to IFRS.	Does not define functional currency. Assumes an entity normally uses the currency of the country in which it is domiciled in presenting its financial statements.
Financial currency – determination	If indicators are mixed and functional currency is not obvious, use judgement to determine the functional currency that most faithfully represents the economic results of the entity's operations by focusing on the currency of the economy that determines the pricing of transactions (not the currency in which transactions are denominated).	Similar to IFRS; however, no specific hierarchy of factors to consider. Generally the currency in which the majority of revenues and expenses are settled.	Does not require determination of functional currency.Assumes an entity normally uses the currency of the country in which it is domiciled in presenting its financial statements. If a different currency is used, requires disclosure of the reason for using a different currency.
Earnings per share – diluted	Use weighted average potential dilutive shares as denominator for diluted EPS. Use 'treasury share' method for share options/warrants.	Similar to IFRS	Similar to IFRS.
Post balance sheet events	Adjust the financial statements for subsequent events, providing evidence of conditions at balance sheet date and materially affecting amounts in financial statements (adjusting events). Disclosing non-adjusting events.	Similar to IFRS.	Similar to IFRS. However, non-adjusting events are not required to be disclosed in financial statements but are disclosed in report of approving authority e.g. Directors' Report.
Related Party Disclosures	There is no specific requirement in IFRS to disclose the name of the related party (other than the ultimate parent entity). There is a requirement to disclose the amounts involved in a transaction, as well as the balances for each major category of related parties. However, these disclosures could be required in order to present meaningfully the "elements" of the transaction, which is a disclosure requirement.	The nature and extent of any transactions with all related parties and the nature of the relationship must be disclosed, together with the amounts involved. Unlike IFRS, all material related party transactions (other than compensation arrangements, expense allowances and similar items) must be disclosed in the separate financial statements of wholly-owned subsidiaries, unless these are presented in the same financial report that	The scope of parties covered under the definition of related party could be less than under IFRS or U.S. GAAP. Unlike IFRS, the name of the related party is required to be disclosed.

U.S. GAAP	Subject	IFRS	Indian GAAP
		includes the parent's consolidated financial statements (including those subsidiaries).	
Segment reporting	Report primary and secondary (business and geographic) segments based on risks and returns and internal reporting structure.Use group accounting policies or entity accounting policy.	Report based on operating segments and the way the chief operating decision-maker evaluates financial information for purposes of allocating resources and assessing performance.Use internal financial reporting policies (even if accounting policies differ from group accounting policy).	Similar to IFRS.

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as stated below there are no outstanding litigations, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company and our Subsidiaries, Directors, Promoters and Promoter Group Companies, and there are no defaults, non-payment of statutory dues, over-dues to banks/financial institutions, defaults against banks/financial institutions, defaults in dues payable to holders of any debenture, bonds and fixed deposits and arrears of preference shares issued by our Company, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic/civil/ any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act) other than unclaimed liabilities of our Company or Subsidiaries and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, Promoters or Directors. Unless stated to the contrary, the information provided below is as of the date of this Red Herring Prospectus.

Neither the Company nor its Promoters, members of the Promoter Group, Subsidiaries, associates and Directors have been declared as willful defaulters by the RBI or any other Governmental authority and, except as disclosed in this section in relation to litigation, there are no violations of securities laws committed by them in the past or pending against them.

I. Litigation involving our Company

Kamgar Aghadi Union (Reg. No. HO- 3- 9118) had filed a complaint ((ULP) No. 482 of 2006) dated September 7, 2006 against our Company and Mr. P.D Mundhra before the Industrial Court of Mumbai under the provisions of Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices Act, 1971 on account of termination of services and non-payment of wages of certain employees who were the members of the trade union. Further, the union also filed an application for interim relief for reinstatement of services along with payment of back wages. We are in the process of reaching a settlement with the Union. The matter is currently pending before the Industrial Court.

II. Pending Litigation against our Directors

The Directors are not subject to any outstanding litigation pertaining to any tax liabilities, criminal/civil prosecution for any offences (irrespective of whether they are specified under paragraph (i) of Part 1 of Schedule XIII of the Companies Act), disputes, defaults or arrears in statutory dues, either in their individual capacities or in connection with the Company and other companies with which the Directors are associated, except as below:

Mr. V.K Mundhra

1. The State of West Bengal has filed a criminal complaint (No. C/1785) on October 8, 1975 against Mr. Haridas Mundhra, Mr. V. K. Mundhra, Mr. Kashi Nath Tapuriah, Mr. Indra Kumar Daga, Mr. Ranjit Kumar Chatterjee, Mr. L P Agarwala, Mr. R K Agarwala, Mr. Balwant Singh and Mr. Kamal Kishore Kayan, before the 8th Metropolitan Magistrate Court Calcutta, under Section 120 B, 409 and 411 of Indian Penal Code relating to criminal conspiracy.

   It has been alleged that the defendants, one of which was Mr. V.K. Mundhra, our Director, were party to a criminal conspiracy with late Mr. P. A Gopalkrishan, who was a director of Lodna Colliery Company Limited (**"LCCL"**), of misappropriating and siphoning of Rs. 1 million from LCCL. It is the specific allegation of the State that certain companies in which Mr. V.K. Mundhra was one of the directors , had received advances for supply of certain materials from LCCL, while no such supply of materials were to be received from LCCL and neither the advances were refunded.

   The defendants have contended that the materials were supplied against such advances and the case was wrongly and unjustly filed. In addition, the defendants have also contended that the nature of the dispute is not criminal and a civil suit should lie for the present dispute.

   The case was originally being tried by 8th Metropolitan Magistrate Court, Calcutta but was subsequently transferred to the 14th Metropolitan Magistrate Court, Calcutta. The last hearing was held on September 18, 2007. The prosecution failed to produce its witnesses before the court on the aforementioned date and the matter was adjourned till January 8, 2008.

2. Allahabad Bank Ltd has filed a suit (1000 of 1988) in High Court of Calcutta against Mr. V.K. Mundhra and prayed for a compensation of Rs. 2,420,528 towards recovery of loan given to Mr. V.K.Mundhra. Mr. V.K Mundhra has denied all charges against him in his written statement dated November 24, 1989. The aforesaid case was transferred from the High Court of Calcutta to the Debt Recovery Tribunal- II Calcutta (T.A. No. 18 of 2001), wherein he filed an amended written statement on July 13, 2004. The matter is currently pending before the Debt Recovery Tribunal- II Calcutta. The next date of hearing has been fixed for November 7, 2007.

3. Om Sadan Co-operative Housing Society has filed a suit (Case No: 9 of 1993) against Om Sadan Private Limited and

others including Mr. V. K. Mundhra in his capacity as a director of Om Sadan Private Limited before the High Court of Bombay. The aforesaid suit was filed for specific performance of the purchase agreement of flats in the multi-storeyed building "Om Sadan" at Malabar Hill. The High Court passed an order dated November 11, 1997, and appointed a Committee of Court Receivers consisting of three persons including Mr. V K Mundhra for completing the multi-storeyed building. Work on the project in terms of the order is continuing. The matter is currently pending before the High Court of Bombay and the next date of hearing has not been fixed.

Mr. P.D. Mundhra

There is a case filed by Kamgar Aghadi Union, the details of which have been provided under the heading "Litigation involving our Company", above against Mr. P.D Mundhra, our Director.

Mr. Anjan Malik

Mr. Anjan Malik, received a tax claim notice numbered 52855 43902 for the Fiscal 2004-05 from the revenue authorities in the U.K. in relation to contingent stock options received from his previous employer, which was disclosed as part of his UK income and on which, tax was paid during the assessment year 2003-04. In the said notice, the revenue authorities claimed an additional tax on stock options.

Mr. Malik filed an appeal (reference 923/COMP3/951/L1111WW/EXPAT/PT) dated June 1, 2006, against such order under Sections 31 Taxes Management Act 1970 with the Special Commissioners on the grounds that in fact a refund was due from the revenue authorities in the U.K. The appeal is currently pending before the Tax Appeals Court. U.K.

Mr. Anish Ghoshal
Nil

Mr. Vikram Limaye
Nil

Mr. Pradeep Kapoor
Nil

Mr. Jimmy Bilimoria
Nil

II. Pending litigation against our Subsidiaries and Acquisition companies.

There is no pending litigation against any of our Subsidiaries or Acquisition companies as on the date of filing this Red Herring Prospectus.

III. Pending litigation against our Promoters.

For details of litigation pertaining to Mr. P.D Mundhra and Mr. Anjan Malik refer to the section titled "Outstanding Litigation- Pending Litigation against our Directors" on page 157.

IV. Litigation against the Promoter Group

Consolidated Packaging Company Private Limited ("**CPCPL**")

1. CPCPL had received an assessment order OE II /23/pg-106/ 2004-05 dated [16.03.2005] from the Assessing Officer [Ward 2(1) 2] for payment of a sum of Rs. 734,366 for the assessment year 2002-03 under Section [143(3)] of the Income Tax Act . The assessing officer made additions to income based on deemed sale price for sale of property and deemed interest income on account of advances given for purchase of properties. Aggrieved by the aforesaid order CPCPL has filed an appeal before the CIT (Appeals) II, Mumbai. The matter is currently pending before the CIT (Appeals) II, Mumbai. and no order has been passed as on date.

Duncan Stratton & Company Limited ("DSCL")

1. Shree Krishna Madhav Trust has filed a suit (Case No 339/823 of 1991) against DSCL and others (Turner Morrison & Co Ltd and B.D Bagrodia) before Small Causes Court in Court No 16, Mumbai to recover the possession of its premises at flat No 2, in the building known as "Vijay Vilas" Oomer Park, Warden Road, Mumbai 400 036. DSCL was the main tenant of the premises and the said premises were being used by Turner Morrsion & Company Limited ("**TMCL**") which was then under the control of Mr. V.K.Mundhra. The premises were given for residential occupation to Mr. B.D. Bagrodia who was an employee of TMCL. However, even after termination of his employment with TMCL, Mr. B.D. Bagrodia continued to be in possession of the property. Shree Krishna Madhav Trust had filed the suit to obtain possession of its property. The matter is pending in the Small Causes Court No. 16 and the next date of hearing has not been fixed.

2. DSCL has filed a suit [Case No.19/20/2002] against M/s Subhash Medical & General Stores and India Metal Agencies before the Small Causes Court, Mumbai in its capacity as the landlord to evict India Metal Agencies from its premises situated at Ground floor, 19 Bank Street, Fort, Mumbai 400 023. DSCL has claimed that India Metal Agencies was not using the premises for a continuous period of more than six months and also on account of the premises being required by DSCL for conducting business activities of its group companies. The matter is currently pending before the Small Causes Court and the next date of hearing has not been fixed.

3. DSCL has filed a suit [Case No 383/797/98] against Kalakendra and others (Mr. Nirmal Dalal and Mr, Kailash Kumar Gupta) before the Small Causes Court, Mumbai in its capacity as the landlord to evict Kalakendra and Others from its premises situated at 25 Bank Street, 2nd floor, Fort, Mumbai-400 023 on the ground of unlawful occupation. DSCL has claimed that Kalakendra who is tenant of two rooms in DSCL's property at Sonawala Building 29, Bank Street, Fort, Mumbai 400 023 had unlawfully subletled both the rooms without the prior permisssion of DSCL. The matter is currently pending before the Small Causes Court, Mumbai, and the next date of hearing has not been fixed.

None of our Promoter Group, except as disclosed above are subject to any outstanding litigation pertaining to any tax liabilities, criminal/civil prosecution for any offences (irrespective of whether they are specified under paragraph (i) of Part 1 of Schedule XIII of the Companies Act), disputes, defaults or arrears in statutory dues.

GOVERNMENT AND OTHER APPROVALS

Our Company has obtained the necessary approvals required to conduct our business and undertake the Issue and no further approval from any government authorities/RBI are required by the Company to undertake its current activities. All such approvals are listed below. Unless stated otherwise, all such approvals are valid as of the date of this Red Herring Prospectus.

A Approvals for the Issue

The Issue has been authorized pursuant to the resolution of our Board dated August 30, 2007 and by a special resolutions passed pursuant to shareholders resolutions Section 81 (1A) of the Companies Act, at the extra-ordinary general meeting of our shareholders of our Company held on August 31, 2007.

The Equity Shares offered through the Offer for Sale has been authorized by the Selling Shareholders pursuant to their letters dated August 31, 2007 respectively.

We have obtained all the required consents from the Bankers of the Company in terms of the loan agreements entered into with them.

We have received in-principle approval from the NSE and the BSE for the listing of our Equity Shares pursuant to letters dated October 8, 2007 and September 28, 2007, respectively.

B Approvals for our Business

Approvals for our business, as acquired by us are listed herein below. We have discussed the approvals under various heads

1. Regulatory and Business Approvals

S. No.	Description	Reference/ License No.	Date of Issue/Filing	Expiry Date
1.	License issued to M/s. eClerx Services Private Limited by the Commissioner of Customs (EP), Mumbai under Section 58 of the Customs Act, 1962 for the warehousing (storage) of capital goods without payment of any customs import duty on importation thereof at their warehouse at Ghatkopar, Mumbai.	F.No: S/15-101/2005-100% EOU	November 25, 2005	March 31, 2010
2.	License issued to M/s. eClerx Services Private Limited by the Commissioner of Customs (EP), Mumbai under Section 65 of the Customs Act, 1962 for manufacture and other operations in relation to goods in their warehouse at Ghatkopar, Mumbai.	F.No: S/15-101/2005-100% EOU	November 25, 2005	March 31, 2010
3.	License issued to M/s. eClerx Services Private Limited by the Commissioner of Customs, Mumbai under Section 58 of the Customs Act, 1962 for the warehousing (storage) of capital goods without payment of any customs or central excise duty on importation thereof at their warehouse at Sewri, Mumbai.	F.No: S/15-64/2003 EOU	September 8, 2003	August 15, 2008
4.	License issued to the Company by the Commissioner of Customs (EP), Mumbai under Section 65 of the Customs Act, 1962 for manufacture and other operations in relation to goods in their warehouse at Sewri, Mumbai.	F.No: S/15-64/2003 EOU	September 8, 2003	August 15, 2008

S. No.	Description	Reference/ License No.	Date of Issue/Filing	Expiry Date
5.	License issued to the Company by the Commissioner of Customs, Mumbai under Section 58 of the Customs Act, 1962 for the warehousing (storage) of capital goods without payment of any customs or central excise duty on importation thereof at their warehouse at Fort, Mumbai.	F.No: S/15-56/2001 EOU	October 11, 2001	September 07, 2008
6	License issued to the Company by the Commissioner of Customs (EP), Mumbai under Section 65 of the Customs Act, 1962 for manufacture and other operations in relation to goods in their warehouse at Fort, Mumbai.	F.No: S/15-56/2001 EOU	October 11, 2001	September 07, 2008
7.	Certificate of Importer- Exporter Code (IEC) issued to the Company by the Ministry of Commerce, Govt. of India for their specified branches at Sewri and Ghatkopar.	IEC No. 0300066953	February 28, 2001	Not applicable
8.	Letter from Software Technology Parks of India (STPI) granting the Company all the facilities and privileges admissible under the STP scheme for its 100% Export Oriented unit located at 1st Floor, Sonawala Building, Fort, Mumbai- 23.	STPI/ MUM/ VIII (A) (875)/2001 (09)/2078	September 6, 2001	October 10, 2011
9.	Letter from Software Technology Parks of India (STPI) stating that they have no objection to the expansion of the Company's operations from Current STP, provided that the necessary customs and excise formalities are fulfilled.	STPI/ MUM/ VIII (A) (875)/2001(09)/ SR/4340	June 8, 2006	Not Applicable
10.	Green Card issued to the Company from the Ministry of Information Technology for the Software Technology Park declaring the units at: a) 29, Sonawala Bld, Fort, Mumbai; b) 105-108, B wing, Nav- Bharat Estate, Sewri, Mumbai; c) 102-103-104, A wing, Nav- Bharat Estate, Sewri, Mumbai; d) 305- 306, B wing, Nav-Bharat Estate, Sewri, Mumbai; e) Unit No. 30, Raheja Plaza- I, Ghatkopar, Mumbai; f) Gr. Flr. & 1st Flr. of E-shaped Bldg, Ashok Silk Mills Compound, Ghatkopar, Mumbai; g) f) Gr. Flr. & 1st Flr. of E-shaped Bldg, Ashok Silk Mills Compound, Ghatkopar, Mumbai (Area for DG Set); as 100% Export oriented units as mentioned under the STP Scheme.	Green Card No. MIT/STPI- MUM/ 2006/1315	September 14, 2006	September 13,2011

2. **General Approvals**

S. No.	Description	Reference/ License No.	Date of Issue/Filing	Date of expiry
Licenses under the respective Shops and Establishments Act, where the offices of the Company are situated				
1	Unit No. 301, 3rd Floor, Raheja Plaza- 1, A Wing, L.B.S Marg, Ghatkopar (W), Mumbai- 400 086	N- 11/ 006017	April 12, 2007	December 31, 2007
2	101- 104, A Wing, Navbharat Compound, Zakaria Bunder Road, Sewri, Mumbai- 400 015	FS- 11/ 006639	April 7, 2007	December 31, 2007
3	105- 108, B Wing, Navbharat Compound, Zakaria Bunder Road, Sewri, Mumbai- 400 015	FS- 11/ 006640	April 7, 2007	December 31, 2007
4	Sonawala Bldg, 29 Bank Street, 1st Floor, Fort, Mumbai- 400 023	A-11/ 023116	September 27, 2006	December 31, 2007
5	Unit No. 301, 3rd Floor, Raheja Plaza-1, B Wing, L.B.S Marg, Ghatkopar (W),Mumbai- 400 086	N- 11/ 006044	April 12, 2007	December 31, 2007

Pending Approvals

The Company has made an application dated November 1, 2007 to the Development Commissioner, SEEPZ-SEZ, Mumbai, for setting up a unit under the special economic zone at Pune. The application is currently pending.

Pending Trademark Registrations

Our Company has applied for registering its corporate logo with the Trade Mark Registry, Government of India, in Classes 1 to 42, by its application dated October 25, 2007, bearing receipt No. 543337. The application is still pending before the Trade Mark Registry.

FINANCIAL INDEBTEDNESS

The Company's borrowings, on an unconsolidated basis, as of September 30, 2007 are as follows:

1. **Loan from Citibank NA:** We have availed of a working capital and short term loan facility of Rs. 250,000,000 from Citibank NA. The details of the facility are as follows:

Name of Lender	Facility & Loan Documentation	Amount Outstanding as on September 30, 2007	Interest Rate	Repayment Schedule	Security Created
Citibank N.A (“**Citibank**”)	**Facility:** Rs. 250,000,000 consisting of a) working capital facility of Rs. 140,000,000 and b) short term loan of Rs.110,000,000 million. **Loan documentation:** Facility letter dated September 3, 2007.	Rs. 59.6 million	• For export finance- as per negotiated rate. • For cash credit- as per negotiated rate. • For working capital demand loan- as per negotiated rate.	• Maximum tenor of 180 days for pre-shipment/ post shipment finance under letter of credits/ purchase orders. • 365 days for cash credit. • 180 days max. for working capital demand loan.	• First charge on all present and future current assets and moveable assets of our Company duly registered with the ROC. • Presently, margin on receivables for less than 90 days would be 32%. • Demand Promissory Note and Letter of Continuity for the facility value.

In terms of the said facility, we have agreed, not to undertake any of the below mentioned corporate actions without the prior permission of Citibank.

- Enter into any loan agreements with other financial institutions;
- Issue any guarantee of any kind by the Company, or the Promoters or Directors;
- Alter our equity structure, management and operating structure;
- Consent from these lenders is required for certain corporate and business actions such as future borrowings; and
- Declare any dividend in case operating profits (earnings before interest, depreciation and taxes) fall below audited value of previous year.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorized pursuant to the resolution of our Board dated August 30, 2007 and by a special resolution passed pursuant to shareholders resolutions Section 81 (1A) of the Companies Act, at the extra-ordinary general meeting of our shareholders of our Company held on August 31, 2007.

The Equity Shares offered through the Offer for Sale has been authorized by the Selling Shareholders pursuant to their letters dated August 31, 2007.

Further, the Board approved and authorized this Red Herring Prospectus through its resolution dated November 21, 2007.

We have obtained all necessary governmental, regulatory consents and approvals and have received all necessary contractual consents required for the Issue For further details, see the section titled "Government and Other Approvals" on page 160.

Prohibition by SEBI

Our Company, our Directors, our Promoters, directors or the person(s) in control of our Promoter companies, Promoter group companies, our subsidiaries and companies in which we have a substantial shareholding and companies in which our Directors are associated with as directors, have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI.

Further, our Promoters and Promoter Group, including relatives of our Promoters, have confirmed that they have not been detained as wilful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past or are pending against them.

Eligibility for the Issue

The Company is eligible for the Issue as per clause 2.2.1 of the SEBI Guidelines as confirmed by the Auditors of the Company:

- The Company has net tangible assets of at least Rs. 30 million in each of the preceding three full years (of 12 months each), of which not more than 50% is held in monetary assets;
- The Company has had a pre-issue net worth of not less than Rs. 10 million in each of the three preceding full years;
- The Company has had a track record of distributable profits as per Section 205 of the Companies Act for at least three out of the immediately preceding five years;
- The proposed issue size would not exceed five times the pre-issue net worth as per the audited accounts for the year ended March 31, 2006;

The distributable profits as per Section 205 of the Companies Act and the net worth for the last five year as per Company's retated stand-alone financial statements are as under:

(In Rs. million)

	For the financial year ended March 31				
	2003	**2004**	**2005**	**2006**	**2007**
Distrubutable Profits(1)	5.82	32.86	112.23	240.44	405.19
Net Worth(2)	0.14	4.04	22.75	47.8	87.94
Net Tangible Assets(3)	8.05	5.77	64.3	120.07	293.5
Monetary Assets(4)	3.93	2.64	18.51	59.03	73.51
Monetary Assets as a % of Net Tangible Assets	48.82	45.75	28.79	49.16	25.05

(1) Distributable profits for the year have been defined in terms of Section 205 of the Companies Act.

(2) Net worth has been defined as aggregate of equity share capital and reserves, excluding miscellenous expenditures, if any.

(3) Net Tangible Assets means the sum of all fixed assets, investments, current assets less current liabilities and provisions and unsecured loans.

(4) Monetary Assets comprise cash and bank balances.

Additionally in terms of Rule 19(2)(b) of the SCRR, the Issue is being made through the book build process, with at least 60% of the Issue being Allotted to the QIBs. In case we do not receive subscriptions of at least 60% of the Issue from QIBs, we shall forthwith refund the subscription monies. The post Issue face value capital of the Company shall be Rs. [•], which is more than the minimum requirement of Rs. 100 million. Hence, we are eligible under Clause 2.2.1 of the SEBI Guidelines.

Further, in accordance with Clause 2.2.2A of the SEBI Guidelines, we shall ensure that the number of allottees, i.e. persons to whom the Equity Shares will be allotted under the Issue shall be not less than 1,000; otherwise, the entire application money will be refunded forthwith. In case of delay, if any, in refund, our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

Further, the Issue is subject to the fulfilment of the following conditions as required by the SCRR:

- A minimum 2,000,000 Equity Shares (excluding reservations, firm Allotments and promoters contribution) are offered to the public;
- The Issue size, which is the Issue Price multiplied by the number of Equity Shares offered to the public, is a minimum of Rs. 1,000 million; and
- The Issue is made through the Book Building method with allocation of 60% of the Issue size to QIBs as specified by SEBI.

Disclaimer Clause

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BRLMS HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY AND THE SELLING SHAREHOLDERS ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BRLMS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY AND THE SELLING SHAREHOLDERS DISCHARGE THEIR RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLMS HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 10, 2007 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

"(I) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.

(II) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:

i THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

ii 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

iii THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.

iv BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.

v WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.

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 THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN WILL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS."

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY AND THE SELLING SHAREHOLDERS FROM ANY LIABILITIES UNDER SECTION 63 AND SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGERS, ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

All legal requirements pertaining to the Issue will be complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of section 60B of the Companies Act, 1956. All legal requirements pertaining to the issue will be complied with at the time of registration of the Prospectus with the RoC in terms of Section 56, section 60 and section 60B of the Companies Act.

Disclaimer from our Company, the Selling Shareholders and the BRLMs

Our Company, the Selling Shareholders, our Directors, and the BRLMs 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 instance of the above mentioned entities and anyone placing reliance on any other source of information, including our website, www.eclerx.com would be doing so at his or her own risk. The BRLMs accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into among the BRLMs, Selling Shareholders and us dated September 6, 2007 and the Underwriting Agreement to be entered into among the Underwriters, the Selling Shareholders and us. All information shall be made available by us and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at bidding centres etc. We shall not be liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Disclaimer in respect of Jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under the applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to Eligible NRIs and FIIs). This Red Herring Prospectus does not, however, constitute an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself or herself about and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) at Mumbai, India only.

The Draft Red Herring Prospectus was filed with SEBI for is observations and SEBI has given its observations by its letter dated October 19, 2007 bearing No.CFD/DIL/ISSUES/SM/106654/2007. The final Prospectus would be filed with Prospectus as per the provisions of Companies Act and SEBI Guidelines. No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Red Herring Prospectus has been filed with SEBI for observations. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Disclaimer clause of the BSE

As required, a copy of this Red Herring Prospectus has been submitted to Bomabay Stock Exchange of India Limited (the "BSE"). The BSE has given through its letter dated September 28, 2007, permission to our Company to use the BSE's name in this Offer Document as one of the stock exchanges on which our Company's Equity Shares are proposed to be listed. "The BSE has scrutinized this Offer Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to our Company. The BSE does not in any manner:-

i. warrant, certify or endorse the correctness of 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 BSE; 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 BSE. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever."

Disclaimer clause of the NSE

As required, a copy of this Red Herring Prospectus has been submitted to National Stock Exchange of India Limited (the "NSE"). The NSE has given vide its letter dated October 8, 2007 permission to the Issuer to use the NSE's name in this Offer Document as one of the stock exchanges on which this Issuer's securities are proposed to be listed. "The NSE has scrutinized this Draft Offer Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by the NSE should not in any way be deemed or construed that the Offer Document has been cleared or approved by the NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Offer Document; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever."

Filing

A copy of this Draft Red Herring Prospectus was filed with SEBI on September 10, 2007 at Corporation Finance Department, Plot No. C4-A, "G" Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered for registration to the RoC and a copy of the Prospectus required to be filed under Section 60 of the Companies Act will be delivered for registration to the RoC.

Listing

We have received in-principle approval from the NSE and the BSE for the listing of our Equity Shares pursuant to letters dated October 8, 2007 and September 28, 2007, respectively. The BSE shall be the Designated Stock Exchange with which the basis of allocation will be finalised for the Issue.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the Stock Exchanges, our Company and the Selling Shareholders shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Red Herring Prospectus. If such money is not repaid within eight days after our Company and the Selling Shareholders become liable to repay it (i.e., from the date of refusal or within 15 days from the date of Bid/Issue Closing Date, whichever is earlier), then our Company and the Selling Shareholders shall, on and from expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

Our Company and the Selling Shareholders shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at both the Stock Exchanges mentioned above are taken within seven working days of finalisation of the basis of Allotment for the Issue.

Consents

Consents in writing of: (a) our Directors, the Selling Shareholders, the Compliance Officer, the Auditors, the Legal Advisors, the Bankers to the Issue; and (b) the BRLMs, the Syndicate Members, the Escrow Collection Bankers and the Registrar to the

Issue to act in their respective capacities, have been obtained and filed along with a copy of the Red Herring Prospectus with the RoC as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the RoC.

Walker, Chandiok & Co;, Chartered Accountants, our Auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this 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.

CRISIL Limited, the agency engaged by us for the purpose of obtaining IPO grading in respect of this Issue, has given its written consent to the inclusion of its report in the form and context in which it will appear in this Red Herring Prospectus and such consent and report will not be withdrawn up to the time of delivery of this Red Herring Prospectus and the Prospectus to the RoC.

Expert Opinion

Except for the report provided by CRISIL Limited furnishing the rationale for its grading our Company has not obtained any expert opinions.

Expenses of the Issue

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated expenses of the Issue are as follows:

Activity	Expense (Rs. In millions)*	As a percentage of Issue Size	As a percentage of total Issue expense
Lead management, underwriting and selling commission	[•]	[•]	[•]
Advertisement & Marketing expenses	[•]	[•]	[•]
Printing, stationery including transportation of the same**	[•]	[•]	[•]
IPO Grading Agency's fees**	[•]	[•]	[•]
Registrar's fees**	[•]	[•]	[•]
Others (Legal fees, listing fees, etc.)**	[•]	[•]	[•]
Total estimated Issue expenses	[•]	[•]	[•]

** Will be incorporated after finalisation of Issue Price

The issue expenses except the listing fees, shall be shared between our Company and the Selling Shareholders in proportion to the number of Equity Shares sold to the public as part of this Issue. The listing fees would be paid by our Company.

Fees Payable to the BRLMs and Syndicate Members

The total fees payable to the BRLMs and the Syndicate Members (including underwriting commission and selling commission) will be as stated in the engagement letter with the BRLMs dated August 10, 2007 and Memorandum of Understanding dated September 6, 2007 amongst our Company, the Selling Shareholders and the BRLMs, a copy of which is available for inspection at our Registered Office and reimbursement of their out of pocket expenses.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Memorandum of Understanding signed with our Company and the Selling Shareholders, a copy of which is available for inspection at our Registered Office.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post/speed post/under certificate of posting.

Public or Rights Issues during the Last Five Years

We have not made any public issue during the last five years.

Issues otherwise than for Cash

Except for issue of shares by way of bonus issues, we have not issued any Equity Shares for consideration otherwise than for cash. For more details, please see the section titled "Capital Strcuture" beginning on page 13.

Commission and Brokerage paid for Previous Issues

Our Company has not paid any commission and brokerage for the last three issues of securities to public or existing shareholders (as mentioned below).

Companies under the same Management

We do not have any other company under the same management within the meaning of erstwhile Section 370(1B) of the Companies Act, save and except for the Promoter group companies mentioned in the section titled "Our Promoters and Promoter Group" beginning on page 65.

Promise vs. Performance – Last Three Issues

We have not made any public issue during the last five years.

Promise vs. Performance – Last Public Issue by Promoter group companies

None of our Promoter group companies have made a public issue.

Outstanding Debentures, Bonds and Preference Shares

There are no outstanding debentures, bonds and preference shares of our Company.

Stock Market Data of our Equity Shares

The Equity Shares are not currently listed on any stock exchange in India.

Mechanism for Redressal of Investor Grievances by our Company

The Memorandum of Understanding between the Registrar to the Issue, the Selling Shareholders and us dated October 4, 2007 provides for retention of records with the Registrar to the Issue for a period of at least one year from the last date of dispatch of letters of allotment, demat credit, refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of shares applied for, amount paid on application, depository participant, and the bank branch or collection center where the application was submitted.

Disposal of Investor Grievances

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances shall be 15 days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

We have appointed Ms. Shweta Bansal as the Compliance Officer and she may be contacted in case of any pre-Issue or post-Issue-related problems. She can be contacted at the following address:

Ms. Shweta Bansal,
eClerx Services Limited,
Sonawalla Building,
First Floor,
29 Bank Street,
Fort, Mumbai- 400023
Maharashtra,
India.
Registration Number: 125319
Telephone: + 91 (22) 4094 1000;
Facsimile: +91 (22) 4094 1212;
Email: eclerx.ipo@eclerx.com
Website: www.eclerx.com

Changes in Auditors

Change	Date of Appointment	Date of Resignation
M/s. S.K. Somani & Co.	April 4, 2000	September 30, 2004
M/s C.M. Gabhawala & Co.	February 1, 2005	August 1, 2007
M/s Walker Chandiok & Co.	August 1, 2007	-

Capitalisation of Reserves or Profits

Except for as provided under "Capital Structure" on page 13, we have not capitalised our reserves or profits at any time during last five years,

Revaluation of Assets

There has been no revaluation of assets of our Company.

Purchase of property

There is no property which we have purchased or acquired or propose to purchase or acquire which is to be paid for wholly, or in part, from the Net Proceeds or the purchase or acquisition of which has not been completed on the date of this Red Herring Prospectus, other than property in respect of which:

- the contracts for the purchase or acquisition were entered into in the ordinary course of the business, and the contracts were not entered into in contemplation of the Issue nor is the Issue contemplated in consequence of the contracts; or
- the amount of the purchase money is not material; or
- disclosure has been made in this Red Herring Prospectus in the section titled "Our Business- Facilities" on page 45.

TERMS OF THE ISSUE

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

Ranking of Equity Shares

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

Mode of Payment of Dividend

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

Face Value and Issue Price

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

Compliance with SEBI Guidelines

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

Rights of the Equity Shareholder

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

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability of shares; and

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

For a detailed description of the main provisions of our Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, see section titled "Main Provisions of Articles of Association of the Company" on page 198.

Market Lot and Trading Lot

In terms of existing SEBI Guidelines, the trading in the Equity Shares shall only be in dematerialised form for all investors. Since trading of our Equity Shares is in dematerialised mode, the tradable lot is one Equity Share. In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. Allotment through this Issue will be done only in electronic form in multiples of one Equity Share subject to a minimum allotment of 20 Equity Shares.

Jurisdiction

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

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidder(s), may nominate any one person in whom, in the event of death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the registered office of our Company or at the registrar and transfer agent of our Company.

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

(a) to register himself or herself as the holder of the Equity Shares; or

(b) to make such transfer of the Equity Shares, as the deceased holder could have made.

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

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

Minimum Subscription

If we do not receive the minimum subscription of 90% of the Fresh Issue and an amount of Rs. 1,000 million from the Issue, to the extent of the amount including devolvement of the members of the Syndicate, if any, within 60 days from the Bid/Issue Closing Date, we shall forthwith refund the entire subscription amount received. If atleast 60% of the Issue cannot be allotted to QIBs, then the entire application money will be refunded.

If there is a delay beyond eight days after we become liable to pay the amount, we shall pay interest as per Section 73 of the Companies Act. The requirement for minimum subscription is not applicable to the Offer for Sale. In case of under-subscription in the Issue, the Equity Shares in the Fresh Issue will be issued prior to the sale of Equity Shares in the Offer for Sale. Any expense incurred by the Company on behalf of the Selling Shareholders with regard to refunds, interest for delays, etc for the Equity Shares being offered through the Offer for Sale, will be reimbursed by the Selling Shareholder to the Company. Further, in accordance with Clause 2.2.2A of the SEBI Guidelines we and the Selling Shareholders shall ensure that the number of prospective allottees to whom the Equity Shares will be allotted will be not less than 1,000.

ISSUE STRUCTURE

Public issue of up to [•] Equity Shares of Rs. 10 each for cash at a price of Rs. [•] per Equity Share aggregating Rs. 1,010 million made through 100% Book Building Process. The Issue comprises a Fresh Issue of up to [•] Equity Shares and Offer for Sale to the public of up to 890,000 Equity Shares. The Issue will constitute [•] % of our fully-diluted post Issue paid-up Equity Share Capital.

	QIB Bidders	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	At least [•] Equity Shares.	Up to [•] Equity Shares or Issue less allocation to QIB Bidders and Retail Individual Bidders.	Up to [•] Equity Shares or Issue less allocation to QIB Bidders and Non-Institutional Bidders.
Percentage of Issue size available for allocation	At least 60% of Issue or Issue less allocation to Non-Institutional Bidders and Retail Individual Bidders. However, upto 5% of the QIB portion shall be available for allocation proportionately to Mutual Funds only.	Up to 10% of Issue or Issue less allocation to QIB Bidders and Retail Individual Bidders.	Up to 30% of Issue or Issue less allocation to QIB Bidders and Non-Institutional Bidders.
Basis of Allotment if respective category is oversubscribed	Proportionate (a) [•] Equity Shares shall be allocated on a proportionate basis to Mutual Funds; and (b) [•] Equity Shares shall be allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares in multiples of 20 Equity Shares so that the Bid Amount exceeds Rs 100,000	Such number of Equity Shares in multiples of 20 Equity Shares so that the Bid Amount exceeds Rs 100,000	20 Equity Shares
Maximum Bid	Such number of Equity Shares in multiples of 20 Equity Shares so that the Bid does not exceed the Issue, subject to applicable limits	Such number of Equity Shares in multiples of 20 Equity Shares so that the Bid does not exceed the Issue, subject to applicable limits	Such number of Equity Shares in multiples of 20 Equity Shares so that the Bid Amount does not exceed Rs. 100,000
Mode of Allotment	Compulsorily in dematerialised form	Compulsorily in dematerialised form	Compulsorily in dematerialised form
Bid Lot	20 Equity Shares in multiples of 20 Equity Shares	20 Equity Shares in multiples of 20 Equity Shares	20 Equity Shares in multiples of 20 Equity Shares
Allotment Lot	20 Equity Shares and in multiples of 1 Equity Shares thereafter	20 Equity Shares and in multiples of 1 Equity Shares thereafter	20 Equity Shares and in multiples of 1 Equity Shares thereafter
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply **	Public financial institutions, as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds, foreign institutional investors registered with SEBI, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, State Industrial Development Corporations, permitted insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million in accordance with applicable law.	Resident Indian individuals, Eligible NRIs and HUF (in the name of *Karta*), companies, corporate bodies, scientific institutions societies and trusts	Individuals (including HUFs and NRIs) applying for Equity Shares such that the Bid Amount does not exceed Rs. 100,000 in value.

Terms of Payment	Margin Amount applicable to QIB Bidders at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Amount applicable to Non-Institutional Bidders at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid cum Application Form to the Syndicate Members.
Margin Amount	10% of Bid Amount	100% of Bid Amount	100 % of Bid Amount

- Subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in the Non-Institutional Portion and Retail Individual Portion would be met with spill over from other categories at the discretion of our Company and the Selling Shareholders in consultation with the BRLMs. In terms of Rule 19(2)(b) of the SCRR, the Issue being less than 25% of the post Issue paid up equity capital, if at least 60% of the Issue cannot be allotted to QIB Bidders, then the entire application money will be refunded. However, if the aggregate demand by Mutual Funds is less than [•] Equity Shares (QIB Portion is 60% of the Issue size, i.e. [•] Equity Shares), the balance Equity Shares available for allocation in the Mutual Funds Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders.

** 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.

Withdrawal of the Issue

The Company and the Selling Shareholders, in consultation with the BRLMs, reserve the right not to proceed with the Issue at any time after the Bid/Issue Opening Date but before the Board meeting for Allotment, without assigning any reason therefor. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which the Company shall apply for after Allotment and (ii) the final RoC approval of the Prospectus after it is filed with the RoC. In terms of the SEBI Guidelines, the QIBs shall not be allowed to withdraw their Bids after the Bid/Issue Closing Date.'

Letters of Allotment or Refund Orders

We shall give credit to the beneficiary account with depository participants within two working days from the date of the finalisation of basis of allocation. Applicants residing at 15 centres where clearing houses are managed by the RBI, will get refunds through ECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit & RTGS. We shall extend the same facility i.e. 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; to those centres where the same is available but not specified by the Board. Further, where such facility is not available, we shall ensure despatch of refund orders, if any, of value up to Rs.1,500 by "Under Certificate of Posting", and shall dispatch refund orders above Rs.1,500 if any, by registered post or speed post at the sole or First Bidder's sole risk within 15 days of the Bid/Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of closure of Issue.

Interest in Case of Delay in Despatch of Allotment Letters/ Refund Orders.

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Guidelines, we undertake that:

(a) Allotment shall be made only in dematerialised form within 15 days from the Bid/ Issue Closing Date;

(b) Despatch of refund orders shall be done within 15 days from the Bid/ Issue Closing Date; and

(c) We and the Selling Shareholders shall pay interest at 15% per annum, if Allotment is not made, refund orders are not despatched and/ or demat credits are not made to investors within the 15 day time prescribed above.

We and the Selling Shareholders will provide adequate funds required for despatch of refund orders or Allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Bid/Issue Programme

BID/ISSUE OPENS ON	**TUESDAY,**	**DECEMBER 04,**	**2007**
BID/ISSUE CLOSES ON	**FRIDAY,**	**DECEMBER 07,**	**2007**

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

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

ISSUE PROCEDURE

Book Building Procedure

The Issue is being made through the 100% Book Building Process wherein at least 60% of the Issue shall be available for allocation on a proportionate basis to QIB Bidders (in terms of Rule 19 (2) (b) of the SCRR, as this is an issue for less than 25% of the post-Issue equity share capital), including up to 5% of the QIB Portion which shall be available for allocation to the Mutual Funds only. If at least 60% of the Issue cannot be Allotted to QIBs, then the entire application money will be refunded. Further, up to than 30% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders and up to 10% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Issue Price.

Investors should note that allotment of Equity Shares to all successful Bidders would only be in the dematerialized 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 the dematerialised segment of the Stock Exchanges.

Bidders are required to submit their Bids through the Syndicate. Further, QIB Bids can be submitted only through the members of the Syndicate. In case of QIB Bidders, our Company and the Selling Shareholders in consultation with BRLMs may reject Bid at the time of acceptance of 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, our Company and the Selling Shareholders would have a right to reject the Bids only on technical grounds.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

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.

Bid cum Application Form

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorized our Company and the Selling Shareholders to make the necessary changes in this Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form
Indian public including resident QIBs and Eligible NRIs applying on a non-repatriation basis	White
Non Residents including eligible NRIs or FIIs applying on a repatriation basis	Blue

Who can Bid?

(i) Indian nationals resident in India who are majors in single or joint names (not more than three);

1 Hindu undivided families or HUFs in the individual name of the *Karta.* The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids by HUFs would be considered at par with those from individuals;

2 Eligible NRIs on a repatriation basis or a non-repatriation basis subject to applicable laws. NRIs, other than Eligible NRIs, are not permitted to participate in this Issue;

3 Companies and corporate bodies registered under the applicable laws in India and authorized to invest in equity shares;

4 Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorized under their constitution to hold and invest in equity shares;

5 Scientific and/or industrial research authorized to invest in equity shares;

6 Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to the RBI regulations and the SEBI guidelines and regulations, as applicable);

7 Mutual funds registered with SEBI;

8 FIIs registered with SEBI;

9 Venture capital funds registered with SEBI;

10 ForeignVenture Capital Investors registered with SEBI;

11 Multilateral and bilateral development financial institutions;

12 State industrial development corporations;

13 Insurance companies registered with the Insurance Regulatory and Development Authority, India;

14 As permitted by the applicable laws, provident funds with minimum corpus of Rs. 250 million and who are authorized under their constitution to invest in equity shares; and

15 Pension funds with a minimum corpus of Rs. 250 million and who are authorized under their constitution to invest in equity shares.

Participation by Associates of the BRLMs and Syndicate Members:

The BRLMs and the Syndicate Members shall not be entitled to participate in this Issue in any manner except towards fulfilling their underwriting obligation. However, associates and affiliates of the BRLMs and Syndicate Members are entitled to bid and subscribe to Equity Shares in the Issue either in the QIB Portion or in Non-Institutional Portion as may be applicable to such investors, where the allotment will be on a proportionate basis. Such bidding and subscription may be on their own account or on behalf of their clients.

Maximum and Minimum Bid Size

(a) **For Retail Individual Bidders:** The Bid must be for a minimum of 20 Equity Shares and in multiples of 20 Equity Shares thereafter and it must be ensured that the Bid Amount payable by the Bidder does not exceed Rs. 100,000. **Bidders may note that the total Bid Amount will be used to determine if a Bid is in the retail category or not, and not just the Amount Payable on Application.** 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 option to bid at Cut-off Price, the Bid would be considered for allocation under the Non Institutional Portion. The option to bid at Cut-off Price is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase Equity Shares at the final Issue Price as determined at the end of the Book Building Process.

(b) **For Non-Institutional Bidders and QIB Bidders**: The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of 20 Equity Shares thereafter. A Bid cannot be submitted for more than the Issue size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.

In case of revision in Bids, the Non Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIB Bidders are not entitled to the option of bidding at Cut-off Price.

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:

(a) Our Company will file the Red Herring Prospectus with the RoC at least three days before the Bid/Issue Opening Date.

(b) The Company, the Selling Shareholders and the BRLMs shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with the RoC and also publish the same in two widely circulated national newspapers (one each in English and Hindi) and a Marathi newspaper of wide circulation in the place where our Registered Office is situated. This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the format prescribed in Schedule XXBI:–A of the SEBI DIP Guidelines, as amended vide SEBI Circular No. SEBI/CFD/DIL/DIP/14/2005/25/1 dated January 25, 2005.

(c) The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors. Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/or the Bid cum Application Form can obtain the same from the Registered Office or from any of the members of the Syndicate.

(d) The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of a member of the Syndicate. Bid cum Application Forms, which do not bear the stamp of a member of the Syndicate will be rejected.

(e) The Bidding/Issue Period shall be a minimum of three working days and shall not exceed seven working days. The members of the Syndicate shall accept Bids from the Bidders during the Bidding/Issue Period in accordance with the terms of the Syndicate Agreement.

(f) The Price Band has been fixed at Rs. 270 to Rs. 315 per Equity Share. The Bidders can bid at any price within the Price Band, in multiples of 20 Equity Share. In accordance with the SEBI Guidelines, our Company and the Selling Shareholders, in consultation with the BRLMs, reserves the right to revise the Price Band during the Bidding Period. 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.

(g) In case the Price Band is revised, the Bidding/Issue Period may be extended, if required, by an additional three working days, subject to the total Bidding/ Issue Period not exceeding 10 working days. The revised Price Band and Bidding/ Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, and by issuing published in two national newspapers (one each in English and Hindi) and a Marathi newspaper of wide circulation in the place where our Registered Office is situated and also by indicating the change on the websites of the BRLMs and at the terminals of the members of the Syndicate.

(h) Our Company and the Selling Shareholders, in consultation with the BRLMs, can finalise the Issue Price within the Price Band, without the prior approval of, or intimation to, the Bidders.

Method and Process of Bidding

(a) Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details, see the section "Issue Procedure" beginning on page 176) 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.

(b) The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to a member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or allotment or transfer of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the section titled "Issue Procedure" beginning on page 176.

(c) The members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.

(d) During the Bidding Period, Bidders may approach a member of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids, subject to the terms of the Syndicate Agreement and this Red Herring Prospectus.

(e) Along with the Bid cum Application Form, all Bidders will make payment in the manner described in the section titled "Issue Procedure" beginning on page 176.

Bids at different price levels and Revision of Bids

(a) The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. **Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding**

Rs. 100,000 may bid at Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB Bidders, Non-Institutional Bidders where the Bid Amount is in excess of Rs. 100,000 and such Bids from QIB Bidders, Non-Institutional Bidders and Employees shall be rejected.

(b) Retail Individual Bidders who bid at Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-Off Price shall deposit the Bid Amount based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders, who Bid at Cut-off Price (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), such Bidders, who Bid at Cut-off Price, shall receive the refund of the excess amounts from the Escrow Account or the Refund Account, as the case may be.

(c) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders, who had bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the 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 if the Bidder wants to continue to bid at Cut-off Price), with the member 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. 100,000, the Bid by a Retail Individual Bidder 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 Price 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.

(d) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders, who have bid at Cut-off Price, could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account or the Refund Account, as the case may be.

(e) In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain 20 Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.

(f) During the Bidding/Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band during the Bidding/Issue Period using the printed Revision Form which is a part of the Bid cum Application Form.

(g) Revisions can be made in both the desired number of Equity Shares and the Bid price by using the Revision Form. Apart from mentioning the revised options in the Revision Form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.

(h) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid.

(i) Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.

(j) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of 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 upward revision of the Bid at the time of one or more revisions by the QIB Bidders.

(k) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**

Bids and revisions of Bids must be:

(a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white colour for Resident Indians and non residents applying on a non repatriation basis; blue colour for NRIs and FIIs applying on a repatriation basis).

(b) 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.

(d) The Bids from the Retail Individual Bidders must be for a minimum of 20 Equity Shares and in multiples of 20 Equity Shares thereafter subject to a maximum Bid Amount of Rs. 100,000.

(e) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares in multiples of 20 Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of 20 Equity Shares. Bids cannot be made for more than the Issue. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.

(f) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bids by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Funds Portion. In the event that the demand is greater than [•] Equity Shares, allocation shall be made to Mutual Funds on proportionate basis to the extent of the Mutual Funds Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIB Bidders, be made available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Funds Portion.

The Bids made by the asset management companies or custodian of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. 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 for which the Bid has been made.

As per the current regulations, the following restrictions are applicable for investments by Mutual Funds:

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

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.

Bids by Eligible NRIs:

Eligible NRI Bidders to comply with the following:

1. Individual Eligible NRIs can obtain the Bid cum Application Forms from the Registered Office, our head office, members of the Syndicate or the Registrar to the Issue.

2. Eligible NRI Bidders may note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application Form meant for resident Indians (Blue in color).

Bids by FIIs:

Bids and revision of the Bids by Eligible NRIs and FIIs must be made:

1. On the Bid cum Application Form or the Revision Form, as applicable (Blue in color), 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. Eligible NRIs for a Bid Amount of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and for a Bid Amount of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purposes of allocation. Other Non-Resident Bidders for a minimum of such number of Equity Shares and in multiples of 20 thereafter that the Bid Amount exceeds Rs. 100,000. For further details, see the section titled "Issue Procedure" beginning on page 176.

4. Bids by NRIs and FIIs on a repatriation basis shall be in the names of individuals or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only, 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 U.S. 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 Non-Resident External (NRE) accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. We will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

It is to be distinctly understood that there is no reservation for Eligible NRIs and FIIs and they will be treated on the same basis with other categories for the purpose of allocation.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue. Further, NRIs, who are not Eligible NRIs, are not permitted to participate in this Issue.

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue issued capital (i.e. 10% of [•]). In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual. Under the current foreign investment policy applicable to us foreign equity participation up to 100% is permissible under the automatic route. As of now, the aggregate FII holding in us cannot exceed 24% of our total issued capital. With the approval of the Board of Directors and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as on this date, no such resolution has been recommended to the shareholders of our Company for adoption.

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.

The information above is given for the benefit of the Bidders. Our Company, the Selling Shareholders 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 applicable limits under laws or regulations.

PAYMENT INSTRUCTIONS

Escrow Mechanism

Our Company, the Selling Shareholders and the members of the Syndicate shall open Escrow Accounts with the Escrow Collection Banks for collection of Margin/Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation in this Issue. The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The moneys in the Escrow Account shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the moneys deposited therein and shall hold the moneys therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the moneys from the Escrow Account to 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 for refunds. Payments of refunds to the Bidders shall also be made from the Refund Account(s) with the Refund Banker(s) as per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between us, the Selling Shareholders, the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Accounts

Each Bidder shall pay the applicable Margin Amount at the time of submission of the Bid cum Application Form by way of a cheque or demand draft in favour of the Escrow Account as per the below terms.

(a) The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the moneys for the benefit of the Bidders till the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Issue Account. The balance amount after transfer to the Issue Account shall be transferred to the Refund Account.

(b) Each category of Bidders i.e. QIB Bidders, Non Institutional Bidders and Retail Individual Bidders would be required to pay their applicable Margin Amount at the time of the submission of the Bid cum Application Form by way of 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 please see the section titled "Issue Procedure" beginning on page 176) and submit the same to the member of the Syndicate to whom the Bid is being submitted. The Margin Amount payable by each category of Bidders is mentioned in the section titled "Issue Structure" beginning on page 173. Bid cum Application Forms accompanied by cash shall not be accepted. The maximum Bid Price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.

(c) Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled.

(d) Where the Bidder has been allocated lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for Allotment, will be refunded to such Bidder in terms of the Red Herring Prospectus. Any expense incurred by our Company on behalf of the Selling Shareholders with regard to refunds, interest for delays, etc., for the Equity Shares being offered through the Offer for Sale, will be reimbursed by the Selling Shareholders to our Company.

(e) The payment instruments for payment into the Escrow Account should be drawn in favour of:

(i) In case of Resident QIB Bidders: **"Escrow Account – ESL IPO – QIB – R"**

(ii) In case of non resident QIB Bidders: **"Escrow Account – ESL IPO – QIB – NR"**

(iii) In case of other resident Bidders: **"Escrow Account – ESL IPO – R"**

(iv) In case of Eligible NRIs Bidders: **"Escrow Account – ESL IPO – NR"**

(f) In case of Bids by Eligible NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in NRE accounts or Foreign Currency Non-Resident (FCNR) accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE or FCNR account.

(g) In case of Bids by FIIs, the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to a Special Rupee Account.

(h) Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Account.

(i) The moneys deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Issue Account.

(j) On the Designated Date and not later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Banks shall refund all amounts payable to unsuccessful Bidders and the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.

(k) 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 banker's clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ stockinvest/money orders/postal orders will not be accepted.

Payment by Stockinvest

In terms of the Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn.

Electronic registration of Bids

(a) The members of the Syndicate will register the Bids using the on-line facilities of the NSE and the BSE. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.

(b) The NSE and the BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorized agents during the Bidding/Issue Period. The members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid /Issue Closing Date, the members of the Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchanges.

(c) The aggregate demand and price for Bids registered on the electronic facilities of the NSE and the BSE will be displayed on-line at all bidding centers and at the websites of NSE and BSE. A graphical representation of consolidated demand and price would be made available at the bidding centers during the Bidding Period.

(d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:

  (1) Name of the Bidder(s)

  (2) Investor category – individual, corporate, or Mutual Fund etc.

  (3) Numbers of Equity Shares bid for

  (4) Bid price

  (5) Bid cum Application Form number

  (6) Whether Margin Amount, as applicable, has been paid upon submission of Bid cum Application Form

  (7) Depository Participant Identification Number and Client Identification Number of the beneficiary account of the Bidder

(e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate.** The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or our Company.

(f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(g) In case of QIB Bidders, members of the Syndicate have the right to accept the bid or reject it. A rejection can be made only at the time of receiving the bid and only after assigning a reason for such rejection in writing. In case on Non-Institutional Bidders and Retail Individual Bidders who Bid, Bids should not be rejected except on the technical grounds as listed on page 190.

(h) It is to be distinctly understood that the permission given by the NSE and the BSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company or the BRLMs are cleared or approved by the NSE and the BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company.

(i) It is also to be distinctly understood that the approval given by the NSE and the BSE should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by the NSE and 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 our Equity Shares will be listed or will continue to be listed on the NSE and the BSE.

(j) Only Bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for Allocation. In case of discrepancy of data between the NSE or the BSE 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.

Build up of the book and revision of Bids

(a) Bids registered through the members of the Syndicate shall be electronically transmitted to the BSE or the NSE mainframe on a regular basis.

(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 during the Bidding/Issue Period 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 changed in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.

(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. **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.**

(f) 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 upward revision of the Bid at the time of one or more revisions by the QIB Bidders.

(g) 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.**

(h) Only Bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for Allocation. In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of the BRLMs, based on the physical records of Bid cum Application Forms, shall be final and binding on all concerned.

Price Discovery and Allocation

(a) After the Bid/Issue Closing Date, the BRLMs will analyze the demand generated at various price levels.

(b) The Company and the Selling Shareholders in consultation with the BRLMs, shall finalize the "Issue Price" and the number of Equity Shares to be allocated in each investor category.

(c) The allocation under the Issue shall be on proportionate basis, in the manner specified in the SEBI Guidelines and this Red Herring Prospectus and in consultation with Designated Stock Exchange.

(d) Undersubscription, if any, in any category of the Issue other than the QIB Portion, would be allowed to be met with spill over from any of the other categories at the discretion of our Company in consultation with the BRLMs. However, if the aggregate demand by Mutual Funds is less than [•] Equity Shares, the balance Equity Shares available for allocation in the Mutual Funds Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders.

(e) The BRLMs, in consultation with us, shall notify the other members of the Syndicate of the Issue Price.

(f) We reserve the right to cancel the Issue any time after the Bid/Issue Opening Date but before the Allotment without assigning any reasons whatsoever.

(g) Allocation to FIIs and Eligible NRIs applying on repatriation basis will be subject to the applicable law.

(h) In terms of the SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

Signing of Underwriting Agreement and ROC Filing

We, the Selling shareholders, the BRLMs and the Syndicate Members shall enter into an Underwriting Agreement upon finalisation of the Issue Price. After signing the Underwriting Agreement, we would update and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price and Issue size and would be complete in all material respects. We will file a copy of the Prospectus with the RoC in terms of Section 56, Section 60, and Section 60B of the Companies Act. After filing of the Prospectus with the RoC, a statutory advertisement will be issued by our Company in a widely circulated English and Hindi national newspapers, Marathi newspaper with wide circulation in the place where our Registered Office is situated. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of CAN

(a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLMs or the Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the basis of allocation by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. Investors should note that the Company shall ensure that the demat credit of Equity Shares pursuant to Allotment shall be made on the same date to all investors in this Issue;

(b) The BRLMs or members of the Syndicate would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of 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 paid the Margin Amount into the Escrow Account at the time of bidding shall pay the balance amount payable into the Escrow Account by the Pay-in Date specified in the CAN; and

(c) Such Bidders who have been allocated Equity Shares and who have already paid the Margin Amount for the said Equity Shares 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 their cheque or demand draft paid into the Escrow Accounts. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder.

(d) The issuance of CAN is subject to "Allotment Reconciliation and Revised CANs" as set forth below.

Allotment Reconciliation and Revised CANs

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bid applications received.": Based on the electronic book, QIBs will be sent a CAN on or prior to [•], 2007, 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 and specified in the physical book. As a result, a revised CAN may be sent to QIBs, on or prior to [•], 2007, 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.

Designated Date and Allotment or transfer of Equity Shares

(a) Our Company will ensure that the Allotment or transfer of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Issue Account and the Refund Account on the Designated Date, our Company would ensure the credit to the successful Bidders' depository accounts of the Allotted Equity Shares to the allottees within two working days from the date of Allotment.

(b) As per the SEBI Guidelines, **Equity Shares will be issued and Allotted only in the dematerialised form to the allottees**. Allottees will have the option to re-materialise the Equity Shares so Allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

PAYMENT OF REFUND

Mode of making refunds

The payment of refund, if any, would be done through various modes in the following order of preference:

(a) ECS – Payment of refund would be done through ECS for applicants having an account at any of the following centres: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the abovementioned 15 centres, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS.

(b) NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method.

(c) Direct Credit – Applicants having bank accounts with the Refund Banker(s), in this case being, ICICI Bank Ltd. shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.

(d) RTGS – Applicants having a bank account at any of the abovementioned 15 centres and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid cum Application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

(e) For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

GENERAL INSTRUCTIONS

Do's:

(a) Check if you are eligible to apply.

(b) Read all the instructions carefully and complete the Bid cum Application Form (white or blue in colour) as the case may be.

(c) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be Allotted in the dematerialized form only.

(d) Ensure that the Bids are submitted at the bidding centers only on forms bearing the stamp of a member of the Syndicate.

(e) Ensure that you have been given a TRS for all your Bid options.

(f) Submit Revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS.

(g) If your Bid is for Rs. 50,000 or more, ensure that you mention your PAN allotted under the I.T. Act and ensure that you have attached copies of your PAN card or PAN allotment letter with the Bid cum Application Form. In case the PAN has not been allotted, mention "Applied for" or "Not Applicable" in the appropriate places and submit Form 60 or Form 61 as the case may be together with permissible documents as proof of address. (See the section "Issue Procedure—Permanent Account Number" beginning on page 189 of this Red Herring Prospectus).

(h) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form

(i) Ensure that the Demographic Details are updated, true and correct, in all respects.

Don'ts:

(a) Do not Bid for lower than the minimum Bid size.

(b) Do not Bid/revise Bid price to less than Floor Price or higher than the Cap Price.

(c) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate.

(d) Do not pay the Bid amount in cash, by money order or by postal order or by stockinvest.

(e) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only.

(f) Do not Bid at Cut-off Price (for QIB Bidders and Non-Institutional Bidders, for whom the Bid Amount exceeds Rs. 100,000).

(g) Do not fill up the Bid cum Application Form such that the Equity Shares bid for exceeds the Issue size and/or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations.

(h) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

Bidder's Depository Account Details and Bank Account Details

Bidders must note that on the basis of name of the Bidders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Bid cum Application Form, the Registrar will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. Hence Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither the Company, the Selling Shareholders, the Registrar, Escrow Collection Bank(s), Bankers to the Issue nor the BRLMs shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THE EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name and 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 ("Demographic Details"). Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/Allocation Advice and printing of Bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Bid cum Application Form, the Bidder would deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

In case of Bidders receiving refunds through electronic transfer of funds, delivery of refund orders/allocation advice/ CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Company, the Selling Shareholders, the Registrar, Escrow Collection Bank(s) nor the BRLMs shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories 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 account number, then such Bids are liable to be rejected.

The Company and the Selling Shareholders in their absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice/ refunds through electronic transfer of funds, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. The Company or the Selling Shareholders will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to reject such Bids in whole or in part, without assigning any reasons therefor.

In case of the Bids made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to reject such Bid.

In case of the Bids made pursuant to a power of attorney by 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, our Company reserves the right to reject such Bid in whole or in part, without assigning any reasons therefor.

In case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, the Company and the Selling Shareholders reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made by provident funds with minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid cum Application Form. Failing this, the Company and the Selling Shareholders reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

We, in our absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that we or the BRLMs may deem fit.

SUBMISSION OF BID CUM APPLICATION FORM

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts equivalent to the Margin Amount shall be submitted to the members of the Syndicate at the time of submission of the Bid.

Separate receipts shall not be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection center of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

OTHER INSTRUCTIONS

Joint Bids in case of Individuals

Bids may be made in single or joint names (not more than three). In case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communication will be addressed to the first Bidder and will be dispatched to his or her address.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications with the same name and age will be accumulated and taken to a separate process file which would serve as a multiple master.
2. In this master, a check will be carried out for the same PAN. In cases where the PAN is different, the same will be deleted from this master.
3. The Registrar will obtain, from depositories, details of the applicants' address based on the DP ID and Beneficiary Account Number provided in the Bid cum Application Form and create an address master.
4. The addresses of all the applicants 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 addresses and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the application processed. A print-out of the addresses will be taken to check for common names. The application with same name and same address will be treated as multiple applications.
5. The applications will be scrutinized for their 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 multiple master will be taken and applications physically verified to tally signatures as also father's/husband's names. On completion of this, the applications will be identified as multiple applications.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

The Company reserves the right to reject, in our absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number

Where a Bid(s) is/are for Rs. 50,000 or more, the Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her PAN allotted under the I.T. Act. **A copy of the PAN card(s) or PAN allotment letter(s) is required to be submitted with the Bid cum Application Form. Applications without this information and documents will be considered incomplete and are liable to be rejected.** It is to be specifically noted that Bidders should not submit the GIR number instead of the Permanent Account Number, as the Bid is liable to be rejected on this ground. In case 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 has not obtained PAN, the sole/First Bidder and each of the joint Bidder(s), as the case may be, would be required to submit Form 60 (form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in Rule 114B of the Income Tax Rules, 1962), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income-tax in respect of transactions specified in Rule 114B of the Income Tax Rules, 1962), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) ration card (b) passport (c) driving license (d) identity card issued by any institution (e) copy of the electricity bill or telephone bill showing residential address (f) any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended by a notification issued on December 1, 2004 by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance. All Bidders are requested to furnish, where applicable, the revised Form 60 or Form 61 as the case may be.**

Unique Identification Number ("UIN") - MAPIN

Pursuant to circulars dated April 27, 2007(No. MRD/DoP/Cir-05/2007) and June 25, 2007 (No. MRD/DoP/Cir-08/2007) issued by SEBI, the requirement of UIN under the SEBI (Central database of Market Participants) Regulations, 2005 has been discontinued and irrespective of the amount of transaction, PAN has been made the sole identification number for all participants in the securities market.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on, *inter alia*, the following technical grounds:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for;
2. Age of first Bidder not given;
3. In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no such partnership firm, shall be entitled to apply;
4. Bids by Non Residents, if compliance with the appropriate foreign and Indian laws;
5. Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors and insane persons;
6. PAN not stated if Bid is for Rs. 50,000 or more or copy of Form 60 or 61 as applicable or GIR number given instead of PAN and proof of PAN is not attached to the Bid cum Application Form;
7. Bids for lower number of Equity Shares than specified for that category of investors;
8. Bids at a price less than lower end of the Price Band;
9. Bids at a price more than the higher end of the Price Band;
10. Bids at Cut-off Price by Non-Institutional Bidders and QIB Bidders;
11. Bids for number of Equity Shares, which are not in multiples of 20;
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 the Syndicate Members;
18. Bid cum Application Form does not have the Bidder's depository account details;
19. Bid cum Application Form is not delivered by the Bidder within the time prescribed as per the Bid cum Application Form 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 depositary participant's identity (DP ID) and the beneficiary account number;
21. 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" beginning on page 176;
22. Bids by OCBs;
23. Bids by US persons other than "qualified institutional buyers" as defined in Rule 144A of the Securities Act or other than in reliance on Regulation S under the Securities Act; and
24. Bids by QIBs not submitted through BRLMs or members of the Syndicate.

Equity Shares in dematerialised form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a de-materialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar to the Issue:

(a) an agreement dated October 18, 2007 between NSDL, us and Registrar to the Issue;

(b) an agreement dated October 24, 2007 between CDSL, us and Registrar to the Issue.

All Bidders can seek Allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

(a) A Bidder applying for Equity Shares must have at least one beneficiary account with the Depository Participants of either NSDL or CDSL prior to making the Bid.

(b) The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's identification number) appearing in the Bid cum Application Form or Revision Form.

(c) Equity Shares Allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.

(d) Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details with the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details with 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) It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

(h) The trading of the Equity Shares would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

COMMUNICATIONS

All future communication in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, details of Depository Participant, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

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

Disposal of Investor Grievances by our Company

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances shall be seven days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

We have appointed Ms. Shweta Bansal , as the Compliance Officer and she may be contacted in case of any pre-Issue or post-Issue-related problems. She can be contacted at the following address:

Ms. Shweta Bansal,
eClerx Services Limited,
Sonawalla Building, First Floor,
29 Bank Street,
Fort, Mumbai- 400023
Maharashtra,
India.
Telephone: + 91 (22) 4094 1000
Facsimile: +91 (22) 4094 1212

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

"Any person who:

(a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

(b) otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name,

shall be punishable with imprisonment for a term which may extend to five years."

Basis of Allotment

A. For Retail Individual Bidders

(a) Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Retail Individual Bidders will be made at the Issue Price.

(b) The Issue size less allocation to Non-Institutional Bidders and QIB Bidders shall be available for allocation to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

(c) If the valid Bids in this category is for less than or equal to [•] Equity Shares at or above the Issue Price, full allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.

(d) If the valid Bids in this category are for more than [•] Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 20 Equity Shares and in multiples of 1 Equity Share thereafter. For the method of proportionate basis of allocation, refer below.

B. For Non-Institutional Bidders

(a) Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.

(b) The Issue size less allocation to QIB 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.

(c) If the valid Bids in this category is for less than or equal to [•] Equity Shares at or above the Issue Price, full allotment shall be made to Non-Institutional Bidders to the extent of their valid Bids.

(d) In case the valid Bids in this category are for more than [•] Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of 20 Equity Shares and in multiples of 1 Equity Share thereafter. For the method of proportionate basis of allocation refer below.

C. For QIB Bidders

(a) At least 60% of the Issue shall be Allotted to the QIB Bidders, failing which the full subscription moneys shall be refunded.

(b) Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the QIB Bidders will be made at the Issue Price.

(c) The Issue size less allocation to Non-Institutional Portion and Retail Portion shall be available for proportionate allocation to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

(d) However, eligible Bids by Mutual Funds only shall first be considered for allocation proportionately in the Mutual Funds Portion. After completing proportionate allocation to Mutual Funds for an amount of up to [•] Equity Shares (the Mutual Funds Portion), the remaining demand by Mutual Funds, if any, shall then be considered for allocation proportionately, together with Bids by other QIBs, in the remainder of the QIB Portion (i.e. after excluding the Mutual Funds Portion). For the method of allocation in the QIB Portion, see the paragraph titled "Illustration of Allotment to QIBs" appearing below. If the valid Bids by Mutual Funds are for less than [•]Equity Shares, the balance Equity Shares available for allocation in the Mutual Funds Portion will first be added to the QIB Portion and allocated proportionately to the QIB Bidders. For the purposes of this paragraph it has been assumed that the QIB Portion for the purposes of the Issue amounts to 60% of the Issue size, i.e. [•] Equity Shares.

(e) Allotment shall be undertaken in the following manner:

(a) In the first instance allocation to Mutual Funds for 5% of the QIB Portion shall be determined as follows:

(i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.

(ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full allotment to the extent of valid bids received above the Issue Price.

(iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below;

(b) In the second instance allocation to all QIBs shall be determined as follows:

(i) In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids at or above the Issue Price shall be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.

(ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.

(iii) Undersubscription 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.

Except for any Equity Shares allocated to QIB Bidders due to undersubscription in the Retail Portion and/or Non-Institutional Portion, the aggregate allocation to QIB Bidders shall be made on a proportionate basis of at least [•] Equity Shares. For the method of proportionate basis of allocation refer below.

Illustration of Allotment to QIBs and Mutual Funds ("MF")

A. Issue details

Sr. No.	Particulars	Issue details
1	Issue size	200 million Equity Shares
2	Allocation to QIB (at least 60% of the Issue) Of which:	120 million Equity Shares
	a. Reservation for Mutual Funds, (5%)	6 million Equity Shares
	b. Balance for all QIBs including Mutual Funds	114 million Equity Shares
3	Number of QIB applicants	10
4	Number of Equity Shares applied for	500 million Equity Shares

B. Details of QIB Bids

Sr. No.	Type of QIB bidders#	No. of shares bid for (in million)
1	A1	50
2	A2	20
3	A3	130
4	A4	50
5	A5	50
6	MF1	40
7	MF2	40
8	MF3	80
9	MF4	20
10	MF5	20
	TOTAL	500

 # A1-A5: (QIB Bidders other than Mutual Funds), MF1-MF5 (QIB Bidders which are Mutual Funds)

C. Details of Allotment to QIB Bidders/Applicants

(Number of equity shares in million)

Type of QIB bidders	Shares bid for	Allocation of 5 million Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 95 million Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	(II)	(III)	(IV)	(V)
A1	50	0	11.40	0
A2	20	0	4.56	0
A3	130	0	29.64	0
A4	50	0	11.40	0
A5	50	0	11,40	0
MF1	40	1.2	9.12	10.32
MF2	40	1.2	9.12	10.32
MF3	80	2.4	18.24	20.64
MF4	20	0.6	4.56	5.16
MF5	20	0.6	4.56	5.16
	500	5	114	51.64

Please note:

1. The illustration presumes compliance with the requirements specified in this Red Herring Prospectus in the section titled "Issue Structure" beginning on page 173.
2. Out of 120 million Equity Shares allocated to QIBs, 6 million (i.e. 5%) will be allocated on proportionate basis among five Mutual Fund applicants who applied for 200 shares in the QIB Portion.
3. The balance 114 million Equity Shares [i.e. 120 - 6 (available for Mutual Funds only)] will be allocated on proportionate basis among 10 QIB Bidders who applied for 500 Equity Shares (including 5 Mutual Fund applicants who applied for 200 Equity Shares).
4. The figures in the fourth column titled "Allocation of balance 114 million Equity Shares to QIBs proportionately" in the above illustration are arrived as under:
    1. For QIBs other than Mutual Funds (A1 to A5)= Number of Equity Shares Bid for X 114/494.
    2. For Mutual Funds (MF1 to MF5)= [(No. of shares bid for (i.e., in column II of the table above) less Equity Shares Allotted (i.e., column III of the table above)] X 114/494.
    3. The numerator and denominator for arriving at allocation of 114 million Equity Shares to the 10 QIBs are reduced by 6 million shares, which have already been Allotted to Mutual Funds in the manner specified in column III of the table above.

Method of Proportionate basis of allocation in the Issue

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 along with 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.

Bidders will be categorized according to the number of Equity Shares applied for by them and the allotment shall be made on a proportionate basis as explained below.

1. 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.

2. 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.

3. In all Bids where the proportionate allotment is less than 20 Equity Shares per Bidder, the allotment shall be made as follows:

   (a) Each successful Bidder shall be Allotted a minimum of 20 Equity Shares; and

   (b) 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.

4. If the proportionate allotment to a Bidder is a number that is more than 20 but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. All Bidders in such categories would be Allotted Equity Shares arrived at after such rounding off.

5. If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the Allotted Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS

We shall give credit of Equity Share allotted to the beneficiary account with Depository Participants within 15 days of the Bid Closing Date / Issue Closing Date. We shall ensure dispatch of allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within 2 (two) working days of date of Allotment. Applicants residing at 15 centres where clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through ECS only (subject to availability of all information for crediting the refund through ECS).

In case of other applicants, we shall dispatch refund orders, if any, of value upto Rs. 1,500 under certification of posting and shall dispatch refund orders above Rs. 1,500 if any by registered post or speed post at the sole or first bidders risk and adequate funds for this purpose shall be made available to the Registrar

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 15 working days of closure of Issue.

We shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within 7 (seven) working days of finalisation of the basis of allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines we further undertake that:

- allotment or transfer of Equity Shares shall be made only in dematerialised form within 15 (fifteen) days of the Bid / Issue Closing Date;
- dispatch of refund orders within 15 (fifteen) days of the Bid /Issue Closing Date would be ensured; and
- we shall pay interest at 15% (fifteen) per annum (for any delay beyond the 15 (fifteen)-day time period as mentioned above), if Allotment is not made and refund orders are not dispatched and/or demat credits are not made to investors within the 15 (fifteen)-day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.
- Refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Undertaking by our Company

We undertake as follows:

- that the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of allotment;
- that the funds required for dispatch of refund orders or allotment advice as per the modes disclosed shall be made available to the Registrar to the Issue by us;
- that the refund orders or allotment advice to the Eligible NRIs or FIIs shall be dispatched within specified time;
- that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of the Bid/Issue Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund; and
- no further issue of Equity Shares shall be made till 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.

Undertakings by the Selling Shareholders

The Selling Shareholders, jointly and severally, undertake as follows:

- the Equity Shares being sold pursuant to the Offer for Sale are free and clear of any liens or encumbrances, and shall be transferred to the successful Bidders within the specified time; and
- that no further offer of Equity Shares shall be made till the Equity Shares offered through this

Red Herring Prospectus are listed or until the Bid moneys are refunded on account of non-listing, undersubscription etc.

Withdrawal of the Issue

The Company, in consultation with the BRLMs, reserve the right not to proceed with the Issue at any time after the Bid/Issue Opening Date but before the Board meeting for Allotment, without assigning any reason therefor. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which the Company shall apply for after Allotment and (ii) the final RoC approval of the Prospectus after it is filed with the RoC. In terms of the SEBI Guidelines, the QIBs shall not be allowed to withdraw their Bids after the Bid/Issue Closing Date.

Utilisation of Issue proceeds

Our Board of Directors certifies that:

- all moneys 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;
- details of all moneys utilised out of the Fresh Issue referred above shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such moneys have been utilised;
- details of all unutilised moneys out of the Fresh Issue, if any shall be disclosed under the appropriate head in our balance sheet indicating the form in which such unutilised moneys have been invested;
- we 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.

Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the Industrial Policy and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investments. **As per current foreign investment policies, foreign direct investment in the IT sector is allowed up to 100% under the automatic route.**

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without prior RBI approval, so long as the price of equity shares to be issued is not less than the price at which equity shares are issued to residents. In our Company, as of date the aggregate FII holding cannot exceed 24% of the total issued share capital.

Subscription by Non-Residents

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

There is no reservation for any FIIs or Eligible NRIs and such FIIs or Eligible NRIs will be treated on the same basis with other categories for the purpose of allocation.

As per the current regulations, the following restrictions are applicable for investments by FIIs:

No single FII can hold more than 10% of our post-issue paid up capital.

In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual. As of now, the aggregate FIIs holding in our Company cannot exceed 24% of the total issued capital of our Company.

As per the current regulations, the following restrictions are applicable for investments by SEBI registered VCFs and FVCIs:

The SEBI (Venture Capital) Regulations, 1996, and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any VCF or FVCI should not exceed 25% of the corpus of the VCF or FVCI, as the case may be.

As per the current regulations, OCBs cannot participate in this Issue.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders 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 applicable limits under laws or regulations. However, we shall update this Red Herring Prospectus and keep the public informed of any material changes in matters concerning our business and operations till the listing and commencement of trading of the Equity Shares.

MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY

Capitalized terms used in this section have the meaning given to such terms in the Articles of Association of our Company. Pursuant to Schedule II of the Companies Act and the DIP Guidelines, the main provisions of the Articles of Association of our Company relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares/ debentures and/or on their consolidation/splitting are detailed below.

The regulations contained in Table A in the First Schedule to the Companies Act, 1956, shall apply to the Company except in so far as they are now modified or excluded or supplemented in these Articles.

Share Capital

Article 4 provides that the authorized share capital of the Company is Rs. 200,000,000 (Rupees Two Hundred million only) divided into 20,000,000 (Twenty million) Equity Shares of Rs. 10 (Rupees Ten) each with rights, privileges and conditions attaching thereto as are provided by the regulations of the Company from time to time being with power to increase or reduce its capital or divide the capital into several classes and to attach thereto respectively such preferential, deferred, qualified or other special rights, privileges or conditions as regards payment of dividend, distribution of assets, repayments or reduction of capital, voting or otherwise sub-divide them as may be determined by or in accordance with the Regulations of the Company and to vary, modify or abrogate and such rights, privileges or conditions or restrictions in such manner as may for the time being be permitted by the Regulations of the Company.

Share Capital under the control of the Directors

Article 5 provides that subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the Company for the time being (including any shares forming part of any increased Capital of the Company) shall be under the control of the Board who may allot or otherwise dispose off the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par (subject to compliance with the provisions of Section 78 of the Act) or at a discount (subject to compliance with the provisions of Section 79 of the Act) and at such times as they may think fit and proper, and with the sanction of the Company in General Meeting to give to any person or persons the option or right to call for any shares consideration as the Directors think fit, and may issue and allot shares in the Capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.

Redeemable Preference Share

Article 6 provides that subject to the provisions of Section 80 of the Act, the Company shall have the power to issue preference shares carrying a right of redemption or liable to be redeemed at the option of the Company, and the Board may, subject to the provisions of the Act and if these Articles, exercise such power in any manner prescribed by the resolution authorizing the issue of such shares.

Cumulative Convertible Preference Shares

Article 7 provides that the Company may, subject to the provisions to the said Act, issue Cumulative Convertible Preference Shares and may convert such Cumulative Convertible Preference Shares into Equity Shares of the Company on such terms and conditions as the Board may deem fit.

Increase of Capital

Article 8 provides that the Company may, by Ordinary Resolution in General Meeting, increase the authorized share capital by the creation of new shares of such amount and to be divided into shares of such respective amounts, as the resolutions shall prescribe. Subject to the provisions of the Act and these Articles, the new shares shall be issued upon such terms and conditions and with such rights and privileges attached thereto, and in particular, with such preferential or qualified right to dividends and in the distribution of assets of the Company, as the resolution shall provide and if no direction is given by such resolution as may be determined by the Board.

Further Issue of Share Capital:

Article 9 provides that 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 by the Company to issue any new or additional shares, whether out of unissued share capital or out of increased share capital then:

a. Such further shares shall be offered to the Members who, on the date of the offer, are holders of the equity shares of the Company, in proportion as nearly 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 15 days from the date of the offer and the offer if not accepted, shall be deemed to have not been declined;

c. The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub–clause (b) hereof shall contain a statement of this right. PROVIDED THAT the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him;

d. After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person (s) as they may think, in their sole discretion, fit.

Article 10 provides that notwithstanding anything contained in clause (9) 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 clause (9) hereof in any manner whatsoever.

(i) If a special resolution to that effect is passed by the Company in General Meeting; or

(ii) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the Chairman) by the members who, being entitled to do so, vote in person or proxy, exceeds the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the Company.

Article 11 provides that nothing in clause (c) of (9) hereof shall be deemed:

(i) To extend the time within which the offer should be accepted; or

(ii) 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.

Article 12 provides that nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company:

(i) To convert such debentures or loans into shares in the Company; or

(ii) To subscribe for shares in the Company (whether such option is conferred in these Articles or otherwise).

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

(i) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and

(ii) In this 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.

Subject to the provisions of the Act, the Company may issue shares with differential voting rights as to dividend, voting or otherwise.

New shares to rank equally with existing shares

Article 13 provides that except as otherwise provided by the conditions of issue, or by these Articles, any capital raised by the creation of new shares shall be considered part of the original capital and shall be subject to the provisions herein contained with reference to the payment of calls and installment, transfer and transmission, forfeiture, surrender, lien, voting and otherwise.

Reduction of capital

Article 14 provides that the Company may, from time to time and subject to the provisions of Section 78 and Section 100 to 105 (inclusive) of the Act and of these Articles, by Special Resolution, reduce its share capital and any capital redemption, reserve fund account or share premium account in any manner for the time being authorized by law, and, in particular, the capital may be paid off on the footing that it may be called up again or otherwise. This Article shall not derogate from any power that the Company may otherwise have under the provision of the Act.

Subdivision, consolidation and cancellation of shares

Article 15 provides that the Company in General Meeting may alter the conditions of its Articles for the following purposes:

a. To consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

b. To subdivide the existing shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association and these Articles, subject to the provisions of Act; and

c. To cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person.

The resolution whereby any share is subdivided, may determine that, as between the holders of the shares resulting from such sub-division, one or more of such shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the other or others. Subject as aforesaid the Company in general meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

Rights on subdivision of preference shares

Article 16 provides that where any share capital is subdivided, the Company in General Meeting, may subject to the provisions of Section 85, 87 and 106 of the Act, determine that as between the holders of the shares resulting from such subdivision, the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which it was derived.

Modification of rights

Article 17 provides that if at any time the share capital is divided into different classes, the rights and privileges attached to any class of shares (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Section 106 and 107 of the Act, be modified or varied with the consent in writing of the holders of note less than three-fourth in nominal value of the issued shares of that class, or as sanctioned by a resolution passed at a separate meeting of the holders of share of that class and supported by the votes of the holders of not less than three-fourth in nominal value of the issued shares of the class mutatis mutandis, to representing proxy at least one-third of the issued equity shares of the class.

Employee Stock Options

Article 18 provides that the Company may, if so authorized by the Shareholders in a general meeting, offer stock options to its employees under the SEBI (Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999.

Sweat Equity Shares

Article 19 provides that the Company may issue sweat equity shares of a class of shares already issued on fulfillment of the conditions specified under Section 79A of the Act and SEBI (Issue of Sweat Equity) Regulations, 2002.

SHARES AND SHARE CERTIFICATES

Return of allotments

Article 20 provides that the Company shall comply with the provision of the Act regarding allotment of its shares.

Board may accept surrender of shares

Article 21 provides that subject to the provision of Section 100 to 104 of the Act, the Board may accept from any Member on such terms and conditions as may be agreed, as surrender of all or any of the shares held by the Members.

Payment of calls

Article 22 provides that if, by the conditions of allotment of any share, the whole or part of the issue price thereof is payable by installments every such installment shall, when due, be paid to the Company by the person who for the time being is the registered holder of the share or his legal representative.

Company not to purchase its shares

Article 23 provides that except as permitted by Section 77 of the Act, no funds of the Company shall be employed directly or indirectly for the purchase of any shares of the Company and the Company shall not give any financial assistance for or in connection with the purchase or subscription of any shares in the Company

Article 24 provides that the Company may, by special resolution, purchase its own securities or other securities, subject to such limits and on such terms and conditions specified under Section 77A and other applicable provisions of the Act and rules or regulations framed there under and SEBI (Buy Back of Securities) Regulations, 1998.

Trusts not recognized

Article 25 provides that the Company shall be entitled to treat the Member registered in respect of any share as the absolute owner thereof and shall not recognize the holding of any share upon trust or any equitable claim or interest in any such share on the part of any other person except as otherwise provided in these Articles or as required by law or when ordered by court of competent jurisdiction.

Membership of Company

Article 26 provides that an Application for share in the Company, signed by or on behalf of an applicant, followed by an allotment of shares shall constitute an acceptance of shares for purposes of these Articles, and every person who thus or otherwise accepts any shares and whose name appears on the Register of Members shall for the purpose of these Articles be a Member.

Liability of Members

Article 27 provides that every Member or his heirs, executors or administrators shall pay to the Company the proportion of the capital represented by his share or shares, which may for the time being remain unpaid thereon in such amount, at all such time or times and in such manner as the Board of Directors shall from time to time determine in accordance with these Articles.

Joint Ownership

Article 28 provides that not more than three persons shall be registered jointly as Members in respect of any shares.

Article 29 provides that the Share Certificate(s) in respect of Shares jointly owned and any dividend, interest or other moneys payable in respect of such shares (including all notices in respect thereof) shall be sent to the first holder of the shares.

Sums payable in respect of shares

Article 30 provides that the sum which the Board shall require or direct to be paid by way of call or otherwise, in respect of the allotment of any shares shall immediately on the insertion of the name of the allottee in the Register of Members becomes a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by the allottee accordingly.

Right to Share Certificates

Article 31 provides that:

a. 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 fees as the Board may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of 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 which it is issued and amount paidup thereon and shall be in such from as the Board may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the Company shall not be borne 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 holders;

b. Any two or more joint allottees of a share shall, for the purpose of this Article, be treated as a single member, and the certificate of any share, which may be the subject of joint ownership may be delivered to anyone of such joint owners on behalf of all of them;

c. A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography; but not by means of a rubber stamp provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.

Duplicate Share Certificate

Article 32 provides that the Certificates of title to shares and duplicates thereof shall be issued under the Seal of the Company and signed by two Directors or persons acting on behalf of the Directors under a duly registered Power of Attorney, and the Secretary of the Company or such other person appointed by the Board for the purpose, provided that at least one of the aforesaid two Directors shall be a persons other than a managing or whole-time Directors. A Director may sign a share certificate by affixing his signature thereon by any machine, equipment or other mechanical device.

Issue of New Certificate in place of one Defaced, Lost or Destroyed

Article 33 provides that 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 Articles shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs. 2 for each certificate) as the Board 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 Board shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf.

The provisions of this Article shall *mutatis mutandis* apply to debentures of the Company.

DEMATERIALIZATION OF SECURITIES

Article 34 provides that:

(B) Either the Company or the investor may exercise an option to issue, deal in, hold the securities (including shares) with a Depository in electronic form and the certificate in respect thereof shall be dematerialized, in which event the rights and obligations of the parties concerned and the matters connected therewith or incidental thereof, shall be governed by the provisions of the Depositories Act, as amended from time to time or any statutory modification thereof or reenactment thereof.

(C) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize or rematerialize its shares, debentures and other securities (both existing and future) held by it with the Depository and to offer its shares, debentures and other securities for subscription in a dematerialized form pursuant to the Depositories Act, 1996 and the rules framed there under, if any.

(D) Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or to hold the securities with a Depository.

If a person opts to hold his security with a Depository, the Company shall intimate such Depository of the details of allotment of the Security and on receipt of the information, the Depository shall enter in its records the name of the allottee as the Beneficial Owner of the security.

(E) All securities held by a Depository shall be dematerialized and shall be in a fungible form. Nothing contained in Sections 153, 153A, 153B, 187A, 187B and 187C of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owner.

(F) (i) Notwithstanding anything to the contrary contained in the Depositories Act or these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership on behalf of the beneficial owner.

(ii) Save as otherwise provided in (i) above, the Depository as a registered owner of the securities shall not have any voting rights or any other right in respect of the securities held by it.

(iii) Every person holding securities of the Company and whose name is entered as a beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities held by a Depository.

(G) Except as ordered by any Court of competent jurisdiction or as required by any law, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or where the name appears as the Beneficial Owner of the shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound, to recognized any benami trust or equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereof in accordance with these Articles on the part of any other person whether or not it has express or implied notice thereof, but the Board shall be entitled at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

(H) Every Depository shall furnish to the Company information about the transfer of securities in the name of the Beneficial Owner at such interval and in such manner as may be specified by the bye-laws and the Company in that behalf.

(I) Upon receipt of certificates of securities on surrender by a person who has entered into an agreement with the Depository through a Participant the Company shall cancel such certificates and shall also inform the Depository accordingly.

(J) If a Beneficial Owner seeks to opt out of a Depository in respect of any security, the Beneficial Owner shall inform the Depository accordingly.

The Depository shall on receipt of information as above make appropriate entries in its records and shall inform the Company.

The Company shall within thirty (30) days of the receipt of intimation from the Depository and on fulfillment of such conditions and payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee, as the case may be.

(K) Notwithstanding anything in the Act, or these Articles, to the contrary, where securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.

(L) Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares in physical form subject to the provisions of the Depository Act.

(M) Notwithstanding anything 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.

(N) The shares in the capital shall be numbered progressively according to their several denominations provided, however, that the provisions relating to progressive numbering shall not apply to the shares of the Company which are dematerialized or may be dematerialized in future or issued in future in dematerialized form except in the manner hereinabove mentioned. No share shall be sub-divided. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished.

(O) The Company shall cause to keep a Register and Index of Members and Register and Index of Debenture holders in accordance with Section 151 and 152 of the Act, respectively, and the Depositories Act, with details of shares and debentures held, material and dematerialized forms in any media as may be permitted by law including in any form of electronic media. The Register and Index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be Register and Index of Members and Register and Index of Debenture holders, as the case may be, for the purpose of the Act. The Company shall have the power to keep in any state or country outside India a branch Register of Members resident in that state or country.

(P) The Company shall keep a Register of Transfer and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any share held in material form.

Issue of new certificates

Article 35 provides that if any certificate of any share or shares be surrendered to the Company for subdivision or consolidation or if any certificate be defaced torn, decrepit or worn out, then upon surrender thereof to the Company, and if any certificate be lost or destroyed, then, upon proof thereof to the satisfaction of the Directors may order such certificate to be cancelled and issue a new certificate in lieu thereof to the registered holder of such shares. For every certificate issued, there shall be paid to the Company a fee not exceeding such amount as the Board may prescribe from time to time, in accordance with the Act and the Listing Agreement. The Company may also, on any issue of shares or debentures pay such brokerage as may be lawful.

Certificates regarding jointly owned shares

Article 36 provides that the Company shall not be bound to issue more than one certificate in respect of any share jointly held be several Members and delivery of a share certificate to one of the several joint holders shall be sufficient delivery to all such Members and unless otherwise required, shall be delivered to the first holder of the shares.

CALLS

Calls

Article 37 provides that the Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the sanction of the members in a general meeting and to the provisions of Section 91 of the Act, make such calls as they think fit upon the Members in respect of any money unpaid on the shares held by them. A call may be made payable by installment and may be revoked or postponed as the Board may determine.

Date of call

Article 38 provides that a call shall be deemed to have been made at the time when the resolution of the Board authorizing such call was passed and may be made payable by the Members on a subsequent date to be specified by the Directors.

Notice of call

Article 39 provides that not less than 30 days notice shall be given in respect of any call and the notice shall specify the place and the time of payment, the amount called on the shares and the person to which such sum shall be paid.

Extension of time for making the payment of call

Article 40 provides that the Board may, from time to time, at discretion, extend the time fixed for the payment of any call, and may extend such time as to all payments of any call for any of the Member/Debenture holder shall be entitled to such extension save as a matter of grace and favor.

Interest payable on call or installment

Article 41 provides that if any Member/Debenture holder fails to pay any call due from him on the date appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall, from time to time be fixed by the Board.

Article 42 provides that the Board shall be at liberty to waive payment of any such interest wholly or in part.

Suit for recovery of calls

Article 43 provides that on the trial or hearing of any action or suit brought by the Company against any member or their representative to recover any money due to the Company in respect of their share, it shall be sufficient to show:

a. That the name of the defendant is, or was, when the claim arose, in the Register as a holder or one of the several holders of the shares in respect of which such claim is made,

b. That the amount claimed is not entered as paid in the books of the Company, that the resolution making the call is duly recorded in the minute Book, and it shall not be necessary to prove the appointment of the Board who made such call, nor that a quorum was present at the Board Meeting at which any call was made, that the meeting at which any call made was duly convened or constituted, nor any other matter whatsoever, but the proof of matters aforesaid shall be conclusive evidence of the debt.

Payment in anticipation of call may carry interest

Article 44 provides that the Board may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance of calls shall not confer a right to participate in profits or dividend. The Board 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

Article 45 provides that the joint holder of a share shall severally, as well as jointly, be liable for the payment of all installments and calls due in respect thereof.

Sums deemed to be calls

Article 46 provides that any sum which, by the terms of issue of shares becomes payable on allotment or at fixed date whether on account of the nominal value of the shares or by way of premium, shall for the purpose of these Articles be deemed to be a call duly made and payable on or before the day fixed for the payment of the same. In case of non-payment of any such sum all the relevant provisions of these Articles shall apply as to payment of interest, expenses, forfeiture, or otherwise as if such sum had become payable by virtue of a call duly made and notified.

FORFEITURE AND LIEN

Notice for payment of call

Article 47 provides that if any Member or their legal representative as the case may be fails to pay any call or installment of a call or any money due in respect of any shares on or before the day appointed for the payment thereof, the Board may at any time thereafter, while the call, installment or other money remains unpaid, serve a notice on such Member or their legal representative as the case may be requiring them to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non payment.

Form of notice

Article 48 provides that the notice shall name a day (not earlier than the expiration of 14 days from the date of notice) and a place on which such call, installment or money due and interest thereon at such rate as the Board may determine from the date on which such call or installment or money due ought to have been paid and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the appointed time and place, the share in respect of which the call was made will be liable to be forfeited.

Share to be forfeited in case of default

Article 49 provides that if the requirement of any such notice is not complied with, any share in respect of which the notice has been given may at any time thereafter be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares, and not actually paid before the forfeiture.

Notice of forfeiture to Member

Article 50 provides that when any share shall have been so forfeited, notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalid by any omission or neglect to give such notice or to make such entry as aforesaid.

Forfeited share to become property of the Company

Article 51 provides that any share so forfeited shall thereupon become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the original holder thereof or to any other person upon such terms and in such manner as the Board may think fit. Upon any sale, re-allotment or other disposal, the certificates stand cancelled and Directors shall be entitled to issue duplicate certificates in respect of the said shares to the person entitled thereto.

Power to annul forfeiture

Article 52 provides that until any shares so forfeited shall be sold, re-allotted or otherwise dealt with as aforesaid, the forfeiture thereof may, at discretion and by a resolution of the Board, be remitted as a matter of grace and favour, and not as of right, on payment of the moneys owing thereon to the Company at the time of forfeiture thereof with interest up to the time of actual payment thereof if the Board shall think fit to receive the same, or on any other terms which the Board may deem fit.

Member's liability after forfeiture

Article 53 provides that any Member whose shares have been forfeited shall, notwithstanding, be liable to pay the Company all calls, installments, interest expenses or other moneys owing upon or in respect of such shares on the date of forfeiture together with interest thereon from the date of forfeiture until payment, at such rate as the Board may determine.

Effect of forfeiture

Article 54 provides that the forfeiture of a share shall involve the extinction of all interest in, and of all claims and demands against the Company in respect of the forfeited share, and all other rights incidental to the share, except only such rights as are expressly provided by these Articles.

Evidence of forfeiture

Article 55 provides that a duly verified declaration in writing that the declarant is a Director or Secretary of the Company, and that certain share in the Company have been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and such declaration and the receipt of the Company for the consideration, if any, given for the shares on the sale or disposition thereof shall constitute a good title to such shares and the purchaser shall not be bound to see to the application of the purchase money, nor shall such purchaser's title to such shares be affected any irregularity in the proceedings in reference to such forfeiture, sale, re-allotment or other disposition of the share

Company's lien on shares

Article 56 provides that the Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any shares shall be created except upon the footing and condition that this Article shall have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Provided that, the Board may at any time, declare any share / debenture to be wholly or in part to be exempt from the provisions of this clause.

Enforcing lien

Article 57 provides that for the purpose of enforcing such lien, the Board may sell the shares subject thereto in such manner as they may think fit, but no sale shall be made unless a sum in respect of which the lien exists is presently payable and notice in writing of the intention to sell the shares shall have been served on such Member, or such Member's heirs, executors or administrators, or committee, or other legal representatives, as the case may be, and default shall have been made by them or such Member in the payment of the sum payable in respect of any forfeited shares. For the purpose of such sale, the Board may cause to be issued a duplicate certificate in respect of such shares and may authorize one if their number to execute a transfer thereof on behalf of and in the name of the Member.

Article 58 provides that the net proceeds of any such sale (after deduction of the cost of such sale) shall be applied towards satisfaction of the amount in respect of which the lien exists and the residue, if any, shall be paid to the person entitled to the shares on the date of the sale. The Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not (except as ordered by a Court of competent jurisdiction or by statute required) be bound to recognize equitable or other claim to, or interest in, such shares or debenture on the part of any other person. The Company's lien shall prevail notwithstanding that it has received notice of any such claims

Validity of sale

Article 59 provides that upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the shares sold, and the purchaser shall not be bound to see to the regularity of the proceeding or to the application of the purchase money, and after such purchaser's name has been entered in the Register of Members in respect of such shares, the validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall not be damages only and solely against the Company. Where any shares are sold according to the provisions herein contained and the certificate thereof has not been delivered up to the Company by the former holder of said shares, the Board may issue a new certificate for such shares distinguishing it in such manner as they may think fit from the certificate not so delivered up.

TRANSFER AND TRANSMISSION OF SHARES

Board may refuse to register transfers

Article 60 provides that subject to the provision of Section 111 of the Act and Section 22A of the Securities Contract (Regulation) Act, 1956, and the Listing Agreement the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company or any account whatsoever except when the company has a lien on the shares However, no transfer of shares/ debentures shall be refused on the ground of them not being held in marketable lots.

Transfer Register

Article 61 provides that the Company shall keep a "Register of Transfers" and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share.

Form of Transfer etc.

Article 62 provides that the instrument of transfer of any share shall be in writing in the prescribed form and all the provisions of Section 108 of the Act shall be duly complied, with in respect of all transfer of shares and registration thereof.

Article 63 provides that no fee shall be charged for registration of the transfer or transmission, probate, succession certificate and Letter of administration, certificate of Death or Marriage, Power of Attorney or similar other document.

Article 64 provides that every instrument of transfer shall be executed both by the transferor and the transferee and attested and the transferor shall be deemed to remain the holder of such share until the name of the transferee shall have been entered in the Register of Members in respect thereof.

Article 65 provides that every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by the certificate or certificates of the share or shares proposed to be transferred or such evidence as the Board may require to prove the title of the transferor. The transferor's right to transfer the shares, and generally under and subject to such conditions and regulations as the Board may from time to time prescribe and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board.

Article 66 provides that no share shall under any circumstances be transferred to a minor, insolvent or person of unsound mind.

Article 67 provides that where in the case of partly paid share, an application for registration of transfer of shares is made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 110 of the Act.

Death of joint holder of share

Article 68 provides that in case of the death of any one or more of the persons named in the Register of Members as the joint holder of any share, the first holder or survivor shall be the only person recognized by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint holder held by such joint holder jointly with any other person.

Title to share of deceased Member

Article 69 provides that the executors or administrators or holders of a Succession Certificate or the legal representative in respect of the shares of a deceased Member not being one of two or more joint holder shall be the only person recognized by the Company as having any title to the shares registered in the name of such Member. Such executors, or administrators or legal representative shall have first obtained Probate or Letters of Administration or Succession Certificate, as the case may be, from a duly constituted Court in the Union of India; provided that in any case where the Board in its absolute discretion thinks fit, the Board may dispense with production of probate or Letter of Administration or Succession Certificate, upon such terms as to indemnify or otherwise as the Board in its absolute discretion may think necessary and register any person who claims to be absolutely entitled to the shares standing in the name of a deceased Member, as a Member.

Transmission of Shares

Article 70 provides that any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy, insolvency, dissolution, winding up or liquidation of any Member or by any lawful means other than by a transfer in accordance with these Articles shall elect to retain in his name or transfer his shares in accordance with the provisions of these Articles.

Right to receive dividends

Article 71 provides that subject to the right of the Board to retain such dividends or money as hereinafter provided, a person entitled to a share by transmission shall be entitled to receive any dividends or other moneys payable in respect of the share.

Notice prohibiting registration of an transfer

Article 72 provides that the Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares, made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the same shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and the Company shall not be bound or required to give effect to any notice which may be given to it of any equitable right, title or interest, or be under any liability whatsoever for refusing neglecting to do so although it may have been entered to in any book of the Company.

BORROWING POWERS

Power to borrow

Article 73 provides that subject to the provisions of Section 292 and 293 of the Act and these Articles, the Board may, from time to time, at their discretion, by a resolution passed at a meeting of the Board, accept deposits from Members, either in advance of calls or otherwise, and generally raise or borrow or secure the payment of moneys for the purposes of the Company, not exceeding the aggregate of the paid-up-capital of the Company and its free reserves set apart for any specific purpose, provided however, where the monies to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's lender in the ordinary course of business) exceed the aforesaid aggregate, the Board shall not borrow such moneys without the consent of the Company by Ordinary Resolution in General Meeting. The payment or repayment of any moneys borrowed may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit and, in particular, by the issue of bonds or debentures of the Company, or any mortgage, charge, or other security on all or any part of the undertaking or property of the Company (both present and future).

Conditions for borrowing

Article 74 provides that the Board may, by a resolution passed at the meeting of the Board, raise or secure the payment or repayment of any moneys borrowed in such manner and upon such terms and conditions in all respects as they think fit and, in particular, by the issue of bonds, or debentures of the Company or any mortgage, charge or other security on all or any part of the undertaking or property of the Company (both present and future) including its uncalled capital for the time being.

Issue of debentures at discount etc.

Article 75 provides that any debenture, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, and otherwise. Debentures with right to conversion into or allotment of shares shall be issued only with the consent of the company in the General Meeting by a special resolution.

GENERAL MEETING

Annual General Meetings

Article 76 provides that the Company shall, in addition to any other meetings in each year, hold a General Meeting as its AGM in accordance with the provisions of Section 166 of the Act, at such time and place as may be determined by the Board, and shall specify the meeting as such in the notice concerning the same. All General Meetings other than the AGM shall be called Extraordinary General Meetings.

Extraordinary General Meetings

Article 77 provides that the Board may, whenever they think fit, call an Extraordinary General Meeting at such time and at such place as they may determine.

Calling of Extraordinary General Meeting

Article 78 provides that the Board shall, on the requisition of such number of Members as is specified in sub-section (4) of Section 169 of the Act, forthwith proceed to call an Extraordinary General Meeting of the Company, and the provisions of Section 169 of the Act shall apply to any such requisition or to any meeting called pursuant thereto.

Notice of General Meetings

Article 79 provides that a General Meeting of the Company may be convened by giving not less than 21 days notice in writing. A General Meeting may be convened by giving shorter notice with the consent in writing of each Shareholder or as permitted by the Act.

Article 80 provides that:

1. Notice of every General Meeting shall be given, in the case of any Member not having any registered address in India, by registered post, courier delivery and fax transmission to the address and facsimile number last provided to the Company for such purpose. The notice shall be exclusive of the day on which it is given and the day on which the meeting as aforesaid is held. The provisions of Section 53(2) of the Act shall not apply to a Member incorporated outside India. Notices to other Members and to the Auditors for time being of the Company shall be given by post or personal delivery as per the provisions of the Act;
2. Notice may be given to members by advertisement in a newspaper in accordance with the provisions of the Act. If notice is given to the members by advertisement in a newspaper, it will be advertised in at least one leading Mumbai daily newspaper circulating in the area where the registered office of the Company is situated;
3. Notice may be given by the Company to the joint holder of a share by giving the notice to the joint holder whose name first appears in the Register in respect of shares.

Contents of notice

Article 81 provides that every notice of a General Meeting shall specify the place, date and time of the meeting and the proposed form of the resolutions to be passed. Where any business to be transacted at the meeting consists of "special business" as defined hereunder, there shall be annexed to the notice of the meeting an explanatory statement setting out all material facts concerning such items of business as provided in Section 173(2) and (3) of the Act.

Special business

Article 82 provides that all business to be transacted at an AGM shall be deemed to be special with the exception of business:

a. relating to the consideration of Accounts, Balance Sheet and Profit and Loss Statement, and the Reports of the Board and the Auditors;
b. declaration of dividend;
c. appointment of Directors in place of those retiring; and
d. appointment and fixation of remuneration of Directors

In the case of any other meeting, all business shall be deemed special and there shall be annexed to the notice of the Meeting a statement setting out all material facts concerning each such item of special business, including, in particular, the nature of the concern or interest, if any, therein of every Director and the Manager, if any.

PROCEEDINGS AT GENERAL MEETINGS

Quorum

Article 83 provides that five members personally present shall be the quorum for a meeting of the Company.

Article 84 provides that a body corporate, being a Member, shall be deemed to be personally present if represented in accordance with Section 187 of the Act.

Resolutions at Meeting

Article 85 provides that all resolutions of Members shall, except as otherwise required by the Act or these Articles and without prejudice to any legal requirement for Board approval of any resolutions to be put to Members, be passed by a simple majority of the votes cast.

Chairman

Article 86 provides that the Chairman of the Board shall be entitled to take the Chair at every General Meeting, or if there be no such Chairman, or if at any meeting the Chairman of the Board is not present within 15 minutes after the time appointed for holding such meeting, or is unwilling to take the Chair, the Directors present may choose one of their number to be the 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 number to be the Chairman. No business shall be discussed at any General Meeting except the election of a Chairman while the Chair is vacant.

Meeting to be adjourned

Article 87 provides that if within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Members, shall stand dissolved but, in any other case, it shall stand adjourned to the same day in the next week, at the same time and place or to such other day, time and place as the Board may determine, and if at such adjourned meeting, a quorum is not present within half an hour from the time appointed for holding the meeting, those Members who are personally present shall constitute a quorum and may transact the business for which the meeting was called.

Votes by show of hands

Article 88 provides that every question submitted to a General Meeting shall be decided in the first instance by a show of hands. Members present personally or representative of a Member company or a body corporate appointed under the provisions of these Articles shall alone be entitled to vote on show of hands.

Chairman's declaration to be conclusive

Article 89 provides that a declaration by the Chairman that on a show of hands a resolution has or has not been, passed either unanimously or by a particular majority, and an entry made to that effect in the Minutes Book of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of or against such resolution.

Demand for Poll

Article 90 provides that before or on the declaration of the result of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the meeting of the Chairman's own motion, and shall be ordered to be taken by the Chairman on a demand made in that behalf:

a. by any Member or Members present in person or by proxy and having not less than one-tenth of the total voting power in respect of the resolution, or

b. by any Member or Members present in person or by proxy and holding shares in the Company conferring a right to vote on a resolution, being shares on which an aggregate sum of Rs. 50,000 or more has been paid up.

Taking of Poll

Article 91 provides that if a poll is demanded on a question of adjournment or election of a Chairman, the poll shall be taken forthwith. A poll demanded on any other question shall be taken at such time, not being later than 48 hours from the time when the demand was made, and in such manner and at such place as the Chairman of the meeting may direct.

Article 92 provides that the demand for a poll shall not prevent the continuance of a meeting or the transaction of any business other than the question on which a poll has been demanded.

Article 93 provides that where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinize the vote given on the poll and to report thereon to the Chairman of the meeting, at least one of whom shall be a Member (not being an officer or an employee of the Company) present at the meeting, provided that such Member is willing to scrutinize the votes.

Right of member to use votes differently

Article 94 provides that on a poll taken at a meeting of the Company, a Member entitled to more than one vote or that Member's proxy or other person entitled to vote for him as the case may be, need not, if such Member vote, use or cast all his votes in the same way.

Power to adjourn General Meeting

Article 95 provides that the Chairman, with the consent of the Members at any General Meeting, may adjourn the same, from time to time and from place to place in the city in which the Office of the Company is situated. No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. Except as aforesaid, it shall not be necessary to give notice of an adjournment or of the business to be transacted at an adjourned meeting.

Notice of Adjourned Meeting

Article 96 provides that if a General Meeting is adjourned for 30 days or more, notice of the adjourned meeting shall be given as in case of an original meeting.

Passing of Resolutions

Article 97 provides that any act or resolution, which under these Articles or the Act is permitted or required to be done or passed by the Company in General Meeting, shall be sufficiently done or passed if effected by an Ordinary Resolution as defined in Section 189(1) of the Act unless either the Act or the Articles specifically require such act or resolution to be done or passed by Special Resolution as defined in Section 189(2) of the Act.

Resolutions passed at adjourned meetings

Article 98 provides that where a resolution is passed at an adjourned meeting of the Company or by the holders of any class of shares in the Company, the resolution shall, for all purposes, be treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date.

Minutes of General Meeting and inspection of Minute Book

Article 99 provides that the Company shall cause minutes of proceeding of General Meeting to be entered in a Minute Book, and the minutes shall contain and include the matters specified in Section 193 of the Act. No report of the proceeding of any General Meeting of the Company shall be circulated or advertised at the expense of the Company unless it contains the matters required by Section 193 of the Act.

The Minutes Book shall be kept at the Office and shall be open to inspection of any Member without charge as provided in Section 196 of the Act and the Members shall be furnished with a copy of any Minutes in accordance with the provisions of that Section.

VOTES OF MEMBERS

Votes by Members

Article 100 provides that subject to the provisions of the Act, votes may be given by Members either personally or by proxy or in the case of a Member company or body corporate, by a representative duly appointed under Section 187 of the Act and these Articles.

No right to vote unless calls are paid up

Article 101 provides that no Member shall be entitled to vote, either personally or by proxy, at any General Meeting or Meeting of a class of shareholders, in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid, or in regard to which the Company has, and has exercised, any right of lien.

Voting rights

Article 102 provides that save as hereinafter provided, on a show of hands every Member or Authorised Representative, present in person and being a holder of equity shares, shall have one vote on every resolution or question placed before the meeting, and on a poll that Member’s share of the paid-up equity capital of the Company.

Article 103 provides that no Member of the Company holding any preference share capital shall be entitled to vote at General Meeting of the Company except as provided by Section 87(2) of the Act.

Article 104 provides that where the Company accepts from a Member all or any part of the money due in respect of the shares held by that Member beyond the sums actually called for, the Member shall not be entitled to any voting in respect of the moneys so paid.

Vote by Member Companies

Article 105 provides that any company or body corporate which is Member of the Company (hereinafter referred to as a Member Company) shall be entitled, through a resolution of its Board of Directors, to authorize such person as it thinks fit to act as its representative at any meeting of the Company held in pursuance of the Act. A representative duly appointed and authorized as aforesaid shall be entitled to exercise the same rights and powers, including the right to vote by proxy, which such Member Company could exercise if it were an individual Member of the Company.

Votes in respect of share of deceased Members

Article 106 provides that any person entitled to transfer any shares by virtue of Article 62 of these articles may vote at a General Meeting in respect thereof in the same manner as if they were the registered holder of such shares, provided that at least 48 hours before the time of holding the meeting at which he proposes to vote, he satisfies the Board or any person authorized by the Board in that behalf of his right to such shares and furnishes such indemnity as the Board may require.

Votes by Joint Holders

Article 107 provides that where there are joint registered holders of any given share, any one of such persons may vote at any meeting either personally or by proxy in respect of such shares as if that person was solely entitled thereto; and if more than one of such joint holders be present at any meeting, personally or by proxy, that one of the said persons so present whose name stands first in the Register in respect of such share shall alone by entitled to vote or speak in respect thereof.

Vote by proxy

Article 108 provides that on a poll votes may be given either personally or by proxy, or, in the case of a Member Company by a representative duly authorized as aforesaid. Every notice convening a meeting of the Company shall state that a Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of the Member and that a proxy need not be a Member of the Company.

Instrument appointing a proxy

Article 109 provides that:

1. Subject to the provisions of the Act, the instrument appointing a proxy shall be in writing under the hand of the appointee or of his Attorney duly authorized in writing or, if such appointer is a corporation, under its common seal or the hand of its officer or an attorney duly authorized by it, a person may be appointed a proxy though he is not a Member of the Company. A proxy appointed, as aforesaid, shall not have any right to speak at any meeting; and
2. The Company will send out proxy forms to members and debenture-holders in all cases, and such proxy forms shall be so worded that each Member or Debenture-holder may vote either for or against each resolution.

Instrument to be deposited at the Office

Article 110 provides that the instrument appointing a proxy and the power of attorney or other authority under which it is signed or a naturally certified copy of that power of authority shall be deposited at the Office not less than 48 hours before the time of holding the meeting at which the person named in the instrument proposes to vote, and in default, the instrument of proxy shall be treated as invalid, The proxy shall be in the form set out in Schedule IX of the Act.

Vote valid though authority revoked

Article 111 provides that a vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the appointer, or revocation of the proxy, or any power or authority under which such proxy is signed or a transfer of the shares in respect of which the vote is given, provided that no intimation in writing of the death, insanity, revocation, or transfer shall have been received at the Office of the Company before the commencement of the meeting at which the proxy is used or vote is given.

Inspection of proxies

Article 112 provides that every Member entitled to vote at a meeting of the Company on any resolution to be moved there at, shall be entitled during the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting to inspect the proxies lodged, at any time during the business hours of the Company provided not less than three days' notice in writing of the inspect the proxies given to the Company.

Objections regarding validity of votes

Article 113 provides that no objection shall be made as to validity of any vote on a show of hands or on a poll except at the meeting at which such vote shall be tendered, and every vote, whether given personally or by proxy, not disallowed at such meeting, shall be deemed valid for all purposes.

Determination by Chairman to be conclusive

Article 114 provides that the Chairman of a Meeting shall be the sole judge of the validity of every vote tendered on a show of hands or on poll. The Chairman shall forthwith determine the same and such determination made in good faith shall be final and conclusive.

BOARD OF DIRECTORS

Constitution

Article 115 provides that the first Directors of the Company shall be the persons named hereunder:

1. SHRI. PRIYADARSHAN MUNDHRA
2. SHRI. VIJAY KUMAR MUNDHRA

The first directors of the Company shall hold office as directors during their life time or till or till such time as they voluntarily retire or resign and they shall not be liable to retire by rotation.

Number of Directors

Article 116 provides that subject to the provisions of Section 252 of the Act, the Company shall have at least three Directors subject to a maximum of twelve directors. The composition of the Board of Directors shall also be in accordance with the provisions of the Listing Agreement.

Election of Directors

Article 117 provides that not less than two-thirds of the total number of Directors shall be elected by the Company in General Meeting and shall, save provided in the Act, be liable to retire by rotation. A retiring Director may be re-appointed.

Casual Vacancies

Article 118 provides that the Board of Directors shall have the power to fill in a casual vacancy in the office of any Director. The Director to be appointed in the casual vacancy shall hold office till the date the original Director in whose place he has been appointed would have held office.

Share qualification

Article 119 provides that a Director shall not be required to hold any shares in the capital of the Company to qualify for office.

Directors' fees, etc.

Article 120 provides that subject to the provisions of the Act, each Director other than a whole-time Director shall be entitled to receive out of the funds of the Company for their services, fees as may be determined by the Board, for each meeting of the Board or committee thereof attended by a Director. In addition, the Board may allow to be paid to any Director who is not a resident of the place where the office of the Company is situated or where the meeting of the Board is ordinarily held and shall come to such place for the purpose of attending a meeting of the Board, such sum as the Board may consider reasonable for travelling, boarding and other expenses.

Directors may act notwithstanding vacancy

Article 121 provides that the continuing Directors may act notwithstanding any vacancy in their body, but if the number of Directors falls below the quorum fixed by these Articles, the continuing Directors, may act only for the purpose of increasing the number of Directors to that fixed for the quorum or for summoning a General Meeting of the Company, but for no other purpose.

Place of Profit under the Company

Article 122 provides that no Director or other person referred to in Section 314 of the Act shall hold an office or place of profit under the Company except as permitted by that Section.

Disclosure of Director's interest

Article 123 provides that every Director, who is in any way, whether directly or indirectly, concerned or interested (whether personally or where the Shareholder nominating such director is an interested partly) in a contract or arrangement entered into, by or on behalf of the Company, shall disclose the name of their concern or interest at a meeting of the Board as required by Section 299 of the Act.

Director may become director of other companies

Article 124 provides that a Director may become a director of any company promoted by this Company, or in which this Company may be interested as a promoter, shareholder or otherwise; and subject to the provisions of Section 314 of the Act, no such Director shall be accountable for any benefits received as a director or shareholder of such Company.

Interested Director not to vote

Article 125 provides that no Director shall, as a Director, take part in the discussion of, vote on and participation in any contract or arrangement in which such Director is in any way, whether directly or indirectly, concerned or interested (whether personally or by the Shareholder nominating such Director being an interested party), nor shall that Director's presence count for the purpose of constituting a quorum except as otherwise provided in Section 300 of the Act.

Vacation of Office

Article 126 provides that the office of a Director shall become vacant if:

a. that Director is found to be of unsound mind by a court of competent jurisdiction;

b. that Director applies to be adjudicated as insolvent;

c. that Director is adjudged an insolvent;

d. that Director is convicted by a court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months;

e. that Director fails to pay any call in respect of shares of the Company held by that Director, whether alone or jointly with others, within six months from the last date fixed for payment of the call unless the Central Government has, by notification in the Official Gazette, removed the disqualification incurred by such failure;

f. that Director is absent from three consecutive meetings of the Board of Directors, or from all meetings of the Board for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board;

g. that Director acts in contravention of Section 295 or Section 299;

h. that Director become disqualified by an order of court under Section 203;

i. that Director is removed in pursuance of Article 120 of these Articles; or

j. having been appointed as a Director by virtue of holding any office or other employment in the Company, that Director ceases to hold such office or other employment in the Company.

Appointment of Alternate Director

Article 127 provides that the Board of the Company may appoint an Alternate Director to act a Director in place of a Director (hereinafter called "the Original Director") during the Original Director's absence for a period of not less than three months from the date in which the meetings of the Board are ordinarily held. Such appointee, while holding office of an Alternate Director, shall be entitled to notice of meetings of the Board and to attend and vote thereat. An Alternate Director shall not hold office as such for a period longer than that permissible to the Original Director in whose place such Alternate Director has been appointed and shall automatically vacate office if and when the Original Director returns to the said State, in which the meetings of the Board are ordinarily held. If the term of office of the Original Director expires before the Original Director returns to the said State, any provision in these Articles or the Act for the automatic re-appointment of a retiring Director shall apply to the original Director and not to the Alternate Director.

Appointment of Additional Directors

Article 128 provides that subject to the provisions of the Act and these Articles, the Board shall have the power, from time to time, to appoint an individual as an Additional Director, but so that the total number of Directors shall not, at any time exceed the maximum strength, is any, fixed for the Board by the Articles, such Additional Director shall hold office up to the date of next AGM of the Company, but shall be eligible for election at that meeting as a Director.

Removal of Directors

Article 129 provides that the Company may, subject to the provisions of Section 284 of the Act, remove any Director before the expiration of his term of office. The general meeting, at which any such Director is removed, may appoint a person in his stead for the remainder of the term of the Director who has been so removed.

Notice of candidature of Director

Article 130 provides that:

a. An individual shall not be eligible for election as a Director unless that individual or some other Member intending to propose that individual give notice in writing to the Company in accordance with the provisions of the Act.

b. The Company shall inform its Members of the candidature of a person for the office of a Director or the intention of a Member to propose such person as a candidate for that office, by serving individual notices on the Members not less than seven days before the Meeting.

c. Provided that it shall not be necessary for the Company be serve individual notices upon the Members as aforesaid, if the Company advertises such candidature or intention, not less than seven days before the Meeting, in at least two newspapers circulating in the place where the Office of the Company is located, of which one is published in the English language and the other in the regional language of that place.

d. Every person (other than a Director retiring by rotation or otherwise or a person who has left the office of the Company, a notice under Section 257 of the Act signifying his candidature for the office of Directors) proposes as a candidate for the office of a Director shall furnish to the Company his consent in writing and eligibility to act as a Director, if appointed.

PROCEEDINGS OF THE BOARD OF DIRECTORS

Meetings of Directors

Article 131 provides that the Board shall meet at least once in every three months, and at least four such meetings shall be held in every year. The Board shall further hold meetings as often as may be necessary for the due dispatch of its business and upon the written request of any one Director. The Directors may meet at any place for the dispatch of the business of the Board, adjourn and otherwise regulate their meetings as they deem fit.

Article 132 provides that not less than seven days written notice of every meeting of the Board shall be given to every Director of the Company, including alternate Directors, if any. The notice of meeting shall be accompanied by an agenda, giving sufficient details of the matters to be considered at the meeting.

Quorum

Article 133 provides that subject to Section 287 of the Act, the quorum for a meeting of the Board shall be one-third of its total strength (any fraction contained in that one-third being round off as one), or two directors, whichever is higher.

Article 134 provides that if a meeting of the Board could not be held for want of quorum, then the meeting shall automatically stand adjourned till the same day in the next week, at the same time and place or if that day is public holiday, till the next succeeding day which is not a holiday, at the same time and place.

Chairman

Article 135 provides that the Board of Directors shall elect one of its members as the Chairman of the Board Meeting. The Chairman shall preside at all meetings of the Board of Directors and subject to these Articles, all meetings of the members of the Company.

Board may appoint Committees

Article 136 provides that subject to the restrictions contained in the Act and pursuant to the Listing Agreement and these Articles, the Board may delegated any of its powers to Committees or Sub-Committee of the Board consisting of such members of its body as it think fit, and it may, from time to time, revoke and discharge any such Committees or Sub-Committee of the Board, either wholly or in part, and either as to persons or purposes, provided that every Committee or Sub-Committee of the Board so formed shall in the exercise of the powers so delegated conform to any regulations that may, from time to time, be imposed on it by the Board. All acts done by every such Committee of the Board in conformity with such regulations and in fulfillment of the purpose of their appointment but not otherwise shall have the like force and effect as if done by the Board. The Board may subject to the provisions of the Act from time to time fix their remuneration to be paid to any member or members of their body constituting a Committee appointed by the Board in terms of these Articles and may pay the same.

Meetings of Committees

Article 137 provides that the meetings and proceedings of any such Committee or Sub-Committee of the Board shall be governed by the provisions herein contained for regulation the meeting and proceedings of the Directors as far as the same are applicable thereto and any additional regulations made by the Directors which are not inconsistent with these Articles.

Board's power at meeting

Article 138 provides that a meeting of the Directors at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretion which by or under the Act or the Articles are, for the time being, vested in or exercisable by the Board.

Decisions at Board Meetings

Articles 139 provides that each member of the Board of Directors shall be entitled to cast one vote with respect to any matter to be decided by the Board of Directors. A resolution of the Board of Directors shall be adopted by the affirmative vote of the majority of the Directors present at a meeting at which a quorum of the Board of Directors is present. In case of an equality of votes, the Chairman shall have a second or casting vote.

Resolution by circulation

Article 140 provides that subject to the applicable provision of the Act, a resolution passed by circulation shall have the same effect as if approved at a meeting of the Board. No resolution shall be deemed to have been duly passed by the Board by circulation unless the resolution has been circulated in draft, together with the necessary papers, if any, to all the Directors and / or alternate Directors and has been approved by a majority of the Directors who are entitled to vote on the resolution. Every such circular resolution so passed shall be noted at the immediately succeeding Board meeting.

Acts of Directors valid notwithstanding defective appointment

Article 141 provides that all acts done by any meeting of the Board or by a Committee or Sub-Committee of the Board or by any person acting as Director shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Directors or Committee or person acting as aforesaid or that they or any of them were disqualified or had vacated office or that the appointment of any of them was terminated by virtue of any provision contained in the Act or in these Articles be as valid as if every such person had been duly appointed and was qualified to be a Director and had not vacated office or their appointment had not been terminated. Provided that nothing contained in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.

Minutes of meetings of Board or Committee

Article 142 provides that the Board shall cause minutes to be kept of every meeting of the Board or Committee of the Board in accordance with Section 193 of the Act. The minutes shall contain:

a. The names of the Director present at such meeting of the Board and of any Committee;

b. Particulars of all resolution and proceedings of meeting of the Board and Committee of the Board; and

c. The name of Directors, if any, dissenting from or not concurring in any resolution passed at a meeting of the Board or Committee of the Board.

Article 143 provides that minutes of any meeting of the Board or Committee thereof, when kept in accordance with the provisions of Section193 of the Act, shall be evidence of the proceedings recorded in such minutes.

POWERS OF BOARD

General power vested in Board

Article 144 provides that the control of the Company shall be vested in the Board, which shall be entitled to exercise all such acts and things as the Company is authorized to exercise and do and which are not exercisable by the Company in General Meeting under the Act or under the Memorandum of Association or under these Articles. The Board shall, however, exercise its power subject to the provisions of the Act, the Memorandum of Association of the Company and these Articles and any regulations made by the Company in General Meeting and which are not inconsistent with these Articles. No regulation made by the Company in General Meeting shall invalidate any prior act of the Board, which would have been valid if that regulation had not been made.

Cheques, promissory notes etc

Article 145 provides that all cheques, promissory notes, drafts, hundies, bills of exchange and other negotiable instrument and all receipt for moneys 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 shall, from time to time determine.

Restriction on Power of the Board

Article 146 provides that the Board shall not enter into any transaction or take any action or do any other things as referred to in Section 293 of the Act, except with the sanction of a resolution of the Company in General Meeting.

MANAGEMENT OF THE COMPANY

Board and Committee of Directors

Article 147 provides that the Board of Directors shall be responsible for the day-to-day management of the Company and may delegate the functions to the Managing Director, who in cooperation of such senior management personnel as the Board may appoint, carry out the functions under the overall supervision and control of the Board of Directors. Further, subject to the provisions of Section 292 of the Act, the Board may and as per requirement of the Listing Agreement and Regulations framed by SEBI, shall constitute Committees of the Board, to carry out the various functions and responsibilities as allocated thereunder.

Secretary of the Company

Article 148 provides that the Board shall, from time to time, appoint (and may at its discretion remove) an individual who is a member of the Institute of the Company Secretaries of India or who possesses the qualification prescribed under the Act, as Secretary of the Company, who shall perform such functions which by the Act or these Articles are to be performed by the

Secretary and shall perform such other ministerial and administrative duties which may be assigned by the Board. He may also be designated the Compliance Officer under the Listing Agreement.

Power to pay commission

Article 149 provides that subject to the provisions of Section 76 of the Act, the Company may pay commission to any person in consideration of:

a. his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in, or debentures of the Company; or

b. his procuring or agreeing to procure subscriptions, whether absolute or conditional for any shares in, or debentures of the Company.

Common Seal

Article 150 provides that the Board shall provide a Common Seal for the purposes of the Company, and shall have from time to time, power to destroy the same and substitute a new Seal in lieu thereof, and the Board shall provide for the safe custody of the Seal for the time being.

Article 151 provides that the Company shall also have liberty to have an official seal in accordance with Section 50 of the Act to use in any territory, district or place outside India.

Article 152 provides that the seal shall not be affixed to any instrument except by the authority of a resolution of the Board of Directors or a Committee of the Board authorised by it in that behalf and except in the presence of at least one Director and of the Secretary or such other person as the Board may appoint for the purpose, and such one Director and Secretary or other person as aforesaid shall sign every instrument to which the Seal of the Company is so affixed in their presence.

Article 153 provides that the certificates of shares or debentures shall be sealed in the manner and in conformity with the provisions of the Companies (Issue of Share Certificates), Rules, 1960, and any statutory modifications thereof, for the time being in force.

FINANCIAL MATTERS

Books of accounts

Articles 154 provides that subject to statutory requirements, the Company shall maintain accurate and complete records in accordance with generally accepted principles and practices consistently applied and in effect from time to time in India and the accounts at the end of each Financial Year shall be audited. The Company shall maintain proper internal accounting controls sufficient to ensure that all dispositions of assets of the Company will be duly authorized.

Location of Books

Article 155 provides that the books of account and other books and papers shall be kept at the Office or at such other place in India in accordance with the provisions of the Act, as the Board thinks fit, and shall be open to inspection by any Director during business hours.

Inspection of book by Members

Article 156 provides that:

a. subject to the provision of Articles 154, the Board may from time to time determine whether and to what extent and what all times and places and under what conditions or regulations the accounts and books of the Company or any of them may be open to the inspection of Members, not being Directors.

b. no Member (not being a Director) shall have ay right to inspect any account or book or document of the Company except as conferred by law or authorized by the Board or by the Company in General Meeting or by these Articles.

AUDIT

Annual Audit

Article 157 provides that:

a. The books of account of the Company shall be examined and the correctness of the Balance Sheet and Profit & Loss Account determined by the auditor at least once every year.

b. Where the Company has a branch office, the accounts of the branch office shall be audited in accordance with Section 228 of the Act.

DIVIDENDS

Dividends in proportion to amount paid up

Article 158 provides that subject to the provision of Section 205 of the Act, the proper and prudent management of the business of the Company and tax considerations, all moneys reasonably available for distribution to shareholder shall be distributed by way of dividend.

Article 159 provides that the profit of the Company shall, subject to any special right relating thereto created or authorized to be created by these Articles and subject to the provisions of these Articles, be divisible among the members in proportion to the amount of capital paid up or credited as paid up with respect to the shares held by them.

Dividend to be paid only out of profits

Article 160 provides that no dividend shall be declared or paid except out of the profits of the Company determined in accordance with the provisions of Section 205 of the Act or out of moneys provided by the Central or a State Government for the payment of the dividend in pursuance of any guarantee given by such Government and no dividends shall carry interest as against the Company. The recommendation of Board as to the amount of dividends of the Company shall be conclusive.

Declaration of dividends

Article 161 provides that the Company in General Meeting may declare dividends to be paid to Members not exceeding the amount recommended by the Board.

Interim Dividend

Article 162 provides that the Board may, from time to time, pay to the Members interim dividends as appear to the Board to be justified by the profits of the Company.

Dividend to be paid in cash

Article 163 provides that no dividend shall be payable except in cash provided that nothing contained in this Article shall be deemed to prohibit the capitalization of profit or reserves of the Company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on any shares held by the Members of the Company.

Payment of interest out of capital

Article 164 provides that where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or building or the provision of any plant which cannot be made profitable for a lengthy period, the Company may pay interest on such of that share capital as is for the time being paid up for the period, at the rate, and subject to the conditions and restrictions provided by Section 208 of the Act.

Set off of dividend against call

Article 165 provides that any General Meeting declaring a dividend may, on the recommendation of the Board of Directors 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 and the dividend may, if so arranged between the Company and the Members be set of against the call.

Capital paid up in advance not to earn dividend

Article 166 provides that where capital is paid in advance of calls the same may carry interest, but such capital while carrying interest shall not confer a right to participate in profits.

Retention of dividends

Article 167 provides that the Board may hold in abeyance the dividends or other moneys payable upon shares in respect of which any person is under this Articles hereof, entitled to become a Member or to transfer the shares, until such person shall become a Member in respect of such shares or shall duly transfer the same.

Restrictions on payment of dividends

Article 168 provides that no Member shall be entitled to receive payment of any interest on dividend respect of his share or shares or otherwise, either alone or jointly with any other person or persons, and the Board may deduct from the dividend payable to any Member all sums of money presently payable to the Company on account of calls or otherwise in relation to the Shares of the Company.

No right to dividends

Article 169 provides that a transfer of shares shall not confer the right to any dividend declared thereon before the registration of the transfer.

Dividend to joint holders

Article 170 provides that any one of several persons who are registered as the joint holders of any share may give effectual receipts for all dividends and payments on account of dividends in respect of such share.

Dividend warrant

Article 171 provides that any dividend payment in cash in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the holder or in the case of joint holders to the registered address of the holder who is first named in the register and every cheque or warrant shall be made payable to the order of the person to whom it is sent.

Unpaid or Unclaimed dividends

Article 172 provides that:

1. Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within seven days from the date of expiry of the said period of 30 days, open a special account in that behalf in any scheduled bank called "Unpaid Dividend of Account" of the Company and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.
2. Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the general revenue account of the Central Government. A claim to any money so transferred to the general revenue account may be preferred to the Central Government by the shareholders to whom the money is due.
3. No unclaimed or unpaid dividend shall be forfeited by the Board.
4. Any General Meeting declaring a dividend may make a call on the Members for such amount as the meeting fixes but so that the call on each Member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend and that the dividend may if so arranged between the Company and the Members be set off against the calls.
5. Any General Meeting may, subject to the provisions of the Act resolve that any profits or surplus moneys arising from the realisation and when permitted by law and appreciation in value of the capital assets of the Company be utilised wholly or in part by the distribution or specific assets and in particular of paid up shares, debentures or debenture-stock of the Company or of any other company or by the paying up any amount for the time being unpaid on any shares of the company or in any one or more of such ways and the Board shall give effect to such direction and where any difficulty arises in regard to the distribution they may settle the same as they think expedient and in particular, may issue fractional certificates and may fix the value for distribution of such specific assets or any part thereof and may determine that cash payment shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such assets in trustees upon trust for the Persons entitled thereto as may seem expedient to the Board. Where required, the Board shall comply with Section 75 and/or such other applicable provisions of the Act and the Board may appoint any Person to sign such contract on behalf of the Persons entitled and such appointment shall be effective.

CAPITALISATION OF PROFITS

Capitalization of profits

Article 173 provides that:

a. Any General Meeting may, upon the recommendation of the Board, resolve that any amount for the time being standing to the credit of any profit or loss account or reserve account including any profit actually realized from the sale of the assets of the Company or representing premium received on the issue of shares and standing to the credit of the share premium account or otherwise available for distribution as dividends or any capital redemption reserve account shall be capitalized and distributed amongst the Members who would have been entitled to receive the same if distributed by way of dividend and in the same proportions.

b. All or any part of such capitalized amount shall be applied, on behalf of such shareholders, in paying up in full either at par or at such premium as the resolution may provide, any fully paid-up bonus share or unissued shares of the Company or towards payments of any amounts for the time being unpaid on any shares or debentures held by such Members in full satisfaction of their interest in the said capitalized sum.

Fractional certificates

Article 174 provides that for the purpose of giving effect to any resolution for the capitalization of reserves, the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient and in particular may issue fractional certificates, fix the value for distribution of any specific assets, make cash payments to any Members on the basis of the value so fixed, or provide that fractions of less value than One Rupee may be disregarded in order to adjust the rights of all parties, and may vest any such cash or specific asses in trustees upon such trusts for the persons entitled to the dividend or capitalized fund as may seem expedient to the Board. Where required, a proper contract shall be delivered to the Registrar for registration in accordance with Section 75 of the Act, and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalized fund, and such appointment shall be effective and binding on such persons.

NOTICE AND DOCUMENTS

Authority for Notice

Article 175 provides that any documents or notice to be served or given by the Company may be signed by the Secretary or a Director or some person duly authorized by the Board.

Notices to the Company

Article 176 provides that notice to the Company shall be sent to the Registered Office.

Notices to persons acquiring shares on death of Member

Article 177 provides that a notice may be given by the Company to the persons entitled to a share in consequence of the death of Member by sending it through the mail, postage prepaid, addressed to them by name, or by the title of the representative of the deceased to the address, if any in India, supplied for the purpose by the persons claming to be so entitled, or by giving notice in any manner in which the same might have been given if the death had not occurred.

Inspection of Registers etc,

Article 178 provides that where under the Act any person, whether a Member of the Company or not, is entitled to inspect any Register, return, Certificate, deed, instrument or document kept or maintained by the Company, the person so entitled shall have the right to inspect the same during such business hours as may, subject to the provisions of the Act in that behalf, be determined by the Board or the Company in General Meeting, and the Company shall comply with the provisions of the Act regarding the supply copies of any such Register, return, Certificate, deed, instrument or other document.

Foreign register of Members or Debenture holders

Article 179 provides that subject to 157 and Section 158 of the Act, the Company may keep in any State or country outside India a branch register of members or debenture holders resident in that State or country.

Company to furnish copies of documents

Article 180 provides that the Company shall send to every Member at his request and on payment of the prescribed amount, copies of the Memorandum of Association of the Company and other documents referred to in Section 39 of the Act within seven days of such request.

Authentication of documents

Article 181 provides that except as otherwise expressly provided in the Act or these Articles, documents or proceedings requiring authentication by the Company may be signed by a Director, the Manager, the Secretary or other authorized officer of the Company and need not be under its Common Seal.

WINDING – UP

Distribution of assets

Article 182 provides that if the Company be wound up and the assets available for distribution among the Members be insufficient to repay the whole of the paid up capital, such assets shall be distributed in such a way that the losses may be borne as nearly as possible by the Members in proportion to the capital paid up on the shares held by them respectively, at the commencement of the winding up. If in a winding up the assets available for distribution among the Members be more than sufficient to repay the whole if the paid up capital at the commencement of the winding up, the excess shall be distributed amongst the Members in proportion to the capital paid up at the commencement of the winding up. But this Article shall in no way affect the rights of the holders of shares issued upon special terms and conditions.

Article 183 provides that if the Company shall be wound up, whether voluntarily or otherwise, the liquidators may, with the sanction of a Special Resolution and any other sanction required by the Act, divide amongst the contributors, in specie, the whole or any part if the assets of the Company, whether they shall consist of property of the same kind or not. The liquidators may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributors as the liquidators shall think fit, but so that no Member shall be compelled to accept any shares or other securities whereon there is any liability.

SECRECY

Secrecy

Article 184 provides that every Director, Managing Director, Auditor, Secretary, Trustee, Officer, Employee, Agent, Accountant or other person employed in or about the business of the Company shall observe strict confidentiality regarding all affairs of the Company, and shall not reveal any of the matters which may come to his knowledge in discharge of his duties except when required so to do by the Board or by a court of law and except so far as may be necessary in order to comply with any of the provision contained in these Articles of the Act.

INDEMNITY

Indemnity

Article 185 provides that subject to the provisions of Section 201 of the Act, every Director, Manager or any other Officer person employed by the Company shall be indemnified out of the assets of the Company, all costs, losses and expenses which any such officer may incur or become liable to by reason of any contract entered into or in any way in the discharge of their duties, including expenses and in particulars and so as not to limit the generality of the foregoing provisions, against all liabilities incurred by them as such Director, Manager or Officer in defending any proceedings, whether civil or criminal, in which judgment is given in that person's favour or he is acquitted or in connection with application under the Section 633 of the Act in which relief is granted by the Court. The amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company and have priority as between the Members over all other Claims.

GENERAL

General

Article 186 provides that wherever in the Companies Act, it has been provided that the Company shall have right, privilege or authority or that the Company could carry out any transaction only if the Company is so authorized by its articles, then and in that case this regulation hereto authorizes and empowers the Company to have such rights, privilege or authority and to carry such transactions as have been permitted by the Act, without there being any specific regulation in that behalf herein provided.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which have been attached to the copy of this Red Herring Prospectus, delivered to the Registrar of Companies for registration and also the documents for inspection referred to hereunder, may be inspected at the registered office of our Company situated at Sonawalla Building, First Floor, 29 Bank Street, Fort, Mumbai- 400023, Maharashtra, India from 10.00 a.m. to 4.00 p.m. on working days from the date of this Red Herring Prospectus until the Bid/ Issue Closing Date.

Material Contracts

a) Engagement letter dated August 10, 2007 for appointment of JM Financial and Edelweiss Capital as the BRLMs.

b) Memorandum of understanding dated September 6, 2007 amongst our Company, the Selling Shareholders and the BRLMs.

c) Memorandum of understanding dated October 4, 2007 executed by our Company, the Selling Shareholders with the Registrar to the Issue.

d) Escrow agreement dated November 7, 2007 between us, the BRLMs, the Selling Shareholders the Escrow Collection Banks, and the Registrar to the Issue.

e) Syndicate agreement dated [•] between us, the BRLMs, the Selling Shareholders Syndicate Members and the Company.

f) Underwriting Agreement dated [•] between us, and the Underwriters.

Material Documents

a) Our Memorandum and Articles of Association as amended till date.

b) Resolution of the Board of Directors passed at its meetings held on August 30, 2007, authorising the Issue.

c) Resolution of our shareholders passed at the extra-ordinary general meeting of our Company held on August 31, 2007 authorising the Issue.

d) Authorisation from the Selling Shareholders dated August 31, 2007 in relation to the Offer for Sale.

e) Resolutions of the general body for appointment of our Directors.

f) Report of the Auditors, Walker, Chandiok & Co Chartered Accountants, prepared as per Indian GAAP and mentioned in this Red Herring Prospectus and letters from the auditors dated November 1, 2007.

g) Copies of annual reports of our Company for the past five financial years.

h) Report of the IPO grading agency, CRISIL Limited, furnishing the rationale for its grading, disclosed in this Red Herring Prospectus.

i) General powers of attorney executed by our Directors and Selling Shareholders in favour of person(s) for signing and making necessary changes to this Red Herring Prospectus and other related documents.

j) Consents of Auditors, Bankers to the Company, BRLMs, Syndicate Members, Registrar to the Issue, Banker to the Issue, Legal Counsel, Directors of our Company, and the Compliance Officer of our Company, as referred to, in their respective capacities.

k) Statement of Tax Benefits from Walker, Chandiok & Co Chartered Accountants dated October 31, 2007 – Auditor's Report on possible Income-tax benefits available to the Company and its shareholders.

l) In-principle listing approval dated October 8, 2007 and September 28, 2007 from NSE and BSE, respectively.

m) Agreement between NSDL, our Company and the Registrar to the Issue dated October 18, 2007.

n) Agreement between CDSL, our Company and the Registrar to the Issue dated October 24, 2007.

o) Due diligence certificate dated September 10, 2007 to SEBI from the BRLMs.

p) SEBI observation letter CFD/DIL/ISSUES/SM/106654/2007 dated October 19, 2007 and our in-seriatim reply to the same dated November 6, 2007.

q) Share Purchase Agreement dated July 24, 2007 entered into between the shareholders of Igentica Travel Solutions Limited as the sellers and EIL as the buyer along with Igentica Travel Solutions Limited, Igentica Limited, Electrobug Technologies Limited, Ebug Pricing Intelligence Limited and us as the confirming parties.

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 our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

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, 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 or guidelines issued thereunder, as the case may be and all approvals and permissions required to carry out the business of our Company have been obtained, are currently valid and have been complied with. We further certify that all statements in this Red Herring Prospectus are true and correct.

Signed by all Directors

Mr. V.K. Mundhra

Mr. P. D. Mundhra

Mr. Anjan Malik

Mr. Pradeep Kapoor

Mr. Anish Ghoshal

Mr. Vikram Limaye

Mr. Jimmy Bilimoria

Signed by Selling Shareholders

Mr. P.D. Mundhra

Mr. Anjan Malik

For Burwood Ventures Limited

Date: November 21, 2007
Place: Mumbai