

DRAFT RED HERRING PROSPECTUS

Please read Section 60B of the Companies Act, 1956

Dated April 25, 2008

100% Book Built Issue

(The Draft Red Herring Prospectus will be updated upon filing with the RoC)**NEOTERIC INFOMATIQUE LIMITED**

(Our company incorporated as a private limited company as 'Neoteric Infomatique Private Limited' vide its certificate of incorporation on March 21, 1997 under the Companies Act, 1956 and was subsequently converted into a public limited company on September 06, 2000. Our status was again changed to a private limited company vide fresh certificate of incorporation issued by the ROC, Maharashtra on May 23, 2002 and then subsequently converted into a public limited company on February 25, 2008. The Registration Number of our company is 11-106787). (For details of changes in our Registered Office, please refer "History and Certain Corporate Matters" beginning on page 115 of the Draft Red Herring Prospectus)

Registered Office: A-23, Shri Ram Industrial Estate, 13 G. D. Ambekar Road, Wadala, Mumbai 400 031, India. **Tel:** +91 22 3257 7600 **Fax:** +91 22 2417 2600.

Corporate Office: 225, Chintamani Plaza, Andheri Kurla Road, Chakala, Andheri (East), Mumbai – 400 099, India. **Tel:** +91 22 3982 8600 **Fax:** +91 22 3982 8694.

Contact Person: Mr. Jigarkumar Gandhi, Company Secretary and Compliance Officer. **E-mail:** ipo@neoteric.co.in, **Website:** www.neoteric.co.in.

PUBLIC ISSUE OF 6,970,000 EQUITY SHARES OF RS. 10 EACH ("EQUITY SHARES") FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF RS. [●] PER EQUITY SHARE AGGREGATING RS. [●] MILLION ("THE ISSUE") BY NEOTERIC INFOMATIQUE LIMITED ("COMPANY"/"ISSUER"). THE ISSUE WILL CONSTITUTE 40% OF THE FULLY DILUTED POST-ISSUE PAID-UP EQUITY CAPITAL OF THE COMPANY.

Our Company is considering a Pre-IPO placement of up to [●] Equity Shares aggregating Rs. [●] million with certain investors, ("Pre-IPO Placement"). If the Pre-IPO placement is completed before the filing of the RHP with RoC, the issue size offered to the public would be reduced to the extent of such Pre-IPO placement, subject to a minimum of 25% of the post Issue paid up Equity Share Capital being offered to the public.

**PRICE BAND: RS. [●] TO RS. [●] PER EQUITY SHARE OF FACE VALUE OF RS. 10 EACH
THE ISSUE PRICE IS [●] TIMES OF THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND [●] TIMES
OF THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND**

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional working days after revision of the Price Band subject to the Bidding/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to Bombay Stock Exchange Limited ("BSE") and National Stock Exchange of India Limited ("NSE"), by issuing a press release, and also by indicating the change on the website of the Book Running Lead Manager and at the terminals of the Syndicate.

The Issue is being made through the 100% Book Building Process wherein not more than 50% of the Issue to the public shall be allocated on a proportionate basis to Qualified Institutional Buyers of which 5% shall be available for allocation to Mutual Funds only and the remaining QIB Portion shall be available for allocation to the QIB Bidders including Mutual Funds. Further, not less than 15% of the Issue to the public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35 % of the Issue to the public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

RISK IN RELATION TO THE FIRST ISSUE

This being the first public issue of the Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is Rs. 10 and the Issue Price is [●] times of the face value. The Issue Price (as determined by our Company in consultation with the Book Running Lead Manager, on the basis of assessment of market demand for the Equity Shares offered by way of Book Building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares 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 our 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 Draft Red Herring Prospectus. Specific attention of the investors is invited to the section titled "Risk Factors" beginning on page 13 of this Draft Red Herring Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

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

IPO GRADING

This Issue has been graded by CRISIL and has been assigned the "IPO Grade [●]" indicating [●], through its letter dated [●]. 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 details regarding the grading of the Issue, see the section "General Information" beginning on page 36 of this Draft Red Herring Prospectus.

LISTING ARRANGEMENT

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

BOOK RUNNING LEAD MANAGER**MICROSEC CAPITAL LIMITED**74A, Mittal Tower, 7th Floor,
210, Nariman Point, Mumbai - 400 021
Tel: + 91 22 2285 5544 Fax: + 91 22 2285 5548

Email: neoteric@microsec.in

Investor Grievance ID: investor.relations@microsec.in

Website: www.microsec.in

Contact Persons : Mr. Pankaj Harlalka / Mr. Anurag Goyal

REGISTRAR TO THE ISSUE**INTIME SPECTRUM
REGISTRY LIMITED****INTIME SPECTRUM REGISTRY LIMITED**C- 13 Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West), Mumbai - 400 078.
Tel: +91 22 2596 0320, 1 800 22 0320

Fax: +91 22 2596 0328

Email: neoteric@intimespectrum.com

Website: www.intimespectrum.com

Contact Person: Mr. Sachin Achar

BID / ISSUE PROGRAMME**BID/ISSUE OPENS ON****[●]****BID/ISSUE CLOSURES ON****[●]**

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

In this Draft Red Herring Prospectus, all references to “Neoteric Infomatique Limited”, “Neoteric Infomatique Private Limited”, “Neoteric”, “the Company”, “Our Company”, “we”, “us”, “our” and “Issuer” are to Neoteric Infomatique Limited, a company incorporated under the Companies Act, 1956, with its registered office at A-23, Shri Ram Industrial Estate, 13 G. D. Ambekar Road, Wadala, Mumbai – 400 031, India.

Conventional / General Terms:

Term	Description
A/C	Account
“Act” or Companies Act	The Companies Act, 1956 as amended from time to time.
AGM	Annual General Meeting
AOA	Articles of Association
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Assessment Year in accordance with Income Tax Act, 1961
BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
CC	Cash Credit
CDSL	Central Depositories Services (India) Limited
CENVAT	Central Value Added Tax
CIN	Corporate Identity Number
CST	Central Sales Tax, 1956, as amended from time to time and the regulations framed there under
CVD	Countervailing Duty
CSC Scheme	Common Service Centre scheme
CY	Calendar Year
DDT	Dividend Distribution Tax
DIN	Director’s Identification Number
DRHP	Draft Red Herring Prospectus
ECS	Electronic Clearing System
EGM	Extraordinary General Meeting
EHTP	Electronic Hardware Technology Park
EOU	Export Oriented Unit

Term	Description
EPS	Earnings Per Share
ERP	Enterprise Resource Planning
ESI	Employee's State Insurance
FBT	Fringe Benefit Tax
FCL	Foreign Currency Loan
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations framed there under
FII(s) / Foreign Institutional Investors	Foreign Institutional Investor as defined under SEBI (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI
FIPB	Foreign Investment Promotion Board
FY/ Fiscal	Financial year/ Fiscal year
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
HSC	Higher Secondary Certificate
HUF	Hindu Undivided Family
ICAI	The Institute of Chartered Accountants of India
INR	Indian National Rupee
IPO	Initial Public Offer
I. T. Act	The Income Tax Act, 1961
MAT	Minimum Alternative Tax
MD	Managing Director
Microsec	Being Microsec Capital Limited
Mn/mn	Million
MNC	Multi National Company
MOA	Memorandum of Association of the Issuer Company
MOU	Memorandum of Understanding
NA / N. A.	Not Applicable
NAV	Net Asset Value

Term	Description
NEFT	National Electronic Funds Transfer
NOC	No Objection Certificate
NO / NOS	Number (s)
NR	Non-Resident
NRE Account	Non-Resident External Account
NRI	Non Resident Indian
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depositories Limited
NSE	National Stock Exchange of India Limited
OCB	Overseas Corporate Bodies, as defined by the relevant FEMA Regulations
PAN	Permanent Account Number
P. A. / p.a. /pa	Per Annum
PAT	Profits After Taxation
PBT	Profits Before Taxation
P/E Ratio	Price/Earnings Ratio
PPP	Public Private Partnership
QIB	Qualified Institutional Buyer
RBI	The Reserve Bank of India
RHP	Red Herring Prospectus
ROC	Registrar of Companies is located at 100, Everest, Marine Drive, Mumbai 400 002, Maharashtra, India
RONW	Return on Net Worth
Rs. / Rupees / INR	Indian Rupees
RTGS	Real Time Gross Settlement System
R & D	Research and Development
SBU	Small Business Unit
SCRA	Securities Contracts (Regulation) Act, 1956 as amended
SCRR	Securities Contract Regulations Rules, 1957 as amended
SEBI	Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time

Term	Description
SEBI DIP Guidelines / SEBI Guidelines	Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI effective from January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time
SEC	Section
SKU	Stock Keeping Units
SMB	Small and Medium Businesses
SQ FT	Square Feet
SSC	Secondary School Certificate
STP	Software Technology Park
STT	Securities Transaction Tax
SWAN	State Wide Area Network
TDS	Tax Deducted at Source
UAE	United Arab Emirates
US/USA	United States of America
USD or \$ or US \$	United States Dollar
VAT	Value Added Tax
WC DL	Working Capital Demand Loan
YOY	Year on Year

Offering Related Terms:

Term	Description
Allotment / Allotment of Equity Shares	Issue of Equity Shares of the Issuer pursuant to the Issue to the successful Bidders
Allottee	The successful Bidder to whom the Equity Shares would be issued.
Auditors	The statutory auditor of the Issuer is M/s Chaturvedi Sohan & Co., Chartered Accountants
Bid	An indication to make an offer made by a prospective investor to subscribe for Equity Shares of the Issuer at a price within the Price Band, during the Bidding Period and includes all revisions and modifications thereto
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue
Bid / Issue Closing Date	The date after which the Syndicate Members to the Issue will not accept any Bids for the Issue; any such date shall be notified through a notice in an English national newspaper, a Hindi national newspaper and a regional newspaper

Term	Description
Bid / Issue Opening Date	The date on which the Syndicate Members to the Issue shall start accepting Bids for the Issue; any such date shall be notified through a notice in an English national newspaper, a Hindi national newspaper and a regional news paper
Bid-cum- Application Form	The form in terms of which the Bidder shall Bid for the Equity Shares in the Issuer and shall, upon allocation of the Equity Shares by the BRLM and filing of the Prospectus with the ROC, be considered as the application for allotment of the Equity Shares in terms of this Draft Red Herring Prospectus
Bidder(s)	Any prospective investor who makes a Bid for Equity Shares in terms of this Red Herring Prospectus through the Book Building Process
Bidding / Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which period prospective investors can submit their Bids
Book Building Process/ Method	Book building route as provided in Chapter XI of the SEBI DIP Guidelines, in terms of which this Issue is made
BRLM/ Book Running Lead Manager	Book Running Lead Manager, in this case being Microsec Capital Limited
CAN / Confirmation of Allocation Note	The note, advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process
Cap Price	The higher end of the Price Band, Rs [●] per Equity Share in the Issue, above which the Issue Price will not be finalised and above which no bids will be accepted
Companies Act/ The Act	The Companies Act, 1956, as amended from time to time
Cut-off / Cut-off Price	The Issue Price finalized by the Issuer in consultation with the BRLM
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
DP / Depository Participant	A depository participant as defined under the Depositories Act
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account after the Prospectus is filed with the ROC, following which the Board of Directors shall transfer / allot the Equity Shares to successful Bidders
Designated Stock Exchange	The Bombay Stock Exchange Limited
Director(s)	Director(s) of Neoteric Infomatique Limited, unless otherwise specified
DRHP/ Draft Red Herring Prospectus	This Draft Red Herring Prospectus dated [●] 2008 issued in accordance with Section 60B of the Companies Act, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. Upon filing with ROC at least three days before the Bid/Issue Opening Date it will

Term	Description
	become the Red Herring Prospectus. It will become a Prospectus upon filing with ROC after the determination of Issue Price
Escrow Account	An Account to be opened with the Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques/ demand drafts in respect of the Bid and in which account the cheques/demand drafts will be deposited by the Syndicate Member(s)
Escrow Agreement	The Agreement to be entered into between the Syndicate Member(s), the Issuer, the Registrar, the BRLM and the Escrow Collection Bank(s) for collection of the Bid Amounts and refunds of the amounts collected from the Bidders
Escrow Collection Bank(s) / Banker(s) to the Issue	[●]
Financial Year/ Fiscal/ FY	The twelve months or period ended March 31 of a particular year
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or Revision Form
Floor Price	The lower end of Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted
Issue/ Issue Size	<p>Public Issue of 6,970,000 Equity Shares for cash at the Issue Price of Rs. [●] aggregating to Rs. [●] million by the Issuer in terms of this Draft Red Herring Prospectus</p> <p>The Issuer is considering a Pre-IPO Placement of up to [.] Equity Shares, subject to a minimum of 25% of the post Issue paid-up equity capital with certain investors (“Pre-IPO Placement”). The Issuer will complete the issuance, if any, of such Equity Shares prior to the completion of this Issue. If the Pre-IPO Placement is completed the number of Equity Shares issued pursuant to the Pre-IPO Placement will be reduced from the Issue, subject to a minimum Issue size of 25% of the post Issue capital</p>
Income Tax Act	The Income Tax Act, 1961, as amended from time to time
Indian GAAP	Generally accepted accounting principles in India
Issue Price	Price determined by the Issuer in consultation with the BRLM on the Pricing Date after the Bidding Period and which shall be set forth in the Prospectus to be filed with RoC
Issue Account	Account opened with the Banker to the Issue to receive monies from the Escrow Accounts on the Designated Date
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, being 10% to 100% of the Bid Amount
Microsec Capital Limited	Microsec Capital Limited, a public company incorporated under the provisions of the Companies Act with the registered office at Shivam Chambers, 1 st Floor, 53, Syed Amir Ali Avenue, Kolkata – 700 019.

Term	Description
Mutual Fund(s)	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996.
Mutual Funds Portion	5% of the QIB Portion or upto 174,250 Equity Shares available for allocation to Mutual Funds only, out of the QIB Portion
Non-Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Bidders
Non-Institutional Portion	The portion of the Issue being 1,045,500 Equity Shares available for allocation to Non-Institutional Bidders
Non Resident	A person resident outside India, as defined under FEMA.
NRI/ Non Resident Indian	A person resident outside India, who is a citizen of India or a person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
OCB / Overseas Corporate Body	Overseas corporate body, is a company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs and includes overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
Pay-in-Date	Bid/Issue Closing Date or the last date specified in the CAN sent to Bidders, as applicable
Pay-in-Period	(i) With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the Bid/Issue Closing Date, and (ii) With respect to Bidders who's 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, as specified in the CAN.
Price Band	The price band with a minimum price (Floor Price) of Rs. [•] and the maximum price (Cap Price) of Rs. [•].
Pricing Date	The date on which the Issuer in consultation with the BRLM finalizes the Issue Price
Promoters	Mr. Harshad D. Shah Mr. Paras H. Shah
Promoter Group	Unless the context otherwise requires, refers to those companies and individuals mentioned in the section titled "Our Promoters and Promoter Group" beginning on page 131 of this Draft Red Herring Prospectus
Prospectus	The Prospectus to be filed with the ROC containing, inter-alia, the Issue Price that is determined at the end of the Book Building Process, the Issue size and certain other information
Public Issue Account	Account opened with Bankers to the Issue for the purpose of transfer of monies from the Escrow Account

Term	Description
Qualified Institutional Buyers (QIBs)	Public financial institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million in accordance with applicable law and National Investment Fund setup by resolution number F. No.2/3/2005-DD II dated November 23, 2005 of Government of India.
QIB Margin Amount	An amount representing at least 10% of the Bid Amount being the amount QIBs are required to pay at the time of submitting a bid.
QIB Portion	The portion of the Issue being 3,485,000 Equity Shares available for allocation to QIB Bidder(s)
Refund Account	Account opened with an Escrow Collection Bank, from which refunds of the whole or part of the Bid Amount, if any, shall be made.
RHP/ Red Herring Prospectus	The Red Herring Prospectus to be issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and the Issue size. The Red Herring Prospectus will be filed with the ROC at least 3 days before the opening of the Issue and will become a Prospectus after filling with ROC after the pricing and allocation
Registrar	Registrar to the Issue, in this case being Intime Spectrum Registry Limited
Retail Individual Bidders	Individual Bidders (including HUFs and NRIs) who have not Bid for Equity Shares for an amount more than or equal to Rs.100,000 in any of the bidding options in the Issue
Retail Portion	The portion of the Issue being 2,439,500 Equity Shares available for allocation to Retail Bidder(s)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of the Bid options as per their Bid-cum-Application Form and as modified by their subsequent Revision Form(s), if any
Stock Exchanges	BSE and NSE
Syndicate	The BRLM and Syndicate Member(s)
Syndicate Agreement	The agreement between the Syndicate Members and the Issuer to be entered into in relation to the collection of Bids in this Issue
Syndicate Members	Collectively the BRLM and the Syndicate Members as disclosed in this Draft Red Herring Prospectus and persons who are registered with SEBI and are eligible to act as Underwriters
TRS or Transaction Registration Slip	The slip or document registering the Bids, issued by the Syndicate Member to the

Term	Description
	Bidder as proof of registration of the Bid upon submission of the Bid-cum-Application Form in terms of this Draft Red Herring Prospectus
Trading Volumes	Traded value of equities including both cash and derivatives on the Stock Exchanges
Underwriters	The BRLM and Syndicate Member(s)
Underwriting Agreement	The agreement between the BRLM, Syndicate Member(s), and the Issuer to be entered into on or after the Pricing Date

Company Related Terms:

Term	Description
Articles / Articles of Association / AOA	Articles of Association of Neoteric Infomatique Limited
Board / Board of Directors	Board of directors of Neoteric Infomatique Limited or a committee of the Board
Corporate Office	The Corporate office of the Issuer Company is situated at 225, Chintamani Plaza, Andheri Kurla Road, Chakala, Andheri (East), Mumbai – 400 099, India
Equity Shares	Equity Shares of the Issuer of face value Rs 10 each
Memorandum of Association	The Memorandum of Association of Neoteric Infomatique Limited
Registered Office	The registered office of the Issuer is situated at A-23, Shri Ram Industrial Estate, 13 G. D. Ambedkar Road, Mumbai 400 031, India

Technical and Industry Related Terms:

Term	Description
ADB	Adobe
AMD	AMD
BPO	Business Process Outsourcing
CD	Compact Disk
CD ROM	Compact Disk Read Only Memory
C&F	Cost and Freight
CIF	Cost, Insurance and Freight
CLASS A CITIES	Delhi, Mumbai, Chennai, Kolkata
CLASS B CITIES	Bangalore, Hyderabad, Ahmedabad, Pune
CLASS C CITIES/TOWNS	Other Smaller Towns/Cities
CMMI	Capability Maturity Model Integration
CPU	Central Processing Unit
CRT	Cathode Ray Tube
DIT	Department of Information Technology
HP	Hewlett Packard

IBEF	India Brand Equity Foundation
IDC	International Data Corporation
INTERNET ENTITIES	Entities are establishments/individuals with Internet connection; an entity could house multiple users
IT	Information Technology
ITES	Information Technology Enabled Services
LCD	Liquid Crystal Display
MAIT	Manufacturers' Association for Information Technology
MMOG	Massively Multi-Player Online Game
MMORPG	Massively Multi-Player Online Role-playing Game
NASSCOM	National Association of Software Services Companies
M&A	Merger and Acquisition
PE	Private Equity
PC	Personal Computer
SBU	Strategic Business Unit
SME	Small and Medium Business Enterprise
SOHO	Small office home office
UPS	Uninterrupted Power Supply

Company's Product Related Abbreviations:

All other words and expressions used but not defined in this Draft Red Herring Prospectus, but defined in the Companies Act, 1956, the SEBI DIP Guidelines or in the Securities Contracts (Regulation) Act, 1956 and/ or the Rules and the Regulations made thereunder, shall have the meanings respectively assigned to them in such Acts or the Rules or the Regulations made thereunder or any statutory modification or re-enactment thereto, as the case may be.

CERTAIN CONVENTIONS; PRESENTATION OF FINANCIAL DATA AND MARKET DATA

Unless stated otherwise, the financial data in this Draft Red Herring Prospectus is derived from the financial statements prepared in accordance with Indian GAAP and included in this Draft Red Herring Prospectus. The Issuer's fiscal year commences on April 1 and ends on March 31 of each year, so all references to a particular Fiscal Year are to the twelve- month period ended March 31 of that year. In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off.

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

Any percentage amounts, as set forth in "Risk Factors", "Business", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Draft Red Herring Prospectus, unless in this Draft Red Herring Prospectus otherwise indicated, have been calculated on the basis of our financial statements prepared in accordance with Indian GAAP.

All references to "India" contained in this Draft Red Herring Prospectus are to the Republic of India, all references to the "US", "USA" or the "United States" are to the United States of America, and all references to "UK" are to the United Kingdom.

For definitions, see the section titled "Definitions and Abbreviations" beginning on page 1 of this Draft Red Herring Prospectus. In the section titled "Main Provisions of Articles of Association", defined terms have the meaning given to such terms in the Articles.

Use of market data

Unless stated otherwise, industry/ market data used throughout this Draft Red Herring Prospectus has been obtained from internal Company reports, and other industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable, but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry / market data used in this Draft 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 source.

Further, the extent to which the market data presented in this Draft Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources.

FORWARD-LOOKING STATEMENTS

We have included statements in this Draft Red Herring Prospectus which contain words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions that could be considered to be “forward-looking statements”. Similarly, statements that describe our objectives, strategies, plans or goals are also forward looking statements.

All forward looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward looking statement. 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:

1. our ability to successfully implement our strategy, growth and expansion plans, technological initiatives;
2. our ability to retain our current employees;
3. disruptions in our IT systems and communication links;
4. uncertainties and variability in demand by channel partners;
5. our business relationship with major vendors;
6. significant changes in our inventory value;
7. market fluctuations and industry dynamics beyond our control;
8. occurrence of natural disasters or calamities affecting the areas in which we have operations;
9. changes in political and social conditions in India;
10. changes in interest rates, foreign exchange rates, monetary and fiscal policies of India; and
11. competition in the industry.

For further discussion of factors that could cause our actual results to differ, see the section titled “Risk Factors” beginning on page 13 of this Draft Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could be materially different from those that have been estimated. Neither the Issuer, nor the BRLM nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition or differ from actuality. In accordance with SEBI requirements, the Issuer and the BRLM will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

SECTION II: RISK FACTORS

An investment in Equity Shares involves a high degree of risk. Prior to investing in the Equity Shares, prospective investors should carefully consider all of the information contained in this Draft Red Herring Prospectus, especially the following risk factors, in evaluating the risks associated with our business, industry and the locations we operate in. In particular any potential investor in or purchaser of the Equity Shares should pay particular attention to the fact that we are governed by Indian legal and regulatory requirements which may differ from those which prevail in other countries. These risks and uncertainties are not the only issues that we face; additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also have a material adverse effect on our financial condition or business success. To obtain a complete understanding of our Company, you should read this section in conjunction with the section titled "Business Overview" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 87 and page 167 of this Draft Red Herring Prospectus respectively. Prospective investors should also note that certain of the statements in this Draft Red Herring Prospectus, including information with respect to our plans and strategy, constitute "forward-looking statements" as discussed in the section titled "Forward-Looking Statements" on page 12 of this Draft Red Herring Prospectus.

Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other risks mentioned herein. Unless stated otherwise, the financial data in this section is as per our restated financial statements prepared in accordance with Indian GAAP.

A. INTERNAL RISK FACTORS

1. *We are involved in litigation proceedings and we cannot assure you that we will prevail in these actions.*

There are four sales tax demands aggregating Rs. 3.40 Million pending against us under the Delhi Sales Tax Act, 1975. We have filed appeals against these demands with the higher authorities and the same are pending. If these demands are determined against us, and we are required to pay all or any portion of the disputed amount, it could have a material adverse impact on our cash flows, results of operations and financial condition, involving potential cash outflow.

There are also cases **filed by us** and these are pending at various levels of adjudication. A summary of these cases is as under:

Sr. No.	Type of Cases	Number of Cases	Amount (Rs. in Million)
1	Criminal Cases	5	16.11

Since our company has already charged to the profit and loss account the above amount the risk is limited to the legal and professional fees payable in respect of the matter. In relation to the above criminal cases, our Company has also filed two winding up petitions and one summary suit against the parties.

For further details regarding the outstanding litigations, please refer to the section "Outstanding Litigations and Other Material Developments" beginning on page 177 of this Draft Red Herring Prospectus.

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

The fund requirements as described under the section “Objects of the Issue” beginning on Page 56 are based on internal management estimates and have not been appraised by any bank or financial institution. Our management in response to the competitive and dynamic nature of the industry will have the discretion to revise its business plan from time to time and consequently the fund requirement may also change. This may also include rescheduling the proposed expenditure program and increasing or decreasing expenditure for a particular purpose vis-à-vis the proposed expenditure program.

3. ***We have not entered into any definitive arrangements for purchase of our corporate office premises and establishment of new branches.***

We propose to utilize Rs. 100 Million out of the net issue proceeds for acquiring our owned corporate office. We also intend to use Rs. 12 Million out of the proceeds of the Issue for setting up of new branches as described under the section titled “Objects of the Issue” beginning on page 56. We have not entered into any lease, license or other similar arrangements for establishment of the corporate office or the new branches. In the event we are unable to enter into arrangements at favorable terms and conditions, as expected and assumed by us, or in a timely manner or at all, we may not reap the expected benefits from the net proceeds of the Issue and our financial results may suffer.

4. ***We are only raising part of the margin money required for our working capital requirements and in case the balance is not arranged we may not meet our targeted revenues and profitability as per our business estimates.***

We are only raising part of the margin money required for our working capital requirements. We propose to meet the remaining margin money infusion through our internal generations or alternative methods of funding. In case we are unable to generate or raise the required sum, we may not be able to meet the targeted revenues and profitability as per our business estimates. The shortfall may lead to failure in implementation of our business plans and lead to operational and financial losses.

5. ***Our Company does not own the “neoteric” trade mark. In case the registration is not received by us, our business may suffer and our brand/reputation may be damaged.***

We do not own the “neoteric” trade mark. We have filed the following applications for registration of the trade mark under the relevant provisions of the Trade Marks Act, 1999, which are pending:

Sl. No.	Application No.	Date of Application	Trade Mark Name	Class in respect of which application has been made	Name of Applicant
1.	1647815	16.01.2008	Neoteric	9	Neoteric Infomatique Pvt. Limited
2.	1647817	16.01.2008	Neoteric	16	Neoteric Infomatique Pvt. Limited
3.	1322755	15.10.2004	Neoteric	35	Mr. Paras Shah (Promoter)

We have applied the above trademark registration under which we carry on our business. These are pending as on the date of filing this Draft Red Herring Prospectus. Our applications may not be allowed or third parties may challenge the validity or scope of this application or the trademark if the application is approved.

If we fail to successfully obtain or enforce our trademark, we may need to change our logo. Failure to obtain registrations of these trademark, and pending registration of this trademark, we may not have a strong recourse to legal proceedings to protect our trademark, which could have an adverse effect on our business. For further details, please refer to “Government and Other Approvals” beginning on page 186 of this Draft Red Herring Prospectus.

6. *Our Company is dependent on the Information Technology Industry and any radical change or downturn may have an impact on our business.*

Our sales revenue is predominantly derived from the sale of IT hardware products. The industry is highly fragmented in nature and competitive. In case of any downturn in this industry, or if the demand does not keep in pace with the supply build-up in the industry, our business operations may be adversely affected. Further, if we are unable to maintain an upgraded supply of new technological developments in our industry, it may adversely affect our sales revenue and impact our business.

7. *At present we do not own any property and operate out of rented/leased premises. The lease/ rental agreements are upto three years with a clause for increase in rentals. Any increase in rentals on renewal may have a material adverse effect on our business, financial condition and results of operations*

All the offices and branches of our Company have been taken on rent/lease from third parties and are not owned. Also our registered office is leased to us by our promoter and persons forming part of the Promoter group, Mr. Harshad Shah, Ms. Ranjan Shah and Ms. Dipti Shah. The lease / Leave and License agreements for facilities are renewable upon payment of such rates as stated in these agreements. Any adverse impact on the title /ownership rights/ development rights of our landlords from whose premises we operate our business from or any breach of the contractual terms of such Lease / Leave and License agreements may impede our Company’s effective operations. In the event, 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 unfavorable to us, we may suffer a disruption in our operations, which in turn could have a materially adverse effect on our financial condition and results of operations.

8. *Our management has taken decisions in the past wherein they have discontinued a business segment which contributed to nearly 20% of our revenues.*

During the financial year 2007-08 we have discontinued distribution of Kodak digital cameras which had contributed to approximately 20% of our total revenues in the financial year 2006-07. The discontinuation was intended to improve overall profitability of our Company because the segment was showing trend of declining profit margins. Our business is highly dependent on proper utilization of working capital and we were able to use the released capital to provide better margins. We may in the future also take similar decisions wherein the outcome could materially differ from those that have been expected.

9. *Some of our lease documents are in adequately stamped or registered, which could adversely affect us.*

All the offices and branches of our Company have been taken on rent/lease from third parties. Out of this some of the agreements are not adequately stamped or registered. The lack of stamping and registration of these agreements may result in non enforceability in case of disputes and we may not have a strong recourse in case of legal proceedings. As such, these agreements may not be enforceable.

10. *Our Company has unsecured loans which are repayable on demand.*

As on December 31, 2007 our Company has unsecured loans amounting to Rs. 47.20 million from its shareholders, which are repayable on demand. Any demand from lenders for repayment of such unsecured loans, may adversely affect our business operations.

For further details of these unsecured loans, please refer to the heading of ‘Details of Unsecured Loans’ on page 165 under the section titled “Financial Statements” beginning on page 145 of this Draft Red Herring Prospectus.

11. *We do not have long term & / exclusive contract with any of our channel partners. Our business dependent on actions and decisions of the channel partners which may adversely affect our revenues.*

Since we generally do not enter into long term contracts with our channel partners with minimum purchase quantities, our sales are subject to demand variability by our channel partners. We have developed an effective network of channel partners, many of whom also distribute products of our competitors which leads to constraints on our margins. Our business is a high volume and low margin business and just as we are dependent on our margins based on achievement of targets agreed with our vendors, our channel partners are also dependant for better margins based on the turnover achieved and adherence to terms and conditions. The level and timing of orders placed by our channel partners may vary for a variety of reasons, including seasonal buying by end users, the introduction of new hardware and software technologies and general economic conditions. Our inability to anticipate and respond to the demands of our channel partners may harm our business, results of operation and financial condition.

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

The IT distribution industry is rapidly evolving and highly competitive and we expect that competition will continue to intensify. Some of our competitors may have significantly greater financial resources and market reach than us. Consolidation among some of our competitors may also leave us at a competitive disadvantage.

While we have historically been able to conduct our distribution business at competitive margins and on a cost effective basis, there can be no assurance that we will be able to do so in the future. We believe that our ability to compete also depends on a number of factors beyond our control, including the ability of our competitors to attract, train, motivate and retain highly skilled technical employees, the price at which our competitors offer comparable services.

13. *Some of our promoter group entities have potential conflict of interest with us*

Neoteric HK Ltd. is a company incorporated in Hong Kong with limited liability and promoted by Mr. Paras Shah, our promoter. The principal activities of the company are that of imports and exports of the IT Hardware. Presently this company does not cater to the Indian market and the size of operation is small, in the future this company may enter the Indian market and may result in a conflict with our business interest.

14. Few of our Promoter Group Companies/Entities have made losses in the past

Some of our Promoter Group Companies/firms have incurred losses in the last three fiscal years as follows:

Rs. in Million	
Name	Fiscal 2007
Plus Plus Consulting & Services Private Limited	(0.02)
Neoteric HK Limited	(0.37)

Some of our Promoter Group Companies have accumulated losses and negative Net worth as under:

Rs. in Million	
Name	Fiscal 2007
Companies with accumulated losses	
Neoteric HK Limited	(0.37)
Company with negative Net worth	
Neoteric HK Limited	(0.31)

15. We operate on low gross margins and a slight variation in revenues and operating costs can have a significant impact on our operating results

The IT hardware distribution industry is a highly competitive one and this results in low gross margins. Further, any decrease in the demand for our products may hinder our ability to maintain or improve our gross margins. Moreover a portion of our operating expenses is relatively fixed and a slight reduction in revenues or our inability to manage our costs can adversely affect our results of operation and financial condition.

16. Our growth strategy to expand into new geographic areas exposes us to certain risks

Increasing penetration in new geographical areas is one of our growth strategies. We propose to continue with this strategy of entering new geographic areas. Pursuance of such a growth strategy may expose us to risks which may arise due to lack of familiarity with the development, ownership, management and the customer preferences including:

- obtaining necessary governmental approvals and permits under unfamiliar regulatory regimes;
- attracting potential customers in a market in which we do not have significant experience;
- the cost of hiring new employees and increased infrastructure costs
- Significant development in India's fiscal and environmental regulations.

In the event we are unable to successfully manage the risks of such an expansion, it could have a material adverse effect on our revenues, earnings and financial condition.

17. We do not enter into any long term contracts with our vendors and our vendor can terminate contract without assigning any reason, which could negatively impact our business, results of operation and financial condition

Most of our vendors have multiple distributors with non-exclusivity clause. Our vendors utilize our distribution network as well as the network of our competitors to distribute their products. Our vendors can terminate their contracts with us with or without assigning any reason. Additionally, our contracts with vendors are typically without any commitment to a specific volume of business or continuity. Our business is dependent on our relations with our vendors and is also influenced by the decisions taken by our vendors and their strategies over which we have minimal control. Our vendors may after identifying large sale

locations may choose to directly sale to end users or open their own exclusive stores, though such instances are not frequent. Our vendors may also choose to allocate a few products exclusively to our competitors. Termination of a vendor contract or change of strategies owing to any of the above factors could adversely affect our business, results of operation and financial condition.

18. *We are yet to receive consents/renewals of certain statutory approvals required in the ordinary course of our business, and if we are unable to obtain these approvals, our business could be adversely affected.*

We are in the business of distribution for which we are required to obtain statutory and regulatory permits and approvals to operate our business. Some of the approvals are required to be renewed on a yearly basis. While we believe that we will be able to obtain or renew permits and approvals as and when required, there can be no assurance that the relevant authorities will issue any such permits or approvals in the time anticipated by us or at all. In a few locations where our Company has established a place of business the required license under the Shops and Establishment Act has not been obtained.

If we are unable to renew, maintain or obtain required permits or approvals, it could result in interruptions in the business, which in turn could have a materially adverse effect on our financial condition and results of operations. For further details regarding such approvals, please refer to the section entitled “Government and Other Approvals” beginning on page 186 of this Draft Red Herring Prospectus.

19. *Our future growth will be contingent upon our ability to finance our working capital requirements.*

Our business is working capital intensive. Historically, we met our working capital requirement through bank borrowings, internal accruals and equity capital infusion since our operational cash flow are not sufficient enough to run our operations.

Since we propose to increase our distribution network and also increase our product categories and number of vendors, we expect a significant increase in our working capital requirements. Further, if our average credit period gets reduced and/or our collection period increases for any reason whatsoever, our working capital requirement will increase for our given scale of operations. We cannot assure that we will be able to raise funds from external sources at a competitive rate or at all to finance the increased working capital requirements. In that eventuality our future growth may be hampered.

20. *Our distribution business is dependent upon our continued relationship with our Key vendors and their ability to introduce new and better products. Any change in our business relationship with a major vendor or our inability to procure products from our vendors could adversely affect our business, results of operation and financial condition*

Our business is highly dependent on our relationships with a limited number of vendors. The product Sales of our top five vendors represented approximately 70.50% of our total revenue in the financial year 2005-2006, 70.94% of our total revenue in financial year 2006-2007 and about 68% of our total revenue during the nine months period ended December 31, 2007. The loss or deterioration of our relationships with a major vendor, the authorization by vendors of additional distributors, the sale of products by vendors directly to our reseller customers and end-users, or our failure to establish relationship with new vendors or to expand the distribution and supply chain services that we provide could adversely affect our business, results of operation and financial condition. In addition, vendors may face liquidity or solvency issues which in turn could negatively affect our business, results of operation and financial condition.

21. Supply Chain Management plays a very vital role in our business.

A strong supply chain system is essential to ensure availability of stock at the branch. Ensuring shelf availability for our products warrants quick turnaround time and high level of coordination with suppliers. We rely on our supply chain and adopt operational processes to optimize our inventory position and reduce cost. We strive to keep optimum inventory at our branches and distribution centers to control our working capital requirements. We have set up regional distribution centers for efficient storage and timely delivery of material to our channel partners. This helps us to minimize lead time and better utilization of working capital. An inefficient supply chain management could adversely affect the results from operations.

22. We are subject to restrictive covenants under agreements we have entered into with our lenders for working capital credit facilities and other borrowings

We have availed of several loans and financial facilities from the following banks namely; Union Bank of India, Citibank N.A., HDFC Bank, Standard Chartered Bank. We have entered into agreements with these banks for working capital credit facilities for which our current assets have been charged. Some of these agreements contain restrictive covenants that require our Company to provide prior notice to the banks prior to undertaking activities such as any changes in the shareholding pattern or the management of our Company, effecting any scheme of amalgamation or reconstruction and declaring dividends in respect of any financial year in which there has been any default in payment from our side etc. Pursuant to the aforesaid covenants we have obtained the prior written approvals. For more details of these restrictive covenants, please refer to the section titled "Financial Indebtedness" beginning on page no. 112 of this Draft Red Herring Prospectus.

23. Any failure in our information technology systems could adversely impact our business performance

We rely extensively on our information technology systems to provide us connectivity across our business functions through our software, hardware and connectivity systems. Any disruptions in the functioning could affect operations. Our business is highly dependent on communication links between our corporate office, branches and warehouses. We have setup a robust WAN (Wide Area Network) network with our branches with adequate redundancy and backup, but these are dependent on local service providers. Any significant interruption in the ERP systems or break down of our communication links will affect our ability to meet our contractual commitments, damage our reputation and weaken our competitive position.

24. Contingent Liabilities could adversely affect our financial condition

The Contingent liabilities of our Company not provided for, as certified by our statutory auditors are as under:

Particulars	Rs. in Million	
	9 month period ended 31 st Dec 2007	Year ended 31.03.2007
Bank Guarantee for Statutory Compliances	0.39	0.39
Bank Guarantee in favor of Vendors	47.50	57.48
Letter of Credit issued	-	51.60
Disputed Sales Tax Demands	3.40	3.40

Out of the above contingent liabilities, the bank guarantees and letter of credit have been issued in the normal course of our business in order to avail credit from our vendors.

Crystallization of any of the above liabilities may require us to honour the demands, if any, which may adversely affect our liquidity and financial results.

25. *The inventory value of our products generally decline and limited price protection available from vendors may not be adequate to cover the decline in such value.*

Rapid change in technology and high obsolescence are key features of the IT hardware industry. Our inability to sale inventory before price drops, may adversely affect our business, results of operations and financial condition. Although there are price protection terms in the agreements entered into with our vendors, these terms may not be adequate to compensate us from the declines in the value of our inventory and this may affect our business, results of operation and financial condition.

26. *Central Government approval for the remuneration of the CEO & Managing Director is pending*

Our Company had approved the agreement with our CEO & Managing Director, Mr. Paras Shah, for his present terms of appointment at a time when we were a private limited Company and the limits specified in section 309 of the Companies Act, 1956 read with Schedule XIII were not applicable. However, upon conversion of our Company into a public limited Company w.e.f February 25, 2008 the existing terms of remuneration have now become in excess of what has been prescribed under the Companies Act, 1956. We have already formed the Remuneration Committee and are now in the process of getting approval from the equity shareholders subsequent to which we would apply for an approval of the Central Government for the remuneration to be paid to our CEO & Managing Director. In case the approval is not received from the appropriate authority, then we may have to make amendments to his appointment/terms of appointment.

27. *We rely on third party to transport our goods which are subject to various uncertainties and risks.*

We also like all our peer companies depend mostly on road transport to deliver our goods to our channel partners and from our vendors. We rely on third parties to provide such services. Disruptions of transportation services because of weather related problems, strikes, inadequacies in the road infrastructure, or other events could impair our procurement of the products from our vendors and our ability to supply our products to our channel partners. Any such disruption could materially and adversely affect our business, financial condition and results of operations.

28. *We have, in the past 12 months, issued Equity Shares at a price which is lower than the Issue Price.*

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

Date of Allotment	Number of equity shares	Face Value per equity share (Rs.)	Issue Price per equity share (Rs.)	Consideration
December 11, 2007	5,000,000	10	Nil	Bonus
March 15, 2008	177,200	10	20	Cash
March 26, 2008	276,875	10	20	Cash

29. We are dependent on our management and professional team for success.

Our performance and success depends largely on our management team and team of professionals to oversee the operations and growth of our business. If we lose the services of our Managing Director or any of our key managerial personnel, it would be difficult to find and integrate a suitable replacement in a timely manner which could significantly impair our ability to develop and implement our business strategies. This would have a material adverse effect on our financial condition and results of operations.

Our success depends in part on our ability to recruit and retain talented professionals at reasonable cost. In addition, owing to high attrition rate of employees, we may face an intense competition from other competitor companies in recruiting and retaining employees. However, our inability to recruit and retain our senior management at reasonable cost may harm our growth and our future earnings may be affected adversely.

30. We have entered into related party transactions with our promoters and/or Directors

We have entered into transactions with our promoter group and our directors. Whilst we believe that all such transactions have been conducted on an “arm’s length basis”, there can be no assurance that we could not have achieved more favorable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we may enter into related party transactions in the future. There can be no assurance that such transactions individually or in the aggregate, will not have an adverse effect on our business and results of operations. For details on related party transactions refer to “Financial Statements – Related Party Transactions” on page 163 of this Draft Red Herring Prospectus.

31. We have negative cash flow from operating activities in the last five years

Our revenues have been growing at a CAGR of approximately 25% for the past five years which has led to negative cash flow in our operations for the past years as follows:

9 month period ended 31 st Dec 2007	For the year ending				
	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
26.69	(54.69)	51.67	(17.64)	(6.87)	(28.28)

For further details, please refer to page no.158 of the Draft Red Herring Prospectus.

32. Upon completion of this Issue, our Promoters and Promoter group would continue to retain control in our Company, which will allow them to influence the outcome of matters submitted to shareholders for approval.

Upon completion of this, our Promoters and Promoter group will own 57.55 % of our issued and paid-up Equity Share capital. As long as our Promoters own a majority of our Equity Shares, they would be able to exercise significant influence on the over all matters requiring shareholders’ approval, including appointment and removal of our officers, the business strategy and policies, any decision with respect to mergers, amalgamations, acquisitions or disposal of assets, the incurrence of indebtedness, the issuance of any additional shares or other equity securities, the dividend policy and capital structuring and financing. Further, this control could 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 making a tender offer or otherwise attempting to obtain control of our Company even if it is in our Company's best interest. In addition, for so long as the Promoters and the Promoter Group continues to exercise significant control over our Company, they may influence the material policies of our Company in a manner that could conflict with the interests of the other shareholders.

33. *Liability may arise with respect to premature termination of Leave & License agreement*

We have entered into a Leave & License agreement for a premises situated at Film Centre, Tardeo. The period of the agreement commences on June 2, 2008 and expires on June 1, 2011. This agreement has a lock-in period of twenty four months beginning from June 2, 2008. Under this lock-in period, if our company vacates the said premises before the expiry of the twenty four month period, we would be liable to pay the rental for the balance unexpired portion of the lock-in period of 24 months.

34. *Our Company may not be able to mobilize low cost funds*

We may face problem to procure low cost funds. We are working in a multi-banking arrangement to net off the cost factor. Our business exposes us to risks associated with changes in interest rates. Any increase in interest rate may have a negative impact on our business, results of operations and financial condition.

35. *We do not have a track record for payment of dividend on equity shares*

We do not have the track record of dividend distribution on the Equity Shares. The future payment of dividends, if any, would be based on the then available distributable profits and the recommendations of our Board of Directors. The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures and other factors.

We have not declared dividend in the past with the object to conserve the resources and utilize the same for future growth and expansions.

36. *We are subject to risks arising from interest rate fluctuations, which could adversely affect our business, financial condition and results of operations.*

Changes in interest rates could significantly affect our financial condition and results of operations. As at December 31, 2007, Rs. 320.30 million of our borrowings were at floating rates of interest. If the interest rates for our existing or future borrowings increase significantly, our cost of servicing such debt will increase. Any down grading in India's debt rating by the International agencies may adversely affect our ability to raise requisite finances at reasonable costs. This may adversely impact our results of operations, planned capital expenditures and cash flows.

37. *We are subject to risks arising from exchange rate fluctuations which may adversely affect our financial performance.*

Approximately 40% of our purchase is through imports where payments have to be made in foreign currencies. Accordingly, any depreciation of the Rupee against these currencies will increase the Rupee cost to us. If we are unable to recover the costs of foreign exchange variations through our sales, depreciation of the Rupee against foreign currencies may adversely impact our results of operations and financial condition.

B. EXTERNAL RISKS**1. *There may be changes in the regulatory framework that could adversely affect us.***

The statutory and regulatory framework for the Indian computer hardware industry may see changes in the next few years. We presently do not know what the nature or extent of the changes will be and cannot assure you that such changes will not have an adverse impact on our financial condition and results of operations.

2. *Volatile conditions in the Indian securities market may lead to price or volume fluctuations and an active trading market for our Equity Shares may not develop.*

Prior to this issue there is no active market for our Equity Shares and an active trading market for the Equity Shares may not develop or be sustained after this Issue. Further the price at which Equity Shares initially traded may not correspond to the Issue Price. The risk of loss may be greater for investors expecting to sell Equity Shares purchased in this Issue soon after the Issue. The price of equity shares may fluctuate after this issue as a result of several factors, including but not limited to

- a) Volatility in Indian and Global securities market;
- b) Results of our operations and performance;
- c) Changing perceptions in the market about investments in these sectors;
- d) Adverse media report on us or the Indian market in general and IT distribution sector in particular;
- e) Changes in the estimates of Company's performance or recommendations by the Financial analysts;
- f) Performance of our Company's competitors in the industry and market perception of investments in the IT Hardware sector;
- g) Significant developments in India's economic liberalization, and deregulation policies,
- h) Significant developments in fiscal regulations;
- i) Any trading closure at the Stock Exchanges may adversely affect the trading price.

There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Issue, or that the price at which our Equity Shares are initially issued will correspond to the prices at which they will trade in the market subsequent to this Issue. Also, sale by the Promoters or major shareholders of their shareholding (subject to lock-in compliances) may affect the trading price of our Equity Shares.

3. *We are dependent on the political, economic, regulatory, social conditions, regulatory approvals and Government approvals of the country.*

Our performance and growth are dependent on the health of the Indian economy, which could be adversely affected by various factors, such as political and regulatory action, including adverse changes in liberalization policies, interest rates, social disturbances, terrorist attacks and other acts of violence. Our financial performance and the market price of our Equity Shares may be adversely affected by changes in inflation rates, exchange rates and controls, interest rates, governmental policies (including taxation policies), social stability or other political, economic or diplomatic developments affecting the geographies in which we operate.

4. Any downgrading of India's debt rating by an international rating agency could have a negative impact on our business.

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

5. A slowdown in economic growth in India could cause our business to suffer.

Our performance and growth are dependent on the health of the Indian economy. The economy could be adversely affected by various factors such as political or regulatory action, including adverse changes in liberalization policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any slowdown in the Indian economy may adversely impact our business and financial performance and the price of our Equity Shares.

6. Terrorist attacks and other acts of violence or war could adversely affect the financial markets and adversely affect our business, prospects, financial condition and results of operations

Terrorist attacks may cause damage or disruption to our company, our employees, our facilities and our customers, which could impact our sales and results from operations. The terrorist attack or attack or wars may also negatively affect the global capital market. These acts may result in loss of business confidence make travel and other services more difficult and ultimately affect our Company's business. As a result of such events countries may enter into armed conflict with other countries. The consequences of any potential armed conflict are unpredictable, and our Company may not be able to foresee events that could have material adverse effect on its business, financial condition or results of operation.

7. India is vulnerable to natural disasters that could severely disrupt our normal operations of business and adversely affect our earnings.

India is susceptible to tsunamis and earthquakes. On December 26, 2004, Southeast Asia, including the Eastern coast of India, experienced a tsunami that caused significant loss of life and property damage. Substantially all of our facilities and employees are located in India. If our facilities are damaged by an earthquake, tsunami or other natural disaster, its global capability could be interrupted or delayed. As a result, a natural disaster in India could have a material adverse effect on our financial condition and results of operations.

Notes to Risk Factors:

1. Public issue of 69,70,000 Equity Shares for cash at a price of Rs. [●] per Equity Share aggregating Rs. [●] million (the "Issue"). Our Company is also considering a Pre-IPO placement of up to [●] Equity Shares aggregating Rs. [●] million with certain investors, ("Pre-IPO Placement"). If the Pre-IPO placement is completed before the filing of the RHP with Roc, the issue size offered to the public would be reduced to the extent of such Pre-IPO placement, subject to a minimum of 25% of the post Issue paid up Equity Share Capital being offered to the public.

2. Average cost of acquisition of one Equity Share for the Promoters on the basis of the average amount paid by them to acquire the Equity Share is Rs. 5.00 per share
3. The net worth of the Issuer as of December 31, 2007 was Rs. 185.13 Million as per the restated financial statements included in this Draft Red Herring Prospectus.
4. The Net Asset Value per Equity Share as of December 31, 2007 was Rs 18.51 per Equity Share as per the restated financial statements included in this Draft Red Herring Prospectus. Except for the bonus shares issued on December 11, 2007, we have not issued any equity shares for consideration other than cash.
5. For details of related party transactions, please refer to the section titled “Related Party Transactions” on page 163 of this DRHP.
6. Investors are advised to refer to the section titled “Basis for Issue Price” beginning on page 60 of this Draft Red Herring Prospectus before making an investment decision in respect of this Issue.
7. Investors should note that in case of oversubscription in the Issue, allotment to all the categories shall be made on a proportionate basis. For more information see the paragraph titled “Method of proportionate basis of allocation in the Issue” beginning on page 230 of this Draft Red Herring Prospectus.
8. Except as disclosed in the sections “Our Management” and “Our Promoter and Promoter Group” on pages 117 and 131 of this Draft Red Herring Prospectus, none of our Promoters, our Directors and our key managerial employees have any interest in our Company except to the extent of remuneration and reimbursement of expenses and to the extent of the Equity Shares held by them or their relatives and associates.
9. Investors may contact the Book Running Lead Manager or the Compliance Officer for any complaint/clarification/information pertaining to the Issue.
10. Trading in Equity Shares for all investors shall be in dematerialized form only, after the Equity Shares are made fully paid-up.
11. Any clarification or information relating to the Offer shall be made available by the BRLM, and the Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever. Investors may contact the BRLM and the Syndicate Members for any complaints pertaining to the Offer.

INTRODUCTION

SUMMARY OF INDUSTRY

With US\$ 40 billion in revenues, the Indian Information Technology sector continues to be one of the sunshine sectors of the Indian economy. With a growth figure of 30.7% in 2006-07, the sector has left its global counterpart, which grew at 10%, way behind. The National Association of Software Services Companies (NASSCOM) estimates revenues of US\$ 49-50 billion in 2007-08 at a growth rate of 24-27%.

The IT/ITES industry's contribution to the country's GDP has been steadily increasing from a share of 1.2% in FY98 to 5.2% in FY07; it has contributed to foreign exchange reserves of the country by increasing exports by almost 36% and its direct employment as grown at a CAGR of 26% in the last decade, making it the largest employer in the organized private sector in the country. If export earnings of the industry are considered as an indicator of contribution to foreign exchange reserves of the country, the IT/ITES industry has clocked an impressive growth of 32.6% in FY07. Export earnings for FY08 stood at approximately USD 40.0 billion as compared to USD 18.3 billion in FY05. In addition, it also indicates that the IT/ITES industry has significantly contributed through socially relevant products/services and community initiatives in human resource development, education, employability, health, encouraging women empowerment and employment of differently abled and 'out-of-the-mainstream' candidates. (Source: NASSCOM)

DOMESTIC IT MARKET

The biggest component of the domestic India IT market is the PC market. The PC market registered 6.5 million unit shipments in the year 2007 as against 5.4 million unit shipments in the year 2006 thereby recording 20% year on year growth in unit shipments. The notebook PC shipments touched 1.8 million units in 2007 as against 0.98 units in 2006. (Source: IDC India).

The **key market highlights of 2007** were:

- **Notebook PCs become mainstream** - Notebook PC shipments accounted for more than 27% of the total India Client PC shipments for the first time in a calendar year
- **Supportive Ecosystem Needed** – Urgent need to encourage development and widespread adoption of the 3Cs of Communication, Convergence and Content to spur future growth

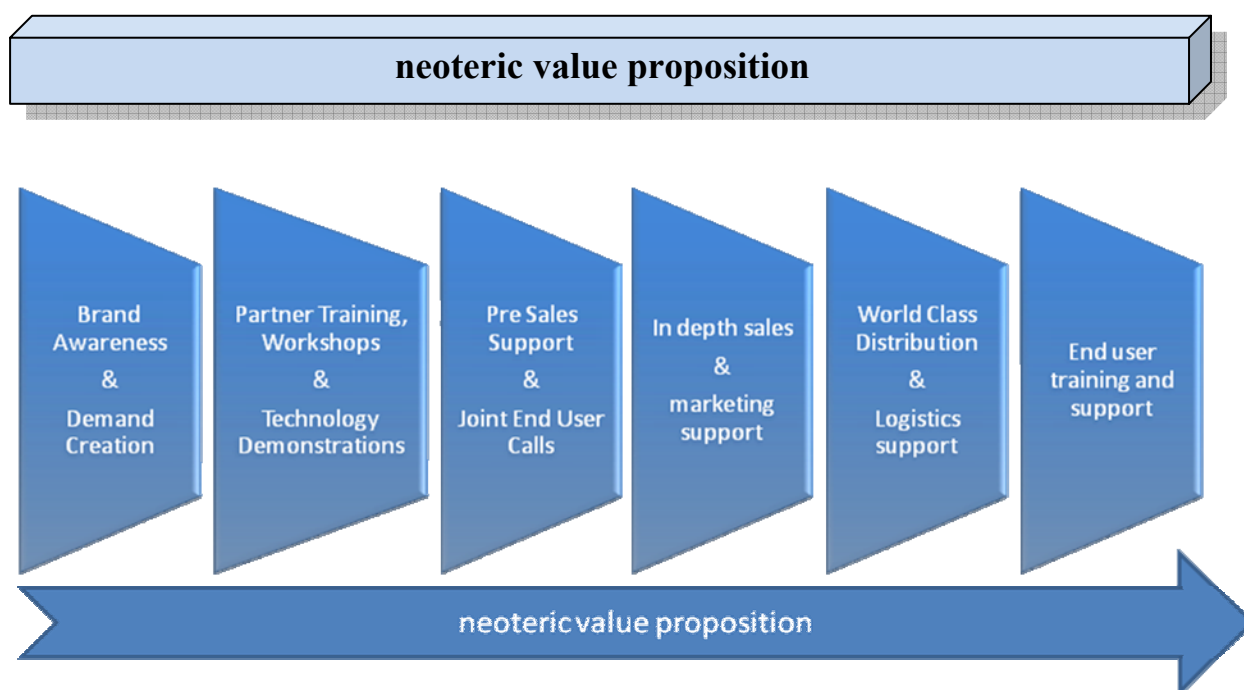
IT distributors play a key role including of providing supply chain services to enable the movement of technology products, solutions and after sales services from the vendors of the product to the end users of these products, they also offer a host of value added services like pre-sales support, training, product and concept demonstrations, post sales support, joint end user calls, demand generation and marketing activities like road shows, email campaigns. They act as the vital link between the vendor and the distribution intermediaries.

The products include PCs, servers, notebooks, printers, and PC components, networking products, software products and licenses, storage products, power solutions or mobile devices. The solutions are based on integration of multiple products/ technologies from multiple manufacturers with services in the form of installation/ configuration or customization to cater to the unique needs of the customers. The after sales services include installation, warranty support, post warranty support, maintenance contract, reverse logistics activities etc.

SUMMARY OF OUR BUSINESS

Neoteric was founded in 1991, as a value added re-seller organization by a team of dynamic professionals with marketing, sales and technical know-how spread across various industries. Our Company commenced operations as a national distributor in 1997, and is now one of India's fastest growing players in IT distribution space. Our registered office and corporate office are in Mumbai in the state of Maharashtra, India.

We evolved our business from a startup to a large integrated organization that adds value at all stages of the technology selling value chain. We deliver the neoteric value proposition right from establishing the brand and product awareness, creating demand, enlisting partners, conducting partner training workshop and technology demonstrations, training the partners, providing presales support and conducting joints end user calls, providing in depth sales and marketing support, support the partner with credit and logistics support and also partner in end user trainings and support.



We act as true partners to both vendor associates and channel partner at all stages in the sales cycle. This value proposition is delivered as a bouquet of service we offer. Vendor associates and channel partners can engage with neoteric for one or all of these services. We offer complete **Marketing Services, Sales Services, Pre-Sales & Technical Support Services, Logistics Services, After Sales Support Services.**

Marketing Services:

Our marketing service offering includes:

- Direct Mailer Campaigns, Micro sites
- Market Surveys
- Partner Training Programs
- Partners Meets
- PR releases
- Product Training and Certification Programs
- Proof of Concept Centers – xplore digital lounge
- Road shows

- Seminars and Webinars
- Technical support
- Technology demonstration workshops
- Telemarketing

Sales Services:

Building partner's sales base is our business. We have trained account-focused sales team. Our resellers regard the neoteric sales team as part of their organizations. Teams of Account Managers and Business Development Managers work collaboratively to assist partners in developing strategic growth opportunities for their organization. Our account team can provide valuable assistance in the following areas:

- Knowledge transfer to successfully sell solutions
- Simplifying the means by which partners does business with suppliers
- Product knowledge/positioning
- Communication of current supplier programs/promotions
- Strategic development of partners business direction as related to suppliers
- Liaison between partner and supplier sales teams

Pre Sales & Technical Services:

We offer a broad range of services to help partners meet customer requirements and close deals faster, including quotation assistance, product consultation and validation of configurations, plus:

- Technical sales support
- Demonstration Services
- Customer Business Portals
- Training Services

Logistics Services

Our people, processes and technologies ensure solutions arrive where and when they're expected. Our advanced logistics services allow our partners to focus more of their efforts on their customers.

All of our distribution facilities use real-time systems for invoice, and inventory information—ensuring accurate and efficient on-time delivery to partners. We manage thousands of transactions each month and have supply chain experts on staff in all of our warehouses to assist smooth functioning of the end to end supply chain from vendor to the customer warehouse.

After Sales Support Services

Through our F1services our after sales support service, having service centers spread across 30 key locations in the country, we provide all technology product customers post sales support. Each of the F1 service centers is operated by trained, highly skilled and experienced professional to ensure quick turnaround time. F1 provides an integrated model of on-site and carry-in support services.

We provide each of our technology partners what they need, when they need it—from identifying high-potential market opportunities to implementing end-to-end technology solutions, and everything in between—all to accelerate their success

Our comprehensive suite of services can help customer access **new markets, new customers, new partners, new technologies and new programs to grow their business.** neoteric supports channel partner throughout the solution sales cycle with the tools, training, resources and guidance necessary to close more deals faster and accelerate their success

We plan to extend F1Services to encompass support services ranging from Technology Consulting, Remote and Onsite Infrastructure Management, Support Plans, Training and Certifications, Security and Policy Audits.

These would be offered to the customer in conjunction with our channel partners. This in addition to other services would ensure that our customers would be able to offer complete end to end solutions ranging from Analyzing, Planning, Designing, Deploying, Training and Support to enterprises under one roof/

Our coverage across India is facilitated via 36 branches having their stocking locations, 4 logistic centers and 4 additional warehouses catering to over 7200 channel partners in more than 350 cities. Sensing an opportunity and considering the boom in the IT industry globally, we have further stepped forward & are all set to serve the global markets with our international business operations in Shenzhen (China), and via associate's in Singapore, Vietnam and SAARC countries like Pakistan.

Our in-depth understanding of the channel business and close association with leading vendors has enabled us to be the vital link in the technology value chain, connecting solution providers in India with vendors worldwide.

OUR STRENGTHS

We believe that over the years that we have been in business we have created a name and brand in the industry that is synonymous with trust. We are seen as a trusted partner that adds value in whatever we do.

To achieve this we leverage on our strengths:

Strong foundation of ethics and values - Ethics guide purpose, course and action of our business. The first pillar of our successful standing is our credibility in market place and our aim is to be known as a distributor with the best of business practices in the IT fraternity. We strive to ingrain value systems at all levels and endeavor to cultivate a principle centric decision making.

A pan India presence with 36 branches- We have a vast coverage across India with 36 branches having their own stocking points, 4 logistic centers and 4 additional warehouses catering to over 7200 channel partners in more than 350 cities. This ensures easy accessibility of our products to the customers and higher penetration in the market. Further, one of the objects of this issue is setting up 12 new branches in upcountry markets identified by us and which, we believe, offer huge potential for our products.

Experienced management team with a proven track record – Our management team has significant experience in distribution and related industries. The top management team comprises of industry experts who share their relevant experience with us. This team is ably assisted by qualified and experienced professionals with in-depth knowledge of their respective fields and successful track record of executing projects on various platforms.

Vendor associations and client relationships - We believe in strong vendor associations and client relationships and making sure that their business grows significantly. We ensure that clients that partners that associate with us prosper. In the same manner we act as an extended arm of the vendor and undertake all the activities that is expected of a value added distributor.

We have relationship with over 20 vendors and more than 7200 channel partners.

Efficient Inventory management and credit controls - Efficient logistics, strong inventory management and efficient credit controls over the business are the basics of our operational strategy forming an integral part of our business. Managing the credit risk assumes significant importance in our business. We have a credit risk

management team dedicated to managing credit risk. Our prudent risk management practices have helped us to maintain our bad debts at very minimal levels.

Contemporary and robust management information systems – We have a strong IT infrastructure and our ERP system is customized to address our requirement of handling voluminous transaction data. The system provides real time information to our operations and marketing teams and helps them in taking timely and accurate decisions. Further, it is a scalable system with the capacity to handle increased transactions in future.

Strong in house marketing team - Our strong in house marketing team ensures that we are straight in the market place with the growing channel and industry and through programs like ‘channel in touch’ and ‘partner portals development’ we make sure that we and our vendors are the preferred partners..

Wide range of product offering

We offer a wide range of IT hardware products like PCs, notebooks, peripherals, printers, scanners, plotters, PC components (monitors, hard disks, CD writers, CD ROMs, processors, motherboards), networking solutions, software etc. manufactured by multiple vendors. The wide spectrum of products offered from multiple vendors helps in achieving economies of scale and provides the customers a single sourcing point.

OUR STRATEGY

We intend to grow our business by implementing the following key strategies:

Vertical based approach

We follow a vertical based approach model. Based on our understanding of local markets, demographics and technology trends, we identify growth drivers and investments are made ahead of time ensuring exponential growth when the take off actually happens.

This vertical based approach has seen us invest dedicated resources in verticals like Education, Retail, Media, Small and Medium Business (SMB) etc.

This vertical approach is lead by each vertical head based out of head quarters who drives a team of dedicated resources in key geographies.

Channel Segmentation

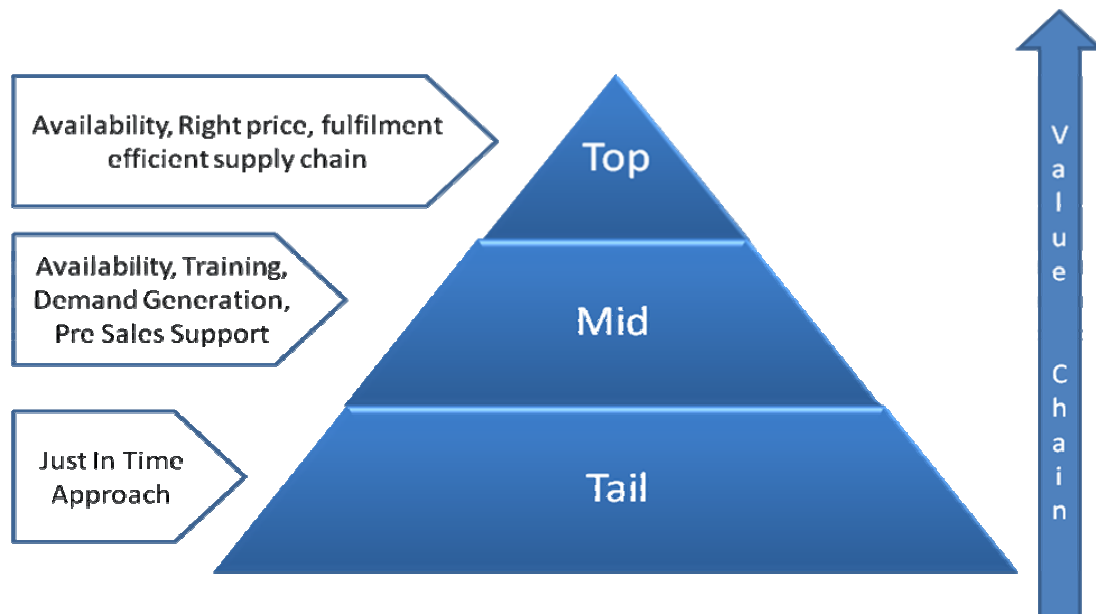
We have segmented our channels into Top, Mid and Tail customers and have tailored our offerings to them based on the different needs of each of this segment. Each segment requires different extend of the neoteric value proposition.

Top Customer: Customers who have been consistently doing significant business with us. We are required to ensure availability, the right price, in time fulfilment of order, ensure supply chain and effectively communicate schemes and other programs to them in a timely manner.

Mid Customers: Customer who have more or less consistently doing reasonable business with us. We are required to ensure availability along with providing pre sales support, trainings, workshops and also help in demand generation activities and funnel leads through them.

Tail Customers: Customers who do not enter into a business relation- ship with us regularly. This segment requires a just in time approach, they need to be constantly followed with tele-sales and we are required to provide them price and availability needs on a daily basis.

The drive is also to ensure the customers move up this value chain.



Solution Based Approach

Another key differentiator is solution based approach to selling, wherein we do not sell products in the traditional box pushing manner, we design solutions which address various key segments or verticals and create a bouquet of products cutting across product lines. This ensures that our partners can position solutions into their target segments, ensuring higher profitability, customer dependency and preferred partner status.

These solutions are tailored to address segments like retail, video-graphy, system integrations etc

Extending our reach to upcountry markets

The dependency on top metros to fuel growth is slowly decreasing; it is the smaller towns and cities that are witnessing exponential growth. This is being fuelled by improving infrastructure, government initiatives, improving standards of living etc.

We have always invested before time into these markets and are now able to leverage on these investments, we have dedicated resources in each geographies covering these emerging markets, these resources are headed by a emerging market based out of head office, who co-ordinate with all the business head and vendor principals to enable the upcountry markets.

We plan to set to further strengthen this initiative by adding 12 new branches in such markets, which is one of the objects of this issue. These markets have low IT penetration and have a huge potential for our products.

Technology Drive and Product Identification

We have always believed in entering early into a product life cycle to catch the early adopters and undertake market development and create demand. We are then able to ride the wave created by the product or technology on attaining the main stream later in the life cycle.

We have a team that monitors trends and emerging technologies at a global level and ensures that such technologies and products are brought into the country. This approach also ensures that we are able to leverage on our other value added services like training, demonstrations, proof of concept etc.

Expanding International operations

Sensing an opportunity and considering the boom in the IT industry globally, we have further stepped forward & are all set to serve the global markets with our international business operations in Shenzhen (China), Singapore, Vietnam and SAARC countries like Pakistan. These economies are on a growth phase and the governments' thrust on the infrastructure spending offers good market potential for our business with better margins. We have set up a representative office in China, which ensures smooth co-ordination with our suppliers based in China and gives necessary logistics support to our operations.

Increasing our product portfolio

We are constantly striving to expand our product offering and we are always on the look out for complementary products that will add to our solution bouquet.

This also helps in keeping our portfolio balanced and helps spread our vendor/product risk. We would seek product lines which have better scope for value addition and therefore offer us higher than average margins.

Strategic acquisitions

We intend to selectively pursue acquisitions that augment our existing skill sets, industry expertise, client base or geographical presence. We are constantly on the lookout for Targets that meet our acquisition strategies viz.

- Deepening our Domain Expertise
- Expanding or Filling out our Service Lines
- Obtaining Access to New Market / Verticals
- Explore opportunities to leverage our distribution expertise

Expanding Service Portfolio to encompass high end support services

We plan to extend our services portfolio to encompass support services ranging from

- Remote and Onsite Infrastructure Management
- Security and Policy Audits.
- Support Plans
- Technology Consulting
- Training and Certifications

These would enable our partners to deliver complete value proposition to the customers under one roof at least cost by leveraging on our technical skill sets.

Creating an energetic and challenging environment for our talented work force

We have created an exciting work environment that values individual contribution and helps gain a sense of satisfaction and accomplishment. We believe that our company is an ideal destination for an energetic, challenging and rewarding environment, experience and career. In view of this we have laid down a comprehensive set of policies aiming at attracting, retaining and motivating employees.

The environment also helps nurture leadership traits that help ensure that our competitive advantage is maintained and non replicable.

THE ISSUE

Issue of	6,970,000 Equity Shares of Rs. 10 each
Of which:	
A. Qualified Institutional Buyers (QIB) Portion	Not more than 50% of the Issue to be allocated on proportionate basis
Of which:	
Available for allocation to Mutual Funds only	At least 5% Equity Shares to be allocated on proportionate basis
Balance for all QIBs including Mutual Funds	Balance Equity Shares to be allocated on proportionate basis
B. Non – Institutional Portion	Not less than 15% of the Issue available for allocation on proportionate basis
C. Retail Portion	Not less than 35% of the Issue available for allocation on proportionate basis
Equity Shares outstanding prior to the Issue	10,454,075 Equity Shares
Equity Shares outstanding after the Issue	17,424,075 Equity Shares
Use of Issue Proceeds	See the section titled “Objects of the Issue” beginning on page 56

Note:

- (1) Allocation to QIBs is proportionate as per the terms of this Draft Red Herring Prospectus. At least 5% of the QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion.
- (2) Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in any category, would be allowed to be met with spill over from other categories or combination of categories at the discretion of our Company in consultation with the BRLM.
- (3) Our Company is considering a Pre-IPO placement of up to [●] Equity Shares aggregating Rs. [●] million with certain investors, (“Pre-IPO Placement”). If the Pre-IPO placement is completed before the filing of the RHP with Roc, the issue size offered to the public would be reduced to the extent of such Pre-IPO placement, subject to a minimum of 25% of the post Issue paid up Equity Share Capital being offered to the public.
- (4) Allocation of Equity Shares to all categories shall be on proportionate basis.

SUMMARY - FINANCIAL INFORMATION

STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

Rs. in Million

PARTICULARS	As At					
	Dec 31, 2007	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
A. Assets						
Fixed Assets						
Gross Block	44.01	47.74	44.65	26.06	14.88	11.31
Less: Depreciation	15.26	13.98	9.47	6.21	4.82	3.97
Net Block	28.75	33.76	35.18	19.85	10.06	7.34
Add: Capital Work in Progress (including Capital Advances)	-	0.05	-	-	-	-
	28.75	33.81	35.18	19.85	10.06	7.34
B. Investments	11.34	11.34	4.00	2.69	2.69	2.69
C. Current Assets, Loans and Advances						
Inventories	488.77	558.19	392.08	381.87	271.92	253.12
Sundry Debtors	583.50	613.25	397.93	203.93	184.88	160.97
Cash and Bank Balance	34.70	36.43	45.20	32.96	20.14	14.25
Loans and Advances	63.34	52.17	49.44	23.11	16.84	8.77
	1170.31	1260.04	884.65	641.87	493.78	437.11
Miscellaneous Expenditure (To the extent not written off or adjusted)	-	-	-	-	-	0.13
Total Assets	1210.40	1305.19	923.83	664.41	506.53	447.27
D. Liabilities & Provisions						
Secured Loans	320.47	290.43	184.35	186.61	127.48	95.03
Unsecured Loans	47.20	61.93	60.65	61.12	52.46	52.96
Current Liabilities	633.73	768.50	546.42	325.55	253.45	237.64
Provisions	17.47	22.28	6.88	5.33	5.34	4.51
	1018.87	1143.14	798.30	578.61	438.73	390.14
E. Deferred Tax Liability	6.40	7.12	7.42	4.65	1.60	1.01
F. Net Worth						
Represented by:						
Share Capital	100.00	30.00	30.00	30.00	30.00	30.00
Share Application Money	-	20.00	20.00	-	-	-
Reserves and Surplus	85.13	104.93	68.11	51.15	36.20	26.12
	185.13	154.93	118.11	81.15	66.20	56.12
Total Liabilities	1210.40	1305.19	923.83	664.41	506.53	447.27

STATEMENT OF PROFIT & LOSSES, AS RESTATED

Rs. in Million

PARTICULARS	For the 9 Months Ended Dec 31, 2007	For The Year Ended March 31,				
		2007	2006	2005	2004	2003
Income						
Sales and Services Income	4185.13	4885.39	3637.08	2518.73	2134.41	1571.64
	4185.13	4885.39	3637.08	2518.73	2134.41	1571.64
Expenditure						
Cost of goods sold	3912.54	4571.37	3398.46	2357.59	1998.46	1467.10
Personnel Expenses	90.77	96.02	65.68	41.82	31.38	23.33
General and Administration Expenses	69.71	78.03	57.29	42.07	38.67	22.82
Selling and Marketing Expenses	17.66	23.94	29.40	23.88	21.75	22.46
Depreciation	3.49	4.86	3.44	1.62	1.11	1.05
Financial Expenses	42.83	50.44	36.58	25.87	15.20	22.13
	4137.00	4824.66	3590.85	2492.85	2106.57	1558.89
Deferred Revenue Expenditure w/off	-	-	-	-	5.05	0.02
Net Profit before Tax	48.13	60.73	46.23	25.88	22.79	12.73
Taxation						
Current Tax	17.18	22.07	6.65	5.33	5.34	4.51
Deferred Tax	(0.72)	(0.30)	2.77	3.05	0.58	0.11
Fringe Benefit Tax	1.47	1.52	1.31	-	-	-
Tax of Earlier years	-	-	-	0.15	0.35	-
	17.93	23.29	10.73	8.53	6.27	4.62
Net Profit after Tax	30.20	37.44	35.50	17.35	16.52	8.11
Less: Bad Debts Written Off	-	(0.62)	(18.54)	(2.40)	(6.44)	-
Adjusted Profit After Tax	30.20	36.82	16.96	14.95	10.08	8.11
Add: Transferred from General Reserves	-	0.62	18.54	2.40	6.44	-
Balance brought forward from previous year	72.93	55.49	39.99	32.64	26.12	18.91
Less: Deferred Tax Liabilities as at 01.04.02	-	-	-	-	-	0.90
	103.13	92.93	75.49	49.99	42.64	26.12
Less: Appropriation						
Transfer to General Reserve	30.00	20.00	20.00	10.00	10.00	-
Balance Carried to Balance Sheet	73.13	72.93	55.49	39.99	32.64	26.12

GENERAL INFORMATION

Our Company was incorporated as “Neoteric Infomatique Private Limited” on March 21, 1997. Our status was subsequently changed to a public limited company and the word “private” was deleted from the name of our Company by a special resolution of the members of our Company passed at the Extra Ordinary General Meeting held on July 14, 2000. The fresh certificate of incorporation consequent to change of name was granted to our Company on September 06, 2000 by the Registrar of Companies, Mumbai at Maharashtra. Our status was again changed to a private limited company and the word “private” was added to the name of our Company by a special resolution of the members of our Company passed at the Extra Ordinary General Meeting held on March 21, 2001. The fresh certificate of incorporation consequent to change of name was granted to our Company on May 23, 2002 by the Registrar of Companies, Mumbai at Maharashtra.

Once again our status was changed to a public limited company and the word “private” was deleted from the name of our Company by a special resolution of the members of our Company passed at the Extra Ordinary General Meeting held on December 11, 2007. The fresh certificate of incorporation consequent to change of name was granted to our Company on February 25, 2008 by the Registrar of Companies, Mumbai at Maharashtra.

The Registration Number of the Issuer is 11-106787.

CIN No. U30007MH1997PLC106787

Registered Office of the Company:

Neoteric Infomatique Limited

A-23, Shri Ram Industrial Estate,
13 G. D. Ambekar Road, Wadala,
Mumbai – 400 031, India
Tel: + 91 22 3257 7600
Fax: + 91 22 2417 2600
Website: www.neoteric.co.in

For details regarding change in our Registered Office, please see section entitled “History and Certain Corporate Matters” on page 115.

Corporate Office of the Company:

Neoteric Infomatique Limited

225, Chintamani Plaza,
Andheri Kurla Road,
Chakala, Andheri (East),
Mumbai – 400 099, India
Tel: + 91 22 3982 8600
Fax: + 91 22 3982 8694

Address of Registrar of Companies:

The Registrar of Companies, Maharashtra
Everest, 100, Marine Drive, Mumbai – 400 002

Board of Directors:

Our Board of Directors comprise of:

Sr. No.	Name	Designation
1.	Mr. Harshad D. Shah	Non-Executive Chairman
2.	Mr. Paras H. Shah	CEO & Managing Director
3.	Mr. Satya Prasan Rajguru	Non-Executive and Non- Independent Director
4.	Mr. Srinivasan Ramswamy	Non-Executive and Non- Independent Director
5.	Dr. Anil Shivram Lamba	Independent Director
6.	Mr. Jayant Rastogi	Independent Director
7.	Mr. Hemant Nerurkar	Independent Director
8.	Mr. Kumar Rajagopalan	Independent Director

For further details regarding the Board, see the section titled “Our Management” beginning on page 117 of this Draft Red Herring Prospectus.

Company Secretary and Compliance Officer:**Mr. Jigarkumar Gandhi**

Company Secretary & Compliance Officer

225, Chintamani Plaza,

Andheri Kurla Road,

Chakala, Andheri (East),

Mumbai – 400 099, India

Tel: + 91 22 3982 8600

Fax: + 91 22 3982 8694

E-mail: jigar.gandhi@neoteric.co.in

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

Book Running Lead Manager to the Issue:**Microsec Capital Limited**

74A, Mittal Tower, 7th Floor,

210, Nariman Point,

Mumbai – 400 021

Tel: + 91 22 2285 5544

Fax: + 91 22 2285 5548

Email: neoteric@microsec.in

Investor Grievance ID: investor.relations@microsec.in

Website: www.microsec.in

Contact Persons: Mr. Pankaj Harlalka/ Mr. Anurag Goyal

Syndicate Member(s):

[●]

Legal Advisor:**Corporate Law Chambers India, Advocates**

44A, Nariman Bhavan,
Nariman Point,
Mumbai – 400 021, India
Tel : +91 22 6632 1528
Fax : +91 22 6632 1531
E-mail : mail@corplawchambers.com

Registrar to the Issue:**Intime Spectrum Registry Limited**

C- 13 Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West),
Mumbai - 400 078, India
Tel: +91 22 2596 0320, 1 800 22 0320
Fax: +91 22 2596 0329
Email: neoteric@intimespectrum.com
Website: www.intimespectrum.com
Contact Person: Mr. Sachin Achar

Bankers to the Issue and Escrow Collection Banks

[•]

Bankers to the Company:***Union Bank Of India***

365-367, V.P. Road,
Opera House,
Mumbai – 400 004
Tel: + 91 22 2380 4883
Fax: +91 22 2382 4582
Email: uday@unionbankofindia.com
Contact Person: Mr. Uday Dalvi

Citibank N.A.

IL & FS Building, 7th Floor,
Bandra Kurla complex,
Bandra (E), Mumbai – 400 051
Tel: + 91 22 4000 5851
Fax: +91 22 4000 5791
Email: smitesh.aravind@citi.com
Contact Person: Mr. Smitesh Aravind

HDFC Bank Limited

Kamala Mills compound,
2nd Floor, Senapati Bapat Marg,
Lower Parel, Mumbai – 400 013
Tel: + 91 22 2498 8280
Fax: +91 22 2496 0773
Email: Nihar.Parikh@hdfcbank.com
Contact Person: Mr. Nihar Parikh

Standard Chartered Bank

2nd Floor, 270 D.N. Road,
Fort, Mumbai – 400 001
Tel: + 91 22 2219 8652
Fax: +91 22 2201 9246
Email: payal.kothari@in.standardchartered.com
Contact Person: Ms. Payal Kothari

Statutory Auditors:**M/s. Chaturvedi Sohan & Co., Chartered Accountants**

320, Tulsiani Chambers,

212, Nariman Point,

Mumbai – 400 021

Tel: +91 22 2281 5154

Fax: +91 22 2281 4872

Email Id: chaturvn@vsnl.com

Credit Rating

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

Appraising Agency

The issue has not been appraised.

IPO Grading

We have appointed CRISIL for the IPO grading and CRISIL has assigned the “IPO Grade [●]” indicating [●] fundamentals, through its letter dated [●], 2008, which is valid for a period of two months. 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 [●], 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 the Red Herring Prospectus until the Bid/Issue Closing Date.

Monitoring Agency

There is no requirement to appoint a Monitoring Agency for the Issue in terms of clause 8.17 of the SEBI DIP Guidelines. The Audit Committee appointed by our Board of Directors will monitor the utilization of the Issue proceeds.

Trustees

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

Statement of Responsibilities for the Issue

Microsec Capital Limited being the Sole Book Running Lead Manager shall be responsible for the following:

Sr. No.	Activities
1.	Capital structuring with relative components and formalities
2.	Due diligence of Company’s operations/ management/ business plans/ legal etc. Drafting and design of Draft Red Herring Prospectus including memorandum containing salient features of the Prospectus The BRLM shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalization of Prospectus and RoC filing
3.	Drafting and approval of all statutory advertisements
4.	Drafting and approval of all publicity material other than statutory advertisements including corporate advertisements, brochures, etc.
5.	Appointment of other Intermediaries: Printers, Registrar, Advertising Agency and Banker to the Issue

6.	Domestic institutions/banks/mutual funds marketing strategy: <ul style="list-style-type: none"> Finalize the list and division of investors for one on one meetings, institutional allocation
7.	International institutional marketing strategy and roadshow presentation: <ul style="list-style-type: none"> Finalize the list and division of investors for one on one meetings, institutional allocation Road show presentation
8.	Retail/Non-institutional marketing strategy which will cover, inter alia, <ul style="list-style-type: none"> Finalize media, marketing and public relation strategy, Finalize centres 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
9.	Managing the book, coordination with Stock Exchanges
10.	Pricing and allocation to QIB Bidders
11.	Post bidding activities including management of Escrow Accounts, coordinate 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 BRLM shall be responsible for ensuring that these agencies fulfil their functions and enable them to discharge this responsibility through suitable agreements with the issuer.

Withdrawal of the Issue

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue anytime after the Bid/Issue Opening Date but before the allotment of the equity shares, without assigning any reason thereof.

Book Building Process

The Book Building Process refers to the process of collection of Bids, on the basis of the Draft 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 Issuer;
2. The Book Running Lead Manager;
3. The Syndicate Members who are intermediaries registered with SEBI or registered as brokers with the BSE/NSE and eligible to act as underwriters. Syndicate Members are appointed by the BRLM; and
4. The Registrar to the Issue.

The Issue is being made through the 100% Book Building Process wherein not more than 50% of the Issue to the public shall be allocated on a proportionate basis to QIBs, 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Issue to the public shall be

available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

QIBs are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date. In addition, QIBs are required to pay at least 10% Margin Amount upon submission of their Bid and allocation to QIBs will be on a proportionate basis. For further details, please see the section entitled “Issue Structure” beginning on page 204 of this Draft Red Herring Prospectus.

The process of Book Building under the SEBI DIP 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.

Illustration of Book Building and Price Discovery Process

(Investors should note that this example is solely for illustrative purposes and is not specific to the Issue)

Bidders can Bid at any price within the Price Band. For instance, assume a Price Band of Rs. 20 to Rs. 24 per share, issue size of 3,000 Equity Shares and receipt of five Bids from Bidders. A graphical representation of the consolidated demand and price would be made available at the websites of the BSE and the NSE during the Bidding Period. The illustrative book as shown below shows the demand for the shares of the Issuer at various prices and is collated from Bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

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

Steps to be taken for Bidding:

1. Check eligibility for making a Bid (see “Issue Procedure - Who Can Bid” on page 208 of this Draft Red Herring Prospectus);
2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form.
3. Ensure that you have mentioned your PAN on the Bid cum Application Form (see section titled “Issue Procedure” beginning on page 207 of this Draft Red Herring Prospectus);

4. Ensure that the Bid cum Application Form is duly completed as per instructions given in the Prospectus and in the Bid cum Application Form; and
5. The Bidder should ensure the correctness of his or her Demographic Details (as defined in the section “Issue Procedure” beginning on page 207 of this Draft Red Herring Prospectus) given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.

Bid/Issue Program:

BID/ISSUE OPENS ON	[•]
BID/ISSUE CLOSES ON	[•]

Bids and any revisions in Bids shall be accepted **only between 10 a.m. and 3 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid-cum-Application Form except that on the Bid /Issue Closing Date, the Bids shall be accepted **only between 10 a.m. and 3 p.m.** (Indian Standard Time) and uploaded until such time as permitted by the BSE and the NSE on the Bid /Issue Closing Date. Bids will only be accepted on working days i.e. Monday to Friday (excluding any public holidays).

The Issuer reserves the right to revise the Price Band during the Bidding Period in accordance with the SEBI DIP 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 Period/Issue Period will be extended for three additional days after revision of the Price Band, subject to the Bidding Period/Issue Period not exceeding 10 days. Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the websites of the BRLM and at the terminals of the Syndicate.

The Issuer shall comply with applicable guidelines issued by SEBI for this Issue. In this regard, the Issuer has appointed Microsec Capital Limited to manage the Issue and to procure subscription to the Issue.

Underwriting Agreement

After the determination of the Issue Price but prior to filing of the Prospectus with ROC, the Issuer proposes to enter into an Underwriting Agreement with the Underwriters in respect of the Equity Shares proposed to be issued through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the Underwriters 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, as specified therein.

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

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

Name and Address of the Underwriter	Indicative Number of Equity Shares to be Underwritten	Indicative Amount Underwritten (Rs. million)
Microsec Capital Limited 74A, Mittal Tower, 7 th Floor, 210, Nariman Point, Mumbai – 400 021 Tel: + 91 22 2285 5544 Fax: + 91 22 2285 5548 E-mail: neoteric@microsec.in Website: www.microsec.in	[●]	[●]

The amounts mentioned above are indicative and this would be finalised after determination of Issue Price and actual allocation of our Equity Shares. The Underwriting Agreement is dated [●].

In the opinion of our Board (based on a certificate given to them by the BRLM and the Syndicate Members), 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.

Notwithstanding the above table, the Underwriter 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

Our share capital as at the date of this Draft Red Herring Prospectus is set forth below:

(Rs. in million, except share data)

	Particulars	Nominal Value	Aggregate value at Issue Price
A	Authorized Capital		
	18,000,000 Equity Shares of Rs. 10 each	180.00	-
B	Issued, Subscribed and Paid Up Capital before the Issue		
	10,454,075 Equity Shares of Rs. 10 each*	104.54	-
C	Present Issue in terms of this Draft Red Herring Prospectus #		
	6,970,000 Equity Shares of Rs. 10 each	69.70	[●]
D	Paid Up Equity Capital after the Issue		
	17,424,075 Equity Shares of Rs. 10 each	174.24	[●]
E	Share Premium Account		
	Before the Issue	4.54	
	After the Issue	[●]	

*Our Company is considering a Pre-IPO placement of up to [●] Equity Shares aggregating Rs. [●] million with certain investors, ("Pre-IPO Placement"). If the Pre-IPO placement is completed before the filing of the RHP with RoC, the Issue Size offered to the public would be reduced to the extent of such Pre-IPO placement, subject to a minimum of 25% of the post-issue paid up Equity Share Capital being offered to the public.

#The present Issue has been authorized by the Board of Directors in their meeting dated March 15, 2008 and by the shareholders of our Company at the EOGM dated March 18, 2008.

Notes to the Capital Structure:

1. Changes in Authorized Capital

The details of changes in authorised share capital of the Issuer since Incorporation are as follows:

Date of Shareholders' Approval	Nature of Change	Authorised Capital increased by (in Nos.)	Cumulative	
			No. of Shares	In Rs.
-	Incorporation	50,000	50,000	5,00,000
July 28, 1997	Increase	200,000	250,000	2,50,000
July 14, 2000	Increase	1,750,000	2,000,000	20,00,000
November 18, 2002	Increase	1,000,000	3,000,000	30,00,000
August 9, 2005	Increase	1,000,000	4,000,000	40,00,000
December 18, 2005	Increase	2,000,000	6,000,000	60,00,000
September 25, 2007	Increase	12,000,000	18,000,000	180,00,000

2. Equity Share Capital History of the Issuer

Date of Allotment	No. of equity shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of Consideration	Nature of Allotment	Cumulative No. of equity shares	Cumulative Paid up Capital (Rs.)	Cumulative Share Premium (Rs.)
21-Mar-97	200	10	10	Cash	Subscription to MoA	200	2,000	Nil
10-Apr-97	200	10	10	Cash	Allotment to Promoters and persons forming part of the Promoter Group	400	4,000	Nil
31-Mar-98	249,600	10	10	Cash	Allotment to Promoters and persons forming part of the Promoter Group	250,000	2,500,000	Nil
15-Sep-00	1,750,000	10	10	Cash	Allotment to Promoters and persons forming part of the Promoter Group	2,000,000	20,000,000	Nil
25-Nov-02	1,000,000	10	10	Cash	Allotment to Promoters and persons forming part of the Promoter Group	3,000,000	30,000,000	Nil
1-Apr-07	2,000,000	10	10	Cash	Allotment to Promoters and persons forming part of the Promoter Group	5,000,000	50,000,000	Nil
11-Dec-07	5,000,000	10	Nil	Nil	Bonus issue in the ratio 1:1	10,000,000	100,000,000	Nil
15-Mar-08	177,200	10	20	Cash	Allotment to Employees, Friends & Relatives	10,177,200	101,772,000	1,772,000
26-Mar-08	276,875	10	20	Cash	Allotment to Promoter, Employees, Friends & Relatives	10,454,075	104,540,750	4,540,750

Except as mentioned in the table above, we have not made any issue of shares since incorporation. Further, none of the Equity Shares have been issued for consideration other than cash except for issue of 50,00,000 equity shares as Bonus Shares on December 11, 2007.

3. Build up, Contribution and Lock-in of Promoters and Promoter Group

a) Promoter's Capital builds up

Indicated below is the capital build up of the Promoter's shareholding in our Company

Dated Allotment/ Transfer	No. of shares	Cumulative Holding	Face value	Issue/ Transfer Price	Consideration (Cash, bonus, kind, etc)	% of Post Issue Capital
Paras H. Shah						
21-Mar-97	100	100	10	10	Cash	0.00%
10-Apr-97	100	200	10	10	Cash	0.00%
31-Mar-98	34,794	34,994	10	10	Cash	0.20%
31-Mar-00	(25)	34,969	10	10	Transfer	0.00%
10-Jul-00	62,500	97,469	10	10	Transfer	0.36%
15-Sep-00	472,500	569,969	10	10	Cash	2.71%
24-Dec-00	(8)	569,961	10	10	Transfer	0.00%
16-Oct-01	(1)	569,960	10	10	Transfer	0.00%
25-Nov-02	225,000	794,960	10	10	Cash	1.29%
31-Mar-03	(2)	794,958	10	10	Transfer	0.00%
2-Sep-03	(25,550)	769,408	10	10	Transfer	0.15%
26-Feb-04	1	769,409	10	10	Transfer	0.00%
19-Oct-04	147	769,556	10	10	Transfer	0.00%
14-Mar-06	5	769,561	10	10	Transfer	0.00%
1-Apr-07	650,000	1,419,561	10	10	Cash	3.73%
1-Apr-07	(4)	1,419,557	10	10	Transfer	0.00%
15-Nov-07	4	1,419,561	10	10	Transfer	0.00%
11-Dec-07	1,419,561	2,839,122	10	-	Bonus	8.15%
26-Mar-08	168,175	3,007,297	10	20	Cash	0.97%
2-Apr-08	(168,175)	2,839,122	10	20	Transfer	-0.97%

Harshad D. Shah						
31-Mar-98	30,000	30,000	10	10	Cash	0.17%
10-Jul-00	62,500	92,500	10	10	Transfer	0.36%
15-Sep-00	507,500	600,000	10	10	Cash	2.91%
25-Nov-02	500,000	1,100,000	10	10	Cash	2.87%
2-Sep-03	(250,000)	850,000	10	10	Transfer	1.43%
1-Apr-07	212,500	1,062,500	10	10	Cash	1.22%
11-Dec-07	1,062,500	2,125,000	10	-	Bonus	6.10%

b) Details of the Equity Shares forming part of Promoters' contribution, which shall be lock-in for three years, are as follows:

Pursuant to the SEBI Guidelines, an aggregate of 20% of the post-Issue equity share capital of our Company shall be locked in by the Promoters for a period of three years from the date of Allotment in the Issue. The Equity Shares, which are being locked-in, are not ineligible for computation of Promoter's contribution under Clause 4.6 and 4.11 of the SEBI Guidelines. Equity shares offered by Promoters and offered for minimum promoter contribution are not subject to pledge.

Name of Promoter	Date of Allotment	Nature of Allotment	Consideration	No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	% of Pre-Issue paid-up capital	% of Post-Issue paid-up capital
Paras H. Shah	25-Nov-02	Further Allotment	Cash	225,000	10	10	2.15%	1.29%
	1-Apr-07	Further Allotment	Cash	650,000	10	10	6.22%	3.73%
	11-Dec-07	Bonus Issue	Bonus Shares	1,419,561	10	-	13.58%	8.15%
Harshad D. Shah	1-Apr-07	Further Allotment	Cash	212,500	10	10	2.03%	1.22%
	11-Dec-07	Bonus Issue	Bonus Shares	1,062,500	10	-	10.16%	6.10%
Total				3,569,561			34.15%	20.49%

The Promoters contribution has been brought to the extent of not less than the specified minimum lot and from the persons defined as Promoters under the SEBI Guidelines.

c) Details of Build up of capital of the Promoter Group:

Dated Allotment/ Transfer	No. of shares	Cumulative Holding	Face value	Issue/ Transfer Price	Consideration (Cash, bonus, kind, etc)	% of Post Issue Capital
Ranjan Harshad Shah						
31-Mar-98	15,000	15,000	10	10	Cash	0.09%
15-Sep-00	385,000	400,000	10	10	Cash	2.21%
25-Nov-02	175,000	575,000	10	10	Cash	1.00%
25-Nov-02	75,000	650,000	10	10	Transfer	0.43%
01-Apr-07	437,500	1,087,500	10	10	Cash	2.51%
11-Dec-07	1,087,500	2,175,000	10	-	Bonus	6.24%
Dipti Paras Shah						
31-Mar-98	15,000	15,000	10	10	Cash	0.09%
15-Sep-00	385,000	400,000	10	10	Cash	2.21%
25-Nov-02	25,000	425,000	10	10	Transfer	0.14%
02-Sep-03	25,000	450,000	10	10	Transfer	0.14%
01-Apr-07	352,500	802,500	10	10	Cash	2.02%
11-Dec-07	802,500	1,605,000	10	-	Bonus	4.61%
Harshad D Shah (HUF)						
31-Mar-98	1	1	10	10	Cash	0.00%
25-Nov-02	100,000	100,001	10	10	Cash	0.57%
25-Nov-02	(100,000)	1	10	10	Transfer	-0.57%
01-Apr-07	347,500	347,501	10	10	Cash	1.99%
11-Dec-07	347,501	695,002	10	-	Bonus	1.99%

Master Aditya Paras Shah						
31-Mar-98	15,000	15,000	10	10	Cash	0.09%
02-Sep-03	160,000	175,000	10	10	Transfer	0.92%
11-Dec-07	175,000	350,000	10	-	Bonus	1.00%
02-Apr-08	(3,300)	346,700	10	20	Transfer	-0.02%
Master Abhishek Paras Shah						
31-Mar-98	15,000	15,000	10	10	Cash	0.09%
02-Sep-03	90,000	105,000	10	10	Transfer	0.52%
11-Dec-07	105,000	210,000	10	-	Bonus	0.60%
Kishore Nandlal Shah						
26-Mar-08	10,000	10,000	10	20	Cash	0.06%
Chandrakant Dipchand Shah						
31-Mar-00	1	1	10	10	Cash	0.00%
11-Dec-07	1	2	10	-	Bonus	0.00%
15-Mar-08	5,000	5,002	10	20	Cash	0.03%
Priti Nishith Shah						
31-Mar-98	1	1	10	10	Transfer	0.00%
31-Mar-00	(1)	-	10	10	Transfer	0.00%
24-Dec-00	1	1	10	10	Transfer	0.00%
11-Dec-07	1	2	10	-	Bonus	0.00%
26-Mar-08	5,000	5,002	10	20	Cash	0.03%
Usha S. Shah						
26-Feb-04	1	1	10	10	Transfer	0.00%
11-Dec-07	1	2	10	-	Bonus	0.00%
15-Mar-08	5,000	5,002	10	20	Cash	0.03%
Harshad C. Shah						
15-Mar-08	2,500	2,500	10	20	Cash	0.01%
Meghna V. Patel						
26-Mar-08	2,500	2,500	10	20	Cash	0.01%
Neepta D. Doshi						
26-Mar-08	2,500	2,500	10	20	Cash	0.01%
Ranjan Shah rep. of Automotive Enterprises						
31-Mar-00	1	1	10	10	Transfer	0.00%
24-Dec-00	(1)	-	10	10	Transfer	0.00%
01-Apr-07	1	1	10	10	Transfer	0.00%
11-Dec-07	1	2	10	-	Bonus	0.00%
Chandrakant D Shah (HUF)						
31-Mar-00	1	1	10	10	Transfer	0.00%
11-Dec-07	1	2	10	-	Bonus	0.00%
Jamnadas Dipchand Shah (HUF)						
01-Apr-07	1	1	10	10	Transfer	0.00%
11-Dec-07	1	2	10	-	Bonus	0.00%
Prafulla J. Desai						
01-Apr-07	1	1	10	10	Transfer	0.00%
11-Dec-07	1	2	10	-	Bonus	0.00%

d) Details of share capital locked in for one year:

In addition to the lock-in of the Promoters' contribution specified above, the entire pre-issue Equity Share capital of the Issuer will be locked-in for a period of one year from the date of Allotment in this issue. The total number of Equity Shares, which are locked-in for one year, are [●] Equity Shares which include [●] Equity Shares held by the Promoters. The securities which are locked – in will carry an inscription “non–transferable” along with the duration of specified non–transferable period mentioned on the face of the security certificate.

e) Other requirements in respect of lock-in:

As per clause 4.15.1 of the SEBI Guidelines, the locked in Equity Shares held by the Promoters can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided that the pledge of the Equity Shares is one of the terms of sanction of the loan.

In terms of Clause 4.16.1(a) of the SEBI DIP Guidelines, the Equity Shares held by persons other than the Promoter prior to the Offer may be transferred to any other person holding the Equity Shares which are locked-in as per Clause 4.14 of the SEBI DIP 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 DIP Guidelines, Equity Shares held by the Promoter may be transferred to and among the Promoter group or to a new promoter or persons in control of our 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 Takeover) Regulations, 1997, as applicable.

Locked in Equity Shares held by the Promoter, as specified above, can be pledged with banks or financial institutions as collateral security for loans granted by such banks or financial institutions provided that the pledge of the Equity Shares is one of the terms of the sanction of the loan. Provided that if securities are locked in as minimum Promoters' contribution under clause 4.11.1 the same may be pledged, only if, in addition to fulfilling the requirements of the clause, the loan has been granted by such banks or financial institutions for the purpose of financing one or more of the objects of the issue.

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

The promoters contribution which has been locked in for a period of three years are in compliance with the SEBI DIP Guidelines as amended and that as on date none of the shares have been pledged

4. Pre-issue and post-issue shareholding pattern as on the date of filing of this Draft Red Herring Prospectus:

Name of Shareholders	Pre-Issue		Post-Issue	
	No. of Equity Shares	%	No. of Equity Shares	%
Promoters				
Paras H Shah	2,839,122	27.16	2,839,122	16.29
Harshad D Shah	2,125,000	20.33	2,125,000	12.20
Sub Total (A)	4,964,122	47.49	4,964,122	28.49

Promoters Group				
Ranjan Harshad Shah	2,175,000	20.81	2,175,000	12.48
Dipti Paras Shah	1,605,000	15.35	1,605,000	9.21
Harshad D Shah (HUF)	695,002	6.65	695,002	3.99
Master Aditya Paras Shah	346,700	3.32	346,700	1.99
Master Abhishek Paras Shah	210,000	2.01	210,000	1.21
Kishore Nandlal Shah	10,000	0.10	10,000	0.06
Chandrakant Dipchand Shah	5,002	0.05	5,002	0.03
Priti Nishith Shah	5,002	0.05	5,002	0.03
Usha S. Shah	5,002	0.05	5,002	0.03
Harshad C. Shah	2,500	0.02	2,500	0.01
Meghna V. Patel	2,500	0.02	2,500	0.01
Neepta D. Doshi	2,500	0.02	2,500	0.01
Ranjan Shah Rep. of Automotive Enterprises	2	Negligible	2	Negligible
Chandrakant D Shah (HUF)	2	Negligible	2	Negligible
Jamnadas Dipchand Shah (HUF)	2	Negligible	2	Negligible
Prafulla J. Desai	2	Negligible	2	Negligible
Sub Total (B)	5,064,216	48.44	5,064,216	29.06
Total (A) + (B)	10,028,338	95.93	10,028,338	57.55
Non-Promoters				
Director(s)	20,000	0.19	7,395,737	42.45
Employees	217,775	2.08		
Friends & Relatives	187,962	1.80		
Public	-	-		
Sub Total (C)	425,737	4.07	7,395,737	42.45
Total	10,454,075	100.00	17,424,075	100.00

5. Our shareholders as on the date of the filing, ten days prior to the filing and as of two years prior to filing of this Draft Red Herring Prospectus are as follows:

a) Top ten shareholders as on the date of filing of the Draft Red Herring Prospectus with SEBI

Sr. No.	Name of the Shareholder	No of Equity Shares	% of holding
1	Paras H Shah	2,839,122	27.16%
2	Ranjan Harshad Shah	2,175,000	20.81%
3	Harshad D Shah	2,125,000	20.33%
4	Dipti Paras Shah	1,605,000	15.35%
5	Harshad D Shah (HUF)	695,002	6.65%
6	Master Aditya Paras Shah	346,700	3.32%
7	Master Abhishek Paras Shah	210,000	2.01%

8	Kaushal Khandor	10,400	0.10%
9	Kishore Nandlal Shah	10,000	0.10%
10	R. Srinivasan	10,000	0.10%
11	Satya Prasan Rajguru	10,000	0.10%
12	Alka Pathak	10,000	0.10%
13	Illa Pravin Shah	10,000	0.10%
14	Nishith Shah Jointly with Priti Shah	10,000	0.10%
15	Rajiv Jayantilal Shah	10,000	0.10%
	Total	10,076,224	96.43%

b) Top ten shareholders 10 days prior to the date of filing of the Draft Red Herring Prospectus with SEBI

Sr. No.	Name of the Shareholder	No of Equity Shares	% of holding
1	Paras H Shah	2,839,122	27.16%
2	Ranjan Harshad Shah	2,175,000	20.81%
3	Harshad D Shah	2,125,000	20.33%
4	Dipti Paras Shah	1,605,000	15.35%
5	Harshad D Shah (HUF)	695,002	6.65%
6	Master Aditya Paras Shah	346,700	3.32%
7	Master Abhishek Paras Shah	210,000	2.01%
8	Kaushal Khandor	10,400	0.10%
9	Kishore Nandlal Shah	10,000	0.10%
10	R. Srinivasan	10,000	0.10%
11	Satya Prasan Rajguru	10,000	0.10%
12	Alka Pathak	10,000	0.10%
13	Illa Pravin Shah	10,000	0.10%
14	Nishith Shah Jointly with Priti Shah	10,000	0.10%
15	Rajiv Jayantilal Shah	10,000	0.10%
	Total	10,076,224	96.43%

c) Top ten shareholders two years prior to the date of filing of the Draft Red Herring Prospectus with SEBI

Sr. No.	Name of the Shareholder	No of Equity Shares	% of holding
1	Harshad D. Shah	850,000	28.33%
2	Paras H. Shah	769,561	25.65%
3	Ranjan H. Shah	650,000	21.67%
4	Dipti P. Shah	450,000	15.00%
5	Aditya P. Shah (Minor)	175,000	5.83%
6	Abhishek P. Shah (Minor)	105,000	3.50%
7	Kaushal Khandore	200	0.01%
8	Manish Rambhia	100	Negligible
9	Shrenik Shah	100	Negligible
10	Harshad D. Shah (HUF)	1	Negligible
	Total	2,999,962	96.43%

None of our Promoters, Promoter Group, our Directors or the directors of our Promoter Group companies have acquired, purchased or sold any Equity Shares, during the period of six months preceding the date on which this Draft Red Herring Prospectus was filed with SEBI except as mentioned below:

Dated Allotment/ Transfer	No. of shares	Face value	Transferor/ Transferee	Issue/ Transfer Price	Consideration (Cash, bonus, kind, etc)	% of Post Issue Capital
Paras H. Shah						
15-Nov-07	4	10	Harsha M Shah, Mahendra M Shah, Mahendra M Shah (HUF) & Mankunvarben Mohanlal Shah	10	Transfer	0.00%
11-Dec-07	1,419,561	10	Bonus Shares	-	Bonus	8.15%
26-Mar-08	168,175	10	Further Allotment	20	Cash	0.97%
02-Apr-08	(168,175)*	10	Employees of the Company	20	Transfer	-0.97%
Harshad D. Shah						
11-Dec-07	1,062,500	10	Bonus Shares	-	Bonus	6.10%
Ranjan Harshad Shah						
11-Dec-07	1,087,500	10	Bonus Shares	-	Bonus	6.24%
Dipti Paras Shah						
11-Dec-07	802,500	10	Bonus Shares	-	Bonus	4.61%
Harshad D Shah (HUF)						
11-Dec-07	347,501	10	Bonus Shares	-	Bonus	1.99%
Master Aditya Paras Shah						
11-Dec-07	175,000	10	Bonus Shares	-	Bonus	1.00%
02-Apr-08	(3,300)	10	Ajay Sardewra	20	Transfer	-0.02%
Master Abhishek Paras Shah						
11-Dec-07	105,000	10	Bonus Shares	-	Bonus	0.60%

Kishore Nandlal Shah						
26-Mar-08	10,000	10	Allotment	20	Cash	0.06%
Chandrakant Dipchand Shah						
11-Dec-07	1	10	Bonus Shares	-	Bonus	0.00%
15-Mar-08	5,000	10	Further Allotment	20	Cash	0.03%
Priti Nishith Shah						
11-Dec-07	1	10	Bonus Shares	-	Bonus	0.00%
26-Mar-08	5,000	10	Further Allotment	20	Cash	0.03%
Usha S. Shah						
11-Dec-07	1	10	Bonus Shares	-	Bonus	0.00%
15-Mar-08	5,000	10	Further Allotment	20	Cash	0.03%
Harshad C. Shah						
15-Mar-08	2,500	10	Allotment	20	Cash	0.01%
Meghna V. Patel						
26-Mar-08	2,500	10	Allotment	20	Cash	0.01%
Neepea D. Doshi						
26-Mar-08	2,500	10	Allotment	20	Cash	0.01%
Ranjan Shah Rep. of Automotive Enterprises						
11-Dec-07	1	10	Bonus Shares	-	Bonus	0.00%
Chandrakant D Shah (HUF)						
11-Dec-07	1	10	Bonus Shares	-	Bonus	0.00%
Jamnadas Dipchand Shah (HUF)						
11-Dec-07	1	10	Bonus Shares	-	Bonus	0.00%
Prafulla J. Desai						
11-Dec-07	1	10	Bonus Shares	-	Bonus	0.00%
Satya Prasan Rajguru						
15-Mar-08	10,000	10	Allotment	20	Cash	0.06%
R. Srinivasan						
26-Mar-08	10,000	10	Allotment	20	Cash	0.06%

* These Equity shares were transferred to 222 employees of our Company on April 02, 2008 at a price of Rs. 20 per Equity Share

6. In the case of over-subscription in all categories, not more than 50% of the Issue shall be Allotted on a proportionate basis to Qualified Institutional Buyers, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non- Institutional Bidders and not less than 35% 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.
7. The Issuer, it's Directors, Promoters, the directors of its Promoters and the BRLM have not entered into any buy-back and/or standby arrangements for the purchase of Equity Shares from any person.
8. Under-subscription, if any, in any of the categories will be met with spill, over from other categories or combination of categories at our discretion in consultation with the BRLM. We are contemplating a Pre IPO Placement of our Equity Shares to certain investors prior to the completion of this Issue. If the Pre IPO

Placement is completed, the Issue size offered to the public would be reduced to the extent of such Pre IPO Placement, subject to a minimum Issue size of 25% of the post Issue capital being offered to the public.

9. Except for the Pre-IPO Placement as disclosed in this Draft Red Herring Prospectus, there will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus with SEBI until our Equity Shares to be issued pursuant to the Issue have been listed.
10. There shall be only one denomination of our Equity Shares, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
11. As on the date of this Draft Red Herring Prospectus, the total number of holders of Equity Shares is 348 (Three Hundred Forty Eight).
12. We have not raised any bridge loans against the proceeds of the Issue.
13. As per the RBI regulations, OCB's are not allowed to participate in the Issue.
14. Except to the extent of Pre-IPO, there would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus with SEBI until the Equity Shares to be issued pursuant to the Offer have been listed.
15. We presently do not intend or propose to alter our capital structure for a period of six months from the date of opening of the Offer, 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 if we enter into acquisitions or joint ventures, we may, subject to necessary approvals and in line with the relevant statutes/ regulations, consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures with the consent of the shareholders, if applicable.
16. An over-subscription to the extent of upto 5% of this Offer size can be retained for the purpose of rounding off while finalizing the basis of allotment.
17. Except as disclosed in the section titled "Our Management" beginning on page 117 of this Draft Red Herring Prospectus, none of our Directors or key managerial personnel holds any of our Equity Shares.
18. As on the date of filing of the Draft Red Herring Prospectus, there are no outstanding warrants, options or debentures or other financial instruments issued by our Company, which would entitle our Promoter or shareholders of our Company or any other person an option to receive Equity Shares of our Company. Further, there are no loans which are convertible into Equity Shares of our Company.
19. We have not granted any options or issued any shares under any employee stock option or employees stock purchase scheme.
20. The Equity Shares offered through this Issue will be fully paid up.
21. We have not revalued any of our Fixed Assets. We have not issued any Equity Shares out of revaluation reserves.

22. Except the bonus shares issued on December 11, 2007, we have not issued any equity shares for consideration other than cash.
23. The Equity Shares held by the Promoters are not subject to any pledge.
24. The Equity Shares issued pursuant to the Issue shall be fully paid-up at the time of Allotment.
25. There are certain restrictive covenants in the agreements that we have entered into with the Bank and financial institutions for fund based and none fund based borrowing. For further details of the terms of these agreements, please refer to the section entitled "Financial Indebtedness" beginning on page 112.
26. Our Promoters and members of the Promoter Group will not participate in the Issue.
27. The promoters' contribution that has been brought-in is not less than the specified minimum lot of Rs. 25,000/- per application from each individual and Rs. 1,00,000/- from companies.
28. The equity shares to be held by the Promoters, their relatives & associates under the lock-in period shall not be sold / hypothecated / transferred during the lock-in period. However, inter se transfers between the promoters themselves as such would be permitted, provided that the requirement of lock-in period guidelines continues to apply.

OBJECTS OF THE ISSUE

The objects of the Issue are to raise capital and to achieve the benefits of listing on the Stock Exchanges.

The net proceeds of the issue including proceeds from pre-IPO placement, if any, and after deducting the Issue related expenses of Rs. [●] Million are estimated at Rs. [●] Million. We intend to utilize the net proceeds of the Issue towards the following objects:

Sr. No.	Particulars	Amount (Rs. in Million)
1	Setting up of our corporate office	100.00
2	Setting up of new branches	12.00
3	Meeting incremental working capital requirements	300.00
4	General corporate purposes *	[●]
	Total	[●]

* will be determined after finalization of issue price

The fund requirement is based on internal management estimates and has not been appraised by any bank or financial institution. Our management in response to the competitive and dynamic nature of the industry will have the discretion to revise its business plan from time to time and consequently the fund requirement may also change. This may also include rescheduling the proposed expenditure program and increasing or decreasing expenditure for a particular purpose vis-à-vis the proposed expenditure program.

The main objects clause of our Memorandum of Association and objects incidental to the main objects enable us both to undertake existing activities and the activities for which funds are being raised through this issue. Further we confirm that the activities we have been carrying on until now are in accordance with the Objects clause of our MoA.

MEANS OF FINANCE

We intend to meet the aforesaid fund requirement entirely through the net proceeds of the Issue.

DETAILS OF THE OBJECTS OF THE ISSUE

1. Setting up of our corporate office

Our present corporate office premises are leased and entail significant annual rental expenditure. Generally lease agreements are for short durations and renewable on increase in rentals. This exposes us to a risk of increasing rentals and possible temporary disruption of business operations owing to shifting of office. We currently incur an amount of approximately Rs. 12 Million as annual rent for our corporate office premises. We work in a competitive work environment where every opportunity of streamlining costs needs to be optimized. We propose to utilize Rs. 100 Million out of the net issue proceeds for acquiring our owned corporate office in Mumbai, Maharashtra.

We have identified few locations in Mumbai wherein we propose to acquire our corporate office. We propose to acquire a new age, contemporary property wherein latest IT communication infrastructure is readily available. We may acquire an existing property if it meets most of our required criteria or may wait to book a property in an upcoming or future project. We have estimated the fund requirement for the new corporate office as under:

Sr. No.	New Corporate Office	Estimated Amount (Rs. in Million)
1	Cost of Office Premises	85.00
2	Interior cost and other ancillary costs	15.00
	Total	100.00

2. Setting up of new branches

We have a pan India presence with 36 branches across India. However, in order to penetrate further and tap other upcountry markets which are showing huge potential for our products, we propose to set up 12 new branches in the following locations:

- **Western India:** Nasik, Bhopal, Aurangabad, Navi Mumbai, Baroda
- **Southern India:** Calicut, Salem, Pondichery, Vijaywada
- **Northern India:** Varanasi, Allahabad
- **Eastern India:** Siliguri

The above list is provisional and may change as we are in the stage of evaluating proposals and in negotiations with the brokers/builders for office space at these locations. The new branch premises shall be taken on lease. The estimated fund requirement for setting up these branches is as under:

(Rs. in Million)

Sr. No.	New Branches	Estimated Amount
1	Interior cost	1.80
2	Office equipment including computers, printers etc.	5.16
3	Rental Deposit	1.20
4	Cost of recruitment of new teams for the branches and their training	3.84
	Total	12.00

As on the date of this Draft Red Herring Prospectus, we have not identified any property and/or associated infrastructure to be acquired, or entered into any agreement in this regard. For further details regarding our existing branches, please refer to page no. 101 of this Draft Red Herring Prospectus.

3. Meeting incremental working capital requirements

We are engaged in distribution of IT hardware and working capital plays a very important role in our line of business. We require adequate amount of resources to purchase the goods by availing cash discounts, offering credit to the resellers, keeping optimum stock of inventory, managing credit cycles and maintaining optimum levels of working capital turns. In order to expand our business both in terms of products and markets, we would require significant funds to meet our working capital requirements. As on the date, we are enjoying Fund based facilities of Rs. 408.80 Million and Non-Fund based facilities of Rs. 406.20 Million under multiple banking systems. We propose to utilize Rs. 300 Million out of net issue proceeds towards meeting incremental working capital requirements.

Rs. in Million

Particulars	2007-08	2008-09	2009-10
Stock In Hand	548.33	997.43	1,486.03
Receivables	694.55	1,195.40	1,444.44
Working Capital requirement	1,242.88	2,192.82	2,930.46
Less : Sundry Creditors	540.62	883.33	981.28
Working Capital Gap	702.26	1,309.50	1,949.19
Maximum Permissible Bank Finance	391.54	761.29	1,216.57
Margin for Working Capital	310.72	548.21	732.62
Incremental Margin		237.49	184.41
Total Margin			421.90

4. General corporate purposes

Our management, in accordance with the policies set-up by our Board, will have the flexibility in applying the remaining Net Proceeds of the Issue, for general corporate purposes including strategic initiatives and acquisitions, brand building exercises, strengthening of our marketing services and technology delivery capabilities to the channel.

5. Issue Expenses

The Issue related expenses include, among others, underwriting and issue management fees, selling commission, printing and distribution expenses, legal fees, advertisement expenses, IPO grading fees, registrar and depository fees and listing fees etc. The estimated Issue expenses are as follows:

		Rs. in Million
Sr. No.	Description	Amount
1	Lead Management fee, Underwriting and selling commission	[●]
2	Advertisement & Marketing Expenses	[●]
3	Printing & Stationery Expenses	[●]
4	Fees to Grading Agency, Registrar & Legal Counsel	[●]
5	Others (filing fee, listing fee etc)	[●]
	Total estimated Issue Expenses	[●]

[●] Will be incorporated on finalization of the Issue Price and prior to filing Prospectus with RoC.

UTILIZATION SCHEDULE

The estimated schedule of utilization of Net proceeds is given in the following table:

		Rs. in Million		
Sr. No.	Particulars	Estimated Amount	Estimated utilization of Net Proceeds up to March 31, 2009	Estimated utilization of Net Proceeds up to March 31, 2010
1	Setting up of our corporate office	100.00	-	100.00
2	Setting up of new branches	12.00	12.00	-
3	Meeting incremental working capital requirements	300.00	300.00	-
4	General corporate purposes *	[●]	[●]	[●]
	Total	[●]	[●]	[●]

* will be determined after finalization of issue price

INTERIM USE OF PROCEEDS

Our management, in accordance with the policies set up by our Board, will have flexibility in deploying the net proceeds received by us from the Issue. Pending utilization for the purposes described above, we intend to temporarily invest the funds in high quality interest/dividend bearing liquid instruments including money market mutual funds and gilt edged Government Securities, deposit with banks for necessary duration. We also intend to use the proceeds of the issue pending utilization, if any, to temporarily reduce our working capital borrowings from banks and financial institutions. Such investments would be in accordance with investment policies approved by our Board from time to time.

MONITORING UTILIZATION OF FUNDS

There is no requirement for a monitoring agency in terms of clause 8.17 of the SEBI DIP Guidelines. Our Board shall monitor the utilization of the proceeds of the Issue. We will disclose the utilization of the proceeds of the Issue under a separate head along with details, if any in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue in our Balance Sheet for the relevant Financial Years.

Pursuant to clause 49 of the Listing Agreement, the Company shall on a quarterly basis disclose to the Audit Committee the uses and applications of the proceeds of the Issue. On an annual basis, the Company shall prepare a statement of funds utilized for purposes other than those stated in this Draft Red Herring Prospectus and place it before the Audit Committee. Such disclosure shall be made only until such time that all the proceeds of the Issue have been utilized in full. The statement shall be certified by the statutory auditors of the Company. Furthermore, in accordance with clause 43A of the Listing Agreement the Company shall furnish to the stock exchanges on a quarterly basis, a statement including material deviations if any, in the utilisation of the process of the Issue from the objects of the Issue as stated above. This information will also be published newspapers simultaneously with the interim or annual financial results, after placing the same before the Audit Committee.

No part of the Issue proceeds will be paid by our Company as consideration to the Promoters, the Directors, the Company's key management personnel or companies promoted by the Promoters except in the usual course of business.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by us in consultation with the BRLM on the basis of assessment of market demand for the offered Equity Shares by the Book Building Process and on the basis of the following qualitative and quantitative factors. The face value of the Equity Shares is Rs. 10 each and the Issue Price is [•] times the face value at the lower end of the Price Band and [•] times the face value at the higher end of the Price Band.

Investors should read the following summary with the Risk Factors beginning on page number 13 and the details about our Company and its financial statements included in this Draft Red Herring Prospectus.

QUALITATIVE FACTORS

We believe that the following are our business strengths

- Strong foundation of ethics and values in business processes
- A pan India presence with 36 branches
- Experienced management team with a proven track record
- Vendor associations and client relationships
- Efficient inventory management and credit controls
- Contemporary and robust management information systems
- Strong in house marketing team
- Wide range of product offering

QUANTITATIVE FACTORS

The information presented in this section is derived from our restated financial statements prepared in accordance with Indian GAAP.

1. Diluted Earnings per share (EPS) of face value of Rs. 10

Period	EPS (Rs.)	Weight
Year ended March 31, 2005	2.49	1
Year ended March 31, 2006	2.38	2
Year ended March 31, 2007	3.68	3
Weighted Average	3.05	

Note:

- The earnings per share has been computed by dividing net profit as restated, attributable to equity shareholders by weighted average number of equity shares outstanding during the year/period with dilutive impact of options.
- The face value of each equity share is Rs. 10/-.

2. Price Earnings Ratio (P/E Ratio)

Price Earnings (P/E)* ratio in relation to Issue Price of Rs. [•]

- Based on March 31, 2007 ended EPS of Rs. [•]
- Based on December 31, 2007 ended EPS of Rs. [•]
- Based on weighted average EPS of Rs. [•]

- **Industry P/E (Computers – Hardware)**

- Highest: 46.40 (Redington India)
- Lowest: 6.60 (Compuage Infocom)
- Industry Composite: 11.90

(Source: Capital Market, April 21–May 04, 2008, Sector- Computers – Hardware)

3. Return on Net Worth

Period	RONW (%)	Weight
Year ended March 31, 2005	18.42%	1
Year ended March 31, 2006	14.36%	2
Year ended March 31, 2007	23.77%	3
Weighted Average	19.74%	

Note:

The RONW has been computed by dividing net profit after tax as restated by net worth excluding share application money and revaluation reserve at the end of the year/period.

4. Minimum Return on increased Net Worth required to maintain pre issue EPS is [•].

5. Net Asset Value per share

- Net Asset Value per share for the year ended 31st March 2007 is Rs. 51.64
- Net Asset Value per share for the Nine months ended 31st December 2007 is Rs. 18.51
- The NAV per Equity Share after the Issue is [•]
- Issue price per Equity share is Rs. [•]

Note:

The NAV per share has been computed by dividing net worth excluding share application money, revaluation reserve and preference share capital at the end of the year/period by number of equity shares outstanding at the end of the year/period.

6. Comparison with Industry Peers

Particulars	EPS (Rs.)	P/E	RONW (%)	NAV (Rs.)
Neoteric Infomatique Ltd.	3.68	-	23.77%	51.64
Peer Group				
Redington India Ltd.	5.00	46.40	9.40%	68.70
Compuage Infocom	3.80	6.60	10.40%	24.10

EPS, RONW and NAV are based on last year audited financial results for the year ended March 31, 2007

(Source: Capital Market, April 21–May 04, 2008, Sector- Computers – Hardware)

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

The Issue Price of Rs. [•] is determined by us in consultation with the BRLM on the basis of assessment of market demand for the Equity Shares through the Book Building Process and is justified based on the above accounting ratios. For further information, please refer to the sections titled ‘Risk Factors’, ‘Business Overview’ and ‘Financial Statements’ on pages 13, 87 and 145 of this DRHP.

STATEMENT OF TAX BENEFITS

Date: 01/03/2008

To
The Board of Directors,
Neoteric Infomatique Ltd.
225, Chitamani Plaza,
2nd Floor, Chakala,
Andheri (East),
Mumbai – 400 099

Dear Sirs,

We hereby confirm that the enclosed annexure, prepared by Neoteric Infomatique Limited ('the Company'), states the possible tax benefits available to the Company and the shareholders of the Company under the Income-tax Act, 1961 ('IT Act') and the Wealth Tax Act, 1957, presently in force in India. Several of these benefits are dependent on the company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which is based on the business imperatives, the company may or may not choose to fulfil.

The benefits discussed in the Annexure are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that this statement is only intended to provide general information to the investors and hence 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.

Our confirmation is based on the information, explanations and representations obtained from the company and on the basis of our understanding of the business activities and operations of the company and the interpretation of the current tax laws in force in India.

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

- the company or its shareholders will continue to obtain these benefits in future; or
- the conditions prescribed for availing the benefits, where applicable have been /would be met.

No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time.

For Chaturvedi Sohan & Co.
Chartered Accountants

Sohan Chaturvedi
Partner
Membership No. 30760

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. As 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 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 India origin living abroad who visits India; or
- 182 days or more, in the case of 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 of 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 India 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 year 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 NEOTERIC INFOMATIQUE LIMITED AND IT'S SHAREHOLDERS

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

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.

Computation of Capital Gains

Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. Shares in a company, listed securities or units will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "long term capital gains". Capital gains arising on sale of these assets held for 12 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 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 provision 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% (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% with indexation benefit exceeds the tax on long term gains computed at the rate of 10% without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10% (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% (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 15%w.e.f. 01/04/2008 (Plus applicable surcharge and education cess).

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.

2. BENEFITS AVAILABLE TO SHAREHOLDERS

2.1 BENEFITS AVAILABLE TO RESIDENT SHAREHOLDERS

2.1.1 Dividends exempt under Section 10(34)

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

2.1.2 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 period exceeding 12 months) from transfer of shares of Indian Company, it permits substitution of cost of acquisition/ improvement with the indexation 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 shareholders 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% (Plus applicable surcharge and education cess) after indexation. The amount of such tax should however be limited to 10% (Plus applicable surcharge and education cess) without indexation, at the option of the shareholders, 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 the case the long term specified assets 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, should 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 15% w.e.f. 01/04/2008 (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.

2.2 BENEFITS AVAILABLE TO NON- RESIDENTS/ NON- RESIDENT INDIAN SHAREHOLDERS

2.2.1 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.

2.2.2 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 478 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% (plus applicable surcharge and education cess) after indexation. The amount of such tax should however be limited to 10% (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 15% w.e.f. 01/04/2008 (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. 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% (Plus applicable surcharge and education cess). Also, where shares in the company are subscribed for in convertible foreign exchange by a Non- Resident Indian, long term capital gains arising to the non- resident India shall be taxed at a concessional rate of 10 % (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 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 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.

4. 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 reinvested 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% and 15% w.e.f. 01/04/2008 (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% (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 realized 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 realized 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 a rate of 20% / 40% (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 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. BENEFITS AVAIAABLE 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. BENEFITS AVAIAABLE 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 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 recognized stock exchange in India. All transactions entered into on a recognized 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. BENEFITS AVAILABLE UNDER THE WEALTH - TAX ACT, 1957

Assets defined under Section 2(ea) of the Wealth Tax Act, 1957 does not includes 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 our Company and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on our Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws;*
- *This statement is only intended to provide general information to the investor 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 OVERVIEW

INTRODUCTION TO THE IT INDUSTRY

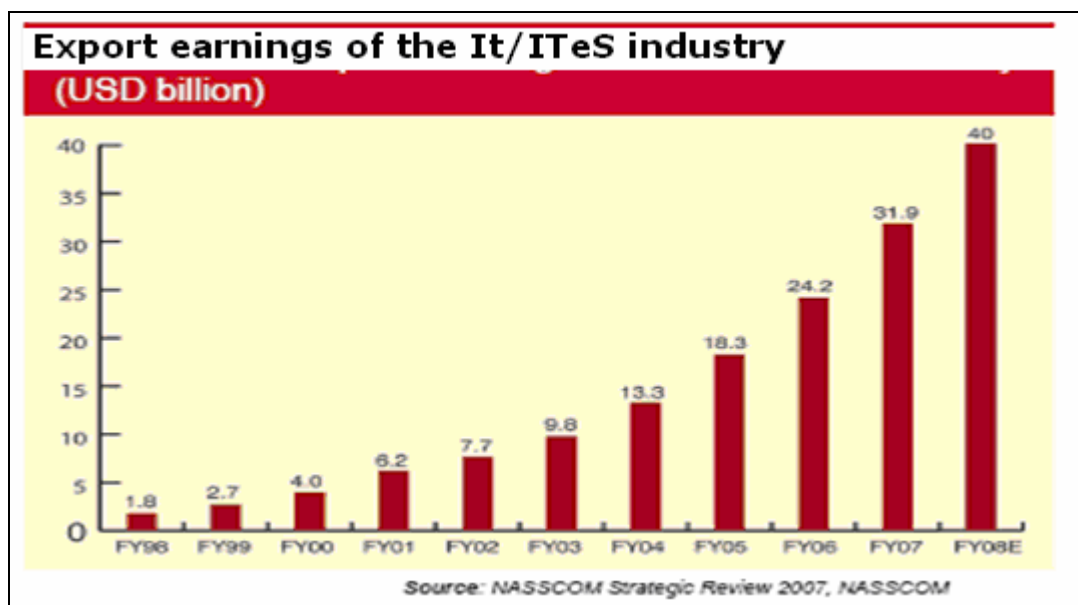
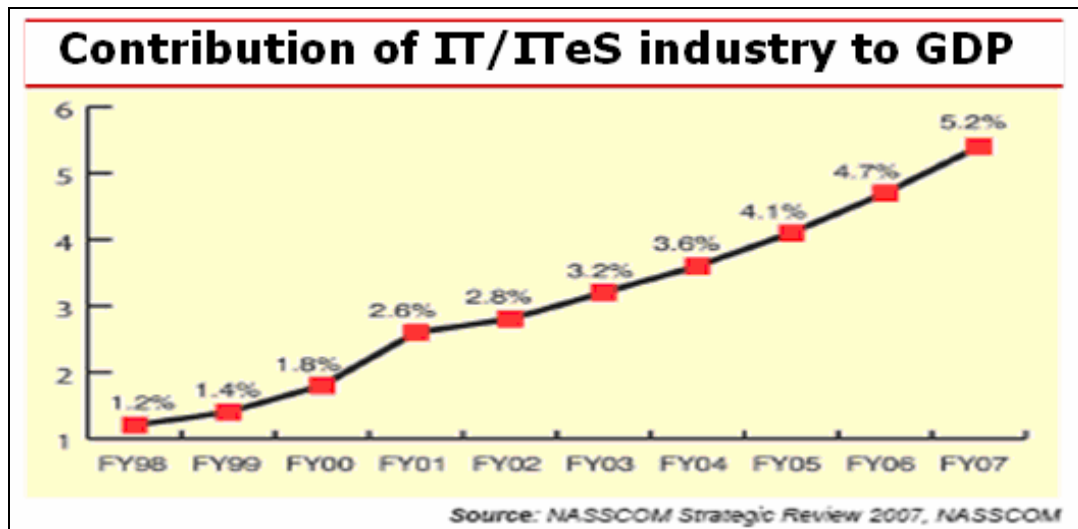
With US\$ 40 billion in revenues, the Indian Information Technology sector continues to be one of the growing sectors of the Indian economy. With a growth figure of 30.7% in 2006-07, the sector has left its global counterpart, which grew at 10%, way behind. The National Association of Software Services Companies (NASSCOM) estimates revenues of US\$ 49-50 billion in 2007-08 at a growth rate of 24-27%.

India has emerged as the fastest growing IT hub in the world, its growth dominated by IT software and services such as Custom Application Development and Maintenance (CADM), System Integration, IT Consulting, Application Management, Infrastructure Management Services, Software testing, Service-oriented architecture and Web services.

Even in the event of a falling dollar and a strengthened rupee, India in offshore services, accounts for 65-70% of the global off shoring pie. It tops the list of 30 countries on criteria such as language, Government support, labour pool, infrastructure, educational system, cost, political and economic environment, cultural compatibility, global and legal maturity, and data and intellectual property security and privacy.

In 2006-07, software and services exports grew by 33% to register revenue of US\$ 31.4 billion, whereas the domestic segment grew by 23% to US\$ 8.2 billion. Within exports, IT services touched US\$ 18 billion, a growth of 35.5%. The country's IT exports have, in fact, come quite far, starting from a few million dollars in the early 90s. The Government expects the exports turnover to touch US\$ 80 billion by 2011, growing at an annual rate of 30 pc per annum. (*Source: www.ibef.org*)

The Indian IT/ITES industry's contribution to the country's GDP has been steadily increasing from a share of 1.2% in FY98 to 5.2% in FY07; it has contributed to foreign exchange reserves of the country by increasing exports by almost 36% and its direct employment as grown at a CAGR of 26% in the last decade, making it the largest employer in the organized private sector in the country. If export earnings of the industry are considered as an indicator of contribution to foreign exchange reserves of the country, the Indian IT/ITES industry has clocked an impressive growth of 32.6% in FY07. Export earnings for FY08 stood at approximately USD 40.0 billion as compared to USD 18.3 billion in FY05. In addition, it also indicates that the Indian IT/ITES industry has significantly contributed through socially relevant products/services and community initiatives in human resource development, education, employability, health, encouraging women empowerment and employment of differently abled and 'out-of-the-mainstream' candidates. (*Source: NASSCOM*)



IT INDUSTRY - FAST GROWING MARKET

IT manufacturing

Moving beyond software, India is now emerging as a hi-tech manufacturing hub. The Department of Information Technology (DIT) has received investment proposals worth over US\$ 25 billion from 17 Indian and multinational companies. Investments worth over US\$ 6 billion have already been committed while another US\$ 20 billion are in the pipeline. Under the semiconductor policy, the Central Government plans to give financial sops to companies planning fab units. At least 2-3 units are eligible for incentives under the fab category and about 8-10 under the eco-system section.

Chip Design Acquisitions

Until recently, it was international players who looked at India for acquisitions of third-party (independent) design companies. Now, Indian information technology companies which offer chip-design services, are in an acquisitive mode to consolidate their position in the global market. In the last two years, these firms have together made five acquisitions totaling US\$ 128 million, mainly to broaden their customer base and intellectual property (IP) assets.

Multinationals in India

Apart from being a great offshoring destination, India offers a market with very high returns. Evidently, multinationals are investing aggressively in their India units. For instance, IBM has the biggest staff in India. According to industry estimates, the turnovers of firms such as Dell, Intel, Microsoft and IBM are way beyond the half-billion dollar mark. Cisco is believed to have crossed the billion-dollar mark in domestic sales in 2006-07, and HP India is said to have an India turnover of around US\$ 2.5 billion.

M&As

The M&A space in the IT sector have been fairly busy. In November 2007 alone, there were 13 domestic deals and one cross border deal. Six private equity (PE) deals with an investment value of US\$ 44 million were inked in one month alone. Around 58 merger and acquisition (M&A) deals were conducted in November at a value of US\$ 940 million, as against 51 deals amounting to US\$ 610 million in October 2007. The total number of M&A deals during the first 11 months of 2007 now stands at 638, with an announced value of US\$ 50.79 billion.

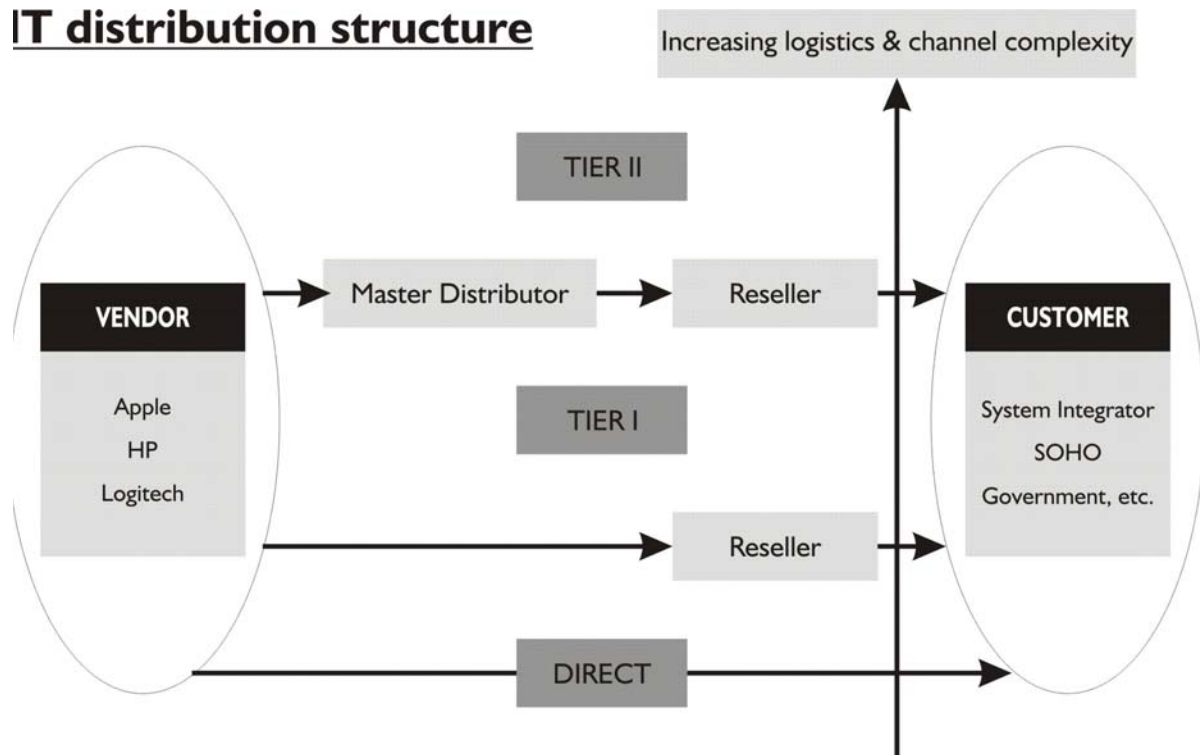
(Source: www.ibef.org)

IT INDUSTRY CHANNELS

The distributors are referred to as the first tier of the channel and the other entities like resellers, system integrators, solution providers, retailers are called second tier of the channel. The distributors primarily sell to the second tier channel partners. The end users vary and include large enterprises, small and medium enterprises, government organizations, educational institutions, defense, research organizations and individual buyers. IT distributors are the link between technology vendors (HP, Microsoft etc.) and resellers who sell the product to end-users or other resellers. The services provided by IT distributors include inventory management, logistics, providing credit to the channel, managing information flow etc.

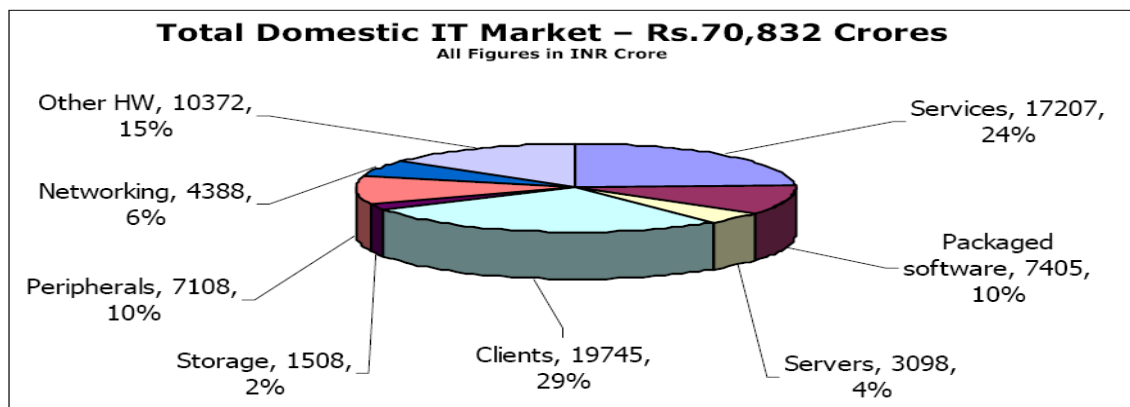
IT distribution models vary according to the complexity of logistics and channel management:

IT distribution structure



DOMESTIC IT MARKET

The biggest component of the domestic India IT market is the PC market. The PC market registered 6.5 million unit shipments in the year 2007 as against 5.4 million unit shipments in the year 2006 thereby recording 20% year on year growth in unit shipments. The notebook PC shipments touched 1.8 million units in 2007 as against 0.98 million units in 2006. (Source: IDC India).



Other HW includes Add-on (Computing & Peripherals) Products, IT Consumables, Training, other Networking Equipment

Source: IDC India

The key market highlights of 2007 were:

- **Notebook PCs become mainstream** - Notebook PC shipments accounted for more than 27% of the total India Client PC shipments for the first time in a calendar year
- **Supportive Ecosystem Needed** – Urgent need to encourage development and widespread adoption of the 3Cs of Communication, Convergence and Content to spur future growth

India PC Shipments by Product Type, CY 2007

Product Type	Year-on-Year Growth*
Desktop PCs	7%
Notebook PCs	81%
Consumer Client PCs	23%
Commercial Client PCs	19%
Client PCs ^{\$} Total	20%

* Year-on-Year Growth – CY 2007 over CY 2006

\$ Includes all Desktop PC and Notebook PC shipments

Source: IDC India

Product Category	CY 2005 shipments (million units)	Y-o-Y Growth(CY 2005 over CY 2004)	CY 2006 shipments (million units)	Y-o-Y Growth(CY 2006 over CY 2005)	CY 2007 shipments (million units)	Y-o-Y Growth(CY 2007 over CY 2006)
Total Desktop PC Market	3.9	19%	4.4	14%	4.7	7%
Total Notebook PC Market	0.5	148%	1.0	106%	1.8	81%
Total Client PC Market	4.3	26%	5.4	24%	6.5	20%

Source: IDC India

The IT industry is poised to sustain its growth as the PC penetration is still relatively low, especially in India.

PC penetration (per 100 people)			
Country		Country	
USA	73.00	China	7.00
Saudi Arabia	35.40	Oman	4.70
Kuwait	22.30	Egypt	3.80
UAE	19.80	India	2.00
Bahrain	16.90	Kenya	1.00
Iran	10.50	Nigeria	0.70

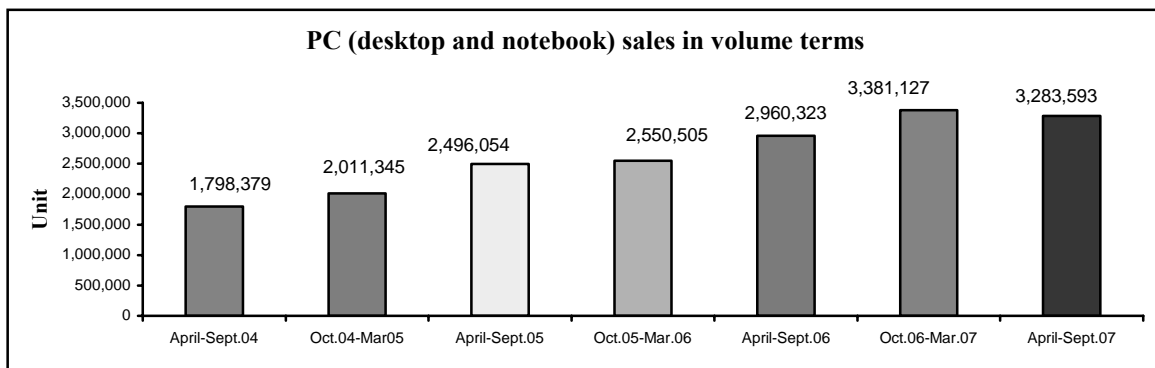
Source: IDC India

SYNOPSIS OF “MAIT – IT INDUSTRY PERFORMANCE ANNUAL REVIEW: 2006-07 & MID YEAR REVIEW: 2007-08”

MAIT, the apex body representing India's IT hardware, training and R&D services sectors, announced the following findings of its Industry Performance Review of the first half (H1) of the financial year 2007–08. Some of the findings of the H1/2007-08 Study are given below:

PC MARKET:

The PC penetration in India has grown manifold during the past few years, primarily driven by overall economic growth of the country, higher internet penetration and affordability. As a result, sales of PCs (desktops and notebooks) in India have grown by leaps and bounds during the past few years. The total PC sales between April and September 2007, with desktop computers and notebooks taken together, were 3.28 million units, registering a growth of 11% over the same period last fiscal. Half yearly data on sales of PCs in India during the aforesaid period is shown in the following diagram:



Source: MAIT – IT Industry Performance Mid Year Review: 2007-08

The buoyant mood in IT consumption was led by significant growth in notebook sales, which grew by 59%, although consumption of desktops grew by only 3%. PC sales are projected to cross 7.25 million units in fiscal 2007-08, given the strong macro-economic conditions and steady buying sentiment in the market, led by demand from various industry verticals.

Notebooks have emerged as a significant driver for the PC market in India in the first half of 2007-08. Sales of notebooks surpassed 0.68 million units growing 59% over the same period last year, accounting for 21% of the total PC market in the country. Notebooks accounted for less than 3% of the PC market four years ago.

Details of growth in desktop sales, notebook sales and changing mix in overall PC sales from 2001-02 to 2006-07 are shown in the following table and diagrams:

Year	Desktop (No. of Units)	% of Total PC Sales	Notebooks (No. of Units)	% of Total PC Sales	Total PC (No. of Units)
2001-02	1,670,878	97.39%	44,742	2.61%	1,715,620
2002-03	2,293,643	97.83%	50,974	2.17%	2,344,617
2003-04	3,035,591	97.16%	88,831	2.84%	3,124,422
2004-05	3,632,619	95.35%	177,105	4.65%	3,809,724
2005-06	4,614,724	91.44%	431,834	8.56%	5,046,558
2006-07	5,490,591	86.58%	850,860	13.42%	6,341,451

Source: MAIT – IT Industry Performance Annual Review: 2006-07

DESKTOP MARKET:

- **Market segmentation by organised vs. unorganised segments:**

Multinational brands accounted for 48% of the total desktop market in H1 2007-08, registering a growth of 33% over the same period last year. The proportion of Indian brands fell from 23% to 17% registering a year-on-year decline of 24%. Consumption of Assembled PCs, the smaller and lesser known regional brands and unbranded systems witnessed a decline of 10% in H1 2007-08, with their market share falling from 40% to 35% of total desktop sales.

Specific to India, the proportion of branded PCs is growing relative to the assembled (non-branded) PCs, which aids distributors, as the margins in systems are typically higher than components.

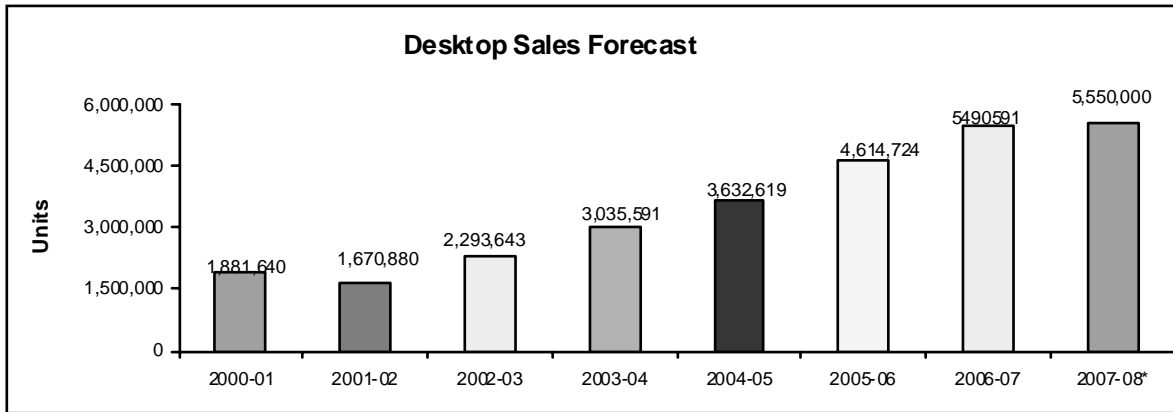
- **Market segmentation by businesses v/s household consumption:**

Households, for the first time, contributed to 38% of the total desktop market registering an impressive growth of 72% over H1 2006-07. Households accounted for only 23% of the market in the first half of 2006-07.

Less-than-expected consumption in the business segment led to a 17% drop in desktop sales. Businesses accounted for 62% of the total desktop sales compared to 77% in the same period last year. Poor consumption in the large enterprises, where sales fell by 31%, pulled down the overall desktop sales, although consumption in the small enterprises grew by 16% and in medium enterprises by 4% respectively. While sales to office locations and retail outlets were poor, sales to factory locations and to government remained encouraging.

- **Market segmentation by town-class:**

Consumption of desktops in the smaller towns and cities has steadily increased over the last few years. In the first half of 2007-08, smaller towns accounted for a market share of 65% of the total desktop sales, the consumption growing by 31% over H1/2006-07. The top four metros accounted for 23% of the total desktops purchased while the Class B cities accounted for 12% of the market. Both these city segments witnessed a decline in consumption by 15% and 9% respectively.



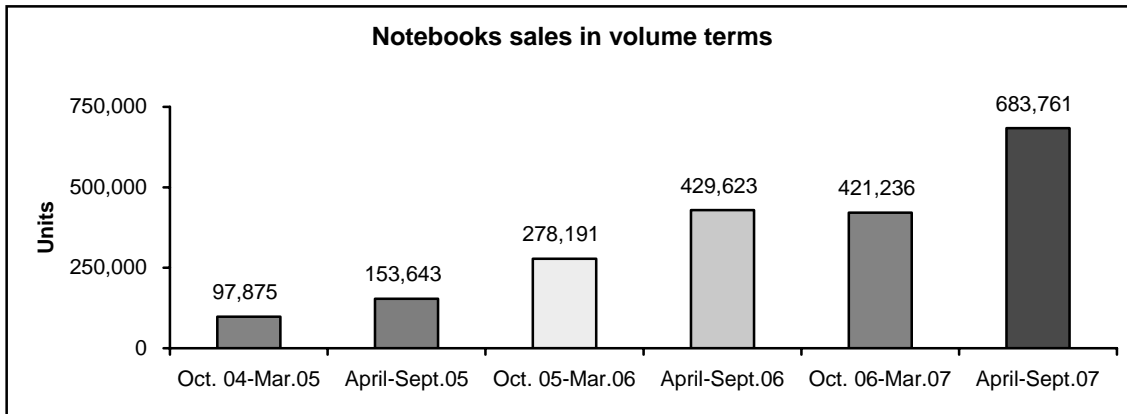
* Estimated

Source: MAIT – IT Industry Performance Annual Review: 2006-07

MAIT in their latest review revised its PC sales from 5.55 million to 7.25 million units in fiscal 2007-08, given the strong macro-economic conditions and steady buying sentiment in the market, led by demand from various industry verticals. (Source: MAIT – IT Industry Performance Mid-Year Review: 2007-08)

NOTEBOOK MARKET:

The proportion of notebooks in the overall PC sales is fast growing as these have rapidly become significantly more affordable. Notebook sales were driven by consumption in the household segment, which witnessed 164% growth in consumption accounting for 37% of the total notebook market. Consumption of notebooks by the business segment grew by 16%, with large enterprises contributing the major part (two-thirds) and reporting 25% growth in this consumption. In the enterprise segment, while the office locations accounted for the bulk (85%) of notebook sales, significant growth in consumption was witnessed in the manufacturing sector, retail outlets and the government sector.



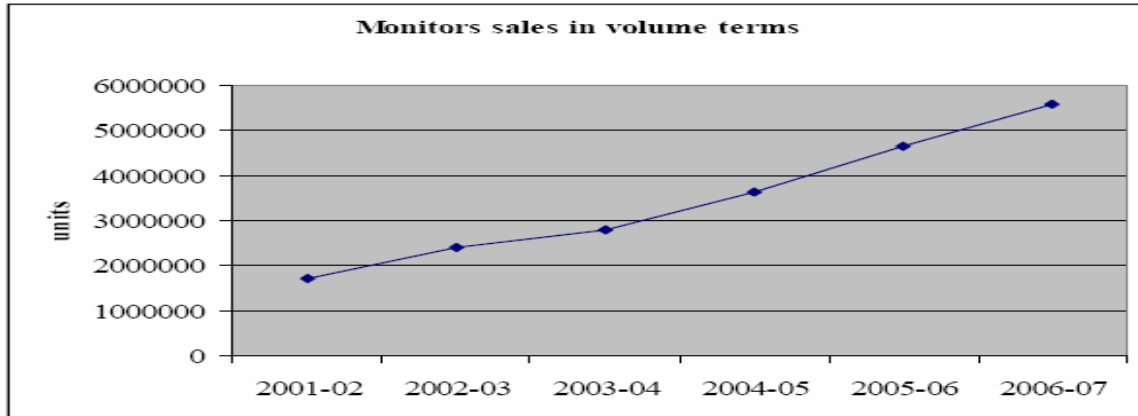
Source: MAIT – IT Industry Performance Mid Year Review: 2007-08

MONITOR MARKET:

During the past five years, sale of monitors has grown by 20% year on year in volume terms and at a CAGR of 24%. At the same time, a change in demand mix also took place in the monitor market. 20/21” and the 17” screen size monitors experienced higher demand during the last five years, with a corresponding decrease in the sales of 14” and 15” monitors during the same period. The 20/21”and 17” monitors have a higher realization than the other smaller screen size monitors and an increase in their sales augurs well for the domestic industry.

Business usage was the primary growth driver in this segment and accounted for 75% of the total sales by volume. (Source: MAIT)

In terms of value, monitors clocked sales of Rs. 28970 million in 2006-07 as compared to Rs. 23010 million in 2005-06, a growth rate of 26%. (Source: MAIT) Year-wise growth in sales of monitors from 2001-02 to 2006-07 is shown in the following diagram:



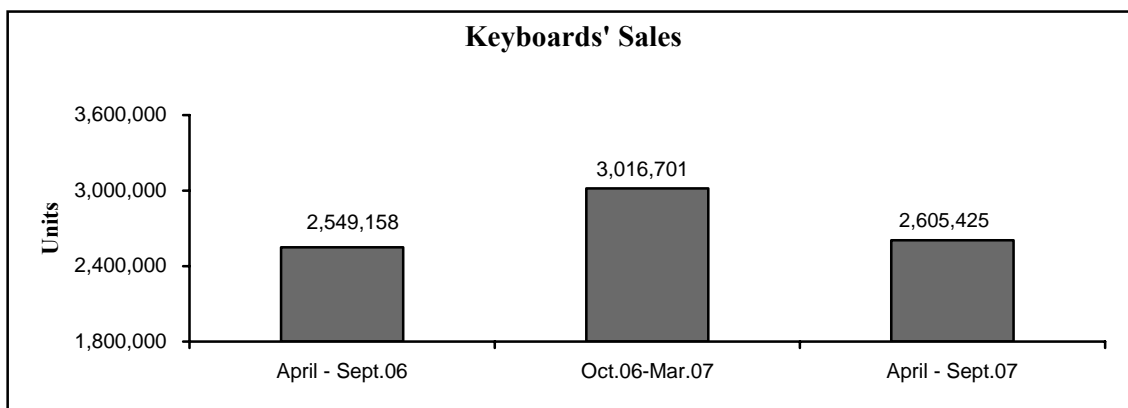
Market for Monitors grew by 2% in H1/2007-08 over H1/2006-07. It has also been noticed that there is a distinct shift from CRT to LCD monitors in the metros and 'B' towns whereas in the 'C' and 'D' towns CRT monitors rule the roost.

Consumption in smaller towns grew by 34% accounting for 60% of market, 'Next 4' cities accounted for 8% of the market with a decline was 24% whereas in Top 4 cities the growth was 15% accounting for 32% of the market. Businesses accounted for 75% of the market while Households for 25% of the total market of the monitors.

KEYBOARD MARKET:

Keyboard sales have followed the growth trend of monitor sales, and have grown by 20% in the past year and at a CAGR of 24% for the past five years. Businesses accounted for 75% while Households for 25% of the market. (Source: MAIT)

Consumption in Smaller Towns grew 34% accounting for 60% of the market, in Top 4 cities it grew by 15% with 32% of the market share and Next 4 accounted for 8% of the market with 24% decline. Market for Keyboards grew by 2% in H1/2007-08 over H1/2006-07.

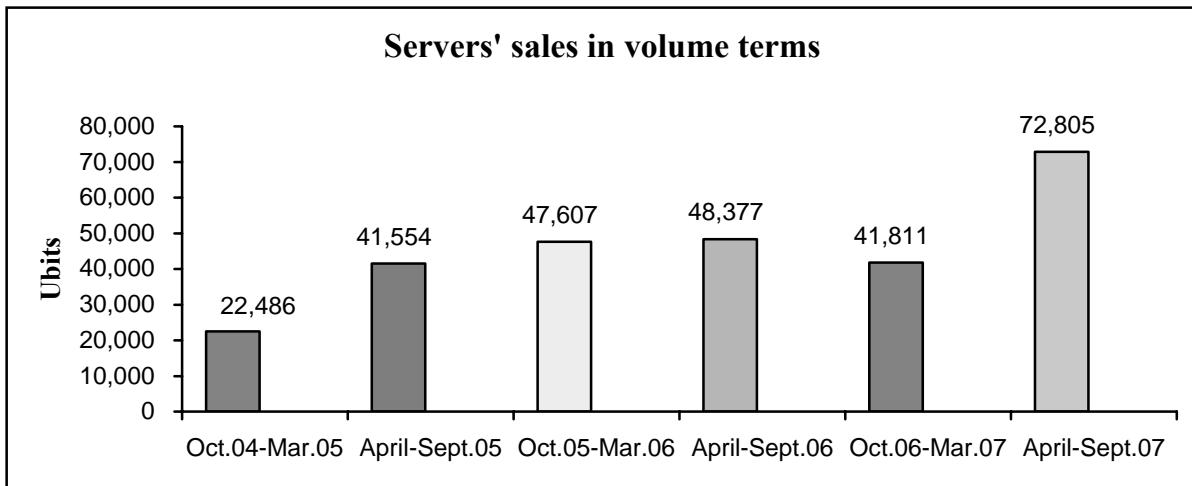


Source: MAIT – IT Industry Performance Mid Year Review: 2007-08

SERVER MARKET

As per MAIT latest review, Servers registered a growth of 50% over the first-half of the last financial year, riding on high consumption by the small and medium establishments where sales increased by 107% and 272% respectively. The two segments put together accounted for 84% of the total sales of servers in the country.

Sales of servers grew significantly in the Class B cities, where consumption increased by four times, accounting for 36% of the total market. Class C cities accounted for 47% of the market reporting a growth of 19% while the Class A cities accounted for 17% of the market witnessing a decline of 17% in consumption.



Source: MAIT – IT Industry Performance Mid-Year Review: 2007-08

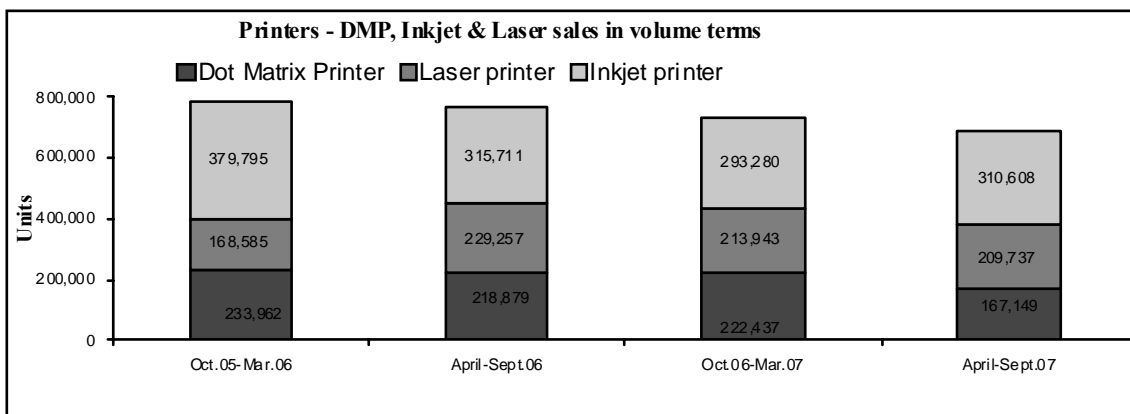
PRINTER MARKET

Overall printer sales at 0.68 million units declined by 10% during H1 2007-08 over the same period in fiscal 2006-07 due to poor off-take of sales in the business segment. Printer sales are forecast to cross 1.8 million units in fiscal 2007-08.

Consumption of inkjet printers at 0.31 million units declined by 2%. While the households bought 20% more inkjet printers than during the same period last fiscal, the business segment bought 19% less.

Consumption of laser printers at 0.20 million units recorded a decline of 9% as consumption in large enterprises fell by 31%. Large enterprises accounted for 40% of laser printers consumption, down from 52% in the same period last year. Consumption of laser printers however grew in the small and medium enterprises by 4% and 31% respectively, each accounting for 30% of the market share.

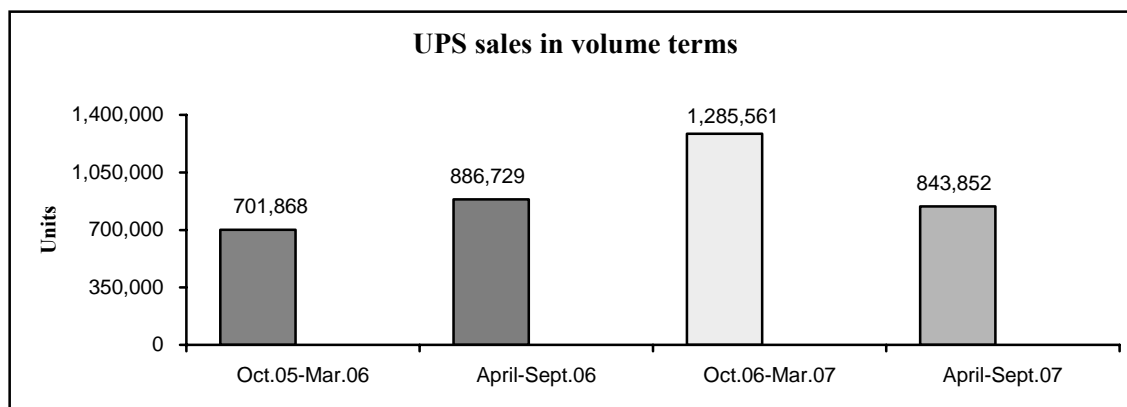
Consumption of dot-matrix printers at 0.16 million units in H1 2007-08 declined by 24%. Consumption of dot-matrix printers in the business segment fell by 26%; however in households segment it registered a growth of 19%. Households accounted for only 8% of the purchases of dot-matrix printers.



Source: MAIT – IT Industry Performance Mid Year Review: 2007-08

UPS MARKET:

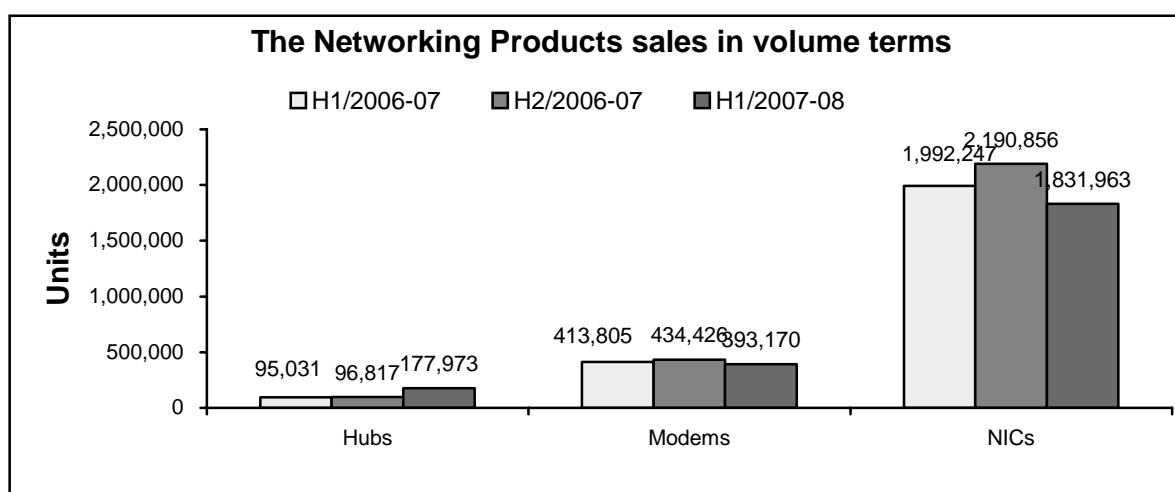
The UPS market with 0.84 million units in sales witnessed a decline of 5% during H1 2007-08 over H1 2006-07. Consumption in Class A cities fell by 17% and in smaller towns by 3%; however, in the Class B cities consumption increased by 187%. Households accounted for 69% of the market, registering a growth of 35%, while businesses accounted for the remaining 31% showing a decline of 42% over the same period last fiscal.



Source: MAIT – IT Industry Performance Mid Year Review: 2007-08

NETWORKING PRODUCTS MARKET:

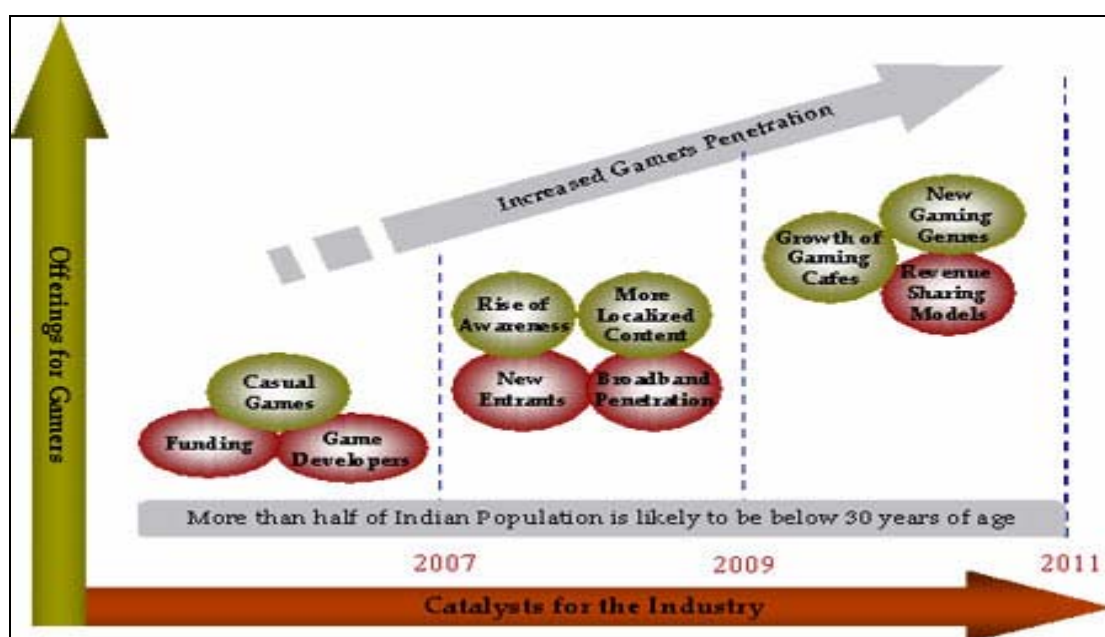
The networking products include hubs, modems and NICs. All these products registered a growth of 33%, 43% and 15% respectively in year 2006-07 over 2005-06. Hubs market grew 87% while that of Modems and NICs declined by 5% and 8% respectively in H1/2007-08 over H1/2006-07.



Source: MAIT – IT Industry Performance Mid Year Review: 2007-08

ONLINE GAMING MARKET

India's online gaming market is on a growth track, with the key players pursuing well-defined positions for the long haul. From a couple of significant active players in the Indian market in 2005, the number of Online Gaming Players has risen to at least four in 2006. Significantly, as more and more players are offering MMOG (Massively Multi-player Online Game) and MMORPG titles (Massively Multi-player Online Role-playing Game), the market now has the competition it needs in order to expand in early stages. From about 1.3 million online gamers in India in 2006, the number is likely to grow 11 fold to more than 14.9 million gamers in 2011. This represents a healthy growth at a CAGR of around 63%. The total subscription revenue was US\$ 1.22 million in 2006 and is expected to be around US\$ 72 million by 2011, which is a CAGR of slightly above 126%. (Source: IDC India)



Source: IDC India

EXTERNAL STORAGE MARKET

As per IDC estimates after recording a buoyant growth of 44% in 2006, the total Indian External Storage Market (external storage encompasses all disk storage systems outside of the server enclosure) has recorded a growth of 20% to \$203.88 million in 2007 from \$169.27 million in 2006. In terms of capacity the market grew by 58% to 38,732 TB from 24,540 TB during the same period. The External Storage market in India is expected to grow the fastest. The market is expected to record a CAGR of 17.7% during the five-year period ending 2011.

INDUSTRY FORECAST

The estimated sales forecast as per IDC India Quarterly Report, 2007 are as follows;

Units CY 2007 and Forecast

Product	2007	2008	2009	2010
Desk Top	4,728,038	5,146,539	5,711,714	6,234,538
Notebook	1,770,329	3,037,384	4,631,483	6,283,922
Monitor	7,007,413	7,539,793	8,431,345	8,746,058
Single Function Inkjet Printers	579,708	554,240	523,150	493,690
Single Function Laser Printers	662,988	728,070	787,450	831,540
Inkjet MFD	552,605	636,136	727,029	816,765
Laser MFD	214,251	264,658	310,970	355,259

Source:- IDC India Quarterly Report, 2007

CY 2007 Units Wise Split by Segment

Product	Education	Government	Home	Very Large Business
Desk Top	245,000	441,325	1,592,077	642,635
Notebook	108,459	61,764	565,797	190,220
Single Function Inkjet Printers	8,957	27,608	316,700	4,230
Single Function Laser Printers	16,438	79,230	2,495	24,577
Inkjet MFD	-	12,618	241,650	395
Laser MFD	33,972	2,525	812	13,611

Source:- IDC India Quarterly Report, 2007

CONTRIBUTING TO ECONOMIC GROWTH

In the last two decades, the Indian IT/ITES industry has contributed significantly to Indian economic growth in terms of GDP, foreign exchange earnings and employment generation. However, equally significant though not as tangible, has been the ripple effect it has created on the general economic environment in the national and international economic space.

Direct contribution to the Indian economy

The current and evolving role of IT/ITES industry in India's economy is well established. The sector is proving to be the major growth pole within the services sector, which in turn drives several economic indicators of growth in the country. A few key indicators of direct contribution are:

- **Growing share of the country's GDP:** The sector's contribution to the country's GDP has been steadily increasing from a share of 1.2% in FY98 to 5.2% in FY07.
- **Boosting the foreign exchange reserve of the country:** Export earnings in FY08 stood at approximately USD 40.0 billion with a growth of 36%.
- **Employment generation:** Direct employment in the sector is expected to be 2.0 million by end of FY08, growing at a CAGR of 26% in the last decade, making it the largest employer in the organized private sector of the country.

Indirect contribution to the Indian economy

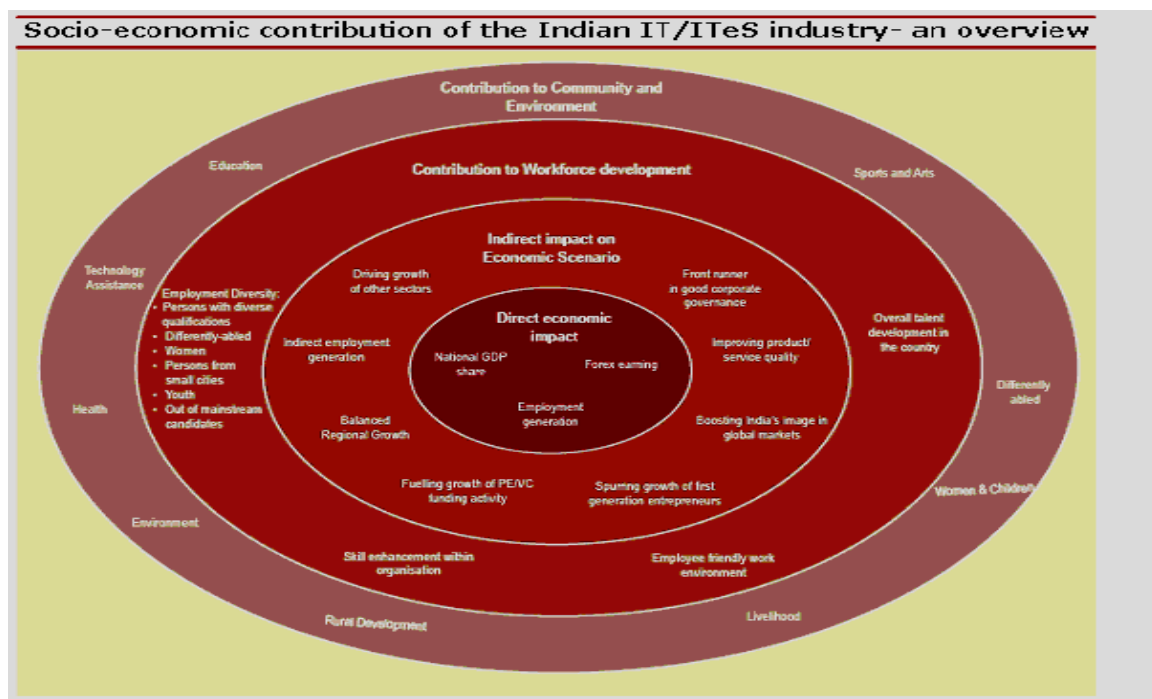
The growth of the IT/ITES sector and its resultant contribution to the economic growth and development has also resulted in certain wider impacts, which in many cases have had a rub-off effect and set benchmarks for other sectors of the economy while boosting the image of India in the global market.

- **Additional employment generation:** The indirect employment generated, at the rate of 4 additional jobs created in the economy for every 1 job created in the sector, is even more socially relevant as nearly 75% of the workforce employed in those additional jobs are SSC/HSC or less educated.
- **Fuelling the growth of PE/VC funding:** The worldwide dot com boom and growth in the IT sector kick-started VC activity in India which led to the creation of first generation of India centric VC funds. Other

sectors, such as healthcare, manufacturing and financial services have also benefited from this phenomenon as these sectors are now also being able to access this source of funding. While IT/ITES continues to be the favourite sector with the largest share (28%) of PE/VC funding, other sectors now account for 72% share as compared to 34% in 2000.

- Improving the product/service quality level:** The fact that IT/ITES companies cater to and compete with global players has led to their adopting the highest quality standards. This high quality of services and products has been the driver and sustainer of growth which has helped move India out of the “mediocrity”, low quality image and has in fact raised the bar for other industries as well. Indian exports had traditionally been restricted to low end, low-technology oriented products like gems and jewellerys and garments/apparels. It is with the advent of IT/ITES industry that the world began to recognize that Indian products and services could also compete and win against global competitors on quality parameters. India is now also emerging as a research and development centre for some of the large IT/ITES companies in the world, once again demonstrating that India now stands for quality. 30% of companies worldwide who have reached Level 5 of Capability Maturity Model Integration (CMMI) are Indian IT/ITES firms. Nearly 75% of Fortune 500 and 50% of Global 2000 corporations source their technology related services from India with an increasing number of MNCs outlining their investment plans for setting up R&D operations in India.
- Boosting the image of India in the global market:** The India IT/ITES industry has contributed to what brand ‘India’ stands for in today’s global market. While India Inc. has been witnessing an acquisition spree of overseas companies in recent years, the IT/ITES sector has led this phenomenon with the highest share (23%) of outbound M&A deals in 2006. Listing of Indian IT/ITES companies in global stock exchanges, which requires adherence to stringent global accounting norms, has helped build a strong brand of the companies and the sector outside India. Made in India software products have found widespread use across the world while several Indian IT/ITES firms have been partnering.

(Source: NASSCOM)



DRIVING THE GROWTH OF OTHER SECTORS OF THE ECONOMY

The growth of the IT/ITES sector is having a considerable multiplier effect on output in the Indian economy. It has been established that every Re 1 spent by the IT/ITES sector (on domestically sourced goods and services) translates into a total output of about Rs 2 in the economy – driven by derived demand from firm-level spends (capital expenditure as well as operating expenses) and high level of consumption spending by professionals employed in this sector. Past study by NASSCOM indicated that in FY06, out of the total revenue of 33.55 billion USD of the industry, 15.85 billion USD is spent in the domestic economy via non-wage operating expenses, capital expenditure and consumption spending by professionals. This spending, in turn, generates additional output of 15.5 billion USD via its direct and indirect backward linkages with other sectors and induced effect of wages and salaries. The sectors which are most impacted through this multiplier effect include housing/construction, transport services, communications, consumer durables, food items and clothing.

IMPACT OF THE UNION BUDGET 2008-09 ON THE IT INDUSTRY

- Stability on taxation front – customs duty remain unchanged; excise duty reduced to 14%
- Computers continue to attract 12% Excise Duty
- Increased allocation for education, skill development and e-governance

Policy Directions

- a) 8.8% target growth for fiscal 2008-09. The drivers of growth continue to be services and manufacturing. These are expected to grow at 10.7% and 9.4% respectively.
- b) Budget focus on social sectors – education, health, rural development and employment generation. Budgetary allocations for education enhanced by 20% and for healthcare by 15%.
- c) Rs.850 million allocated for Innovation in Science Pursuit for Inspired Research (INSPIRE); which will include scholarships for young learners (10-17 years), scholarships for continuing science education (17-22 years) and opportunities for research careers (22-32 years); Rs. 1000 million provided for establishing the National Knowledge Network.
- d) Budgetary allocation for e-governance – CSC scheme, SWAN and State Data Centers
- e) Pilot Smart Card based PDS for Haryana and Chandigarh
- f) CST to be phased out. CST rate to be reduced from 3% to 2% effective April 01, 2008. Goods and Service Tax (GST) to be introduced from April 01, 2010.

Customs Duty

- a) Peak rate of Customs Duty for non-agricultural products to continue at 10%. However all products listed under the IT Agreement of the WTO continue to attract nil customs duty.
- b) All digital music players – MP3/MP4/ MPEG 4 players with or without radio/video to attract concessional 5% customs duty
- c) Parts of STB – SMPS power board and IR module exempted from customs' duty
- d) Mobile phones to attract 1% National Calamity Contingent duty.

Excise Duty

- a) Mean CENVAT rate reduced to 14% from 16%. Computers continue to attract 12% excise duty.
- b) All digital music players – MP3/MP4/ MPEG 4 players with or without radio/video to attract concessional 8% excise duty/CVD.
- c) CVD on Data cards abolished, however, they would continue to attract 4% Addl. Duty.

Service Tax

The threshold limit of service tax exemption for small service providers increased from Rs. 0.8 million to Rs.1 million.

Income Tax/Direct Tax

- a) No change in rates of corporate taxation. Corporate tax to continue at 30% plus surcharge.
- b) Income Tax exemption under Section 10A/10B not extended for EOU/EHTP/STP schemes.
- c) Crèche facilities, sponsorship of an employee-sportsperson, organizing sports events for employees and guest houses excluded from the purview of FBT.
- d) Parent company allowed to set off the dividend received from its subsidiary company against dividend distributed by the parent company; provided that the dividend received has suffered DDT and the parent company is not a subsidiary of another company.
- e) Weighted deduction of 125% proposed under section 35 on payments on R & D expenditure. In case of outsourced R&D, the eligibility would be 100%.

Other Important Programs

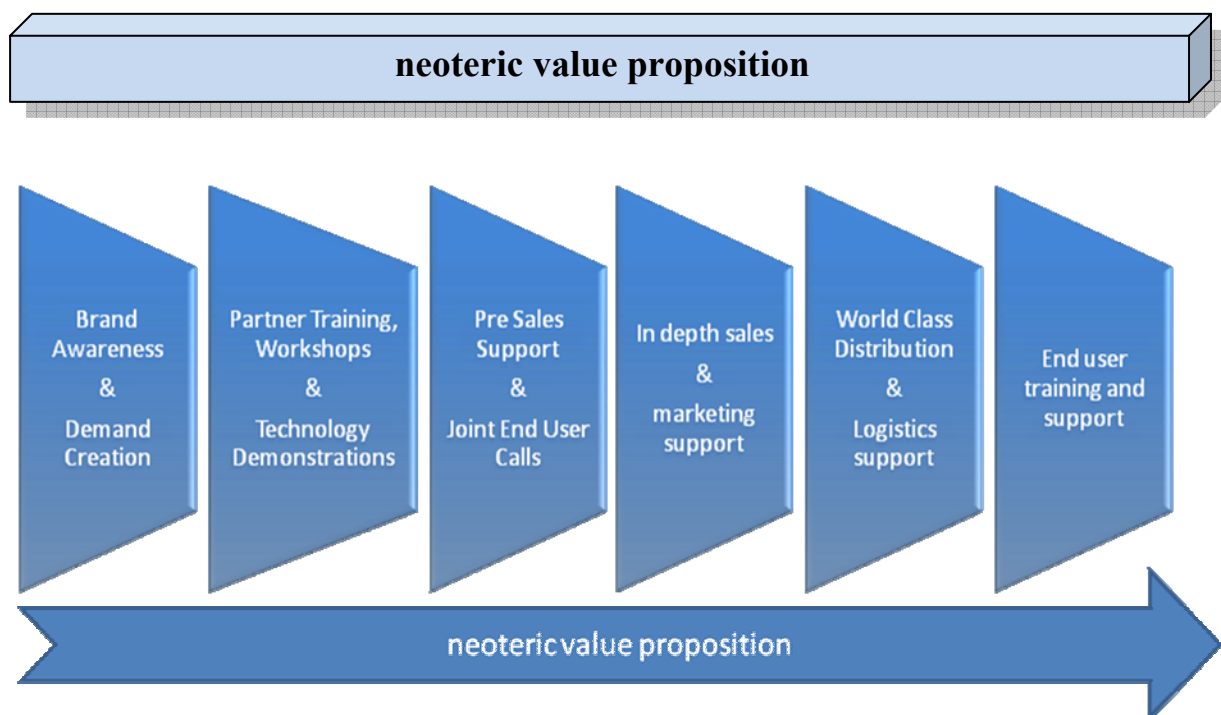
- a) **Skill Development Mission:** A non-profit corporation to be established with the entrusted mission to address the challenge of imparting the skills required by a growing economy; Rs.150 billion proposed to be garnered as capital from Governments, public and private sector, and bilateral/multilateral sources; Government's equity in the proposed non-profit corporation to be Rs.10 billion to begin with.
- b) **Industrial Training Institutes:** 238 ITIs being upgraded under the World Bank assisted scheme; Under the PPP scheme, 309 ITIs have been identified in 29 States with corresponding industry partners and agreements signed in 244 cases; Rs.7.5 billion set apart in 2008-09 in anticipation of upgrading 300 more ITIs.

BUSINESS OVERVIEW

Introduction

Neoteric was founded in 1991, as a value added re-seller organization by a team of dynamic professionals with marketing, sales and technical know-how spread across various industries. Our Company commenced operations as a national distributor in 1997, and is now one of India's fastest growing players in IT distribution space. Our registered office and corporate office are in Mumbai in the state of Maharashtra, India.

We evolved our business from a startup to a large integrated organization that adds value at all stages of the technology selling value chain. We deliver the neoteric value proposition right from establishing the brand and product awareness, creating demand, enlisting partners, conducting partner training workshop and technology demonstrations, training the partners, providing presales support and conducting joints end user calls, providing in depth sales and marketing support, support the partner with credit and logistics support and also partner in end user trainings and support.



We act as true partners to both vendor associates and channel partner at all stages in the sales cycle. This value proposition is delivered as a bouquet of service we offer. Vendor associates and channel partners can engage with neoteric one or all of these services. We offer complete **Marketing Services, Sales Services, Pre-Sales & Technical Support Services, Logistics Services, After Sales Support Services**

Marketing Services:

We provide a full range of services to help find, qualify, close and retain lucrative customer relationships. Our dedicated team guide creative and execution activities to ensure complete management of all marketing activities. We help partners manage marketing as an ongoing process—improving the consistency and success for demand generation efforts, and speeding the time-to-revenue for opportunities across the sale cycle. Our marketing services are designed with an objective of enhancing brand awareness, spreading geographical reach for our product offerings and enabling sales team through lead generation program. Our marketing service offering includes:

- Direct Mailer Campaigns, Micro sites
- Market Surveys
- Partner Training Programs
- Partners Meets
- PR releases
- Product Training and Certification Programs
- Proof of Concept Centers – xplore digital lounge
- Road shows
- Seminars and Webinars
- Technical support
- Technology demonstration workshops
- Telemarketing

Sales Services:

Building partner's sales base is our business. We have trained account-focused sales team. Our resellers regard the neoteric sales team as part of their organizations. Teams of Account Managers and Business Development Managers work collaboratively to assist partners in developing strategic growth opportunities for their organization. Our account team can provide valuable assistance in the following areas:

- Knowledge transfer to successfully sell solutions
- Simplifying the means by which partners does business with suppliers
- Product knowledge/positioning
- Communication of current supplier programs/promotions
- Strategic development of partners business direction as related to suppliers
- Liaison between partner and supplier sales teams

Pre Sales & Technical Services:

We offer a broad range of services to help partners meet customer requirements and close deals faster, including quotation assistance, product consultation and validation of configurations, plus:

- ***Technical sales support***
We have in house sales, and technology-specific engineers ready to help partner sort through the myriad of technologies on the market to identify the best options partners customers' specific requirements.
- ***Demonstration Services***
Partners can save money and shorten sales cycles by utilizing our solution demonstration services to position and demonstrate solutions.
- ***Customer Business Portals***
As an industry leader in the intelligent application of technology, our customer portals make doing business with us easier by providing instant access to the information and tools partners need through every step of the sales cycle.
- ***Training Services***
We provide a wide variety of customized training opportunities that give partner a competitive edge. Our marketing teams work closely with our suppliers to secure third-party training resources that help partner stay on top of their game. Whenever possible, training events are held in conjunction with larger neoteric or supplier events to minimize costs.

Logistics Services

Our people, processes and technologies ensure solutions arrive where and when they're expected. Our advanced logistics services allow our partners to focus more of their efforts on their customers.

All of our distribution facilities use real-time systems for invoice, and inventory information—ensuring accurate and efficient on-time delivery to partners. We manage thousands of transactions each month and have supply chain experts on staff in all of our warehouses to assist smooth functioning of the end to end supply chain from vendor to the customer warehouse.

After Sales Support Services

Through our F1 our after sales support service, having service centers spread across 30 key locations in the country, we provide all technology product customers post sales support. Each of the F1 service centers is operated by trained, highly skilled and experienced professional to ensure quick turnaround time. F1 provides an integrated model of on-site and carry-in support services.

- **Carry In**
The customers can carry the defective IN-Warranty/ Out of Warranty (OOW) products to the nearest F1 service centre to avail the after sales services. The products which are majority covered under this category are SMPS, UPS, Speakers, Optical Drives, Digital Still Cameras, Web Cameras, Memory Cards, External drives and writers besides many others.
- **On Site:**
This category covers the support for the higher end application products such as Desktops, Notebooks, Servers, Higher End Scanners, Joybooks, LCD Projectors, TFT & CRT Monitors.

We provide each of our technology partners what they need, when they need it—from identifying high-potential market opportunities to implementing end-to-end technology solutions, and everything in between—all to accelerate their success

Our comprehensive suite of services can help customer access **new markets, new customers, new partners, new technologies and new programs to grow their business.** neoteric supports channel partner throughout the solution sales cycle with the tools, training, resources and guidance necessary to close more deals faster and accelerate their success

We plan to extend F1Services to encompass support services ranging from Technology Consulting, Remote and Onsite Infrastructure Management, Support Plans, Training and Certifications, Security and Policy Audits.

These would be offered to the customer in conjunction with our channel partners. This in addition to other services would ensure that our customers would be able to offer complete end to end solutions ranging from Analyzing, Planning, Designing, Deploying, Training and Support to enterprises under one roof/

Our coverage across India is facilitated via 36 branches having their stocking locations, 4 logistic centers and 4 additional warehouses catering to over 7200 channel partners in more than 350 cities. Sensing an opportunity and considering the boom in the IT industry globally, we have further stepped forward & are all set to serve the global markets with our international business operations in Shenzen (China), and via associate's in Singapore, Vietnam and SAARC countries like Pakistan.

Our in-depth understanding of the channel business and close association with leading vendors has enabled us to be the vital link in the technology value chain, connecting solution providers in India with vendors worldwide.

OUR STRENGTHS

We believe that over the years that we have been in business we have created a name and brand in the industry that is synonymous with trust. We are seen as a trusted partner that adds value in whatever we do.

To achieve this we leverage on our strengths:

Strong foundation of ethics and values - Ethics guide purpose, course and action of our business. The first pillar of our successful standing is our credibility in market place and our aim is to be known as a distributor with the best of business practices in the IT fraternity. We strive to ingrain value systems at all levels and endeavor to cultivate a principle centric decision making.

A pan India presence with 36 branches- We have a vast coverage across India with 36 branches having their own stocking points, 4 logistic centers and 4 additional warehouses catering to over 7200 channel partners in more than 350 cities. This ensures easy accessibility of our products to the customers and higher penetration in the market. Further, one of the objects of this issue is setting up 12 new branches in upcountry markets identified by us and which, we believe, offer huge potential for our products.

Experienced management team with a proven track record – Our management team has significant experience in distribution and related industries. The top management team comprises of industry experts who share their relevant experience with us. This team is ably assisted by qualified and experienced professionals with in-depth knowledge of their respective fields and successful track record of executing projects on various platforms.

Vendor associations and client relationships - We believe in strong vendor associations and client relationships and making sure that their business grows significantly. We ensure that clients that partners that associate with us prosper. In the same manner we act as an extended arm of the vendor and undertake all the activities that is expected of a value added distributor.

We have relationship with over 20 vendors and more than 7200 channel partners.

Efficient Inventory management and credit controls - Efficient logistics, strong inventory management and efficient credit controls over the business are the basics of our operational strategy forming an integral part of our business. Managing the credit risk assumes significant importance in our business. We have a credit risk management team dedicated to managing credit risk. Our prudent risk management practices have helped us to maintain our bad debts at very minimal levels.

Contemporary and robust management information systems – We have a strong IT infrastructure and our ERP system is customized to address our requirement of handling voluminous transaction data. The system provides real time information to our operations and marketing teams and helps them in taking timely and accurate decisions. Further, it is a scalable system with the capacity to handle increased transactions in future.

Strong in house marketing team - Our strong in house marketing team ensures that we are straight in the market place with the growing channel and industry and through programs like ‘channel in touch’ and ‘partner portals development’ we make sure that we and our vendors are the preferred partners..

Wide range of product offering

We offer a wide range of IT hardware products like PCs, notebooks, peripherals, printers, scanners, plotters, PC components (monitors, hard disks, CD writers, CD ROMs, processors, motherboards), networking solutions, software etc. manufactured by multiple vendors. The wide spectrum of products offered from multiple vendors helps in achieving economies of scale and provides the customers a single sourcing point.

OUR STRATEGY

We intend to grow our business by implementing the following key strategies:

Vertical based approach

We follow a vertical based approach model. Based on our understanding of local markets, demographics and technology trends, we identify growth drivers and investments are made ahead of time ensuring exponential growth when the take off actually happens.

This vertical based approach has seen us invest dedicated resources in verticals like Education, Retail, Media, Small and Medium Business (SMB) etc.

This vertical approach is lead by each vertical head based out of head quarters who drives a team of dedicated resources in key geographies.

Channel Segmentation

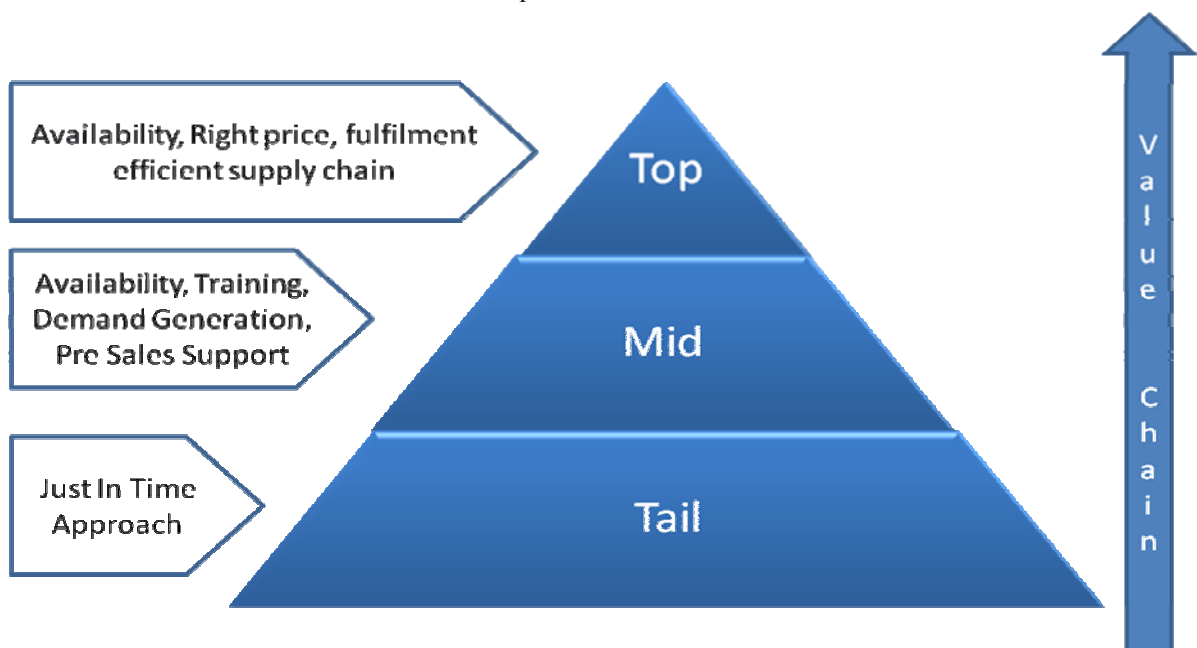
We have segmented our channels into Top, Mid and Tail customers and have tailored our offerings to them based on the different needs of each of this segment. Each segment requires different extend of the neoteric value proposition.

Top Customer: Customers who have been consistently doing significant business with us. We are required to ensure availability, the right price, in time fulfilment of order, ensure supply chain and effectively communicate schemes and other programs to them in a timely manner.

Mid Customers: Customer who have more or less consistently doing reasonable business with us. We are required to ensure availability along with providing pre sales support, trainings, workshops and also help in demand generation activities and funnel leads through them.

Tail Customers: Customers who do not enter into a business relation- ship with us regularly. This segment requires a just in time approach, they need to be constantly followed with tele-sales and we are required to provide them price and availability needs on a daily basis.

The drive is also to ensure the customers move up this value chain.



Solution Based Approach

Another key differentiator is solution based approach to selling, wherein we do not sell products in the traditional box pushing manner, we design solutions which address various key segments or verticals and create a bouquet of products cutting across product lines. This ensures that our partners can position solutions into their target segments, ensuring higher profitability, customer dependency and preferred partner status.

These solutions are tailored to address segments like retail, videography, system integrations etc

Extending our reach to upcountry markets

The dependency on top metros to fuel growth is slowly decreasing; it is the smaller towns and cities that are witnessing exponential growth. This is being fuelled by improving infrastructure, government initiatives, improving standards of living etc.

We have always invested before time into these markets and are now able to leverage on these investments, we have dedicated resources in each geographies covering these emerging markets, these resources are headed by a emerging market based out of head office, who co-ordinate with all the business head and vendor principals to enable the upcountry markets.

We plan to set to further strengthen this initiative by adding 12 new branches in such markets, which is one of the objects of this issue. These markets have low IT penetration and have a huge potential for our products.

Technology Drive and Product Identification

We have always believed in entering early into a product life cycle to catch the early adopters and undertake market development and create demand. We are then able to ride the wave created by the product or technology on attaining the main stream later in the life cycle.

We have a team that monitors trends and emerging technologies at a global level and ensures that such technologies and products are brought into the country. This approach also ensures that we are able to leverage on our other value added services like training, demonstrations, proof of concept etc.

Expanding International operations

Sensing an opportunity and considering the boom in the IT industry globally, we have further stepped forward & are all set to serve the global markets with our international business operations in Shenzhen (China), Singapore, Vietnam and SAARC countries like Pakistan. These economies are on a growth phase and the governments' thrust on the infrastructure spending offers good market potential for our business with better margins. We have set up a representative office in China, which ensures smooth co-ordination with our suppliers based in China and gives necessary logistics support to our operations.

Increasing our product portfolio

We are constantly striving to expand our product offering and we are always on the look out for complementary products that will add to our solution bouquet.

This also helps in keeping our portfolio balanced and helps spread our vendor/product risk. We would seek product lines which have better scope for value addition and therefore offer us higher than average margins.

Strategic acquisitions

We intend to selectively pursue acquisitions that augment our existing skill sets, industry expertise, client base or geographical presence. We are constantly on the lookout for Targets that meet our acquisition strategies viz.

- Deepening our Domain Expertise
- Expanding or Filling out our Service Lines
- Obtaining Access to New Market / Verticals
- Explore opportunities to leverage our distribution expertise

Expanding Service Portfolio to encompass high end support services

We plan to extend our services portfolio to encompass support services ranging from

- Remote and Onsite Infrastructure Management
- Security and Policy Audits.
- Support Plans
- Technology Consulting
- Training and Certifications

These would enable our partners to deliver complete value proposition to the customers under one roof at least cost by leveraging on our technical skill sets.

Creating an energetic and challenging environment for our talented work force

We have created an exciting work environment that values individual contribution and helps gain a sense of satisfaction and accomplishment. We believe that our company is an ideal destination for an energetic, challenging and rewarding environment, experience and career. In view of this we have laid down a comprehensive set of policies aiming at attracting, retaining and motivating employees.

The environment also helps nurture leadership traits that help ensure that our competitive advantage is maintained and non replicable.

HOW OUR APPROACH IS DIFFERENT – AS A VALUE ADDED DISTRIBUTOR – VAD

Relationship Driven

Our Company has always been much more than a transactional distributor. We are known for the relationships we have nurtured over the years with leading industry technology suppliers and best-in-class solution providers. Our dedication to superior customer service provides a competitive advantage for business partners.

Grows business at less cost

Every Neoteric team member is driven to discover new ways to connect our business partners to new markets, new partners, new customers and new solutions to grow their businesses. We invest in those opportunities that offer our business partners the highest profitability, while providing all of the support and enablement services necessary to profit from these opportunities faster. While other distribution partners may also help save money, we are committed at growing their businesses.

Solves problems

By combining knowledge of the customers needs with technology and services available from a multitude of business partners—suppliers, OEMs, system integrators, VARs—we make it easier and more profitable for our partners to sell and deliver the best possible solutions for their customers

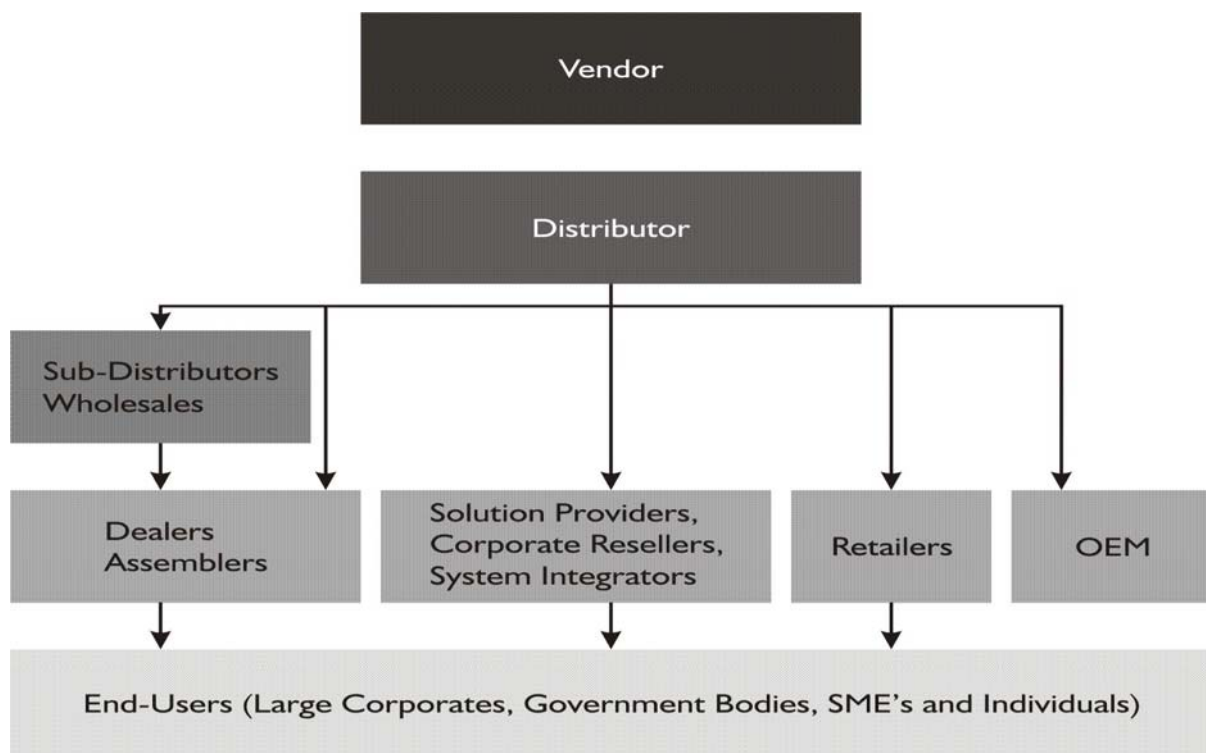
AWARDS AND RECOGNITIONS

Our Company has been the recipient of several awards and recognitions in the past. A few notable awards received by us are as under:

Serial No.	Particulars of Awards	Instituted by	In Financial Year
1	Distributor of the year – Mac Business	Apple India	2008
2	Best Partner Award	BenQ	2007
3	Numero Uno – Mac Distribution	Apple India	2007
4	Operational Excellence Distributor	Apple India	2007
5	Top Growth Asia	Apple India	2007
6	Most Improved Logitech Distributor in South Asia	Logitech	2006
7	Best in New Market Development	Hitachi	2006
8	Number one Distributor	Apple India	2005
9	HDD Capa King	Samsung	2004
10	Laser King	Samsung	2004

OUR BUSINESS MODEL

We play the role of a Value Added Distributor- VAD offering the complete bouquet of services. We act as the vital link in the technology value between the vendor partners and the channel. Our value added proposition help vendors speed up the technology adoption curve and reduce the time to market and shorten the product life cycle. We own up products on behalf of the vendor and provide services ranging from demand generation, training, pre sales, sales, marketing, logistics, fulfilment, credit management and post sales support.



Apart from the standard customers, our essentially target customers in the above categories are as follows:

- Single Office / Home Office (SOHO)
- Small and Medium Businesses (SMB)
- Retail: IT retail, larger format retailers (LFR)
- Security and home surveillance solution providers
- Existing component and PC channel
- Verticals: Education, Hospitality, Media
- Online resellers
- Facilities Management Channel (FMS)

As depicted above, we follow an indirect sales model. We do not sell directly to the end customer. We purchase from the vendors and sell only to the channel partners who are typically the corporate OEM resellers, retailers, dealers and systems integrators. We can purchase either on credit or avail cash discounts from the vendors. Availing of cash discounts helps improve our profit margin, which owing to the nature of the distribution industry is usually thin. We provide credit facilities to the resellers which in turn allow them to make healthy margins and invest further into the business. This model, as compared to a direct sales model offers the customers an opportunity to actually see and examine the product before placing an order. We believe and have experienced that large Indian corporate and small and medium business houses prefer to purchase through distribution channels rather than approaching the vendors.

We evolved our business from a small sized largely startup operations to a large integrated technology driven operations and have gradually converted ourselves into one stop solution house, offering services ranging from core distribution services like supply chain, credit, to post sales repair services, to evolved value added services which are part of neoteric value proposition

We have vast coverage in the emerging markets across India with 36 branches each with their own stocking locations, 4 logistic centers and 4 additional warehouses catering to over 7200 channel partners in more than 350 cities. Sensing an opportunity and considering the boom in the IT industry globally, we have further stepped forward & are all set to serve the global markets with our international business operations in Shenzen (China), and via associate partners in Singapore, Vietnam and SAARC countries like Pakistan.

Management Information System (MIS)

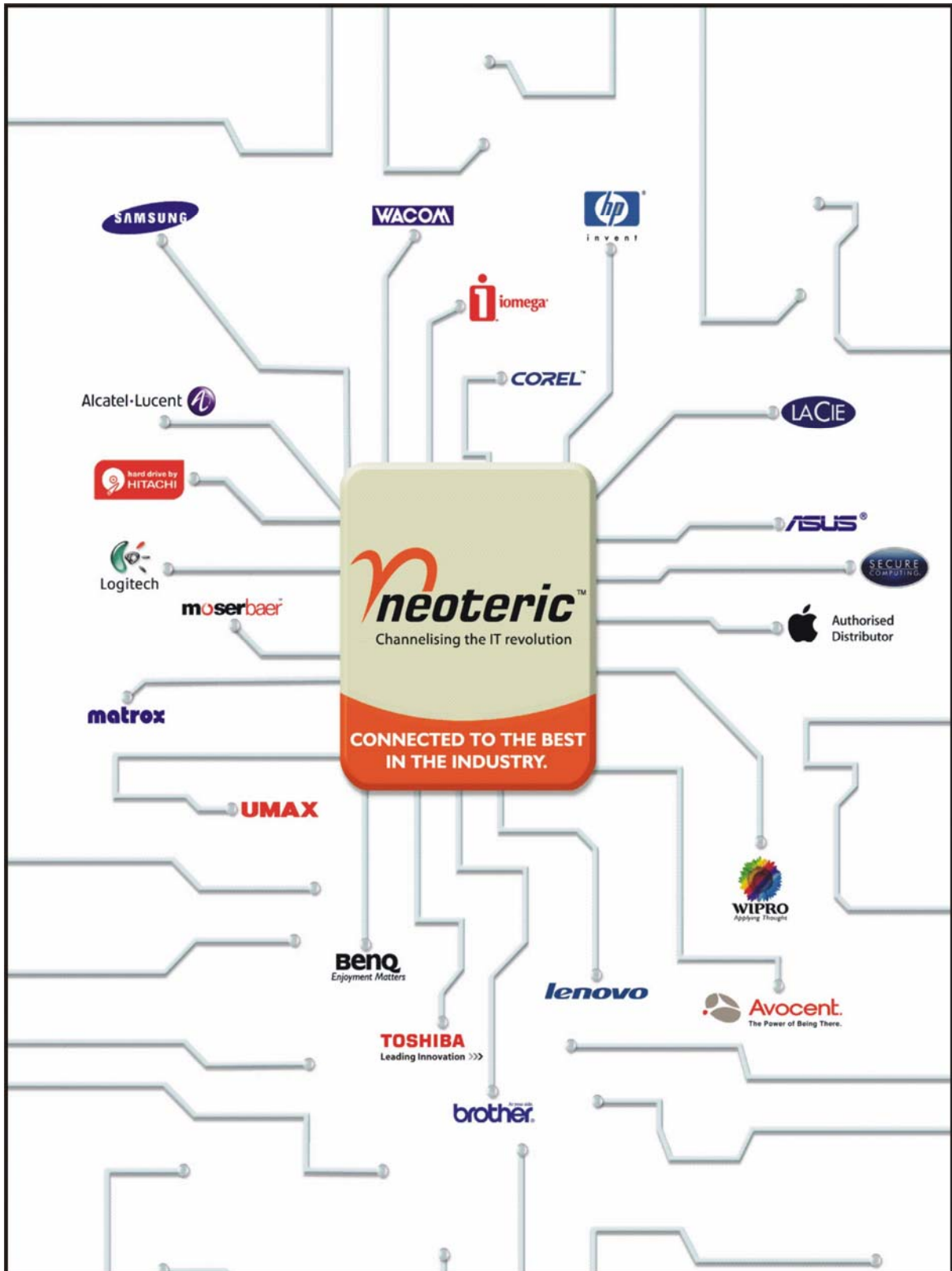
Our MIS provides various information, reports, trends, analysis which help in timely decision making. These help in monitoring, course corrections as well as for strategic direction and goal setting.

MIS systems provide a valuable function in that they can collate into coherent reports unmanageable volumes of data that would otherwise be broadly useless to decision makers. By studying these reports decision-makers can identify patterns and trends that would have remained unseen if the raw data were consulted manually. MIS systems can also use these raw data to run simulations –hypothetical scenarios that answer a range of ‘what if’ questions regarding alterations in strategy.

For instance, MIS systems can provide predictions about the effect on sales that an alteration in price would have on a product. These Decision Support Systems (DSS) enable more informed decision making within an enterprise than would be possible without MIS systems. The MIS team is also responsible for automation of reports and repetitive processes in the system. They are also responsible for system enhancements.

PRODUCTS AND SERVICES OFFERED

Our Vendors



Overall, ours is a broad based distribution model which is based on multiple products and multiple brand strategy. The focus is to capture a considerable market share in each of the product categories. Such a strategy helps us make our offering complete to our channel partners. It also spreads our market risks arising out of fluctuation in the market shares of various brands besides helping us to achieve economies of scale.

Our product portfolio

Adding new brands and products to our portfolio has been our constant endeavour and today we represent over 20 Global brands and few local brands. Details of the vendors and the products distributed by us are given in the following table:

Vendor	Product Category
Alcatel-Lucent	Enterprise networking products
Apple	Desktops, Laptops, Servers, Storage and Software
Asus	Mother boards, Graphic Cards, Optical Drives, Laptops
Avocent	Manageability Solutions
BenQ	TFT Monitors and Projectors
Brother	Multi Function Printers (Laser and Inkjets), consumables
Corel	Imaging Software
Hitachi	Hard Disk Drives
HP	Desktops, Laptops, Servers & Storage, TFT monitors and accessories
Iomega	Portable storage Solutions.
LaCie	Portable & Commercial storage
Lenovo	Desktops, Laptops & Lenovo accessories
Logitech	Keyboards, Mice, Gaming Devices, Webcams, Speakers & Headphones
Matrox	Professional Graphics Cards (Multi Display Cards)
Moser Baer	USB Drives, Memory Cards, Optical Disc Drives, External Hard Disc Drives
Samsung	Laser Printers, Multi Function Printers, TFT Monitors & Consumables
Secure Computing	Snap Gear range of firewalls
Toshiba	Laptops and accessories
UMAX	Scanners, Memory Modules and Cards, USB Drives, Speakers, Optical Media, Casings, SMPS, UPS, Webcams, Keyboards & Mice
Wacom	Pens, Tablets and Mouse
Wipro	Desktops, Laptops & Servers

Key characteristics of some of the Products dealt in by us:

Desktop Computer (PC)

A desktop computer is a personal computer made for use on a desk in an office or home and is used for performing office tasks, organizing digital photos, video editing, internet access, etc. Nearly all desktop computers are modular, with components that can easily be replaced or upgraded.

Laptop (Notebook) Computer

A laptop computer is a small mobile personal computer. It contains components that are similar to their desktop counterparts and perform the same functions, but are miniaturized and optimized for mobile use and usually have liquid crystal displays as monitors.

Servers

A server is a computer system that provides services to other computing systems over a network. A typical server waits for requests for services from other computers on the network.

Servers frequently host hardware resources that they make available on a controlled and shared basis to client computers, such as printers and file systems. This sharing permits better access control (and thus better security) and can reduce costs by reducing duplication of hardware.

Storage products

Computer storage refers to devices and recording media that retain data for some interval of time. Computer storage provides one of the core functions of the modern computer, that of information retention.

Printers

Printer is an output device which is used for printing documents. The most common categories of printers are:

- a) Laser Jet Printers: Laser printer is one of the most commonly used output device. The printing speed ranges from 12 ppm to 55 ppm and the resolution is around 1200 dpi.
- b) Inkjet Printers: Inkjet printer is also a commonly used output device. The printing speed ranges from 6 ppm to 36 ppm and the resolution is around 1200 to 4800 dpi.
- c) Multi-function Printers: Multi-function printers are available in both Inkjet and Laser printing technologies. Besides printing, these devices can be used for other functions like scanning, copying and faxing.

Scanners

Scanner is an input device which is used for scanning documents (text and graphics) and stores them in digital format.

Networking Products

Networking products enables data communication from one device to another /from one location to another location. The product categories include routers, WAN, switches for LAN, firewall for security, VOIP for voice solutions, wireless LAN solutions and storage network solutions which facilitates voice and video communication solutions.

Software

Software is a set of instructions given to the computer to perform certain tasks. There are the two types of Softwares:

- a) System Software: Refers to the operating system and all utility programs that manage computer resources at a low level like DOS, WINDOWS, UNIX, LINUX.
- b) Application Software: It allows a user to accomplish one or more specific tasks. It comprises programs designed for an end user, such as word processors, database systems and spreadsheet programs like MS Word, MS Excel.

SERVICES OFFERED

Marketing Services:

We provide a full range of services to help find, qualify, close and retain lucrative customer relationships. Our dedicated team guide creative and execution activities to ensure complete management of all marketing activities. We help partners manage marketing as an ongoing process—improving the consistency and success for demand generation efforts, and speeding the time-to-revenue for opportunities across the sale cycle. Our marketing services are designed with an objective of enhancing brand awareness, spreading geographical reach for our product offerings and enabling sales team through lead generation program. Our marketing service offering includes:

- Direct Mailer Campaigns, Micro sites
- Market Surveys
- Partner Training Programs
- Partners Meets
- PR releases
- Product Training and Certification Programs
- Proof of Concept Centers – xplore digital lounge
- Road shows
- Seminars and Webinars
- Technical support
- Technology demonstration workshops
- Telemarketing

Partner Meets

- To identify partners dedicated for each vertical in selected cities.
- Techno-Commercial Training to the partners.
- A pitching platform to the channel to get the mindshare of partners.
- Inform them the kind of activity that we would be doing for increasing the awareness and visibility.
- Channel meet for training and educating channel about the range of products & solutions.
- Increase Product awareness in reseller community.

Partner Programs

- Over and above the margins, we can offer some loyalty program.
- Loyalty program to be based on the performance of the dealer, to be measured on the efforts put in by the dealer, sales conversion of the leads generated, etc.
- Smart incentives to be worked which can be points based with redemption systems

Proof of Concept Demos

In this category, we do the live demonstration of different products in different zones according to their feasibility in that particular zone. It gives us an opportunity to showcase the different vendor's products.

Below the line activities (BTL)

BTL include road shows, free coupons, buzz marketing, SMS Marketing, e- letters. This is very cost effective and target specific marketing initiatives for a set of customers and can be done at following locations Crossword, Lifestyle Furniture Stores, Multiplexes, Airports, Retails Stores, Xplore etc.

***Hotspots:** Build hotspots at multiplexes, malls, airports, lifestyle furniture stores, retails stores.*

***Crossword:** The setup will be same as above but the same will not be enclosed. We will do such activities at selected stores of crossword, where our target audiences are available. We would do such an activity on a weekend.*

***Xplore:** Create a Theatre (An Enclosed Room) kind of a setup giving a complete demo (on features and technicalities) to the Target Audience.*

Direct Mailers/EDM

1. EDM campaign with frequency of twice a week targeted to channel partners across India
2. Micro-sites: EDM can be linked to 2 pager micro site to track responses & provide feedback on the EDM campaign

Sales Services:

Building partner's sales base is our business. We have trained account-focused sales team. Our resellers regard the neoteric sales team as part of their organizations. Teams of Account Managers and Business Development Managers work collaboratively to assist partners in developing strategic growth opportunities for their organization. Our account team can provide valuable assistance in the following areas:

- Knowledge transfer to successfully sell solutions
- Simplifying the means by which partners does business with suppliers
- Product knowledge/positioning
- Communication of current supplier programs/promotions
- Strategic development of partners business direction as related to suppliers
- Liaison between partner and supplier sales teams

Pre Sales & Technical Services:

We offer a broad range of services to help partners meet customer requirements and close deals faster, including quotation assistance, product consultation and validation of configurations, plus:

- **Technical sales support**
We have in house sales, and technology-specific engineers ready to help partner sort through the myriad of technologies on the market to identify the best options partners customers' specific requirements.
- **Demonstration Services**
Partners can save money and shorten sales cycles by utilizing our solution demonstration services to position and demonstrate solutions.
- **Customer Business Portals**
As an industry leader in the intelligent application of technology, our customer portals make doing business with us easier by providing instant access to the information and tools partners need through every step of the sales cycle.
- **Training Services**
We provide a wide variety of customized training opportunities that give partner a competitive edge. Our marketing teams work closely with our suppliers to secure third-party training resources that help partner stay on top of their game. Whenever possible, training events are held in conjunction with larger neoteric or supplier events to minimize costs.

Logistics Services

Our people, processes and technologies ensure solutions arrive where and when they're expected. Our advanced logistics services allow our partners to focus more of their efforts on their customers.

All of our distribution facilities use real-time systems for invoice, and inventory information—ensuring accurate and efficient on-time delivery to partners. We manage thousands of transactions each month and have supply chain experts on staff in all of our warehouses to assist smooth functioning of the end to end supply chain from vendor to the customer warehouse.

After Sales Services F1

Through our After Sales Service F1 having service centres spread across 30 key locations in the country, we provide all technology product customers, technical and post sales support. We provide quality post sales service and support to enhance the overall customer buying experience. Each of the F1 service centres is operated by trained, highly skilled and experienced professional to ensure quick turnaround time. F1 provides an integrated model of on-site and carry-in support services. The support plans are customized to suit requirements and service levels for different customers. F1 services are available from level 1 to level 4 across India. F1 has already joined hands with Asus, Belkin, BenQ, Hitachi, Iomega, LaCie, Logitech, Matrox, Moser Baer, Staples, UMAX and Wacom as an Authorised Service Provider (ASP) for providing end-to-end services.

F1 service centres enable vendors to entirely do away with the need to appoint a third party service provider. This unique combination is one more instance of our strategy to add value to our vendor partners' long term distribution and support plans.

Details regarding locations of our support offices are given in the following table:

Regions	Locations	Total Nos.
East	Bhubaneswar, Guwahati, Kolkata, Ranchi, Patna	5
North	Chandigarh, Dehradun, Delhi, Ghaziabad, Jaipur, Jammu, Kanpur, Lucknow, Ludhiana	9
West	Ahmedabad, Indore, Mumbai, Navi Mumbai, Nagpur, Pune, Surat, Raipur, Vasi	9
South	Bangalore, Chennai, Cochin, Coimbatore, Hyderabad, Madurai, Trivandrum	7
Total		30

Types of Services Offering

Carry In:

The customers can carry the defective IN-Warranty/ Out of Warranty (OOW) products to the nearest F1 service centre to avail the after sales services. The products which are majority covered under this category are SMPS, UPS, Speakers, Optical Drives, Digital Still Cameras, Web Cameras, Memory Cards, External drives and writers besides many others.

On Site:

This category covers the support for the higher end application products such as Desktops, Notebooks, Servers, Higher End Scanners, Joybooks, LCD Projectors, TFT & CRT Monitors.

OUR BUSINESS PROCESS

Distribution business is high volume business wherein efficient management of working capital plays vital role. Higher the working capital turns better the health of business. Managing the risk of high obsolescence of inventory due to rapid technology changes and managing credit extended to channel partners is very important..

We have systematic inventory management processes and strong credit management policies in place to address these business risks

Credit Management:

Presently company is having registered channel partners base of more than 7200 spread across the country. As per the trade practice prevailing in the IT distribution industry we have to extend credit facility to most of our channel partners ranging from 2 days to 45 days. Credit limits are finalised as per laid down credit policy which covers factors like review of channel partner's – credit worthiness, reputation in the market, type of organisation, past business dealings and experience with us, review of financials and bank statements. Regular reviews are conducted on the credit limits. In case of new channel partner registration, we undergo a process of two stage due diligence; one at respective Branch Level and second at Corporate Office. Exhaustive due diligence process is in place and new channel partner has to furnish various details for registration and credit limits. We also take a feedback from our existing channel partners in the vicinity and a general check from the market.. Our entire inventory/product management is online. Through investing in our systems and procedures, we have not only protected ourselves from credit risk but also our channel partners from exceeding their limits. We have an in house credit management team, which effectively manages our credit risk. We take into consideration the overall quality and aging of the receivable portfolio, specifically identified customer risks.

Following factors are also considered while extending credit limits:

- Large number of customers and their dispersion across wide geographic areas;
- The fact that no single customer accounts for more than 5% of our net sales;
- The value and adequacy of collateral received from customers, if any, and
- Our historical business experience.

Credit limits are monitored through ERP based system wherein auto locking of transaction in case of exceeding defined credit limits of channel partner, thus lowering overall exposure to risk. Company monitors receivables through regular review of age analysis of receivables and credit management team takes lead in recovery of aged outstanding.

Inventory management:

We have 36 branches, 4 logistic centers and 4 additional warehouses which provide the branches with supplies of local and imported goods. Branches are the lead generation point, since they are in direct touch with the customers/ market. Sales plans are based on the demand projection provided by branches also considering the market potential and growth prospects. These projections are consolidated at the corporate level by the respective business manager. The business managers based on these projections and finance approval place the order with vendors. All orders go through the approval matrix of Sales, SCM and Finance which help to ascertain where and when to buy. This also helps in maintaining inventory turns, optimize the flow of goods, and shorten supply cycle. With the help on Online ERP, planning, placing orders, warehouse management and internal stock movements by managing goods receipts, goods issues, storage, picking and packing, physical stock transfers and transfer postings has been exact. Orders are placed as per the monthly/ quarterly business plan.

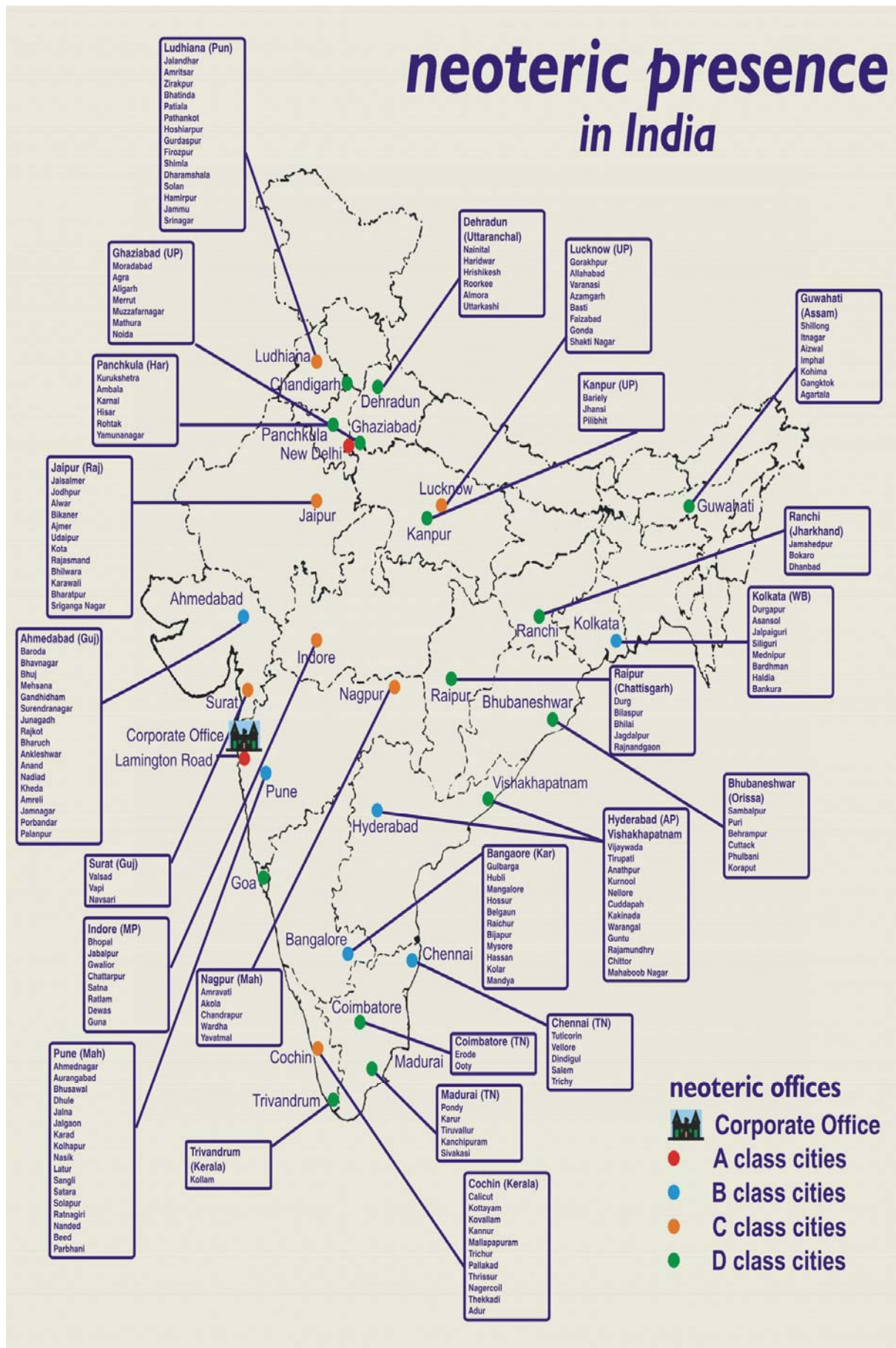
We have a process to continuously monitor the ageing of stocks. Norms are placed on the extent of over-ageing of stocks which are carried on the basis of product category. In addition, with the help of ERP, we have defined processes for physical verification of stocks through cyclic counting.

Price Protection:

Most of the vendors offer limited price protection against any price drops. Vendors also provide need based support for liquidation of aging inventory as IT hardware industry is rapid technology change industry. This protects the distributor to great extent from depletion of inventory valuation or losses on account of lower realisation on sale.

OUR GEOGRAPHICAL REACH

Being in the distribution business, the geographical reach we can offer to our vendors assumes importance. We have a vast network in the emerging markets across India with 36 branches, 4 logistic centers and 4 additional warehouses catering to over 7200 channel partners in more than 350 cities.



The region wise distribution of our branches is given below. All the branches are connected on line with the central server at corporate office. All the branches have adequate stocking space and apart from this we have 4 additional warehouses.

Regions	Locations	Space (Sq. Ft.)	Total Nos.
East	Bhubaneswar, Guwahati, Kolkata, Patna, Ranchi	8355	5
North	Chandigarh, Dehradun, Delhi, Ghaziabad, Gurgaon, Jaipur, Jammu, Kanpur, Lucknow, Ludhiana, Parwanoo, Panchkulla, Jagatpura	19518	13
West	Ahmedabad, Goa, Indore, Mumbai, Nagpur, Pune, Raipur, Surat, Rajkot	16562	9
South	Bangalore, Chennai, Cochin, Coimbatore, Hyderabad, Hubli, Madurai, Trivandrum, Vizag	16300	9
Total		60735	36

All the above-mentioned 36 branches are on lease. Our branches, headed by the branch managers, undertake the function of building and sustaining channel partner relationships. They are in direct contact with the channel partners and are responsible for ensuring that the sales targets given to them are met and all the outstanding dues are collected on time. They also provide support function such as providing data about customer needs, market sentiments, trends etc.

In order to ensure quick turn around time, having adequate warehousing facility is a must. We have 4 logistic centres and 4 additional warehouses across India, measuring 25,439 square feet. All the warehouses are on lease basis and each of the warehouses is networked on-line with the central server at Mumbai.

Region-wise distribution of **Logistic Centers** is given below:

Regions	Locations where Warehouses are situated	Space (Sq. Ft.)	Total No. of Warehouses
East	Kolkata	2200	1
North	Delhi	3000	1
West	Mumbai	6000	1
South	Chennai	8900	1
Total		20100	4

Region-wise distribution of **additional warehouses** is given below:

Regions	Locations where Warehouses are situated	Space (Sq. Ft.)	Total No. of Warehouses
West	Mumbai, Nagpur, Pune	3750	3
South	Bangalore	989	1
Total		4739	4

Our nation-wide presence has resulted in a balanced distribution of our revenues earned across the region as shown in the following table:

Rs. In Million

Region	2005-06		2006-07		For Nine Months Ended on Dec. 31, 2007	
	Revenues	%	Revenues	%	Revenues	%
East	381.25	10.48%	535.39	10.96%	401.24	9.59%
West	1267.54	34.85%	1790.52	36.65%	1513.29	36.16%
North	964.19	26.51%	1237.02	25.32%	1144.65	27.35%
South	1024.10	28.16%	1322.46	27.07%	1125.94	26.90%
Total	3637.08		4885.39		4185.13	

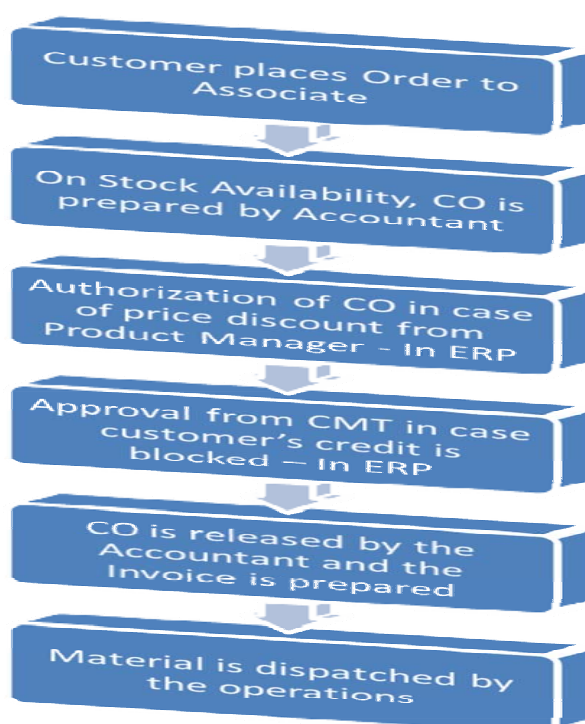
Our Channel Network

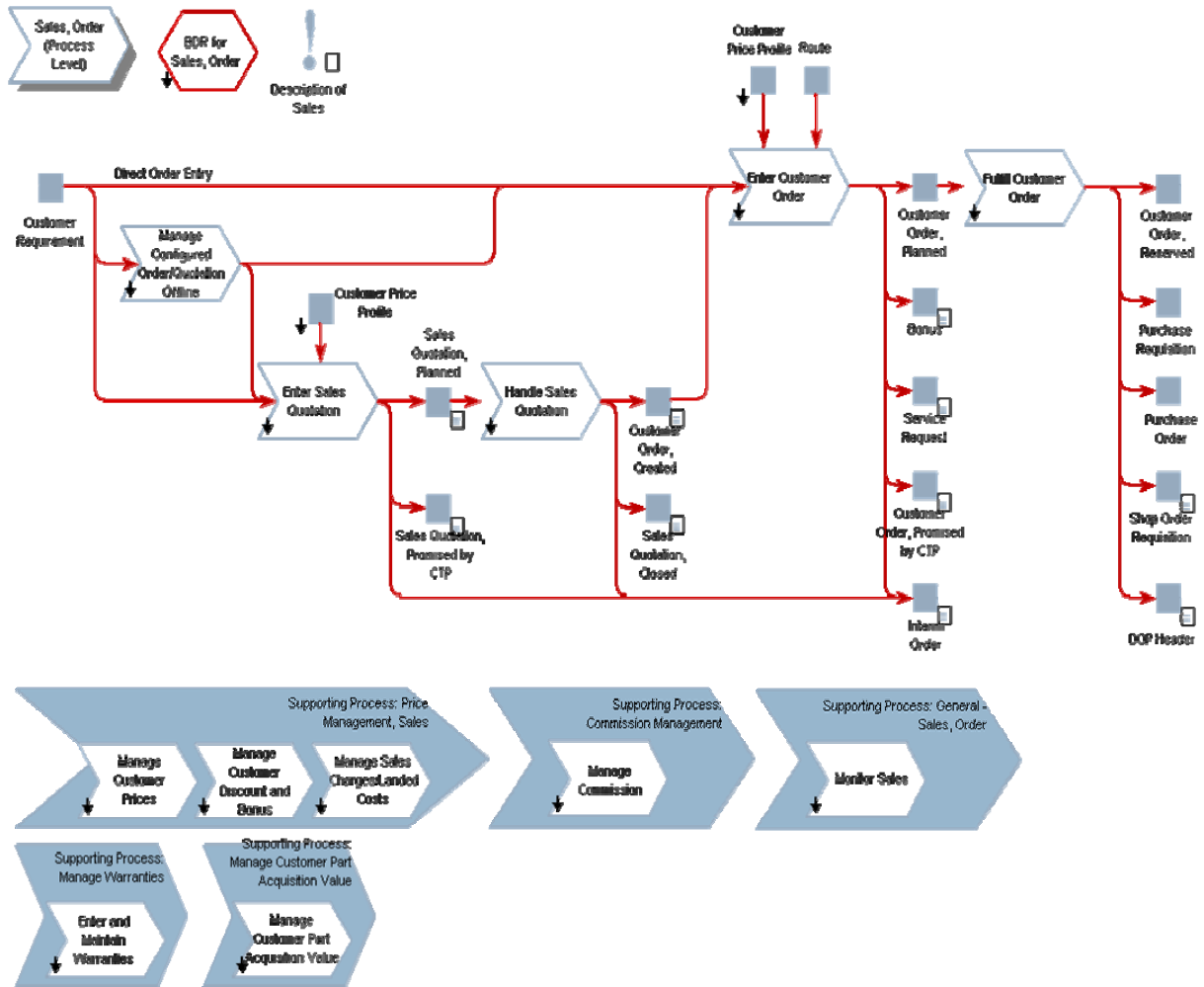
We have carefully nurtured a strong channel network of over 7200 partners spanning across various segments across the country. We have been successful in maintaining a strong relationship with these partners for a number of years. Access to this vast network is one of our key strength. The following table shows the region-wise growth of our dealer base over the last few years:

Rs. In Million

Regions	For Nine Months Ended on Dec. 31, 2007		2006-07		2005-06	
	No. of Dealers	% of Total	No. of Dealers	% of Total	No. of Dealers	% of Total
East	696	9.65%	584	9.38%	466	8.87%
North	1939	26.90%	1616	25.96%	1329	25.31%
West	2704	37.51%	2372	38.10%	2016	38.39%
South	1870	25.94%	1654	26.57%	1440	27.42%
Total	7209	100.00	6226	100.00	5251	100.00

CUSTOMER ORDER (CO) PROCESS CYCLE





Diagrammatic representation of our customer order process cycle.

PURCHASES

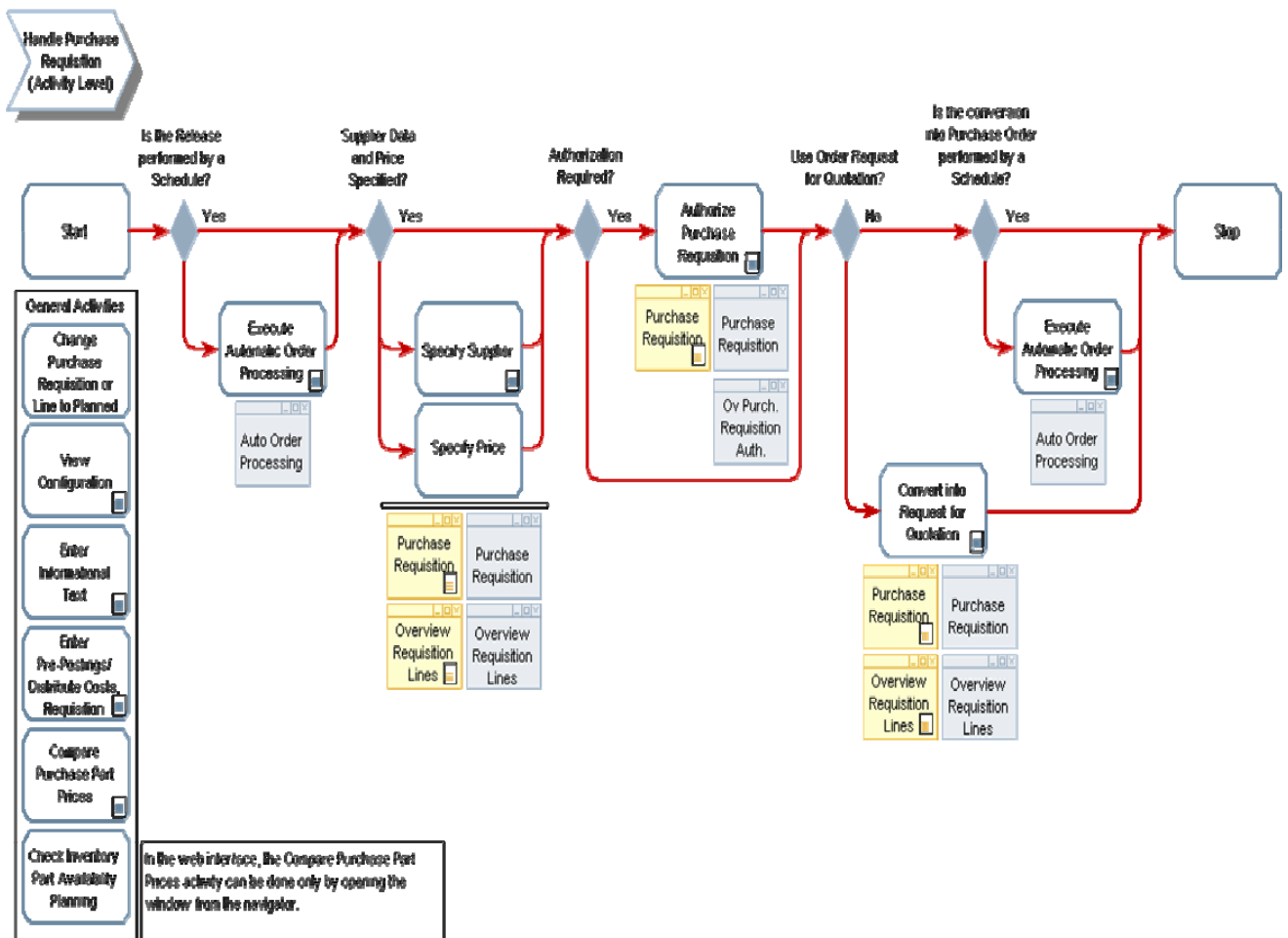
Local Purchase: When the material is required to be purchased from the local vendors i.e. in India, and delivered directly to the branches, it is called as Local Purchase. Local Purchase Order's (PO) are placed to local vendors on the basis of Purchase Requisition's (PR) raised by branches, which are planned on basis of sales forecast, local dealer alignment, funnel, vendor roadmap etc.

Import Purchase: Import POs are placed to vendors depending upon the future projections given by the Product Managers, who in turn collate this information from the zonal and branch sales team, which are planned a quarter in advance. This sales forecast goes through multiple round of iterations based on product roadmap, sales targets etc. There is a separate team which looks after the Imports made in our Company. This team is responsible for:

- Bringing the material from outside India to the warehouses.
- The job of Import team starts when the Purchase Indent (PI) is received from Order Processing Team (issued by Shipper/ outside vendor duly verified by BMT /PCT) after the PO is generated by the OPT team.
- Communicating with the Freight Forwarder, CHA, and the other service providers related to the Imports.
- Keeping Business Managers/ BMT updated regarding the arrival details of materials.

Process is different in case of local purchase and the import purchase.

All purchase orders are placed by the Order Processing Team (OPT) after prior approval from Business Manager, Finance and Supply Chain head.



LOGISTICS

Logistics team is responsible for:

- Managing and tracking of goods imported from the time cargo made ready by the vendor and ensuring prompt clearance of import consignment
- Effective and efficient management of movement of goods between logistic centers and branches and also branch to branch
- Selection and hiring of cost effective and prompt service providers
- Provide reverse logistic services to vendors for damaged /dead on arrival material
- Ensure adequate insurance coverage to protect the interests of our Company

HUMAN RESOURCES

At Neoteric, we believe that people and their experience are our biggest assets. Their experience, efforts and dedication are the primary reasons for our consistent growth over the years. In a business model where people are the growth drivers, we are endowed with one of the best talent pool in the industry.

We empower our employees at all stages of their careers and provide opportunities to enable them to excel in their individual capacities. We have created an exciting work environment that values individual contribution and helps gain a sense of satisfaction and accomplishment.

As on March 31, 2008, our total HR strength is 420 permanent employees compared to 375 and 326 employees as of March 31, 2007 and March 31, 2006 respectively. We focus on attracting and retaining the best talent in the industry.

Particulars (Division)	No. of Employees
Accounts & Finance	54
HR & Administration	18
Operations	60
Sales And Marketing	203
Service/IT & Tech Support	85
Total	420

HR Philosophy

We believe that developing the potential of each employee is in the interest of the employee and our Company as a whole. In view of this we have laid down a comprehensive set of policies aiming at attracting, retaining and motivating employees.

The process followed in HR encompasses:

HR Planning

Via the annual HR planning exercise the organisational goals for the year is translated into HR goals concerning staffing levels and allocation. The HR planning exercise has three steps namely:

- Forecasting
- Goal Setting & Strategic Planning
- Program implementation and evaluation

Recruitment

We ideally try to achieve the right mix between internal and external recruitment. We have a policy of developing internal talent and encouraging growth through the organisation.

Over a period, we have designed recruitment process which takes into consideration the overall work environment and job analysis. Organizational analysis includes long and short term goals, staffing needs, employee perceptions, and overall strategic focus. Our recruitment process incorporates the following:

- Tests of interpersonal skills
- Interviews by potential co-workers and others
- Personality tests
- Realistic job previews, including work samples.

Induction & Training Program

We have a Induction Program called “Parichaay” which is organized once in a Quarter for all the new employees. This Business Event is meticulously planned in co-ordination with all Department Heads/ Directors and the CEO. It is a structured orientation program meant to integrate the New Employees into the fold of the organization formally.

Highlights:

- It gives maximum relevant information to the new employee in the shortest time.
- It eliminates the feelings of uneasiness, anxiety; apprehensions etc. in the new Employee and help him/her settle down smoothly.
- It familiarises the new employee with the management philosophy, business goals, organisation set up, its operations and people so as to make a new employee productive at the earliest.
- It reinforces the image of the organisation as a people friendly one.
- It helps in reducing the turnover of the employees.

Employee Training

We operate in a dynamic industry where change is only constant. In view of this, we believe our employees should be updated on technical knowledge and skills. We impart regular training to our employees, on continuous basis, that enables them to enhance their skills and capabilities.

We impart behavioural, technical and on the job training to our employees. Product specific technical trainings are also carried out with the help of experts from vendors at regular intervals.

Our in-house training programs are need-based, business focussed, well planned and well administered with adequate follow up on key learning's.

Performance Management

We follow Key Result Areas and Competency based Performance Appraisal System.

The system has been designed with the following objectives:

- To create and foster a performance oriented culture based on best ethical practices.
- KRA's are finalised jointly by Appraiser and Appraisee.
- Proper annual evaluation of performance and competencies coupled with reward and recognition.
- Feedback to the Appraisee on performance, management expectations, strengths and improvement areas in order to facilitate the overall development of the employee
- To identify the training and development needs of the employees
- To build an organisational culture where employees feel free to discuss their aspirations, problems and support required.

Competency Mapping

This exhaustive HR Exercise has been done to arrive at a "Position Wise Competency Model " that is being integrated with Key HR Systems like Hiring ,Training and Development and Performance Appraisal so as to have an integrated approach to effective people management.

Employee Satisfaction Survey (ESS)

Employee Satisfaction Survey has been carried out to gauge the prevailing Human Climate in the organisation so as to take corrective action wherever needed.

Employee Reward & Recognition

We have designed a R & R Policy to encourage employees to make a notable performance difference individually or through teams. The Policy recognizes achievements and accomplishment that contribute to the overall objective of our Company. The purpose of this policy is:

- To recognize and promote positive behaviours that support individual, team and business goals.
- Timely recognition of contribution made by an employees and appropriate rewarding.
- To improve Employee productivity and the Quality of the work

Employee Compensation

We have a Grade wise compensation structure carefully designed to attract, motivate and retain competent Human Resource. Variable pay package introduced to enable employees to earn as they deliver. Company carries out regular review of compensation structure to align with best practices prevailing in the industry.

Retirement benefits

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

COMPETITION

The market for IT hardware is rapidly growing. We face competition from new entrants as well as existing established domestic and foreign companies in India. We expect further competition from countries with lower wage costs such as China, Philippines and Eastern Europe. A number of foreign IT hardware distributors are setting up operations in India and existing players are ramping up their facilities. This has resulted in rising salaries and higher attrition rates. There is a lot of competition in recruiting and retaining industry domain experts who play major role in developing software.

Insurance

We generally maintain insurance covering our assets and operations at levels that we believe to be appropriate and have policies that insure us from Burglary, Fire, Special Peril and loss of Electronic Equipments.

We also maintain Vehicle Insurance and have insured our employees and their spouses through Group Personnel Accident Policies, Mediclaim and Fidelity Guarantee Policies.

We have also covered some of our Directors' liability through the Directors' insurance policy.

Intellectual property

We do not own any intellectual property including *the "neoteric" trade mark*. We have filed the following applications for registration of the trade mark under the relevant provisions of the Trade Marks Act, 1999, which are pending:

Sl. No.	Application No.	Date of Application	Trade Mark Name	Class in respect of which application has been made	Name of Applicant
1.	1647815	16.01.2008	Neoteric	9	Neoteric Infomatique Pvt. Limited
2.	1647817	16.01.2008	Neoteric	16	Neoteric Infomatique Pvt. Limited
3.	1322755	15.10.2004	Neoteric	35	Mr. Paras Shah (Promoter)

Property`

We do not own any immovable property in our name. Our company utilizes several properties which are leased/rented at various locations with in india.

REGULATIONS AND POLICIES

There are no industry-specific regulations governing our business. Taxation statutes such as the Income Tax Act, 1961, Central Sales Tax Act, 1956 and applicable local sales tax statutes, labour regulations such as the Employees State Insurance Act, 1948 and the Employees Provident Fund and Miscellaneous Act, 1952, and other miscellaneous regulations such as the Trade and Merchandise Marks Act, 1958 and applicable shops and establishments statutes apply to us as they do to any other Indian company. For details of government approvals obtained by our Company in compliance with these regulations, see the section titled “Government Approvals” on page 186.

FINANCIAL INDEBTEDNESS

Our Company has been availing several credit facilities from Banks. The availing of the credit facilities have been duly authorized by the Board of Directors, by passing necessary resolutions for the purpose. Towards security for the amount due to the banks, the company has been creating charge over its assets from time to time and necessary returns have been filed with the Registrar of Companies.

Set forth below is a brief summary of our outstanding borrowings as of February 29, 2008 together with a brief description of certain significant terms of such financing arrangements:-

Rs. in Million				
Bank	Facility and Loan Documentation	Amount outstanding as on 29.02.08	Interest Rate	Security
(1) Union Bank of India	Fund Based Limit of Rs. 200 Million (including Foreign Currency Loan of Rs. 180 Million) vide sanction Letter dated 06.01.2007	Rs. 20 Mn in CC and Rs.180 Mn in FCL	BPLR+0.50% (i.e. 13.75%)	Hypothication of Stocks & Book Debts
	Non Fund Based Limit of Rs. 300 Million (including Letter of Guarantee of Rs. 100 Million) vide sanction Letter dated 06.01.2007	Rs. 293.69 Million	As per negotiated rate	DP/DA Documents under LC & Pledge of term deposits for margin
	Adhoc CC Limit of Rs. 50 Million vide sanction Letter dated 02.01.2008	Rs. 38.09 Million	13.75%+2% (i.e. 15.75%)	Stocks & Book Debts
Common Security for All UBI Loans: Collateral Security of Personal Properties of Promoters and Personal Guarantee of Promoters.				
(2) Citibank N. A.	Cash Credit/WCDL /Usance LC /Sight LC / Buyer's Credit Limit: Rs. 75 Million (including WCDL sub limit of Rs. 50 Million & Non Fund Based Limit of Rs. 6.20 Million) vide sanction Letter dated 16.07.2007	Rs. 13.10 Mn in CC, Rs. 50 Mn in WCDL & Rs. 6.12 Mn in Non Fund Based	As per negotiated rate	1. Pari Passu First Charge on all Stock & Book Debts 2. Personal Guarantee of All Directors
(3) Standard Chartered Bank	Non Fund Based Limit of Rs. 70 Million for invoice financing vide Sanction Letter dated 18.12.2007	Rs. 70.00 Million	11.75%	1. First Charge on all Stocks & Book Debts
	Cash Credit / Overdraft Limit of Rs. 10 Million vide Sanction Letter dated 18.12.2007	Rs. 5.35 Million	11.75%	2. Personal Guarantee of Mr. Paras Shah
	Flexi Loan Facility of Rs. 30 Million vide Sanction Letter dated 18.12.2007	Rs. 30.00 Million	12.50%	Personal Guarantee of Mr. Paras Shah
	Adhoc Invoice Financing of Rs. 30 Million vide Sanction Letter dated 18.12.2007	Rs. 30.00 Million	As per negotiated rate	Post Dated Cheque
Covenants: Maintain the Level of Unsecured Debt from Family & Friends at Rs. 61.10 Million				

(4) HDFC Bank Ltd.	Cash Credit & WCDL Limit of Rs. 30 Million vide Sanction Letter dated 12.02.2005	Rs. 0.42 Mn (Credit) in CC and Rs. 27 Mn (Debit) in WCDL	Cash Credit: 13.50% WCDL: 10.50%	1. First Pari Passu Charge to be shared with UBI & Citi Bank by way of hypothecation of Current Assets 2. Personal Guarantee of Promoters
	STL Limit of Rs. 20 Million vide Sanction Letter dated 12.02.2005	Rs. 20.00 Million	10.50%	1. PDC for the loan amount 2. Demand Promisory Note
Covenants: Unsecured Loans from Directors/Members will be maintained at a min. level of Rs. 50.00 Million				

PERSONAL GUARANTEE

Bank Name	Name of the Person	Amount (Sanctioned)	Amount (Adhoc Sanction)
UBI	Promoters	500.00 Mn.	50.00 Mn.
Citibank N. A.	Promoters	75.00 Mn.	-
HDFC Bank	Promoters	30.00 Mn.	-
Standard Chartered	Paras Shah & Neoteric	140.00 Mn.	30.00 Mn. (By Neoteric)

Standard Covenants:

- a) The amount shall be wholly applied in the ordinary course of and for the purpose of the Borrower's business.
- b) Borrower to keep the hypothecated goods insured against loss or damage by fire, lightning, riot, civil commotion, strike or any other risk as may be required by the Bank or by any law.
- c) Borrower to maintain sufficient quantity of stocks and/or book debts to provide the necessary margin of security as may be required by the Bank from time to time.
- d) Borrower to inform the Bank of any material litigation, arbitration or other proceedings, which affect the Borrower.
- e) Borrower to inform the Bank of any occurrence of which it becomes aware which might adversely affect the Borrower or which will affect its ability to perform its obligations under this Agreement.
- f) Borrower to appraise the Bank of the occurrence or likely occurrence of any of the following events:
 - Institution of legal proceedings against the Borrower by any person making a claim for money against the Borrower or enforcing against the Borrower any guarantee given by the Borrower
 - Any damage to the hypothecated assets for any reason whatsoever
 - Any distress or other proceeds of court being taken against the hypothecated assets
 - The occurrence of any event which is likely to affect the Borrower's business, including industrial action, steps taken by authorities for recovery of statutory dues etc.
 - Of any change taking place in the ownership or control of the Borrower whereby the effective beneficial ownership or control of the Borrower will change.
 - Any material change in the management of the business of the Borrower.
- g) Borrower shall not, without prior notice of at least 15 working days to the Bank:
 - Declare or pay dividends in respect of any financial year if any event of default has occurred.
 - Effect any amalgamation, merger or consolidation.
 - Effect any material change in the shareholding of the Borrower.
 - So long as secured obligations to the Bank remains unpaid, the Borrower shall not deal with or dispose of any interest in the secured assets in a manner prejudicial to the interests of the Bank,

except as provided in the Facility Agreement. Borrower to keep the secured assets comprising of stocks in marketable and good condition.

- Borrower shall not, without prior written consent of the Bank, receive, compound or realize any of the secured assets comprising book debts nor do anything whereby the recovery of the same may be impeded.
- Borrower not to create any charge, mortgage, pledge, hypothecation, lien or other encumbrance over the security provided in favour of any person other than the Bank.

HISTORY AND CERTAIN CORPORATE MATTERS

HISTORY AND BACKGROUND OF THE ISSUER

Our company incorporated as a private limited company as ‘Neoteric Infomatique Private Limited’ vide Certificate of Incorporation No. 11- 106787 dated 21st March 1997 issued by the Registrar of Companies, Maharashtra and was subsequently converted into a public limited company on September 06, 2000. Our status was again changed to a private limited company vide fresh certificate of incorporation issued by the ROC, Maharashtra on May 23, 2002 and was subsequently converted to a public limited company on February 25, 2008 and has been allocated CIN U30007MH1997PLC106787.

CHANGES IN THE REGISTERED OFFICE

At the time of incorporation, the Registered Office of our Company was located at B-20, Shri Ram Industrial Estate, G D Ambekar Road, Wadala, Mumbai – 400 031, India. Pursuant to a Board resolution passed at the meeting held on February 29, 2008 the Registered Office was shifted to A-23, Shri Ram Industrial Estate, 13 G. D. Ambekar Road, Wadala, Mumbai – 400 031, India.

KEY EVENTS AND MILESTONES

Year	Description
1997	Commencement of distribution business with corporate office in Mumbai and branches in Ahmedabad, Delhi and Mumbai
	Launch of India's biggest exhibition platform – COMDEX
	Opened 4 th regional warehouse in Kolkata
	Participated in Rishtey, Yatra and NARC
	Penetration in B, C and D class cities
2003	Increased No. of Branches from 10 to 22
	Focus on HR Practices , Induction and Training program, PMS Process, resulting in low attrition rates.
2004	Presence in SAARC & South East Asian Countries
2005	ERP implemented across the country wide network
	Representative (Rep) office established in Shenzen, China
	Launch of F1 services & support centers across India
2007	Launch of NETS and Intranet

MAIN OBJECTS OF OUR COMPANY

The main objects of the Issuer as contained in the Memorandum of Association are as set forth below:

“To carry on in India or elsewhere whole of the business of manufacturer, representatives, buyers, sellers, assemblers, developers, importers, exporters, agents, distributors, consignors, consignees, dealers, of all classes, kinds, types and nature of computer parts, hardware, computer peripherals, computer software and other electronic and telecommunication items connected directly with computers.”

Our main and ancillary objects, as contained in our Memorandum of Association, enable us to undertake our existing activities and the activities for which the funds are being raised through this Issue.

CHANGES IN MEMORANDUM OF ASSOCIATION

Date of Shareholders' Approval	Changes in the Memorandum of Association
July 28, 1997	Increase in Authorised Share Capital from Rs. 500,000 to Rs. 2,500,000 (<i>Clause V of MOA and Article No 3 of AOA</i>)
July 14, 2000	1. Conversion of Private Limited Company into a Deemed Public Limited Company 2. Adoption of New set of Articles of Association 3. Increase in Authorised Share Capital from Rs. 2,500,000 to Rs. 20,000,000 (<i>Clause V of MOA and Article No 3 of AOA</i>)
November 20, 2001	1. Conversion of Deemed Public Limited Company to a Private Limited Company 2. Alteration of Articles of Association by inserting section 3(1)(iii) in Article (3)(1) (Text of the Articles)***
November 11, 2002	Increase in Authorised Share Capital from Rs. 20,000,000 to Rs. 30,000,000 (<i>Clause V of MOA and Article No 3 of AOA</i>)
August 09, 2005	Increase in Authorised Share Capital from Rs. 30,000,000 to Rs. 40,000,000 (<i>Clause V of MOA and Article No 3 of AOA</i>)
December 18, 2005	Increase in Authorised Share Capital from Rs. 40,000,000 to Rs. 60,000,000 (<i>Clause V of MOA and Article No 3 of AOA</i>)
September 25, 2007	Increase in Authorised Share Capital from Rs. 60,000,000 to Rs. 180,000,000 (<i>Clause V of MOA and Article No 3 of AOA</i>)
December 11, 2007	Conversion of the Company into a public limited company and consequent change in the name of the Company appearing in the Memorandum.

SUBSIDIARIES

Our Company does not have any subsidiary.

OTHER AGREEMENTS

Except in the normal course of business and as mentioned in this Draft Red Herring Prospectus, we have not entered into any material agreement.

SHAREHOLDER'S AGREEMENTS

We have not entered into any shareholder' agreements as on the date of filing of this Draft Red Herring Prospectus.

STRATEGIC PARTNERS AND FINANCIAL PARTNERS

We do not have any strategic partners or financial partners.

OUR MANAGEMENT

Board of Directors

As per the Articles of Association, the Issuer must have a minimum of three and a maximum of twelve Directors.

Presently, our Company has eight directors out of which only one is Executive Director and seven are Non-Executive Directors.

The following table sets forth the current details of the Board of Directors:

Particulars	Date of Appointment & Term	Qualifications	Age in years	Other Directorships
Mr. Harshad D Shah Non-Executive Chairman & Non Independent Director S/o Mr. Dipchand Shah 1402, Rajul Apartment 9, Harkness Road Mumbai 400 006 DIN: 00151651 Occupation: Business	March 21, 1997 Liable to retire by rotation	Intermediate	72	1. Spectrum Global Pte Limited, Singapore 2. Keramos (FZE), Sharjah
Mr. Paras H Shah CEO & Managing Director S/o Mr. Harshad Shah 1402, Rajul Apartment 9, Harkness Road Mumbai 400 006 DIN: 00151509 Occupation: Business	March 21, 1997 Appointed as CEO & Managing Director for a period of three years w.e.f. October 1, 2007	Computer Engineer from Case Western Reserve University, USA	40	1. Spectrum Global Pte Limited, Singapore 2. Neoteric HK Limited, Hongkong
Mr. Satya Prasan Rajguru Non - Executive Director & Non Independent Director S/o Mr. S.C. Rajguru 6/11, Sarvapriya Vihar New Delhi 110 016 DIN: 00865254 Occupation: Service	October 21, 2005 Liable to retire by rotation	Business & Law Graduate	52	1. V5 Global Services Pvt. Ltd. 2. Changemasters Management Consulting Pvt. Ltd.

Particulars	Date of Appointment & Term	Qualifications	Age in years	Other Directorships
<p>Mr. Srinivasan Ramswamy Non-Executive and Non Independent Director S/o Late Mr. K. Ramaswamy B-703/704, Suresh Smruti, Prathmesh Complex, Veera Desai Road, Andheri (W), Mumbai 400 053 DIN: 02019206 Occupation: Business</p>	<p>March 1, 2006 Liable to retire by rotation</p>	<p>MBA from XLRI & Doctoral Scholar of BITS, Pilani (Raj.)</p>	55	NIL
<p>Dr. Anil Shivram Lamba Independent Director S/o Mr. Shivram Lamba Office No. 3, Wing III, Thacker's House, 2418, East Street, Camp, Pune – 411 001 DIN: 00935055 Occupation: Practicing Chartered Accountant</p>	<p>April 02, 2008 Up to the next AGM</p>	<p>A.C.A., L.L.B., B.Com. and Doctor of Philosophy (Ph. D.)</p>	49	<p>1) Lamcon Finance & Management Services P. Ltd. 2) Lamcon School of Management Services P. Ltd. 3) Mindspring Consultancy & Training P. Ltd.</p>
<p>Mr. Hemant Nerurkar Independent Director S/o. Mr. Ladoba Ganesh Nerurkar 5, Swapan Lok Darshan, Military Road, Marol, Mumbai – 400 059 DIN: 00627401 Occupation: Business</p>	<p>April 02, 2008 Up to the next AGM</p>	<p>Master of Science in Electrical Engineering from Newark College of Engineering, New Jersey</p>	46	<p>1) Mindcraft Software Pvt Ltd. 2) Pine Tree Software & Technologies Pvt Ltd.</p>
<p>Mr. Jayant Rastogi Independent Director S/o Mr. Pradeep Singh Rastogi Flat No. 1403, 14th Floor, Greenwood, Hiranandani Estate, Pokhran GB Road, Thane (W) – 400 607 DIN: 02129608 Occupation: Service</p>	<p>April 02, 2008 Up to the next AGM</p>	<p>B. E. (Mech.) from Government Engineering College, Jabalpur (M.P.)</p>	42	NIL

Mr. Kumar Rajagopalan Independent Director S/o. Mr. Rajgopalan Ramanathan Flat No. 804, Sushila Bugh CHS Ltd. Plot No. 53/A, S. V. Road, Santacruz(W), Mumbai - 400 054 DIN: 02145770 Occupation: Service	April 02, 2008 Up to the next AGM	B.Com, A.C.A	41	NIL
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Brief Profile of the Directors

Mr. Harshad Shah, Chairman

He is the Co-Founder of Neoteric Infomatique Limited. He started his entrepreneurial career in 1960, with Automotive Bearing Corporation, Mumbai which is into Automobile parts business. Since the founding of Neoteric he has been the key driving force to make the organization reach every level of success year by year. Being a frequent visitor to International business locations, he holds a rich and vivid experience of International markets and has a global exposure of business management.

His business acumen and vast experience of different industries makes him an Industry veteran. His experience and value systems have also helped us in our growth. He has overseen all major developments and milestones of our company. As a member of various organizations and associations, he is very active in terms of his socialization and networking skills. Supporting any social cause is close to his heart and he is associated with a number of NGOs.

Mr. Paras Shah, CEO & Managing Director

He is also the Co-Founder of Neoteric Infomatique Limited. He is a Computer Engineer from Case Western Reserve University, USA and has over 15 years of experience in the IT Industry. He is an entrepreneur deeply committed to the IT sector. He started his entrepreneurial career in 1991 as a dealer of IT hardware products from Mumbai. He spotted an opportunity for distribution in India in 1997 and took the plunge to establish Neoteric Infomatique Ltd. His astute understanding of the requirements of the customers has emanated into efficient marketing strategies and long vendor associations.

Mr. S.P. Rajguru, Non Executive Director

He has more than 21 years experience in the IT Industry. The 49-year-old business and law graduate has grown in the ranks and is considered instrumental in spreading the wings of Ingram in the B and C class cities since he took over the reins in November 1998 and making it a distribution power house. He joined our company Neoteric in 2005 as a Director and has been focusing on developing vendor relations for our Company. He mentors all the teams at Neoteric and has played a key role in strengthening the systems and processes.

Mr. Srinivasan Ramswamy, Non Executive Director

He completed his MBA from XLRI and is a Doctoral Scholar of BITS Pilani. He heads the Human Resource activity at our Company. He has over 3 decades of experience in HR consultancy. He has worked in diverse industries, including Oil & Gas, Information technology, Steel, Construction (onshore & offshore) and consumer goods, among others. His broad based experience covers human resources development at all organizational levels, in both large and small companies. He has also co-authored the book “Management Principles & Practice”.

Dr. Anil Shivram Lamba, Independent Director

He is a practicing chartered accountant holding degrees in commerce and law and a doctorate in taxation. He is a prolific writer and has contributed close many articles to leading newspapers and magazines on topics ranging from finance and taxation, investments and company law. He is also the founder director of Lamcon School of Management, a renowned business school located at Pune, India.

He has done pioneering work in distance education and is the author of a series of audio visual products (capable of delivery across diverse media), on finance management, titled “figure out the world of figures”™. Dr. Lamba is a trainer of international repute. He teaches extensively and his client list includes large and medium sized corporations across different countries of the world.

Mr. Hemant Nerurkar, Independent Director

He is having over 20 years of experience in IT Industry. In the 11 years spent in the US, Mr. Hemant has worked at companies like Cap Gemini America, AT&T Bell Labs, AT&T Capital Corporation (now a part of the CIT group) & A.C. Nielsen. Mr. Hemant has been the Managing Director of Mindcraft since its inception and is responsible for its overall business strategy. His technical expertise, combined with his management skills, have enabled him to lead Mindcraft to a leadership position in the IT consulting space and has ensured the stability of operations and delivery during tough market conditions. Mr. Hemant is the Chairman of the Information Communication Technology (ICT) Committee of Bombay Chamber of Commerce and Industry. He is also a member of the Board of Studies of MIT College of Management, Pune.

Mr. Jayant Rastogi, Independent Director

He has over 20 years of varied experience in the IT industry. He is presently the Country Head & Sales Director, Indian Sub-Continent for Motorola India Private Limited. He joined Novell, as Sales Director – Indian subcontinent in February 2005 and was thereafter promoted to the Sales Director – Asean and Indian subcontinent in October 2005. He also held the additional responsibility of Managing Director – Asean and India subcontinent from October 2005 to April 2006. Prior to Novell, Mr. Rastogi had spent 15 years with Godrej, which was later acquired by Tech Pacific. Here he held various managerial positions, the last one being General Manager – Value Added Division, which he also co-started. He has excellent exposure to the different business models - indirect and direct. Prior to joining Godrej he worked with HCL. He brings in many years of senior management experience.

Mr. Kumar Rajagopalan, Independent Director

He is currently the Retail Segment Solution Leader at IBM (India) and is responsible for leading the Business and Solution Development functions as well as closely working across the brand teams to define and execute the overall sales strategy in India for IBM. Prior to working with IBM, he worked with Shopper's Stop Ltd. for 13 years. During his tenure with Shoppers' Stop, he headed numerous functions including Finance, Systems, Operation, Buying and Merchandising for Non-apparels and finally was deputed as the Executive Director and Chief Operating Officer of 'Crossword Book Stores'.

He is associated with various organizations and industry bodies that help and promote retail including FICCI, Retailer association of India etc. He is also a visiting faculty in institutes like MICA, S.P Jain institute of Management studies, IIM Indore, Welingkar Institute etc. He has contributed articles to magazines like Storaii, Retail Jeweler on topics like profitable retail operations, feast to famine theory in buying and merchandising, Strategic resource management in retail etc.

Borrowing powers of the Board

Pursuant to a resolution passed by the shareholders of the Issuer on February 29, 2008 in accordance with provisions of the Companies Act, the Board is authorised to borrow monies upon such terms and conditions, with or without security, as the Board may think fit, provided that the monies to be borrowed together with the monies already borrowed by the Issuer (apart from the temporary loans obtained from its bankers in the ordinary course of business) shall not exceed, at any time, a sum of Rs. 2000 million.

Shareholding of Directors in the Company

The details of the shareholding of Directors in our Company are as under.

Sr. No.	Name of the Directors	Number of Equity Shares
1.	Paras H. Shah	2,839,122
2.	Harshad D. Shah	21,25,000
3.	Satya Prasan Rajguru	10,000
4.	Srinivasan Ramswamy	10,000

The Articles of Association do not require the Directors to hold any qualification shares.

Interest of Directors

All the Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board and of committees thereof, reimbursement of expenses as well as to the extent of other remuneration, if any, payable to them under the Articles of Association.

All the Directors may also be deemed to be interested to the extent of Equity Shares of our Company, if any, already held by them and/or by their friends and relatives or allotted to them in the present Issue in terms of this Draft Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. For further details regarding Equity Shares held by the directors, please see "Capital Structure" on page 44.

The Directors may also be regarded as interested in the Equity Shares, if any, held or that may be subscribed by and allocated to the companies, firms and trusts, if any, in which they are interested as directors, members, partners, and / or trustees.

The Articles of Association provide that the Directors and officers shall be indemnified by the Issuer against loss, if any, in defending any proceeding brought against Directors and officers in their capacity as such, if the indemnified Director or officer receives judgment in his favour or is acquitted in such proceeding.

We have neither entered into any contracts in the last two years prior to the date of this Draft Red Herring Prospectus, in which our Directors are parties, directly or indirectly, nor have payments been made to them in respect of any such contracts and nor is it proposed to make payments to them other than as described in “Restated Financial Statements – Related Party Transactions” on page 145 of this Draft Red Herring Prospectus. Our Directors have no interest in any property acquired by our Company within two years of the date of this Draft Red Herring Prospectus or proposed to be acquired by our Company.

Compensation of Our Directors

In accordance with the provisions of the Companies Act and the Articles of Association, all non-executive Directors are entitled to receive sitting fees for attending meetings of the Board or committees thereof. As per our Articles of Association, the Directors are not required to hold any qualification shares.

Mr. Paras H. Shah was appointed as the CEO & Managing Director of the Company under the Companies Act, 1956, for a period of 3 (three) years effective from October 01, 2007. The agreement with our CEO & Managing Director, Mr. Paras Shah, for his present terms of appointment was made at a time when we were a private limited Company and the limits specified in section 309 of the Companies Act, 1956 read with Schedule XIII were not applicable. However, upon conversion of our Company into a public limited Company w.e.f February 25, 2008 the existing terms of remuneration have now become in excess of what has been prescribed under the Companies Act, 1956. We are now in the process of getting approval from the equity shareholders and subsequent to which we would apply for an approval of the Central Government for the remuneration to be paid to our CEO & Managing Director.

Details of remuneration of the CEO & Managing Director:

I. REMUNERATION (From 1st January, 2008 Onwards):

(a) Salary:

- (i) Rs. 3,00,000/- (Rupees Three Lacs only) per month with an annual increment 10% p.a.
- (ii) Commission @5% (Five percent) the net profits calculated in accordance with the provisions of the Companies Act, 1956

(b) Perquisites:

In addition to the salary and commission, the CEO & Managing Director Shall also is entitled to the following perquisites:

- (i) Rs. 1,50,000/- (Rupees One Lacs Fifty Thousand only) per month will be payable as House Rent Allowance or 50% of Basic whichever is higher for each year of service.
- (ii) Rs. 3,00,000/- (Rupees Three Lacs only) per annum will be payable as leave travel concession.
- (iii) Rs. 15,000/- (Rs. Fifteen Thousand Only) per annum will be payable towards reimbursement of medical expenses for self and dependent.
- (iv) Rs. 200/- (Rs. Two Hundred Only) per month will be payable as educational allowance for each year of service.
- (v) The Gratuity amount shall be as per the provisions of Payment of Gratuity Act, 1972.
- (vi) The provident fund contribution as per Company policy.

- (vii) The premium towards group medical claims for self, spouse, children and parents for value of Rs. 5,00,000/- (Rupees Five Lacs only) each.
- (viii) The Company will provide the company's car for official duties and also reimbursement all the expenses incurred for running and maintenance the car including the salary of driver.
- (ix) The Company will provide / reimburse the expenses in respect of cellular phone (with hand set) for his use with STD & ISD facilities for the official use and provision of one telephone line at resident for official use.
- (x) Such other perquisites and allowances in accordance with the Rules of the Company or as may be agreed to by the Board of Directors.

For the purpose of calculating the above ceiling, perquisites and allowances shall be evaluated as per the Income Tax Rules, wherever applicable. In the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost.

Minimum Remuneration:

In the event of loss or inadequacy of profits in any financial year during the currency of tenure of service of the CEO & Managing Director the payment of salary, perquisites and other allowances as mentioned above will be paid to him as minimum remuneration.

So long as Mr. Paras H. Shah functions as the Managing Director of the Company, he will not be subject to retirement by rotation.

Changes in the Board of Directors during last three years:

The following changes have occurred in the Board of Directors of the Issuer during the last three years:

Sr. No.	Name of Director	Date of Appointment	Remarks
1.	Mr. Satya Prasan Rajguru	October 21, 2005	Appointed as Director
2.	Mr. Srinivasan Ramswamy	March 1, 2006	Appointed as Director
3.	Dr. Anil Lamba	April 02, 2008	Appointed as Independent Director
4.	Mr. Jayant Rastogi	April 02, 2008	Appointed as Independent Director
5.	Mr. Hemant Nerurkar	April 02, 2008	Appointed as Independent Director
6.	Mr. Kumar Rajagopalan	April 02, 2008	Appointed as Independent Director

Corporate Governance

The provisions of the listing agreement to be entered into with the Stock Exchanges will be applicable to our Company immediately upon the listing of our Equity Shares with the Stock Exchanges. Our Company has complied with the corporate governance code in accordance with Clause 49 of the listing agreement, especially in relation to appointment of Independent Directors to our Board and constitution of the Audit Committee, Shareholder/Investor Grievance Committee, Remuneration Committee and Initial Public Offer Committee. Our Company undertakes to take all necessary steps to continue to comply with all the requirements of Clause 49 of the listing agreement to be entered into with the Stock Exchanges.

Currently our board has eight Directors, of which the Chairman of the Board is a Non Executive Director. In compliance with the requirements of Clause 49 of the listing agreement, we have four Independent Directors on our Board.

Committees of the Board

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

1. Audit Committee
2. Remuneration Committee
3. Shareholder / Investors Grievance Committee
4. Initial Public Offer (“IPO”) Committee

Audit Committee

The Audit Committee was constituted on April 02, 2008. The scope and functions of the Audit Committee are as per Section 292A of the Companies Act, 1956 and clause 49 of the listing agreement.

The members of the Audit Committee are:

Sr. No.	Name of the Director	Designation	Nature of Directorship
1	Dr. Anil Lamba	Chairman	Non – Executive and Independent
2	Mr. Paras Shah	Member	Executive and Non – Independent
3	Mr. Kumar Rajagopalan	Member	Non – Executive and Independent

The Audit Committee has the following powers:

- 1) To investigate any activity within its terms of reference.
- 2) To seek information from any employee.
- 3) To obtain outside legal or other professional advice.
- 4) To require attendance of outsiders with relevant expertise, if it considers necessary.

The terms of reference of the Audit Committee are as follows:

- 1) Oversight of the company’s financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- 2) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor / internal auditors and the fixation of audit fees.
- 3) Approval of payment to statutory / internal auditors for any other services rendered by the statutory auditors.
- 4) Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director’s Responsibility Statement to be included in the Board’s report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report.
- 5) Reviewing, with the management, the quarterly financial statements before submission to the board for approval
- 6) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.

- 7) Reviewing the performance of internal auditors, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- 8) Discussion with internal auditors any significant findings and follow up thereon.
- 9) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- 10) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- 11) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- 12) To review the functioning of the Whistle Blower mechanism, in case the same is exist.
- 13) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee shall conduct a mandatory review of the following information:

- 1) Management discussion and analysis of financial condition and results of operations;
- 2) Statement of significant related party transactions, periodically submitted by management;
- 3) Management letters or the letters of internal control weaknesses issued by the statutory auditors;
- 4) Internal audit reports relating to internal control weaknesses; and
- 5) The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

Remuneration Committee

The Remuneration Committee was constituted on April 02, 2008. The committee shall function in accordance with Clause 49 of the listing agreement.

The members of the Remuneration Committee are:

Sr. No.	Name of the Director	Designation	Nature of Directorship
1	Mr. Hemant Nerurkar	Chairman	Non – Executive and Independent
2	Mr. Jayant Rastogi	Member	Non – Executive and Independent
3	Mr. Kumar Rajagopalan	Member	Non – Executive and Independent

The terms of reference of the Remuneration Committee are as follows:

1. Fixation of suitable Remuneration Package to all the Executive Directors i.e. Salary, Perquisites, Bonuses, Stock Options, Pensions, commission, etc. based on the certain criteria such as industry benchmarks, the Company's performance, track records of the Directors etc.
2. Determination of the fixed component and performance linked incentives along with the performance criteria to Executive Directors of the Company.
3. Service contracts, Notice Period, Severance fees of Directors.
4. Employee Stock Options for Directors linked with company performance.

The Remuneration Committee shall also take decision on the increments in respect of remuneration of the Executive Directors and senior officers and the Committee shall form such remuneration policy so as to motivate such directors/ officers and to recognize their contribution and retain talented persons in the organization.

Shareholders / Investors Grievance Committee

The Shareholders / Investors Grievance Committee were constituted on April 02, 2008. The committee shall function in accordance with Clause 49 of the listing agreement.

The members of the Shareholders/Investors Grievance Committee are:

Sr. No.	Name of the Director	Designation	Nature of Directorship
1	Mr. Hemant Nerurkar	Chairman	Non – Executive and Independent
2	Mr. Jayant Rastogi	Member	Non – Executive and Independent
3	Mr. Paras Shah	Member	Executive and Non – Independent

The terms of reference of the Shareholders/Investors Grievance Committee are as follows:

1. Resolving various complaint of Shareholders viz. Non-Receipt of Annual Report and Balance Sheet, other communication by the Company etc.
2. Resolving complaint of Shareholders about Non-Receipt of interest/ Dividend warrants etc.
3. Resolving complaint of Non-Receipt of Duplicate Share Certificates or giving effect of the request of the issue of duplicate certificates.
4. Any other grievances of the members / investors with company or any officer of the company in performance of his official duty.
5. Giving effect of and approving transfer of Shares of the Company.
6. Giving effect of and resolving dispute of transfer and transmission, with or without legal representation, of Shares / Debentures/ other securities.
7. Taking note of dematerialization of shares.
8. Review of Beneficial holder’s position from time to time and to give instructions to the Company Secretary, Registrar to the Company, Depositories viz. NSDL, CDSL etc.
9. Any other task that may be assigned by Board from time to time relating to investors grievances.

Initial Public Offer (“IPO”) Committee

The Initial Public offer Committee was constituted on April 02, 2008.

The members of the Initial Public offer Committee are:

Sr. No.	Name of the Director	Designation	Nature of Directorship
1	Mr. Paras Shah	Chairman	Executive and Non – Independent
2	Mr. Harshad Shah	Member	Non – Executive and Non – Independent
3	Mr. Srinivasan Ramswamy	Member	Non – Executive and Non – Independent

The terms of reference of the Initial Public Offer (“IPO”) Committee are as follows:

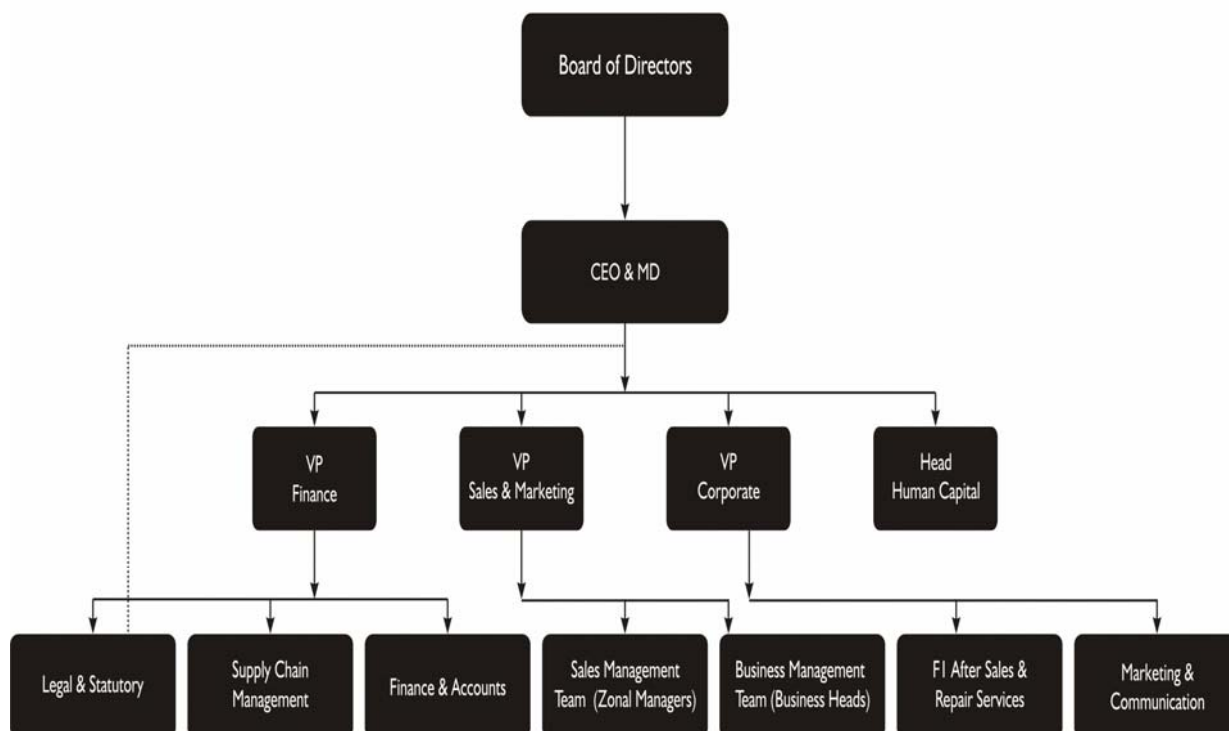
1. To Appoint Merchant Bankers, Registrar to the issue, Advisor to the Issue, Lead Manager, Bankers to the Issue and any other intermediaries.
2. To determine/ negotiate the terms of office of appointee intermediaries.
3. To determine remuneration/ compensation/ authority/ allocation of work among each intermediaries.
4. To execute agreement / declaration/ papers/ deed etc. on behalf of Company/ other Director and on behalf of themselves while appointing such intermediaries.
5. To represent before Registrar of Companies (“ROC”), Reserve Bank of India (“RBI”), The Bombay Stock Exchange (“BSE”), The National Stock Exchange (“NSE”), Securities Exchange Board of India (“SEBI”), or any other authority as may be required from time to time.
6. To Open Escrow Bank Account.
7. To do and perform all such other necessary things as may be required to give effect to the IPO.
8. Update members of the Board at ensuing Board Meeting about the decision taken by committee.

Board Procedure

We have held Board meetings as per the provisions of the Companies Act, 1956 and have maintained the minutes of all the meetings thereof.

Our Management Organisation Structure

Organisational Chart



Key Managerial Personnel

The details of key managerial personnel of the Issuer are as follows:

Mr. Sanjay Zadoo, age 38 years, Vice President – Sales & Marketing. He completed his B.E. (Electronics) from University of Pune in the year 1995. He joined Neoteric on February 3, 2006 and has over 14 years of experience. He was previously working with Ingram Micro India Pvt. Ltd. His current responsibilities in our Company include managing vendor and channel relationship.

Mr. Sushil Sancheti, age 44 years, Vice President – Finance. His qualifications include Bachelor of Commerce (B.Com), Cost Accountant, LLB (I), C.S (Inter). He joined Neoteric on July 10, 2007. He has over 22 years of experience. He was previously working with Kiddie India Ltd as Vice President Finance. Prior to that he held senior level positions in Ecoboard Industries Ltd, Cimmco Birla Ltd, Elpro International Ltd and Alfa Laval Ltd. His current responsibilities in our Company include Accounts, Finance, Secretarial, Logistics and Administration.

Mr. Kaushal Khandor, age 33 years, Vice President - Corporate. He completed his Diploma in Digital Electronics from Board of Technical Examinations, Maharashtra state in the year 1992. He has been with Neoteric since inception and has over 15 years of experience. He was previously working with Pisces Computer. His current responsibilities in our Company include overseas operations and managing F1 services business.

Mr. K. S. Praveen, age 36 years, Head – Human Capital. His qualifications include Postgraduate Diploma in Personnel Management (PGDPM) from Xavier Institute of Social Service, Ranchi in the year 1996. He joined Neoteric in 2007. He has over 11 years of experience. He was previously working with Siemens and worked at Senior Level in HR in companies like Hitachi, Videocon and WRL. His current responsibilities in our Company include managing human capital.

Mr. Manish Rambhia, age 34 years, Deputy General Manager. He completed his Bachelor in Commerce from University of Mumbai in the year 1994. He joined Neoteric on October 1, 1996 and has over 12 years of experience. His current responsibilities in our Company include managing channel credits.

Mr. Rupesh K. Ashar, age 33 years, Deputy General Manager. He completed his Bachelor in Commerce (B.Com) from Mumbai University in 1999 and is also Diploma holder in Systems Management. He joined Neoteric on March 27, 2000. He has over 12 years of experience. He was previously working with TPH Travel Services. His current responsibilities in our Company include managing cash flow, working capital, vendor lines and vendor claims management.

Mr. Balraj Singh Viridi, age 37 years, Deputy General Manager. He completed his Bachelor in Arts (B.A) from Osmania University in Year 1995 and is also Diploma holder from NIS in Sales & Marketing. He joined Neoteric on September 25, 2000. He has over 13 years of experience. He was previously working with Modern Woollens. His current responsibilities in our Company include managing imports and export logistics, movement of material within and outside states, warehouse management and administration.

Mr. Anup Nair, age 29 years, Senior Manager - Corporate. He completed his B.E. (Mechanical) from University of Mumbai in the year 1999 and also is an MBA (Marketing) from Deakin University. He joined Neoteric on February 14, 2004. He was previously working with Hinduja TMT. His current responsibilities in our Company include new vendor development, new initiatives and IT infrastructure management including ERP system.

Mr. Jigarkumar Gandhi, age 28 years, Company Secretary. He completed his Bachelor in Commerce (B.Com) from Sardar Patel University in 2000 and became a member of the Institute of Company Secretaries of India from December 31, 2007. He joined Neoteric on February 06, 2008. He has over 4 years of experience in corporate law matters in a consultancy firm. He is the company Secretary and compliance officer of our Company and his current responsibilities include looking after legal and corporate law matters.

Note: All the above key managerial personnel are permanent employees of our Company and none of our Directors or key managerial personnel is related to each other.

Shareholding of Key Managerial Personnel

Other than as disclosed below, none of our key managerial personnel holds Equity Shares in our Company:

Sr. No.	Name of the Key Managerial Personnel	Number of Equity Shares
1.	Mr. Sanjay Zadoo	7,500
2.	Mr. Sushil Sancheti	7,500
3.	Mr. Kaushal Khandor	10,400
4.	Mr. K. S. Praveen	2,000
5.	Mr. Manish Rambhia	7,700
6.	Mr. Rupesh K. Ashar	5,000
7.	Mr. Balraj Singh Viridi	5,000
8.	Mr. Anup Nair	5,000

Bonus and/or profit sharing plan for the Key Managerial Personnel

There is no profit sharing plan for the Key Managerial Personnel. Key Managerial Personnel are entitled for performance linked quarterly variable pay (QVP). Bonuses are given as per the bonus given to the other employees of the Issuer.

Changes in Key Managerial Personnel (KMP)

The changes in the key managerial personnel in the last three years are as follows:

Sr. No.	Name of the KMP	Designation	Date of Joining	Date of Leaving	Reason for Change
1	Mr. Paresh Shah	GM – Accounts & Finance	09-03-2004	08-12-2005	Resignation
2	Ms. Poonam Jetwani	GM – Accounts & Finance	16-01-2006	13-01-2007	Resignation
3	Mr. Sushil Sancheti	VP – Finance	10-07-2007	-	Appointed
4	Mr. Sandeep Shah	GM – Sales	20-07-1997	07-08-2005	Resignation
5	Mr. Sanjay Zadoo	VP – Sales	03-02-2006	-	Appointed
6	Mr. K S Praveen	Head – Human Capital	16-12-2007	-	Appointed
7	Mr. Jigarkumar Gandhi	Company Secretary	06-03-2008	-	Appointed

Interest of Directors and Key Managerial Personnel

Except as stated mentioned in the section titled “Related Party Transactions” beginning on page 163, no amount or benefit has been paid or given since incorporation or is intended to be paid or given to any of the Directors or Key Managerial Personnel or officers of the Issuer except the normal remuneration for services rendered as Directors, officers or employees.

There is no relationship amongst the Board of Directors and the Key Managerial Personnel.

Loans taken by Directors / Key Managerial Personnel

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

Employees share purchase scheme/employee stock option scheme

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

Payment or Benefit to the officers of Company

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

OUR PROMOTERS AND PROMOTER GROUP

Our Promoters:

Our Promoters are:

1. Mr. Harshad D Shah
2. Mr. Paras H Shah



Mr. Harshad D Shah, age 72 years, Passport No.: E 8459758, Voter ID No.: MT/04/024/162014, Driving License No.: 573328, PAN: AAFPS1962G, Bank Account Details: Union Bank of India, Bank Account No: SB 318802010007618, a resident Indian national is our Promoter.

He is the Co-Founder of Neoteric Infomatique Limited. He started his entrepreneurial career in 1960, with Automotive Bearing Corporation, Mumbai which is into Automobile parts business. Since the founding of Neoteric he has been the key driving force to make the organization reach every level of success year by year. Being a frequent visitor to International business locations, he holds a rich and vivid experience of International markets and has a global exposure of business management.

His business acumen and vast experience of different industries makes him an Industry veteran. His experience and value systems have also helped us in our growth. He has overseen all major developments and milestones of our company.



Mr. Paras H Shah, age 40 years, Passport No.: G 1953937, Voter ID No.: MT/04/024/162668, Driving License No.: 86/C/29086, PAN: AAFPS4053A, Bank Account Details: Union Bank of India, Bank Account No.: SB 318802010003686, a resident Indian national is our Promoter.

He is also the Co-Founder of Neoteric Infomatique Limited. He is a Computer Engineer from Case Western Reserve University, USA and has over 15 years of experience in the IT Industry. He is an entrepreneur deeply committed to the IT sector. He started his entrepreneurial career in 1991 as a dealer of IT hardware products from Mumbai. He spotted an opportunity for distribution in India in 1997 and took the plunge to establish Neoteric Infomatique Ltd. His astute understanding of the requirements of the customers has emanated into efficient marketing strategies and long vendor associations.

Other Confirmations

We confirm that the Permanent Account Number, Bank Account Number, Passport Numbers of our Promoters have been submitted to the Stock Exchanges at the time of filing of the Draft Red Herring Prospectus.

Further, our Promoters have not been identified as a willful defaulter by the Reserve Bank of India or any other Government authority and there are no violations of securities laws committed by our Promoters in the past or any such proceedings are pending against our Promoters.

Common Pursuits

Except as disclosed in this Draft Red Herring Prospectus under the section titled “Our Promoters and Promoter Group”, the Promoters do not have an interest in any venture that is involved in any activities similar to those conducted by our Company or any member of the Promoter Group.

Interest in promotion of the Company

Our company has been promoted by Mr. Harshad Shah and Mr. Paras Shah. The Promoters may be deemed to be interested to the extent of shares held by them, their friends or relatives, and benefits arriving from their holding Directorship in the company except as disclosed above and in the section titled related party transactions beginning on page number 163.

Interest in any property acquired by the Company within two years of the date of the Draft Red Herring Prospectus or proposed to be acquired by the Issuer.

The Promoters are not interested in any property that has been acquired by us within two years from the date of the Draft Red Herring Prospectus. Further, we do not propose to acquire any property in which our promoters may be interested.

Payments of benefits to our Promoters during the last two years

Except as stated in the section titled “Related Party Transactions” beginning on page 163 of this Draft Red Herring prospectus, there has been no payment of benefits to our Promoters during the last two years from the date of filing of this Draft Red Herring Prospectus.

Promoter Group:

Given below is the list of entities promoted which form part of our Promoter Group. The Promoter Group consists of natural persons, HUF’s, private companies, partnership firms and proprietorship firms. None of them has become a sick company under the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) and are not under winding up.

Promoter Group Entities:

a. The natural persons who are part of our Promoter Group (due to the relationship with our promoters), other than the Promoters named above are as follows:

Relationship	Mr. Harshad Shah
Father	Late Dipchand Shah
Mother	Late Kamlaben Dipchand Shah
Brother	Mr. Jamnadas Dipchand Shah Mr. Chandrakant Dipchand Shah Mr. Pravin Dipchand Shah

Sister	Ms. Sharda Chimmnalal Mehta Ms. Kundan Chandrakant Sheth Ms. Kanchan Rasiklal Shah Ms. Prafulla J. Desai Ms. Gunwantiben Rasiklal Shah
Spouse	Mrs. Ranjan Harshad Shah
Children	Mr. Paras Harshad Shah Ms. Priti Nishith Shah
Spouse's Father	Mr. Chamanlal Shah
Spouse's Mother	Mrs. Kasturi Shah
Spouse's Brother	Mr. Ramniklal C. Shah Mr. Kishore C. Shah Mr. Harshad C. Shah
Spouse's Sister	Ms. Usha C. Shah Ms. Kundan C. Shah

Relationship	Mr. Paras Shah
Father	Mr. Harshad Dipchand Shah
Mother	Mrs. Ranjan Harshad Shah
Brother	Nil
Sister	Ms. Priti Nishith Shah
Spouse	Mrs. Dipti Paras Shah
Children	Master Aditya Paras Shah Master Abhishek Paras Shah
Spouse's Father	Mr. Kishore Nandlal Shah
Spouse's Mother	Mrs. Sharda Kishore Shah
Spouse's Brother	Mr. Nilesh Kishore Shah
Spouse's Sister	Ms. Neepa K. Shah Ms. Meghna K. Shah

b. Companies, firms and HUFs which form part of our Promoter Group are as follows:

Sr. No	Relationship	Name of the Promoter Group Entity
1.	Any company in which 10% or more of the share capital is held by the Promoter or an immediate relative of the Promoter or a firm or HUF in which the Promoter or any one or more of his immediate relatives is a member	i) Plus Plus Consulting & Services Pvt. Ltd. ii) Neoteric HK Limited
2.	Any company in which a company mentioned in (1) above, holds 10% of the total	Nil
3.	Any HUF or firm in which the aggregate share of the Promoter and his immediate relatives is equal to or more than 10% of the total	i) Automotive Bearing Corporation ii) Automotive Enterprises iii) Auto Earthmoving Spares Co. iv) Automotive Finance Corporation v) Harshad D Shah (HUF) vi) Chandrakant D Shah (HUF) vii) Jamnadas Dipchand Shah (HUF) viii) Pravin D Shah (HUF) ix) Paras Harshad Shah (HUF)

Group Companies:

1. Plus Plus Consulting & Services Private Limited (“PPCSPL”)

PPCSPL was incorporated on June 1, 2006 under the Companies Act, 1956 with its registered office at 225, 2nd Floor, Chintamani Plaza, Off. Andheri Kurla Road, Chakala, Andheri (E), Mumbai – 400 099. The Company Identification Number is U74999MH2006PTC162498. The principal activities of the company are providing marketing services to the IT Industry through conducting road shows, product demo & display, below the Line activities, new product launch, seminar & training on products and by conducting conferences for channel partners.

Main objects PPCSPL:

To carry on in India or abroad the business to act as consultant, advisor, services provider, distributor, representative, signatory, attorneys, liaison, agent, serviceman, arbitrator, conciliator, auctioneer, in all its branches such as legal, commercial, industrial, manufacturing, productions, engineering, personnel, marketing, advertising, publicity, sales promotions, public welfare, corporate management, business management, project consultancy services, research, software, hardware’s, computer application, electronics devices, quality control, technical know-how, investment advisor, consultant for broking, construction, transport and other similar subjects and to make evaluation, feasibility studies, techno economic feasibility studies, project reports, forecasts, surveys and rehabilitation packages.

Equity Shareholding Pattern

The shareholding pattern as on 31st December, 2007 of Plus Plus Consulting & Services Private Limited is as follows:

Name of the Shareholders	No. of equity shares of the face value of Rs. 10 each	Percentage holding
Ms. Dipti P. Shah	5,000	50%
Ms. Ranjan H. Shah	5,000	50%
TOTAL	10,000	100%

Board of directors

Ms. Dipti P. Shah and Ms. Ranjan H. Shah are the directors of Plus Plus Consulting & Services Private Limited.

Financial Performance

The financial performance of the company is as follows:

(Rs. in Million except Per Share Data)

Particulars	For the 9 Months ending December 31, 2007	For the year ending March 31, 2007
Equity capital	0.10	0.10
Reserves & Surplus (excluding revaluation reserves)	0.73	(0.02)
Total revenue	4.19	0.00
Profit / (Loss) After Tax	0.75	(0.02)
Earning Per Share	74.67	(1.56)
NAV Per share	83.11	7.23

Since PPCSPL was incorporated on June 1, 2006. Therefore the first financial year of the company pertains to the period ending March 31, 2007.

Plus Plus Consulting & Services Private Limited has not been restrained by SEBI or any other regulatory authority in India from accessing the capital markets for any reason.

2. Neoteric HK Limited (“NHKL”)

NHKL was incorporated in Hong Kong with limited liability on June 7, 2006 with its registered office at Unit N, 1/F, Mau Lam Commercial Building, 16-18 Mau Lam Street, Jordan, Kowloon, Hongkong. The Company Reg. Number is 1050568. The principal activities of the company are that of imports and exports of the IT Hardware.

Equity Shareholding Pattern

The shareholding pattern as on 31st March, 2007 of Neoteric HK Limited is as follows:

Name of the Shareholders	No. of ordinary shares of HK\$ 1.00 each	Percentage holding
Mr. Paras H. Shah	10,000	100%
TOTAL	10,000	100%

Board of directors

Mr. Paras H. Shah and Mr. Jaspreet Singh are the directors of Neoteric HK Limited.

Financial Performance

The financial performance of the company is as follows:

(Rs. in Million except Per Share Data)

Particulars	For the period From 7 th June, 2006 to 31 st March, 2007
Share capital	0.06
Reserves & Surplus (excluding revaluation reserves)	(0.37)
Total revenue	5.84
Profit / (Loss) After Tax	(0.37)
Earning Per Share	(36.91)
NAV Per share	(31.34)

Since NHKL was incorporated on June 7, 2006. Therefore the first financial year of the company pertains to the period ending March 31, 2007.

Neoteric HK Limited has not been restrained by SEBI or any other regulatory authority in India from accessing the capital markets for any reason.

3. M/s. Automotive Bearing Corporation

M/s. Automotive Bearing Corporation is a registered partnership firm having office at Marwari Vidyalaya School Building, 473, S. V. P. Road, Mumbai – 400 004 and having PAN AAAFA2311E. The firm is in the business of trading in tractor parts, automobiles, earthmoving parts and ball bearing.

Profit and Loss Sharing Ratios

The ratio for sharing of profits and losses in the firm is as provided below:

Name of the Partners	Profit Sharing Ratio	Loss Sharing Ratio
Ms. Ranjan H. Shah	40%	40%
Mr. Atul J. Shah	20%	30%
Mr. Milan J. Shah	20%	30%
Mr. Rushabh H. Shah	20%	-
TOTAL	100%	100%

Financial Performance

The financial performance of the firm for the last three years is as follows:

(Rs. in Million)

Particulars	For the year ending March 31., 2007	For the year ending March 31., 2006	For the year ending March 31., 2005
Total Income	8.03	10.00	8.20
Net Profit	0.08	0.11	0.18
Partners Capital	1.15	0.84	0.71

4. M/s. Automotive Enterprises

M/s. Automotive Enterprises is a registered partnership firm having office at Marwari Vidyalaya School Building, 472, S. V. Road, Mumbai – 400 004 and having PAN AABFA2072R. The firm is in the business of imports of the motor parts, tractor parts, automobiles spares & parts and distribution of bearing products.

Profit Sharing Ratio

The ratio for sharing of profits in the firm is as provided below:

Name of the Partners	Profit Sharing Ratio
Ms. Ranjan H. Shah	40%
Mr. Milan J. Shah	20%
Harnish J. Shah (HUF)	20%
Atul J. Shah (HUF)	20%
TOTAL	100%

Financial Performance

The financial performance of the firm for the last three years is as follows:

(Rs. in Million)

Particulars	For the year ending March 31., 2007	For the year ending March 31., 2006	For the year ending March 31., 2005
Total Income	12.50	9.61	16.03
Net Profit	0.12	0.16	1.23
Partners Capital	2.25	1.66	2.36

5. Auto Earthmoving Spares Co.

Auto Earthmoving Spares Co. is a registered partnership firm having office at Shop No. 8, Marwari Vidyalaya, 473, S. V. Road, Mumbai – 400 004, Maharashtra and having PAN AAFA2627F. The firm is in the business of trading in automobiles spares & parts and earthmoving parts.

Profit Sharing Ratio

The ratio for sharing of profits in the firm is as provided below:

Name of the Partners	Profit Sharing Ratio
Harshad D. Shah (HUF)	40%
Atul J. Shah (HUF)	20%
Ms. Kalpana M. Shah	20%
Master Rushabh H. Shah	20%
TOTAL	100%

Financial Performance

The financial performance of the firm for the last three years is as follows:

Rs. in Million

Particulars	For the year ending March 31., 2007	For the year ending March 31., 2006	For the year ending March 31., 2005
Total Income	0.06	0.06	3.11
Net Profit	0.02	0.02	0.02
Partners Capital	0.19	0.21	0.48

6. Automotive Finance Corporation

Automotive Finance Corporation is a registered partnership firm having office at 473, S.V.P. Road Mumbai - 400004 and having PAN AAFA2848L. The firm was in the business of dealing in automobiles spares & parts and at present does not have any business operations..

Profit Sharing Ratio

The ratio for sharing of profits in the firm is as provided below:

Name of the Partners	Profit Sharing Ratio
Chandrakant Dipchand Shah	25%
Paras Harshad Shah	12%
Kalpana Milan Shah	8.34%
Atul Jamnadas Shah	8.33%
Malti Harnish Shah	8.33%
Pravin Dipchand Shah	25%
Harshad Dipchand Shah	13%
TOTAL	100%

Financial Performance

The financial performance of the firm for the last three years is as follows:

(Rs. in Million)

Particulars	For the year ending March 31., 2007	For the year ending March 31., 2006	For the year ending March 31., 2005
Total Revenue	Nil	Nil	20.73*
Net Profit	Nil	Nil	20.73*

* The revenues were contributed through sale of asset with negligible book value.

Associate Company:**1. Spectrum Global PTE Limited (“SGPL”)**

Spectrum Global Pte Limited is a Singapore based company. It was incorporated on July 21, 2001 as Neoteric Pte Limited under the Companies Act, Chapter 50. The name of the company was changed to Neoteric Asia Pte. Limited on September 17, 2004, subsequent to which the name was changed to Spectrum Global Pte Limited on January 25, 2006. The registered office and principal place of business is situated at 18 Kaki Bukit Place No. 07-00, Eunos Techpark, Singapore – 416196. The Company Reg. Number is 200104828R. The principal activities of the company are to carry on the business of trading in computer hardware and import and export of computer parts & accessories.

Equity Shareholding Pattern

The shareholding pattern as on the date of DRHP of Spectrum Global PTE Limited is as follows:

Name of the Shareholders	No. of ordinary shares of SGS 1.00 each	Percentage holding
Specvision Holdings Pte Ltd., Singapore	12,00,000	75%
Neoteric Infomatique Ltd., India	4,00,000	25%
TOTAL	16,00,000	100%

Spectrum Global Pte Limited was a 100% subsidiary of our Company till January 22, 2006 after which it ceased to be our subsidiary.

Board of directors

The Board of Directors of Spectrum Global PTE Limited comprises of the following members:

1. Mr. Harshad D. Shah
2. Mr. Paras H. Shah
3. Mr. Shrenik Harshadkumar Shah
4. Mr. Mamidanna Surykali Prasad
5. Mr. Kanwal Nain Sahney

Financial Performance

The financial performance of the company for the last three years is as follows:

(Rs. in Million except Per Share Data)

Particulars	For the year ending March 31, 2007	For the year ending March 31, 2006	For the year ending March 31, 2005
Share capital	43.36	16.14	2.58
Number of ordinary Shares	1,000,000	600,000	100,000
Reserves & Surplus (excluding revaluation reserves)	11.64	5.19	1.41
Total revenue	2,788.04	1,254.75	391.01
Profit After Tax	6.58	3.75	0.06
Earning Per Share	6.58	6.25	0.58
NAV Per share	55.00	35.55	39.87

Spectrum Global Pte Limited has not been restrained by SEBI or any other regulatory authority in India from accessing the capital markets for any reason.

Entities from which the Promoters have dissociated in the last three years

Our Promoters have disassociated themselves from the following entities in the last three years:

Sr. No.	Name of the Entity	Date of Disassociation
1.	Sthapna Holdings Private Limited	December 12, 2007
2.	Options (Partnership Firm)	June 09, 2007

Sthapna Holdings Private Limited is a company incorporated under the Companies Act, 1956. Mr. Paras Shah and Mr. Harshad Shah, our Promoters have sold their respective stake in Sthapna Holdings Private Limited on

December 12, 2007. The reason for such disassociation from the entity was with the objective of focusing entirely on the distribution business of our Company.

Options is a partnership firm registered under the Partnership Act, 1932. Our promoters Mr. Harshad D Shah and Paras Shah were partners in the firm along with others. From June, 9, 2007 the promoters have disassociated themselves by retiring from the partnership firm.

Other confirmations

None of our Promoter Group companies have become sick companies under the meaning of the Sick Industrial Companies Act and no winding up proceedings have been initiated against them. Further, no application has been made in respect of any of the Promoter Group companies, to the Registrar of Companies for striking off their names.

Keramos (FZE), Sharjah

Keramos (FZE) is a registered as a Free Zone Establishment with Limited liability with Sharjah International Free Zone in Emirate of Sharjah under a commercial license. Mr. Harshad Shah held 100% of the shareholding in the Company. He sold off his entire shareholding in Keramos (FZE), Sharjah (U.A.E.) vide agreement dated October 31, 2007. The reason for divesting the shares from the entity was with the objective of focusing entirely on the distribution business of our Company. Mr. Harshad Shah currently only holds the directorship in Keramos (FZE) and does not hold any shares to this effect.

Sales or Purchase between companies in the Promoter Group

There have been no sales or purchases between the Group companies except as stated in the section titled "Related Party Transactions" beginning on page 163 of this Draft Red Herring Prospectus.

RELATED PARTY TRANSACTIONS

For details of the related party transactions, see section titled “Financial Information” beginning on page 145 of this Draft Red Herring Prospectus.

EXCHANGE RATES AND CURRENCY OF PRESENTATION

In this Draft Red Herring Prospectus, all references to “Rupees” and “Rs.” are to the legal currency of India, all references to “USD”, “\$” and “US\$” are to the legal currency of the United States of America, all references to “HK\$” and “Hongkong \$” are to the legal currency of the Hongkong and all references to “SG\$” and “Singapore \$” are to the legal currency of the Singapore.

In this Draft Red Herring Prospectus, foreign currency amounts have been translated into Rupees for which period and presented solely to comply with the requirements of SEBI Guidelines. Investors are cautioned not to rely on such translated amounts. The translations should not be considered as a representation that such foreign currency could have been, or could be, converted into Indian Rupees, as the case may be, at any particular rate, the rates stated below, or at all. The following table sets forth, for the period indicated, information concerning the amount of Rupees for which one unit of foreign currency could be exchanged. The currency conversion rates have been taken from the website www.oanda.com.

(Rs.)

Name of the Currency	As on 31-03-2007	As on 31-03-2006	As on 31-03-2005
US\$ / USD	43.55	44.62	43.79
HK\$	5.57	-	-

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

Any percentage amounts, as set forth in “Risk Factors”, “Business”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere in this Draft Red Herring Prospectus, unless otherwise indicated, have been calculated on the basis of our financial statements, as restated, under Indian GAAP prepared in accordance with SEBI Guidelines.

DIVIDEND POLICY

The declaration and payment of dividends 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 Issuer has no stated dividend policy.

There has been no dividend declared by the Company till date.

FINANCIAL STATEMENTS

STATEMENT OF ASSETS AND LIABILITIES AND PROFIT AND LOSSES, AS RESTATED OF NEOTERIC INFOMATIQUE LIMITED, FOR THE YEAR ENDED MARCH 31, 2007, 2006, 2005, 2004, 2003 AND FOR THE PERIOD ENDED DECEMBER 31, 2007.

Auditors' report as required by part II of schedule II of the Companies Act, 1956

The Board of Directors
Neoteric Infomatique Limited
Mumbai, Maharashtra,
India.

Dear Sirs

1. We have examined the financial information of Neoteric Infomatique Limited (Formerly Neoteric Infomatique Private Limited) ('the company'), annexed to this report for the five years ended March 31, 2007, 2006, 2005, 2004 and 2003 and for the period April 1, 2007 to December 31, 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 Offer (IPO) for the issue of 69,70,000 equity shares having a face value of Rs. 10 each at an issue price to be arrived by book building process. 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 Documents being issued by the Company in connection with its proposed Initial Public Offer.

Financial information as per the audited financial Statements

2. We have examined the attached 'Summary Statement of Assets and Liabilities, of the Company as Restated as at December 31, 2007 and as at March 31, 2007, 2006, 2005, 2004, and 2003 (Annexure 1) and the attached 'Summary Statement of Profit and Losses, as Restated' (Annexure 2) for the period / years then, together referred to as 'Restated Summary Statements'. These 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 Annexure 3 and 4 to this report.
3. The financial statements of the Company for the financial year ended on March 31, 2003 which were audited and reported upon by the other auditor M/s Rajeev Shah & Co.

We have relied on this audited financial statement and have not carried out any audit tests or review procedures on the financial statement of the Company for that year. Since we did not perform the audit for the above year, the financial report included for such year is solely based on the report submitted by the statutory auditor M/s. Rajeev Shah & Co. for the year ended March 31, 2003.

The financial statements for the year ended March, 2007, 2006, 2005, 2004 and for the period ended December 31, 2007 have been audited by us.

4. Based on our examination of these Restated Summary Statements read in conjunction with the Accounting Policies and Notes given in Annexure 3 and 4 respectively, we state that:
 - a) The '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 December 31, 2007, stated in Annexure 3 to this report:
 - b) The restated profits have 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 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 December 31, 2007 and for the year ended March 31, 2007, 2006, 2005, 2004 and 2003, which would require adjustment in these Restated Summary Statements; and
 - d) There are no extra-ordinary items which need to be disclosed separately in the Restated Summary Statements.

Other Financial Information

5. We have also examined the following other financial information set out in Annexure prepared by management in respect of the period ended on December 31, 2007 and for the years ended March 31, 2007, 2006, 2005, 2004, 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) Notes on adjustments for Restated Financial Statements (Annexure 5)
 - b) Statement of Cash Flows, As Restated (Annexure 6)
 - c) Statement of Accounting Ratios, As Restated (Annexure 7)
 - d) Statement of Tax Shelters (Annexure 8)
 - e) Capitalisation Statement (Annexure 9)
 - f) Statement of Dividend paid (Annexure 10)
 - g) Age-wise analysis of Debtors, As Restated (Annexure 11)
 - h) Statement of Loans and Advances, As Restated (Annexure 12)
 - i) Statement of Secured and Unsecured Loans, As Restated (Annexure 13)
 - j) Statement of Investments, As Restated (Annexure 14)
 - k) Statement of Provisions, As Restated (Annexure 15)
 - l) Statement of Related Party Transactions (Annexure 16)
 - m) Statement of Dues from Related Party (Annexure 17)
6. In respect of the 'Financial Information as per the audited financial statements' and 'Other Financial Information' contained in this report, we have relied upon the audited financial statements for the year ended

March 31,2003 which was audited by the other firm 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 said year since we did not perform the audit and the financial report included for said year is solely based on the report submitted by the other auditor.

7. Spectrum Global Pte Ltd. (formerly known as Neoteric Pte Ltd.) ceased to be subsidiary Company after 31.3.2005. Hence, its accounts are not consolidated for the year ending 31.3.2003, 31.3.2004 & 31.3.2005, during which it was subsidiary company.
8. In our opinion, the 'Financial Information as per audited financial statements', and 'Other Financial Information' mentioned above for the period ended December 31, 2007 and for the years ended as on March 31,2007, 2006, 2005, 2004, 2003 have been prepared in accordance With Part II of Schedule II of the Companies Act, 1956 and SEBI Guidelines.
9. 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.
10. 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 Chaturvedi Sohan & Co.
Chartered Accountants

Sohan Chaturvedi
Partner
Membership No.: 30760
Place: Mumbai
Date: 08/03/2008

Annexure 1
STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED
Rs. in Million

PARTICULARS	As At					
	Dec 31, 2007	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
A. Assets						
Fixed Assets						
Gross Block	44.01	47.74	44.65	26.06	14.88	11.31
Less: Depreciation	15.26	13.98	9.47	6.21	4.82	3.97
Net Block	28.75	33.76	35.18	19.85	10.06	7.34
Add: Capital Work in Progress (including Capital Advances)	-	0.05	-	-	-	-
	28.75	33.81	35.18	19.85	10.06	7.34
B. Investments	11.34	11.34	4.00	2.69	2.69	2.69
C. Current Assets, Loans and Advances						
Inventories	488.77	558.19	392.08	381.87	271.92	253.12
Sundry Debtors	583.50	613.25	397.93	203.93	184.88	160.97
Cash and Bank Balance	34.70	36.43	45.20	32.96	20.14	14.25
Loans and Advances	63.34	52.17	49.44	23.11	16.84	8.77
	1170.31	1260.04	884.65	641.87	493.78	437.11
Miscellaneous Expenditure (To the extent not written off or adjusted)	-	-	-	-	-	0.13
Total Assets	1210.40	1305.19	923.83	664.41	506.53	447.27
D. Liabilities & Provisions						
Secured Loans	320.47	290.43	184.35	186.61	127.48	95.03
Unsecured Loans	47.20	61.93	60.65	61.12	52.46	52.96
Current Liabilities	633.73	768.50	546.42	325.55	253.45	237.64
Provisions	17.47	22.28	6.88	5.33	5.34	4.51
	1018.87	1143.14	798.30	578.61	438.73	390.14
E. Deferred Tax Liability	6.40	7.12	7.42	4.65	1.60	1.01
F. Net Worth						
Represented by:						
Share Capital	100.00	30.00	30.00	30.00	30.00	30.00
Share Application Money	-	20.00	20.00	-	-	-
Reserves and Surplus	85.13	104.93	68.11	51.15	36.20	26.12
	185.13	154.93	118.11	81.15	66.20	56.12
Total Liabilities	1210.40	1305.19	923.83	664.41	506.53	447.27

Annexure 2

STATEMENT OF PROFIT & LOSSES, AS RESTATED

Rs. in Million

PARTICULARS	For the 9 Months Ended Dec 31, 2007	For The Year Ended				
		March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
Income						
Sales and Services Income	4185.13	4885.39	3637.08	2518.73	2134.41	1571.64
	4185.13	4885.39	3637.08	2518.73	2134.41	1571.64
Expenditure						
Cost of goods sold	3912.54	4571.37	3398.46	2357.59	1998.46	1467.10
Personnel Expenses	90.77	96.02	65.68	41.82	31.38	23.33
General and Administration Expenses	69.71	78.03	57.29	42.07	38.67	22.82
Selling and Marketing Expenses	17.66	23.94	29.40	23.88	21.75	22.46
Depreciation	3.49	4.86	3.44	1.62	1.11	1.05
Financial Expenses	42.83	50.44	36.58	25.87	15.20	22.13
	4137.00	4824.66	3590.85	2492.85	2106.57	1558.89
Deferred Revenue Expenditure w/off	-	-	-	-	5.05	0.02
Net Profit before Tax	48.13	60.73	46.23	25.88	22.79	12.73
Taxation						
Current Tax	17.18	22.07	6.65	5.33	5.34	4.51
Deferred Tax	(0.72)	(0.30)	2.77	3.05	0.58	0.11
Fringe Benefit Tax	1.47	1.52	1.31	-	-	-
Tax of Earlier years	-	-	-	0.15	0.35	-
	17.93	23.29	10.73	8.53	6.27	4.62
Net Profit after Tax	30.20	37.44	35.50	17.35	16.52	8.11
Less: Bad Debts Written Off	-	(0.62)	(18.54)	(2.40)	(6.44)	-
Adjusted Profit After Tax	30.20	36.82	16.96	14.95	10.08	8.11
Add: Transferred from General Reserves	-	0.62	18.54	2.40	6.44	-
Balance brought forward from previous year	72.93	55.49	39.99	32.64	26.12	18.91
Less: Deferred Tax Liabilities as at 01.04.02	-	-	-	-	-	0.90
	103.13	92.93	75.49	49.99	42.64	26.12
Less: Appropriation						
Transfer to General Reserve	30.00	20.00	20.00	10.00	10.00	-
Balance Carried to Balance Sheet	73.13	72.93	55.49	39.99	32.64	26.12

Annexure 3

SIGNIFICANT ACCOUNTING POLICIES

I. Basis of Accounting

The Financial Statements are prepared under Historical Cost convention on an accrual basis and are in accordance with the applicable Accounting Standards and the provisions of the Companies Act, 1956.

II. Sales

Sales include Services and are shown net of applicable sales tax and service tax & net of returns.

III. Employee Benefits

- i) The company's contribution to Provident Fund made in accordance with the rules is charged to Profit & Loss Account.
- ii) The Company's Liabilities towards gratuity are covered by Group Gratuity policy of Life Insurance Corporation of India (L I C). Gratuity is evaluated by the L I C based on an actuarial valuation basis as at balance sheet date. The resulting contribution payable to approved gratuity fund is charged to Profit and Loss Account.
- iii) Leave encashment is accounted for on accrual basis and charged to Profit & Loss account each year in terms of contracts with employees. As per the policy of the company, the leave is not allowed to carry forward and hence the management is of the opinion that Accounting Standard on "Accounting for retirement Benefit" in the Financial statement of employers' issued by the Institute of Chartered Accountants of India has no applicability to the Company.

IV. Fixed Assets and Depreciation

Fixed Assets are stated at cost of acquisition, including taxes, duties, freight, exchange gains / losses and other incidental expenses related to acquisition and installation.

Depreciation is provided on straight line method at the rates specified in schedule XIV to the companies Act, 1956. Depreciation in respect of additions / deductions during the Period has been provided for, from the date of addition or up to the date of deduction as the case may be.

V. Foreign Currency Transactions

Current Assets and Liabilities are converted at closing rate as on the Balance Sheet date and those covered by forward exchange contract are translated at the rate ruling at the date of transaction as increased / decreased by the proportionate difference between the forward rate and exchange rate on the date of transaction, such difference having been recognised over the life of the forward contract.

Gain or loss on settlement of transactions within the same accounting Period have been recognised under relevant heads in profit and loss account for the Period.

VI. Investments

Long term investments are carried at cost.

VII. Warranties

The Original Equipment Manufacturer generally warrants the products distributed by the Company. The Company does not independently warrant the products it distributes.

VIII. Impairment of Assets

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to profit and loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

IX. Inventories

Inventories are valued at lower of cost or net realisable value. Cost is arrived at on a FIFO method & includes Cost of Documents, Custom Duty, Freight, Insurance, and Clearing & Forwarding Charges as reduced by relevant Credit Notes received.

X. Earnings Per Share

In Accordance with the Accounting Standard 20 (AS-20) "Earnings Per Share" issued by the Institute of Chartered Accountants of India –

- a) In determining the earnings per share, the company considers the net profit after tax and includes the post tax effect of extra ordinary items, if any.
- b) The number of Shares used in computing Basic earnings per shares is the Weighted Average number of shares outstanding during the Period.

XI. Taxation

Provision for tax for the Period comprises current Income tax determined to be payable in respect of taxable income and deferred tax. Deferred tax charge or credit on timing difference is recognised using current tax rate and tax laws that have been enacted or substantively enacted as of the date of Balance Sheet date. Deferred tax assets are recognized to the extent there is a reasonable certainty that these assets can be realized in future. Deferred tax assets/liabilities are reviewed at each Balance sheet date.

XII. Provisions

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

Annexure 4

NOTES TO ACCOUNTS

A. Contingent Liabilities not provided for

	Rs. in Million	
	9 month period ended 31 st Dec 2007	Year ended 31.03.2007
Bank Guarantee for Statutory Compliances	0.39	0.39
Bank Guarantee in favor of Vendors	47.50	57.48
Letter of Credit issued	-	51.60
Disputed Sales Tax Demands	3.40	3.40

B. Payments to / Provisions for Auditors

	Rs. in Million	
	9 month period ended 31 st Dec 2007	Year ended 31.03.2007
Audit Fees	0.15	0.20
Tax Audit Fees	0.04	0.05
Taxation Matters	0.00	0.03
Other Services	0.00	0.00
Service tax	0.02	0.03
Total	0.21	0.31

C. Remuneration paid to Directors

	Rs. in Million	
	9 month period ended 31 st Dec 2007	Year ended 31.03.2007
Salary	3.62	4.61
Other Benefits	1.04	1.39
Total	4.66	6.00

- D.** Exchange difference (net) – gain / (loss) has been included under the relevant heads in the profit and loss account Rs. 5.15 [Previous Year: Rs. (6.09)] (in Million).
- E.** The Outstanding balances of Sundry Debtors & Sundry Creditors are subject to confirmation and reconciliation.
- F.** In the opinion of the Board all the Current Assets, Loans and Advances are approximately of the value stated, if realized in the ordinary course of business. The provision for depreciation and known liabilities is adequate and not in excess of the amount reasonably necessary.
- G.** As the Company's activity falls within a single segment viz. Computer Peripherals, the Disclosure requirements of Accounting Standard 17 "Segment Reporting", issued by the Institute of Chartered Accountants of India is not Applicable.
- H.** Deferred tax liability has been accounted in accordance with Accounting Standard 22 "Accounting for taxes on Income" issued by the Institute of Chartered Accountants of India. The break up of deferred tax is as under:

(Rs. in Million)

I	II	III
Nature of Timing Difference	Deferred tax Liabilities as on 31.12.2007	Deferred tax Liabilities as on 31.03.2007
Depreciation	6.40	7.12

- I.** The Company has debited Debts not recoverable from various parties to Profit & Loss account and the same are withdrawn from General Reserves Rs. Nil. [Previous Year: Rs. 0.62] (in Million).
- J.** The Company has not received any intimation from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures relating to amounts unpaid as at the period end together with interest paid / payable under this Act could not been given.
- K.** TDS on Interest received from Bank & Others Rs. 0.40 [Previous Year: Rs. 0.49] (in Million).
- L.** The name of company is changed from Neoteric Infomatique Pvt. Ltd. to Neoteric Infomatique Ltd., as per intimation dated 25/02/2008 from Registrar of Companies, Mumbai.
- M.** Previous year's figures have been re-grouped wherever necessary.
- N. Disclosure of Transactions with Related Parties as required by Accounting Standard 18:**

i. List of Related Parties and Relationship

Nature of Relationship		Party
Category A	Associated Concern	Spectrum Global Pte Ltd.
Category B	Key Management Personnel	Mr. Paras H. Shah - Managing Director
		Mr. Harshad D. Shah – Chairman
		Mr. S. P. Rajguru – Executive Director
		Mr. R. Srinivasan – Director
Category C	Relatives of Key Management Personnel	Mrs. Dipti Paras Shah
		Mr. Abhishek Paras Shah
		Mr. Aditya Paras Shah
		Mr. Chandrakant D. Shah
		Chandrakant D. Shah – HUF
		Paras H. Shah – HUF
		Harshad D. Shah – HUF
		Mrs. Priti N. Shah
Mrs. Ranjan H. Shah		
Category D	Proprietary Concern/ Firm/ Company in which Individuals referred to in Category B and Category C is Proprietor/ Partner/ Director	Auto Earth Moving Spares Co.
		Automotive Enterprises
		V5 Global Services Pvt. Ltd.
		HR Strategist
		Plus Plus Consulting & Services Pvt. Ltd.
		Keramos FZE

ii. Following transactions were carried out with related parties during the year/period

(Rs. In Million)

Sr. No.	Transaction	Year/Period Ended	Category A	Category B	Category C	Category D	Total
1	Sale of Goods	31-12-2007	-	-	-	0.03	0.03
		31-03-2007	-	-	-	7.05	7.05
2	Purchase of Goods	31-12-2007	132.88	-	-	1.37	134.25
		31-03-2007	-	-	-	-	-
3	Sales of Fixed Assets	31-12-2007	-	-	-	2.53	2.53
		31-03-2007	-	-	-	-	-
4	Interest Expenses	31-12-2007	-	-	1.25	0.05	1.30
		31-03-2007	-	0.01	1.84	0.01	1.86
5	Rent Paid	31-12-2007	-	-	-	-	-
		31-03-2007	-	-	-	0.12	0.12
6	Remuneration Paid	31-12-2007	-	4.67	-	-	4.67
		31-03-2007	-	6.00	-	-	6.00
7	Professional Fees Paid	31-12-2007	-	-	-	2.50	2.50
		31-03-2007	-	-	-	3.75	3.75
8	Amount received towards Loans	31-12-2007	-	-	2.40	1.20	3.60
		31-03-2007	-	4.55	4.35	2.00	10.90
9	Amount Paid towards Loans	31-12-2007	-	3.50	3.15	1.20	7.85
		31-03-2007	-	1.05	2.65	1.50	5.20
10	Credit Balance in Loans	31-12-2007	-	-	14.53	0.50	15.03
		31-03-2007	-	3.50	15.08	0.50	19.08
11	Allotment of Equity shares	31-12-2007	-	8.62	11.38	-	20.00
		31-03-2007	-	-	-	-	-
12	Advance against Purchases	31-12-2007	-	-	-	-	-
		31-03-2007	-	-	-	3.11	3.11
13	Outstanding Payable	31-12-2007	22.99	-	-	-	22.99
		31-03-2007	-	-	-	-	-
14	Outstanding receivable	31-12-2007	-	-	-	2.69	2.69
		31-03-2007	-	-	-	3.30	3.30
15	Debit Balance in Deposit	31-12-2007	-	2.13	5.37	-	7.50
		31-03-2007	-	7.13	5.37	-	12.50
16	Investments in Shares	31-12-2007	-	-	-	-	-
		31-03-2007	7.34	-	-	-	7.34

iii. Additional information pursuant to the provisions of Parts II of Schedule VI to the Companies Act, 1956
(Rs. in Million)

Items	For the 9 Months Ended December 31, 2007	For the Year Ended March 31,2007
1) Quantitative details -Traded Goods		
i) Opening Stock		
Computers & Computer Hardware	558.19	392.08
	558.19	392.08
ii) Purchase		
Computers & Computer Hardware	3,843.12	4737.48
	3,843.12	4737.48
iii) Sales		
Computers & Computer Hardware	4,185.13	4885.39
	4,185.13	4885.39
iv) Closing Stocks		
Computers & Computer Hardware	488.77	588.19
	488.77	588.19
Note: Quantative information is not separately disclosed in view of complexity of Distribution business of various products		
2) Value of imports on CIF basis (does not include value of imported items locally purchased)		
C I F value of Imports	1,347.99	1752.31
	1,347.99	1752.31
3) Expenditure in foreign currency		
Traveling	0.14	1.20
Representative Office Expenses	1.41	3.96
Branch Expenses: Capital	0.00	0.00
	1.55	5.16
4) Earnings in foreign currency		
FOB Value of Exports	11.46	7.05
	11.46	7.05

Annexure 5
NOTES ON ADJUSTMENTS FOR RESTATED FINANCIAL STATEMENTS
All Figures in Rs. Million

1. During the year ending 31st March, 2006, Sundry Debtors of Rs. 397.35 were shown net of Rs. 0.58 advances received from Customers. For the purpose of this statement, the same has been shown at gross amount of Rs. 397.93 and the advances received are restated under the head Current Liabilities.
2. During the year ending 31st March, 2006, Sundry Creditors of Rs. 531.66 were shown net of Rs. 14.41 advances given to Creditors. For the purpose of this statement, the same has now been restated at Gross amount of Rs. 546.07 and the advances given are restated under the head Loans & Advances.
3. Provisions under the head Current Liabilities and Provisions for the year ended on 31st March, 2003 included Provision for Taxation of Prior years of Rs. 7.04. For the purpose of this statement, the Provision for Taxation of Prior years is reduced from Provisions and adjusted against Loans & Advances under the head Current Assets, Loans & Advances.
4. Provision for Fringe Benefit Tax for the year ending 31.03.2006 and 31.03.2007 of Rs. 0.23 and Rs. 0.21 respectively were shown under the head Current Liabilities. The same has now been restated under the head Provisions.
5. During the year ending 31st March, 2003, Other Income of Rs. 1.16 was shown separately. The same has now been restated by adjusting against General & Administrative Expenses for Rs. 1.14 & Financial Expense for Rs. 0.02.
6. Sales Tax/Octroi/Cess of Rs. 46.33 which was shown as Direct Expenses for the year ending 31st March, 2003, the same has now been restated by reducing from Sales.
7. During the year ended on 31st March, 2005 incentives received from vendors of Rs. 17.57 were shown as reduction from Cost of goods sold. For the purpose of this statement the same has now been restated by including in Sales as well as in Cost of goods sold.
8. Freight and Forwarding expenses for the year ending 31st March, 2005, 31 March, 2004 and 31st March, 2003 of Rs. 16.61, Rs. 13.61 and Rs. 5.47 respectively were shown under the head Sales & Marketing expenses. The same has now been restated under the head Cost of Goods Sold.
9. Bank Charges for the year ending 31st March, 2004 and 31st March, 2003 of Rs. 14.36 and Rs. 7.96 respectively were included under the head Financial Expenses. For the purpose of this statement, the same has now been restated under the head General & Administrative Expenses.
10. L/C interest grouped under the head General & Administrative Expenses for following years has now been restated as Financial Expenses.

	31st March, 2006	31st March, 2005	31st March, 2004	31st March, 2003
On Local L/C	6.24	5.89	0.65	0.85
On Import L/C	0.24	0.85	0.13	2.72
	6.48	6.74	0.78	3.57

11. During the year ending 31st March, 2003 Deferred Revenue Expenditure written off of Rs. 0.02 which was shown under the head General & Administrative expenses. For the purpose of this statement, the same has now been restated and shown separately.
12. Bad- Debts written off in the year ending 31st March, 2007, 31st March, 2006, 31st March 2005 and 31st March, 2004 of Rs. 0.62, Rs. 18.54, Rs. 2.40 and Rs. 6.44 respectively were offset by transfer from General Reserve. For the purpose of this statement, the same has now been separately shown in Profit & Loss Account.
13. During the year ending 31st March, 2003, debit balance of Rs. 11.85 in bank current account and credit balance of Rs. 106.63 in bank cash credit account were shown separately. The same has now been restated at net amounted at Rs. 94.78.

The above mentioned adjustments do not have any impact on Financial Statements.

Non- Adjustment Items

Statement of Tax Shelters as per Annexure 8 is prepared considering permanent differences and timing differences of different allowances and disallowances. On the other hand, provisions for taxation are made on overall basis. Hence, it will not exactly match with each other and it does not require any corrective adjustment in the Financial Statements.

Annexure 6
STATEMENT OF CASH FLOWS, AS RESTATED

Rs. in Million

	For the 9 Months ended Dec 31, 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	48.13	60.73	46.23	25.88	22.79	12.73
Adjustments For :						
Depreciation	3.49	4.86	3.44	1.62	1.11	1.05
(Profit) / Loss on Sale of Investments / Fixed Assets	0.08	0.16	0.04	0.05	0.16	-
Preliminary Expenses written off	-	-	-	-	0.14	0.02
Interest Expenses	42.83	50.44	36.58	25.87	15.20	22.13
Operating Profit Before Working Capital Changes	94.53	116.19	86.29	53.42	39.40	35.93
Adjustments For :						
Trade and Other Receivables	(29.75)	215.94	212.54	21.45	30.35	72.17
Inventories	(69.42)	166.11	10.21	109.95	18.80	87.41
Trade Payables	132.38	(222.08)	(220.87)	(72.10)	(15.81)	(93.34)
Loans and Advances	18.25	0.70	25.41	5.41	7.60	(7.74)
Income Tax	16.38	10.21	7.33	6.35	5.33	5.71
Net Cash Generated by Operating Activities	26.69	(54.69)	51.67	(17.64)	(6.87)	(28.28)
B. Cash Flow from Investing Activities:						
Sale of Fixed Assets	0.20	0.24	0.22	0.11	0.36	-
Purchase of Fixed Assets (including Capital Work in Process)	(1.10)	(3.89)	(19.03)	(11.57)	(4.36)	(0.88)
Investments	-	(7.34)	(1.31)	-	-	-
Net Cash Generated by/ (used in) Investing Activities	(0.90)	(10.99)	(20.12)	(11.46)	(4.00)	(0.88)
C. Cash Flow from Financing Activities:						
Interest Paid	(42.83)	(50.44)	(36.58)	(25.87)	(15.20)	(22.13)
Share Application Money	-	-	20.00	-	-	10.00
Working Capital Loans	15.31	107.35	(2.73)	67.79	31.96	31.02
Net Cash Generated by/ (used in) Financing Activities	(27.52)	56.91	(19.31)	41.92	16.76	18.89
Net (Decrease)/ Increase in Cash and Cash Equivalents	(1.73)	(8.77)	12.24	12.82	5.89	(10.27)
Cash & Cash Equivalents at the beginning of the period	36.43	45.20	32.96	20.14	14.25	24.52
Cash & Cash Equivalents at the end of the period	34.70	36.43	45.20	32.96	20.14	14.25

Annexure 7

STATEMENT OF ACCOUNTING RATIOS, AS RESTATED

		For 9 Months ended Dec 31, 2007	For the year ended				
			March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004	March 31, 2003
Net worth (Rs. in Mn.)	(A)	185.13	154.93	118.11	81.15	66.20	56.12
Adjusted profit after Tax (Rs. in Mn.)	(B)	30.20	36.82	16.96	14.95	10.08	8.11
Number of Shares outstanding at the end of the year / period	(C)	10,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Weighted average number of shares outstanding at the end of the year / period	(D)	10,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Weighted average number of shares outstanding at the end of the year / period with dilutive impact of options	(E)	10,000,000	10,000,000	7,120,416	6,000,000	6,000,000	6,000,000
Earning per Share:-							
Basic (Rs.)	(B/D)	3.02	6.14	2.83	2.49	1.68	1.35
Diluted (Rs.)	(B/E)	3.02	3.68	2.38	2.49	1.68	1.35
Return on Net worth (%)	(B/A)	16.31	23.77	14.36	18.42	15.23	14.45
Net Asset Value per Share (Rs.)	(A/C)	18.51	51.64	39.37	27.05	22.07	18.71

Note: In the year 2007, 2006, 2005 and 2004 the profit derived after deducting of Rs. 0.62, 18.54, 2.40 and 6.44 (million) respectively which are bad debts.

Notes:

- The figures for the nine months ended December 31, 2007 have not been annualised.
- The ratios have been computed as follows:

Earning per equity share (Rs.):

- (i) Basic =
$$\frac{\text{Net profit attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year / period}}$$
- (ii) Diluted =
$$\frac{\text{Net profit attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year / period with dilutive impact of options}}$$

Return on Net worth (%):
$$\frac{\text{Net Profit before extraordinary items but after tax as restated}}{\text{Net worth excluding share application money and revaluation reserves at the end of the year / period}}$$

Net asset value per equity share (Rs.):
$$\frac{\text{Net worth excluding share application money, revaluation reserve and preference share capital at the end of the year / period}}{\text{Number of shares outstanding at the end of the year / period}}$$

- Earnings per share calculations are done in accordance with Accounting Standard 20 "Earnings Per Share" issued by the Institute of Chartered Accountants of India.
- Calculation of ratios post issue has not been considered.

Annexure 8
STATEMENT OF TAX SHELTERS

Rs. in Million

Particulars	For the 9 Months ended Dec 31, 2007	For the Year Ended March 31,				
		2007	2006	2005	2004	2003
Tax rate	33.99%	33.66%	33.66%	36.59%	35.87%	36.75%
Profit before tax as per profit and loss account	48.13	60.73	46.23	25.88	22.79	12.73
Tax at actual rate of profit	16.36	20.44	15.56	9.47	8.17	4.68
Adjustments:						
Permanent Differences:						
1) Donations	(0.09)	(0.28)	(0.03)	(0.13)	-	(0.02)
2) Loss on sale of fixed assets	(0.08)	(0.16)	(0.04)	(0.05)	(0.16)	-
3) Deferred revenue expenditure written off	-	-	8.02	-	-	-
4) Bad debts w/off adjusted against reserve	-	0.62	18.54	2.4	6.44	-
5) Income tax	-	-	-	-	-	(0.26)
6) Deduction U/s. 80HHC	-	-	-	-	-	0.56
Timing Differences:						
1) Depreciation	(2.23)	(0.64)	0.21	9.48	1.83	0.32
2) Disallowance U/s 40(a) of the income Tax Act, 1961	-	(0.49)	(0.40)	-	-	-
3) Disallowance U/s 43(b)	-	-	(0.45)	-	-	-
4) Preliminary Exp.	-	-	-	-	(0.13)	(0.02)
Net adjustments	(2.40)	(0.95)	25.85	11.70	7.98	0.58
Tax Saving thereon	(0.82)	(0.32)	8.70	4.28	2.86	0.21
Total taxation	17.18	20.76	6.86	5.19	5.31	4.47

Annexure 9
CAPITALISATION STATEMENT

Rs. in Million

	Pre-issue as at December 31,2007	Pre-issue as at March 31,2007	Post-issue position after adjustments (*)
Borrowing			
Long-term debt	-	-	-
Short-term debt	367.67	352.36	-
Total Debt	367.67	352.36	-
Shareholders' funds			
Share Capital			
- Equity	100	30	*
- Share Application Money	-	20	
Equity Options Outstanding	-	-	
Less: Calls-in-arrears	-	-	
- Preference	-	-	-
Share premium	-	-	-
Reserve & surplus	85.13	104.93	*
Less: Miscellaneous Expenditure not written off	-	-	-
Total Shareholders Funds	185.13	154.93	*
Long-term Debt/Equity ratio	-	-	*

*Post issue will be calculated on conclusion of the book building process

$$\text{Long term debt / Equity Ratio} = \frac{\text{Long Term Debt}}{\text{Shareholders Funds}}$$

Annexure 10
STATEMENT OF DIVIDEND PAID

Particulars	For Nine months ended December 31, 2007	For the Year ended March 31,				
		2007	2006	2005	2004	2003
Face Value of Equity Shares (Rs. Per Share)	10	10	10	10	10	10
Interim Dividend on Equity Shares	-	-	-	-	-	-
Final Dividend on Equity Shares	-	-	-	-	-	-
Total Dividend on Equity Shares	-	-	-	-	-	-
Dividend rate (%)	-	-	-	-	-	-
Dividend tax	-	-	-	-	-	-

Annexure 11
AGE-WISE ANALYSIS OF DEBTORS, AS RESTATED
Rs. in Million

Age wise Break-up	For the 9 Months ended Dec 31, 2007	For the Year Ended March 31,				
		2007	2006	2005	2004	2003
Less than six months	578.81	611.99	393.66	186.99	182.37	154.96
More than six months	4.69	1.26	4.27	16.94	2.51	6.01
Total	583.50	613.25	397.93	203.93	184.88	160.97

Annexure 12
STATEMENT OF LOANS AND ADVANCES, AS RESTATED
Rs. in Million

Particulars	For the 9 Months ended Dec 31, 2007	For the Year Ended March 31,				
		2007	2006	2005	2004	2003
Promoter/Directors of company	7.50	12.50	12.50	-	-	-
Group companies	-	-	-	-	-	-
Others	55.84	39.67	36.94	23.11	16.84	8.77
Total	63.34	52.17	49.44	23.11	16.84	8.77

Annexure 13
STATEMENT OF SECURED AND UNSECURED LOANS, AS RESTATED
Rs. in Million

Particulars	For the 9 Months ended Dec 31, 2007	For the Year Ended March 31,				
		2007	2006	2005	2004	2003
<u>Secured Loans</u>						
From Banks	320.47	290.43	184.35	186.61	127.48	95.03
<u>Unsecured Loans</u>						
From Promoters	-	3.50	-	2.33	3.20	0.20
From Shareholders	47.20	58.43	60.65	58.79	49.26	52.76
Total	367.67	352.36	245.00	247.73	179.94	147.99

The Unsecured Loans from Promoters / Shareholders are carrying interest at rates varying from 12% to 18% p.a. There are no fixed repayment schedules of the same.

Annexure 14
STATEMENT OF INVESTMENTS, AS RESTATED
Rs. in Million

Particulars	For the 9 Months ended Dec 31, 2007	For the Year Ended March 31,				
		2007	2006	2005	2004	2003
<u>Quoted:</u> *	-	-	-	-	-	-
<u>Unquoted:</u>						
Investments in Subsidiary **	-	-	-	2.69	2.69	2.69
<u>Investments in Associate Concern</u>						
Spectrum Global Pte Ltd.	11.34	11.34	4.00	-	-	-
Total	11.34	11.34	4.00	2.69	2.69	2.69

* There are no Quoted Investments.

** Neoteric Asia Pte. Ltd. (Formerly known as Neoteric Pte. Ltd.) ceased to be subsidiary company after 31.03.2005.

Annexure 15

STATEMENT OF PROVISIONS, AS RESTATED

Rs. in Million

Particulars	As At Dec 31, 2007	As At March 31,				
		2007	2006	2005	2004	2003
Provision for Income Tax	17.18	22.07	6.65	5.33	5.34	4.51
Provisions for Fringe Benefit Tax *	0.29	0.21	0.23	-	-	-
Total	17.47	22.28	6.88	5.33	5.34	4.51

* Provisions for F.B.T. are shown after adjusting Advance Tax Payment.

Annexure 16

DISCLOSURE OF TRANSACTIONS WITH RELATED PARTIES AS REQUIRED BY ACCOUNTING STANDARD 18

A. List of Related Parties and Relationship

Nature of Relationship		Name of Party
Category A	Associated Concern	Spectrum Global Pte Ltd.
Category B	Key Management Personnel	Mr. Paras H. Shah – Managing Director
		Mr. Harshad D. Shah – Chairman
		Mr. S. P. Rajguru - Executive Director
		Mr. R. Srinivasan – Director
Category C	Relatives of Key Management Personnel	Mrs. Dipti Paras Shah
		Mr. Abhishek Paras Shah
		Mr. Aditya Paras Shah
		Mr. Chandrakant D. Shah
		Chandrakant D. Shah – HUF
		Paras H. Shah – HUF
		Harshad D. Shah – HUF
		Mrs. Priti N. Shah
Mrs. Ranjan H. Shah		
Category D	Proprietary Concern/ Firm/ Company in which Individuals referred to in Category B and Category C is Proprietor/ Partner/ Director	Auto Earth Moving Spares Co.
		Automotive Enterprises
		V5 Global Services Pvt. Ltd.
		HR Strategist
		Plus Plus Consulting & Services Pvt. Ltd.
		Keramos FZE

B. Following transaction were carried out with related parties

Rs. in Million

Sr. No.	Transaction	Year/Period Ended	Category A	Category B	Category C	Category D
1	Sale of Goods	31-03-2003	20.66	-	-	-
		31-03-2004	1.25	-	-	-
		31-03-2005	1.53	-	-	-
		31-03-2006	-	-	-	-
		31-03-2007	-	-	-	7.05
		31-12-2007	-	-	-	0.03

2	Purchase of Goods	31-03-2003	-	-	-	-
		31-03-2004	-	-	-	-
		31-03-2005	0.42	-	-	-
		31-03-2006	-	-	-	-
		31-03-2007	-	-	-	-
		31-12-2007	132.88	-	-	1.37
3	Sales of Fixed Assets	31-03-2003	-	-	-	-
		31-03-2004	-	-	-	-
		31-03-2005	-	-	-	-
		31-03-2006	-	-	-	-
		31-03-2007	-	-	-	-
		31-12-2007	-	-	-	2.53
4	Interest Expenses	31-03-2003	-	0.60	1.78	0.01
		31-03-2004	-	0.15	0.98	0.03
		31-03-2005	-	0.18	1.57	-
		31-03-2006	-	0.43	2.23	-
		31-03-2007	-	0.01	1.84	0.01
		31-12-2007	-	-	1.25	0.05
5	Rent Paid	31-03-2003	-	0.31	1.03	-
		31-03-2004	-	0.31	1.03	-
		31-03-2005	-	0.03	0.27	-
		31-03-2006	-	-	-	-
		31-03-2007	-	-	-	0.12
		31-12-2007	-	-	-	-
6	Remuneration Paid	31-03-2003	-	2.17	-	-
		31-03-2004	-	4.84	-	-
		31-03-2005	-	4.99	-	-
		31-03-2006	-	5.47	-	-
		31-03-2007	-	6.00	-	-
		31-12-2007	-	4.67	-	-
7	Professional Fees Paid	31-03-2003	-	-	-	-
		31-03-2004	-	-	-	-
		31-03-2005	-	-	-	-
		31-03-2006	-	-	-	1.57
		31-03-2007	-	-	-	3.75
		31-12-2007	-	-	-	2.50
8	Amount received towards Loans	31-03-2003	-	-	-	-
		31-03-2004	-	3.07	86.00	-
		31-03-2005	-	-	4.00	-
		31-03-2006	-	5.68	10.96	-
		31-03-2007	-	4.55	4.35	2.00
		31-12-2007	-	-	2.40	1.20

9	Amount Paid towards Loans	31-03-2003	-	-	-	-
		31-03-2004	-	-	-	-
		31-03-2005	-	0.79	-	-
		31-03-2006	-	6.51	11.51	-
		31-03-2007	-	1.05	2.65	1.50
		31-12-2007	-	3.50	3.15	1.20
10	Credit Balance in Loans	31-03-2003	-	0.20	11.52	-
		31-03-2004	-	4.41	11.78	-
		31-03-2005	-	2.33	15.67	-
		31-03-2006	-	-	13.48	-
		31-03-2007	-	3.50	15.08	0.50
		31-12-2007	-	-	14.53	0.50
11	Allotment of Equity shares	31-03-2003	-	-	-	-
		31-03-2004	-	-	-	-
		31-03-2005	-	-	-	-
		31-03-2006	-	-	-	-
		31-03-2007	-	-	-	-
		31-12-2007	-	8.62	11.38	-
12	Advance against Purchases	31-03-2003	-	-	-	-
		31-03-2004	2.27	-	-	-
		31-03-2005	-	-	-	-
		31-03-2006	-	-	-	-
		31-03-2007	-	-	-	3.11
		31-12-2007	-	-	-	-
13	Outstanding payable	31-03-2003	1.31	-	-	-
		31-03-2004	4.83	-	-	-
		31-03-2005	-	-	-	-
		31-03-2006	-	-	-	-
		31-03-2007	-	-	-	-
		31-12-2007	22.99	-	-	-
14	Outstanding receivable	31-03-2003	-	-	-	-
		31-03-2004	-	-	-	-
		31-03-2005	-	-	-	-
		31-03-2006	-	-	-	-
		31-03-2007	-	-	-	3.30
		31-12-2007	-	-	-	2.69
15	Investments in Shares	31-03-2003	2.69	-	-	-
		31-03-2004	-	-	-	-
		31-03-2005	-	-	-	-
		31-03-2006	1.31	-	-	-
		31-03-2007	7.34	-	-	-
		31-12-2007	-	-	-	-

16	Advance for Share application money	31-03-2003	-	-	-	-
		31-03-2004	-	-	-	-
		31-03-2005	2.12	-	-	-
		31-03-2006	-	-	-	-
		31-03-2007	-	-	-	-
		31-12-2007	-	-	-	-
17	Share Application money received	31-03-2003	-	-	-	-
		31-03-2004	-	-	-	-
		31-03-2005	-	-	-	-
		31-03-2006	-	8.63	11.38	-
		31-03-2007	-	-	-	-
		31-12-2007	-	-	-	-
18	Debit Balance in Deposits	31-03-2003	-	-	-	-
		31-03-2004	-	-	-	-
		31-03-2005	-	-	-	-
		31-03-2006	-	7.13	5.37	-
		31-03-2007	-	7.13	5.37	-
		31-12-2007	-	2.13	5.37	-

Annexure 17

STATEMENT OF DUES FROM RELATED PARTY

Rs. in Million

Particulars	As At Dec 31, 2007	As At March 31,				
		2007	2006	2005	2004	2003
<u>Spectrum Global Pte. Ltd.</u>						
- Advance against Purchases	-	-	-	-	2.27	-
<u>Keramos, FZE</u>						
- Advance against Purchases	-	3.11	-	-	-	-
- Outstanding Receivable	-	3.30	-	-	-	-
<u>Plus Plus Consulting & Services Pvt. Ltd.</u>						
- Outstanding Receivable	2.69	-	-	-	-	-
Dipti P Shah (Deposit)	1.88	1.88	1.88	-	-	-
Harshad D Shah (HUF) (Deposit)	1.50	1.50	1.50	-	-	-
Harshad D Shah (Deposit)	0.62	0.62	0.62	-	-	-
Paras H Shah (Deposit)	1.50	6.50	6.50	-	-	-
Ranjan H Shah (Deposit)	2.00	2.00	2.00	-	-	-
Total	10.19	18.91	12.50	-	2.27	-

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

You should read the following discussion of the Company's financial condition and results of operations together with its restated financial statements prepared in accordance with paragraph B(1) of Part II of Schedule II to the Companies Act, Indian GAAP and the SEBI Guidelines, including the schedules, annexures and notes thereto and the reports thereon, which appear in this Draft Red Herring Prospectus. Unless otherwise stated, the financial information used in this section is derived from the Company's audited financial statements as restated.

Our Company's fiscal year ends on March 31 of each year. Accordingly, all references to a particular fiscal year are to the twelve-month period ended March 31 of that year.

In this section, a reference to the "Company" means Neoteric Infomatique Limited. Unless the context otherwise requires, references to "we", "us", or "our" refers to Neoteric Infomatique Limited.

This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the section "Risk Factors" beginning on page 13 of this Draft Red Herring Prospectus.

Industry Overview

India is experiencing more than 8% GDP growth for last 3 years mainly due to robust growth in infrastructure projects, booming retail business, improved infrastructure, ease of restrictions on foreign investment have fuelled the demand for IT products. The overall growth in SMB (small and medium sized businesses) and upcountry market were the buzz words in distribution this year. The Distribution strategy was focused on extending reach into tier-2 and tier-3 cities, and targeting the SOHO (Small Office Home Office) and the SMB (Small and Medium Sized Businesses) segment.

PC size continued to grow, the total PC size stood at around 4.5 million units. The Notebooks PC's grew by over 100% and clocked around 0.58 million units. Major growth was also witnessed in the Consumer category. With the MNC brands setting up local manufacturing facilities, and rationalizing of import duty and excise structure, there was also a noticeable shift from assembled to branded PC's demand.

The shift in demand towards branded PC's resulted in slight slowdown in the component business. Momentum was seen in the transition from CRT (cathode ray tube) to LCD (Liquid Crystal Display) monitors, accelerated by the falling LCD panel prices globally. Growth was also witnessed in multifunction printing segment. The peripherals business continued its steady growth. The global fall in flash memory prices resulted in exponential growth in this segment this was further fuelled by the explosive growth in the mobile sales.

Large Format Retail (LFR's) was supposed to takeoff this year, but progress on the ground was relatively slow, with major activities being restricted to the metros. But major nationwide roll outs are expected next year. Another trend witnessed in this space was instances of some vendors directly tying up with Retail Chains.

This year also saw listing of companies from the distribution and channel space on the Indian bourses.

Company Overview

Our Company maintained its status as one of the largest IT distribution company in India. The year marked our entry in to the Corporate Business and the PC vertical. The success in our business has opened up a completely new set of channel partners including the Corporate Resellers, System Integrators. We intend to use this relationship to incubate our enterprise business, towards this front we have already signed up with HP server and storage and Avocent.

This year our company achieved robust growth of 34% in revenues and 31% in Profit before Tax (PBT). This has been achieved via growth in existing business lines and introduction of new product lines like –Brother, BenQ, Lenovo & HP. We have brought our solution selling and value added approach to these businesses. We extended our branch network to Gurgaon, Rajkot and sales representative to further upcountry markets. Our upcountry approach is led by a Vertical Head based out of HQ who managed a team of dedicated upcountry sales team based in key geographies.

Our service division F1 is also making rapid strides and has signed up service agreements with various service vendors like – Apple, BenQ, Umax and Wipro. F1 has also undertaken the implementation of call management software to further enhance service levels.

Key factors influencing results of operations

The key factors that have had an impact on the results of our operations, financial condition and cash flow over the past three years have been detailed below:

1. revival of the IT industry in 2003-04;
2. increase in PC and PC related products penetration in India and in other and emerging geographies where we operate;
3. favourable taxation exemptions by the Government of India for IT;
4. reduction in interest rates; and
5. foreign exchange rate fluctuations.

Beside this there are several factors influence our Company's results of Operations, financial condition and cash flow significantly. The key factors having influence on our operations include;

1. The company's ability to successfully implement its strategy, growth and expansion plans.
2. Government Regulations and policies.
3. Any slow down in the economic growth.
4. Any gain or loss of significant vendor relationships.
5. Managing exchange risk.

OPPORTUNITIES & THREATS

Opportunities

The following are expected to act as catalysts to growth and represent huge opportunities that can be successfully tapped:

- Government semi conductor policy will give a flip to local manufacturing leading to further price rationalization;
- The BPO, IT and ITES industry is expected to maintain its growth and target the local customers;
- The BFSI sector is witnessing unparalleled growth fuelled by a buoyant stock market and the IT spend in this sector is expected to grow exponentially;
- The thrust given by government on e-Governance and SWAN (State Wide Area Networks) projects;
- Network expansion of telecom carriers resulting in greater internet penetration; wireless hotspots will give a flip to mobile computing;
- With the launch of Windows Vista the replacement and upgrade market especially graphics card, memory will grow;

Threats

- Vendors directly tying up with LFR's and also large portion of the LFR business will reduce to just fulfillment from the distribution side, which may result in pressure on margins and increase in receivable days;
- Component business is expected to slow down as compared to other verticals;

Human Resources

Our Company assigns a great deal of importance to this most precious resource. It has a full-fledged Human Capital Department that seeks to attract and recruit the best possible talent and groom it to fulfill its vision for the future. We continue to build on our true strength 'neoterician's'. Continuing in our tradition of inculcating the right organization values we had our induction program "Parichaay" where special emphasis was placed on developing soft skills. Our company has arranged numerous training programs to enhance the capabilities of people and performance of the organisation.

RISK MANAGEMENT, INTERNAL CONTROL SYSTEM & ADEQUACY

Risk Management

Our Company has a well designed system to identify the various risks that can affect its business and performance. Market risk involves the risk of change of technology, change in the end user preferences and ability of the customer to make timely payment. Risk associated with market has been significantly mitigated through the diversification of product portfolio. Our company does not have overdependence on one single product / vendor. Regular review of inventory across all locations and steps to liquidate age inventory mitigates the risk of change in user preferences / technology. Our company has strong credit management team which regularly reviews the credit exposures taken against each customer.

Currency Risks

Our Company's overall imports content is about 40% of total Cost of material. The currency risk on account of fluctuation in exchange rate is covered by hedging. Our company has a system of regular review of its open foreign exchange exposures and based on the advice given by the hedging experts, company hedges the risk by way forward contracts with the banks.

Internal Control system and adequacy

Our Company has implemented IFS ERP system across all locations which have significantly improved the overall internal control system. Our Company has adequate system of internal control systems suitable to the size of the organisation. The internal control system provides for well documented policies, guidelines, and authorization and approval procedures. The IT environment is being upgraded on a continuous basis with a view to keep space with the rapid changes taking place in the external environment.

OVERVIEW OF THE RESULTS OF OPERATIONS

(Rs. in million)

PARTICULARS	31-Dec-07	31-Mar-07	31-Mar-06	31-Mar-05	31-Mar-04
Sales & Service Income	4185.13	4885.39	3637.08	2518.73	2134.41
Cost of good sold	3912.54	4571.37	3398.46	2357.59	1998.46
% of Sales & Service Income	93.49%	93.57%	93.44%	93.60%	93.63%
Personnel Expenses	90.77	96.02	65.68	41.82	31.38
% of Sales & Service Income	2.17%	1.97%	1.81%	1.66%	1.47%
General & Administrative Expenses	69.71	78.03	57.29	42.07	38.67
% of Sales & Service Income	1.67%	1.60%	1.58%	1.67%	1.81%
Selling and Marketing Expenses	17.66	23.94	29.40	23.88	21.75
% of Sales & Service Income	0.42%	0.49%	0.81%	0.95%	1.02%
PBIDT	94.45	116.03	86.25	53.37	44.15
% of Sales & Service Income	2.26%	2.38%	2.37%	2.12%	2.07%
Financial Expenses	42.83	50.44	36.58	25.87	15.20
% of Sales & Service Income	1.02%	1.03%	1.01%	1.03%	0.71%
Depreciation	3.49	4.86	3.44	1.62	1.11
% of Sales & Service Income	0.08%	0.10%	0.09%	0.06%	0.05%
Deferred Revenue Expenditure Written off	0.00	0.00	0.00	0.00	5.05
PBT	48.13	60.73	46.23	25.88	22.79
% of Sales & Service Income	1.15%	1.24%	1.27%	1.03%	1.07%
Less: Taxation	17.93	23.29	10.73	8.53	6.27
Less: Bad Debts Written Off	0.00	0.62	18.54	2.40	6.44
PAT (As Restated)	30.20	36.82	16.96	14.95	10.08
% of Sales & Service Income	0.72%	0.75%	0.47%	0.59%	0.47%

COMPARISON OF THE FINANCIALS OF NINE MONTHS ENDED DEC 31-2007 V/S FY 2007

INCOME:

Income during nine months period ended on December 31, 2007 stood at Rs. 4,185.13 Mn. vs. FY 2007 Rs. 4,885.39 Mn. During the period, company exited from Kodak business with effect from Aug 07 which was contributing approximately 20% in total income of our Company. Growth drivers for the period are mainly addition of new product lines like Moser Bear, HCL for Toshiba Laptop, Wipro. Apart from this HP and Samsung business are major contributors to total revenue.

EXPENDITURE:

Cost of goods sold stood at 93.49% for 9 months period ended on December, 31 2007 as against 93.57% in FY 2007. There is a marginal improvement over FY 2007 mainly due to change in product mix.

Personnel expenses has gone up from 1.97% in FY 2007 to 2.17% for 9 months period ended on December 31, 2007 on account of full year impact of revised salary and strengthening of Sales team. During the year overall strength of the organisation has gone up from 375 to 400.

General and administrative expenses as a percentage to sales gone up by 0.07% during 9 months period ended on December 31, 2007 as compared to FY 2007 mainly on account of increased rentals during the period, all other costs remained within controlled.

Selling and marketing expenses as a percentage to sale were 0.42% during 9 months period ended on December 31, 2007 vs. 0.49% during FY 2007 mainly due to lower spend on promotional activities.

Financial Expenses during nine months period ended on December 31, 2007 remained more or less in line with FY 2007.

Depreciation reduced by 0.02% mainly due to sale of surplus office equipments.

PROFITABILITY:

PBIDT at 2.26% of Sales during December 31, 2007 is fell short by 0.12% compared to FY 2007 mainly on account of higher personnel costs and Administrative costs partly offset by savings in Selling and distribution cost.

PAT in absolute value stood at Rs. 30.20 Mn. i.e. 0.72% during nine months period ended on December 31, 2007 vs. Rs. 36.82 Mn. i.e. 0.75% in FY 2007. Margin drop in PAT is due to part of the year impact.

COMPARISON OF THE FINANCIALS OF FY 2007 V/S FY 2006

INCOME:

Our total income for the fiscal year 2007 was Rs. 4885.39 million as against Rs. 3637.08 million in corresponding previous year 2006. Our Company has registered a growth of 34.32% which was above industry standard. Growth drivers for the year under review were mainly addition of new products/ vendors like HP and robust growth achieved in Apple, Asus, Lacie, Kodak and Logitech partly offset by discontinuation of certain products like ADB, AMD and Epson due to strategic reasons.

EXPENDITURE:

Cost of goods sold has gone up marginally from 93.44% in 2006 to 93.57% in 2007 as a percentage to sales mainly due to change in product mix.

Personnel expenses has increased by Rs. 30.34 Mn. compared to 2006 i.e. increase of about 46.19% primarily due to increase in manpower strength from 326 to 375 to strengthen the Operations and back office team to handle growth plans coupled with salary rise.

General and administrative expenses as a percentage to sales remained more or less in line with previous year.

Selling & Distribution expenses has come down from Rs. 29.40 Mn. in 2006 to Rs. 23.94 Mn. in 2007 mainly due to change in vendor policy on selling and distribution expenses and cost control efforts taken by company.

Financial Expenses gone up marginally from 1.01% in 2006 to 1.03% in 2007 mainly due to increase in interest rates.

Depreciation as a percentage to sales remained more or less in line with previous year.

PROFITABILITY:

PBIDT as a percentage to sales remained more or less in line with previous year.

PAT has increased in absolute numbers from Rs. 16.96 Mn. in 2006 to Rs. 36.82 Mn. mainly due to lower tax out go in 2006 on account of higher income tax depreciation benefit and bad debts written off in 2006.

COMPARISON OF THE FINANCIALS OF FY 2006 V/S FY 2005

INCOME:

Our Company has achieved total revenue of Rs. 3,637.08 Mn. in FY 2006 vs. Rs. 2,518.73 Mn. in FY 2005, registering growth of 44.40% over corresponding year. Company has achieved buoyant growth in revenue due to addition of new vendors mainly BenQ, ADB and Lacie resulted into additional revenue of Rs. 257 Mn. and more than 65% growth registered in Apple, Asus, Epson, Hitachi and Kodak.

EXPENDITURE:

Cost of goods sold as a percentage to sales came down from 93.60% in 2005 to 93.44% in FY 2006; this is mainly due to change in product mix.

Personnel expenses has increased by Rs. 23.86 Mn. in 2006 over corresponding previous year mainly due to rationalization of salary structure carried out in line with the market condition and strengthening of Sales and Marketing tea.

General and administrative expenses gone up by Rs. 15.22 Mn. in 2006 over corresponding previous year, rise is about 36.18%. The increase in administrative cost is mainly due to increased operations and inflationary rise in various administrative costs.

Selling and Marketing expenses has in absolute terms gone up by Rs. 5.52 Mn. registering growth of 23.12% over 2005 but as a percentage to sales gone down by 0.14% mainly due to higher revenue.

Financial Expenses has gone up by Rs. 10.71 Mn. in 2006 over 2005 mainly due to increased borrowings and increase in cost of borrowings.

Depreciation has gone up from Rs. 1.62 Mn. in 2005 to Rs. 3.44 Mn. in 2006 on account of addition to fixed assets.

PROFITABILITY:

PBIDT margin improved from 2.12% in FY 2005 to 2.37% in FY 2006 mainly due to higher gross margins (6.56% in 2006 as against 6.40% in 2005), higher sales and lower expenditure resulted into increase in PBIDT in 2006.

PAT has gone up by Rs. 2.01 Mn. over corresponding previous year due to reasons mentioned above. Net effect of all the above reflected an increase in PAT of 2006 over 2005.

COMPARISON OF THE FINANCIALS OF FY 2005 V/S FY 2004

INCOME:

Total revenue has gone up from Rs. 2,134.41 Mn. in FY 2004 to Rs. 2,518.73 Mn. i.e. 18.01% increase over previous year mainly due to overall growth in IT market and addition of new products.

EXPENDITURE:

Cost of goods sold has marginally reduced as a percentage to Sales by 0.03% on account of product mix.

Personnel expenses has gone up from Rs. 31.38 Mn. in FY 2004 to Rs. 41.82 Mn. i.e. 33.27% increase over previous year as company has ramped up Sales & back office team plan for higher growth in next period.

General and administrative expenses has gone up by Rs. 3.40 Mn. over previous year registering a growth of 8.79% which is in line with the general inflationary rise, whereas General and administration cost as a percentage to sales came down by 0.14%.

Selling and Marketing expenses though increased by Rs. 2.13 Mn. in absolute terms but as a percentage to sales it drop down from 1.02% to 0.95% mainly due to overall lower spending.

Financial Expenses has gone up from 0.71% in FY 2004 to 1.03% in FY 2005 mainly due to increase in borrowings and increase in interest cost.

Depreciation as a percentage to sales increased marginally by 0.01% in FY 2005 over FY 2004 due to additions to Fixed Assets and full year impact of last year additions.

PROFITABILITY:

PBIDT improved by 0.05% in FY 2005 as a percentage of sales over corresponding previous year mainly due to lower spend in General and administration expenses.

PAT has gone up by Rs. 4.87 Mn. in FY 2005 compared to FY 2004 i.e. 48.31% increase over corresponding previous year. PAT has gone up mainly due to nil write off on account of deferred revenue expenditure in FY2005 as against Rs.5.05 Mn. in FY 2004.

ANALYSIS OF FACTORS AFFECTING OUR BUSINESS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS

i. Unusual or infrequent events or transactions

Except as described in this Draft Red Hearing Prospectus, there have been no events or transactions to our knowledge which may be described as ‘Unusual or Infrequent’.

ii. Significant economic changes that can materially affect income from continuing activity

A slow down in Indian Economy, inflationary pressure, political instability could adversely affect our operations.

iii. Known trends or uncertainties that may have material adverse impact on our sales, revenue or income

Except as stated in this Draft Red Hearing Prospectus described under “Risks Factors”, to our knowledge there are no known factors which will have a material adverse impact on the operations and finances of our company.

iv. Future changes in relationship between costs and revenues in case of certain events

Other than as described in the sections titled “Risk Factors”, “Business” & “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, to our knowledge there are no known factors which will have a material adverse impact on the operation and finances of our Company.

v. Material increase/ decrease in net sales/ revenue due to increased sales volume, introduction of new products or increased sales price

Other than as described in the sections titled “Risk Factors”, “Business” & “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, to our knowledge there are no known factors which will have a material adverse impact on the operation and finances of our Company.

vi. Turnover of the industry segment in which we operate

For details of turnover of the industry segment in which we operate please refer to section titled, “Industry Overview” of this Draft Red Hearing Prospectus.

vii. New products or business segments

Other than as described in section titled “Industry and Business”, there are no new businesses segments in which we operate.

viii. Seasonality in revenue Cycle

Seasonality has not had a significant impact on the results of our operations. However, there has been a trend of increased volumes during the month of September and March. Apart from this last quarter of the financial year also shows increased in volumes.

ix. Dependence on single or few suppliers/ customers

Company deals with various vendors and caters to large base of customers. Therefore we are not significantly dependent on a single or few suppliers/ customers.

x. Competitive conditions

For details of competitive conditions please refer to section titled, “Business Overview” of this Draft Red Hearing Prospectus.

xi. Significant Development subsequent to last financial statement

Our last financial year ended on March 31, 2007. The financials have been also prepared for the nine months period ended on December 31, 2007. During the period under review, our Company has decided to focus on IT and IT related product and exit from digital life style products which may not have future in distribution space due to evolvement of Large Format Retails. In view of this company exited from Kodak digital camera business with effect from August 2007, which has contributed 20% to the turnover of our Company for Financial Year 2006-07. Our Company has ramped up other businesses and also entered into agreements with other vendors like Moser Baer for Optical Disc Drive, Pen Drive, Memory Cards; HCL for Toshiba Notebook, Lenova additional territory of Maharashtra for Notebooks & Desktop range, Alcatel Lucent for Switches, Avocent.

OUTSTANDING LITIGATIONS AND OTHER MATERIAL DEVELOPMENTS

Legal Proceedings/ Actions by or against the company

Except for the details of proceedings given below:

- (i) there are no outstanding litigation suits or criminal or civil prosecution, proceedings or tax liabilities against the company, directors or promoters. There are no defaults, non-payment of statutory dues, over dues to banks / financial Institutions.
- (ii) There are no defaults in creation of full security as per terms of issue / other liabilities.
- (iii) There are no proceedings initiated for civil / economic / any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of Part 1 of Schedule XIII of the Companies Act, 1956) that would result in a material adverse effect on Company's consolidated business taken as a whole.

Details of pending litigations are given below:

Disputes of civil nature

(i) Filed by the Company

Sl No	Reference to Case No	Opposite Party	Gist of the Case
1	Company Petition No 2706 of 2007 , before the Andhra Pradesh High Court	M/s Padmalaya Telefilms Limited , House B-2, 293/L-82 Plot No.98/A/1, MLA Colony	<p>Padmalaya Telefilms Limited (“Padmalaya”) had placed orders with the Company for purchase of Computer, software and hardware (“the said goods”) for Padmalaya’s Zica division. The Company had sold and delivered the said goods to Padmalaya. In respect of the said goods sold and delivered to Padmalaya, the Company raised several invoices and Debit Notes for Octroi payments, all aggregating to Rs. 2,18,07,219/- on Padmalaya. Out of the aforesaid amount due from it to the Company, Padmalaya made part payment of Rs 60,00,000/- to the Company , leaving the balance principal sum of Rs 1,58,07,219/- due and payable to the Company.</p> <p>Padmalaya , in discharge of its liability of the outstanding dues had issued two cheques bearing no.664552 dated 15th September 2004 & 664555 dated 15th October 2004 for an amount of Rs 75,58,721/- & Rs 74,80,157/- respectively. Both the said cheques when presented for payment were dishonoured and returned with remark “insufficient funds” .</p> <p>Padmalaya, through their letter dated 7th April 2005 confirmed and acknowledged its liability to pay the balance principal amount of Rs.1,58,07,290/- to the Company.</p> <p>Thereafter, a Memorandum of Understanding(MOU)</p>

			<p>dated 1st December 2006 was entered into between the Company, M/s Zee Entertainment Enterprises Limited and Padmalya, wherein Padmalya agreed to pay to the Company a sum of Rs 33,38,878/- and M/s Zee Entertainment Enterprises Limited agreed to pay to the Company a sum of Rs.1,25,00,000/-, against which the Company will handover the software licences appended to the the MOU.</p> <p>Despite several reminders from the Company, Padmalya and Zee Entertainment Enterprises Ltd. had failed to make the payment of Rs 1,58,07,290/- together with interest thereon to the Company in terms of MOU. Subsequently, the Company issued a Notice dated March 24, 2007 to Padmalaya to pay the amount of Rs 1,58,07,290/- together with interest thereon. Despite receipt of statutory notice dated March 24, 2007 vide which the Company had called upon it to pay a sum of Rs 158,07,290/- together with interest thereon @ 6% p.a. from the dates of invoices till payment, Padmalya had failed to make the payment of aforesaid amount. Consequently, the Company has filed winding up petition under the relevant provisions of the Companies Act, 1956 against M/s Padmalya for its winding up .</p>
2.	Company Petition No 727 of 2007 , before the Bombay High Court	M/s Zee Entertainment Enterprises Limited (formerly known as Zee Telefilms Ltd)	<p>M/s Zee Entertainment Enterprises Limited (“ZEE”) holds substantial shares and/or has interests in Padmalya Telefilms Limited (“Padmalaya”)</p> <p>Padmalya had placed orders with the Company for purchase of the goods(Computer, software and hardware) for its division known as Zica. The Company had sold and delivered the said goods to Padmalaya. In respect of the goods sold and delivered the Company raised several invoices and Debit Notes for Octroi payments and other expenses aggregating to Rs 2,18,06,316/- on Padmalya. Out of the aforesaid amount due from Padmalya, it has made part payment of Rs 60,00,000/- to the Company , leaving the balance amount of Rs 1,58,07,290/- due and payable to the Company.</p> <p>A Memorandum of Understanding(MOU) dated December 1, 2006 was entered into between the Company, M/s Zee Entertainment Enterprises Limited & Padmalya, wherein Padmalya agreed to pay to the Company a sum of Rs 33,38,878/- and M/s Zee Entertainment Enterprises Limited agreed to pay a sum of Rs 1,25,00,000/- towards the goods sold and delivered by the Company to Padmalya .</p> <p>Despite several reminders from the Company, M/s Zee Entertainment Enterprises Limited has failed to make the payment of Rs 1,25,00,000/- together with interest thereon to the Company in terms of MOU. Subsequently, the Company through its Advocates served a Notice dated March 8, 2007 to pay the amount of Rs 1,25,00,000/- together with interest thereon to the Company .Despite receipt of statutory notice dated</p>

			<p>March 8, 2007 vide which the Company had called upon it to pay a sum of Rs 125,00,000/- - together with interest thereon from the dates of invoices till payment. M/s Zee Entertainment Enterprises Limited has failed to make the payment of aforesaid amount.</p> <p>Consequently , the Company has filed winding up petition under section 433 , 434 & 439 of the Companies Act, 1956 against M/s Zee Entertainment Enterprises Limited for its winding up .</p> <p>The last date of hearing in the matter was on 22.01.2008. On that day, the Hon'ble High Court passed a conditional order as follows: <u>Quote</u></p> <p>9. Respondent Company shall deposit a sum of Rs. 1,25,00,000/-(Rs. One Crore Twenty Five lakhs only) in this court within six weeks from today, failing which the Company Petition to stand admitted without further reference to the Court. The Company shall inform the Company Registrar of having deposited such amount within six weeks, failing which the Company Registrar to proceed on the assumption that the Company Petition has been admitted in terms of this order. In that case the Petitioner will be free to publish advertisement regarding admission of this Company Petition</p> <p>10. In case of default, the Petitioner shall advertise the admission of the Petition in two local news papers, namely, "Free Press Journal", "Navshakti" and in the Maharashtra Government Gazette. The Petitioner shall deposit an amount of Rs.10,000/- with the Prothonotary & Senior Master towards the publication charges, within three weeks thereafter with intimation to the Company Registrar.</p> <p>11. In the event, the Respondent deposits sum of Rs.1,25,00,000/- (Rs. One Crore Twenty Five lakhs only) within the specified time, the same will stand transferred to the suit account pending between the parties. It will be open to the Civil Court to pass appropriate order in relation to the disbursement and/or investment of the amount so deposited, as may be advised. All question in that respect are left open. In that event the Company Petition will stand disposed off on the above terms.</p> <p>12. Ordered accordingly."</p>
3.	Summary Suit No 1033 of 2007 , before the Bombay High Court	M/s Padmalaya Telefilms Limited & Zee Entertainment Enterprises Ltd.	Padmalaya Telefilms Limited ("Padmalaya") had placed orders with the Company for purchase of goods(Computer, software and hardware) for its division known as Zica. The Company had sold and delivered the said goods to it. In respect of the goods sold and delivered the Company raised several invoices and Debit Notes for Octroi payments and other expenses

			<p>aggregating to Rs 2,18,06,316/- on Padmalya. Out of the aforesaid amount due to the Company, Padmalya made part payment of Rs 60,00,000/- to the Company, leaving the balance principle sum of Rs 1,58,07,290/- due and payable to the Company.</p> <p>Padmalya, in discharge of its liability of the outstanding dues had issued two cheques for an amount of Rs 75,58,721/- & Rs 74,80,157/- in September 2004 & October 2004. Both the said cheques when presented were dishonoured and returned with remark “insufficient funds” .</p> <p>Thereafter, a Memorandum of Understanding(MOU) dated December 1, 2006 was entered into between the Company, M/s Zee Entertainment Enterprises Limited (“ZEE”) and Padmalya whereby Padmalya agreed to pay a sum of Rs 33,38,878/- to the Company and Zee agreed to pay a sum of Rs 1,25,00,000/- to the Company towards the goods sold and delivered by the Company to Padmalya.</p> <p>Despite several reminders from the Company, Padmalya and ZEE have failed to make the payment of Rs 1,58,07,290/- together with interest thereon to the Company in terms of MOU. Subsequently, the Company through its Advocates served a Notice dated March 24, 2007 on Padmalaya and ZEE to pay the amount of Rs 1,58,07,290/- together with interest thereon to the Company. However, Padmalya and ZEE have failed to make the payment of aforesaid amount.</p> <p>Consequently, the Company has filed a summary suit under Order XXXVII of Code of Civil Procedure 1908 before the Bombay High Court, against Padmalaya and ZEE inter alia praying for a decree in favour of the Company for a principal sum of Rs Rs 1,58,07,290/- together with interest thereon @ 6% p.a. from the date of filing of suit till payment and/or realization thereof.</p>
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Disputes of civil nature - Filed against the Company

NIL

Disputes of criminal in nature – filed by the Company

Sl No	Reference to Case No	Opposite Party	Gist of the Case
1.	Criminal Complaint No 1505/SS/2007 In the Court of 16 th Metropolitan Magistrate, Ballard Estate Mumbai	M/s Padmalya Telefilms Limited & 7 others	<p>Padmalya Telefilms Limited (Padmalaya”) had placed orders with the Company for purchase of goods(Computer, software and hardware). The Company had sold and delivered the said goods to it. In respect of the goods sold and delivered the Company, inter alia, raised several invoices and Debit Notes for Octroi payments and other expenses, aggregating to Rs 2,18,07, 219/- , as on March 31, 2004, on Padmalya.</p> <p>Towards the repayment and discharge of its liability of Rs 2,18,07, 219/- , as per the invoices and Debit Notes</p>

			<p>issued till March 31, 2004 , Padmalya issued two cheques bearing No 664552 dated September 15, 2004 for an amount of Rs 75,58,721/- & No 664555 dated October 15, 2004 for an amount of Rs 74,80,157/- .Both the said cheques were drawn on HDFC Bank. On presentation of the said Cheques by the Company , both the cheques were returned unpaid and dishonoured by the Bank with the remarks “ Funds Insufficient”.</p> <p>Thereafter, the Company through its advocate addressed a demand notice dated April 11, 2005 on the accused recording the dishonour of the cheques and demanding the payment of Rs 1,50,38,878/- against the dishonoured cheques amount. The envelopes containing demand notice sent to accused Nos. 2 to 5, 7 & 8 were returned with the remark “F/E 13/4” and “Addressee Left 15/4”. The demand notice sent through certificate of posting had not been returned. Others have duly received the demand notice.</p> <p>Inspite of having received the demand notice the accused had failed and neglected to make the payment as demanded within the stipulated period.</p> <p>Hence the Company has filed criminal complaint under section 138 read with section 141 of the Negotiable Instruments Act against the accused.</p> <p>The last date of hearing in the matter was on 03.04.2008.</p>
2.	C C No. 900/SS/2004, 18 th Court, Metropolitan Magistrate’s Court, Girguam, Mumbai	Mr. Moin Qeshi, Prop. Miracle Computers & Peripherals	<p>Pursuant to orders received from the accused, the Company supplied and delivered goods which were received by the accused from time to time in good condition. The Company is maintaining a running account with the accused.</p> <p>Towards part payment of the amount due to the Company for supply of goods, the accused issued in favour of the Company cheque No. 037013 dated 18.6.2004 for Rs.50,000/- drawn on ICICI Bank Ltd., Defence Colony, New Delhi.. When the cheque was presented for payment, it was returned unpaid with the remark “Funds insufficient” – vide Bank’s memo dated 30th June 2004. The Company then sent to the accused the statutory notice both by Registered Post and under Certificate of Posting. The notice sent through registered post was returned with the remark “Left”. The Company subsequently filed the complaint under section 138 read with section 141 of the Negotiable Instruments Act, 1881 against the accused.</p>
3.	C C NO.167/SS/2006, 14 th Court, Metropolitan Magistrate’s Court, Girguam, Mumbai	Mr. Saluram A Dewasi Prop.of Atlantic Infosys, Datwada Village At Post Karda Taluka: Raniwara Dist: Jalore Rajasthan	<p>Pursuant to orders received from the accused, the Company supplied and delivered goods which were received by the accused from time to time in good condition. The Company is maintaining a running account with the accused.</p> <p>Towards part payment of the amount due to the Company for supply of goods, the accused issued in favour of the Company cheque No. 051635 dated 29.3.2006 for Rs.90,480/- drawn on Union Bank of India, Opera House Branch, Mumbai . When the cheque was presented for payment, it was returned unpaid with the remark “Funds insufficient” – vide Bank’s memo The Company then</p>

			sent to the accused the statutory notice both by Registered Post and under Certificate of Posting. The notices sent were not returned without being served and hence the same had been deemed to have been served. The Company subsequently filed the complaint under section 138 read with section 141 of the Negotiable Instruments Act, 1881 against the accused.								
4.	Case No. 954/S/2000, 5 th Court Additional Chief Metropolitan Court Dadar Mumbai	Online Instrument, A partnership firm having office at 39/3144-E, Chelaveetil Building Near South Overbridge Ernakulam 682 016 and Mr.Suresh Menon, Mr. Gopi Menon and Mr. C Krishna Kumar Menon	<p>Accused purchased and the Company sold and delivered to the accused goods for which invoices were raised. The Company is maintaining a running account. In partial payment of the amount due to the Company, the accused No.1 issued three cheques, as follows, all drawn on The Benares State Bank Ltd., Panampilly Nagar, Ernakulam, Kochi 682 036.</p> <table border="1"> <thead> <tr> <th><u>Cheque/date</u></th> <th><u>Amount (Rs.)</u></th> </tr> </thead> <tbody> <tr> <td>1108902/ 27.3.2000</td> <td>47,547</td> </tr> <tr> <td>1108901/ 26.3.2000</td> <td>47,547</td> </tr> <tr> <td>1206305 21.3.2000</td> <td>35,658</td> </tr> </tbody> </table> <p>The above cheques were signed by accused No.2 as authorized signatory for accused No. 1. The cheques when presented for realization, were returned unpaid with the bank's remark "Insufficient funds" and drawer's signature incomplete/differs/required".</p> <p>The Company then served on the accused statutory notice demanding payment of the aggregate amount of Rs.1,30,752/- being the amount due on the aforesaid cheques. Since the demand made in the notice was not complied with, the Company filed the complaint under section 138 read with section 141 of the Negotiable Instruments Act, 1881.</p>	<u>Cheque/date</u>	<u>Amount (Rs.)</u>	1108902/ 27.3.2000	47,547	1108901/ 26.3.2000	47,547	1206305 21.3.2000	35,658
<u>Cheque/date</u>	<u>Amount (Rs.)</u>										
1108902/ 27.3.2000	47,547										
1108901/ 26.3.2000	47,547										
1206305 21.3.2000	35,658										
5.	C C of 2004, 18 th Court, Metropolitan Magistrate's Court, Girguam, Mumbai.	Mr. Suraj Jayprakash Sharma Prop. Sansur Computer A-861, G T Colony Mayur Vihar Phase III Delhi.	<p>Pursuant to the orders received from the accused, the Company supplied and delivered from time to time, goods which were received by the accused. Towards part payment of the amount due to the Company on such supplies, the accused issued in favour of the Company the cheque no. 066463 dated 30.6.2004 for Rs.33,750/- drawn on Bank of India, Mayur Vihar, New Delhi. When the cheque was presented for realization, the same was returned with the bank's remark "Account closed". The Company then served on the accused the statutory notice demanding the amount due on the cheque. Since the demand made in the notice was not complied with, the Company filed the complaint under section 138 of the Negotiable Instruments Act, 1881.</p>								

Disputes of criminal in nature – filed against the Company

NIL

Disputes under sales tax

Sl No	Reference to Case No	Opposite Party	Gist of the Case
1.	Appeal before the Deputy Commissioner of Sales Tax, New Delhi.	Sales Tax Officer, Ward No.90, New Delhi	For the Assessment Year 2000 – 2001, under the Delhi Sales Tax Act, 1975, the Sales Tax Officer, Ward No.90, New Delhi assessed the taxable turnover of the Company at Rs.1,12,36,035.86/- under the Delhi Sales Tax Act, 1975 and raised a demand of Rs.9,07,131/- as due and payable by the Company. The Company has filed an appeal before the Deputy Commissioner of Sales Tax, New Delhi, challenging the demand. The matter is pending
2.	Appeal before the Deputy Commissioner of Sales Tax, New Delhi.	Sales Tax Officer, Ward No. 90, New Delhi	For the Assessment Year 2001 – 2002, under the Delhi Sales Tax Act, 1975 the Sales Tax Officer, KDU/42, New Delhi assessed the taxable turnover of the Company at Rs. 3,41,41,039.80- under the Delhi Sales Tax Act, 1975 and raised a demand of Rs.22,76,714.01/- as due and payable by the Company for late submission of concessional Sales Tax Forms . The Company has filed an appeal before the Deputy Commissioner of Sales Tax, New Delhi challenging the demand. The matter is pending.
3.	The Deputy Commissioner of Sales Tax New Delhi	Sales Tax Officer KDU/42 New Delhi	For the Assessment Year 2003 – 2004, the Sales Tax Officer, KDU/42, New Delhi assessed the taxable turnover of the Company at Rs.9,07,131/- under the Delhi Sales Tax Act, 1975 and raised a demand of Rs.92,184/- as due and payable by the Company. The Company has filed an appeal before Deputy Commissioner of Sales Tax, New Delhi challenging the demand. The matter is pending.
4.	The Deputy Commissioner of Sales Tax New Delhi	Sales Tax Officer KDU/42 New Delhi	For the Assessment Year 2004 – 2005, the Sales Tax Officer, KDU/42, New Delhi raised a demand of Rs.1,23,266/- as due and payable by the Company. The Company has filed an appeal before Additional Commissioner of Sales Tax, New Delhi challenging the demand. The Deputy Commissioner (Appeal IV), New Delhi, by his order dated 10 th November 2006 passed an order to the effect that the appeal shall be entertained subject to the Company depositing Rs.50,000/- by 29 th November 2006 and to submit compliance on the same day. We are informed that the Company had deposited the amount of Rs.50,000/- as directed by the Deputy Commissioner (Appeal IV), New Delhi and also filed compliance as directed. . The matter is pending.

Income-tax Assessments

Income tax assessments for Assessment Years from 2002- 2003 to 2005 – 2006 have been completed and we are informed that the demand (wherever made) for payment of tax had been paid.

Sl No.	Assessment Year	Amount for which demand notice was issued. (Rs.)
1.	2002 - 2003	191
2.	2003 – 2004	6,079
3.	2004 – 2005	1,160
4.	2005 – 2006	4,114

Legal proceedings by/against the promoters/promoter group companies

(a) **Proceedings of civil nature**

(i) **By the promoters/promoter group companies**

NIL

(ii) **Against the promoters/promoter group companies**

NIL

(b) **Proceedings of a criminal nature**

(i) **By the promoters/promoter group companies**

NIL

(ii) **Against the promoters/promoter group companies**

NIL

(c) **Cases under Income tax Act against the group companies**

NIL

Legal proceedings by or against the Directors of the Company

(a) **Proceedings of civil nature**

(i) **By the Directors**

NIL

(ii) **Against the Directors**

NIL

(b) Proceedings of criminal nature

(i) By the Directors

NIL

(ii) Against the Directors

NIL

Legal proceedings by or against group companies or associate concerns

(a) Proceedings of civil nature

(i) By group companies or associate concerns

NIL

(ii) Against group companies or associate concerns

NIL

(b) Proceedings of criminal nature

(i) By group companies or associate concerns

NIL

(ii) Against group companies or associate concerns

NIL

MATERIAL DEVELOPMENTS

Except as stated in the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on page 132 of this Draft Red Herring Prospectus no material developments have taken place after December 31, 2007, the date of the last financial statements for the nine months, that would materially adversely affect the performance or prospects of our Company and its associates taken as a whole.

GOVERNMENT AND OTHER APPROVALS

Except as stated below, our Company has received the necessary consents, licenses, permissions and approvals from the Government and various Government agencies required for our present business. Our Company can undertake all the present activities in view of the present approvals and no further approvals from any statutory body are required by our Company to undertake the present activities

Our Company has received the following significant Government approvals, licenses and permissions:

Approvals for the Issue

We have received the following material approval relating to the Issue.

1. Our Board of Directors has approved the Issue and have authorised a committee to deal with all matters connected to the Issue by way of resolution passed at the meeting of Board held on March 15, 2008;
2. Our members have approved the Issue by way of a special resolution passed at an EOGM held on March 18, 2008;
3. Letter No. [●] dated [●] issued by the NSE granting its in-principle approval of our Equity Shares; and
4. Letter No. [●] dated [●] issued by the BSE granting its in-principle approval of our Equity Shares.

Taxation related approvals

1. Letter dated March 21, 1997 issued by the Commissionerate of Income Tax, Mumbai, allotting PAN No. AAACN3140K;
2. Letter dated June 23, 1997, issued by the Office of the Income Tax Officer, Mumbai, allotting TAN No. N-05580-B (*)/BBY;
3. Registration no. MH/41579 dated January 01, 1996 granted under the Employee Provident Funds and Miscellaneous Provisions Act, 1952;
4. Letter (no. 03/04/130/00184/AM98) dated April 23, 1997 issued by the Office of the Joint Director General of Foreign Trade allotting Importer Exporter Code No. 0397004281;
5. Registration with the Employees' State Insurance Corporation vide Code No. NS-42225 (31-42341-102) dated under the Employees' State Insurance Act, 1948;
6. Registration No. PT/R/11/26/9289 dated May 15, 1997 granted under The Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975;
7. Central Excise Registration No. AAACN3140KXD002 dated May 11, 2006 granted by Deputy Commissioner of Central Excise, Poonamallee Division, Chennai IV Commissionerate;
8. Registration Certificate No. 805273 for Foreign Enterprises Permanent Office in China issued by The Directorate General of State Administration for Industry and Commerce of the Peoples Republic of China;
9. Service tax registrations granted under Section 69 of the Finance Act, 1994, for providing the services of "repairs and maintenance" are as follows:

Sr. No.	State / Place	Number of License / Registration
1	Andhra Pradesh	AAACN3140KST014
2	Mumbai, Maharashtra	R0026M/MUM-I/1324
3	Nagpur, Maharashtra	AAACN3140KST024
4	Pune, Maharashtra	MRS/P-III/256/STC
5	Madhya Pradesh	AAACN3140KST023

6	Orissa	AAACN3140KST025
7	Uttaranchal	TCH/CEST/MSPL/C&F/RDDM/05
8	West Bengal	AAACN3140KST026
9	Rajasthan	31/ST/MRS/JPR-I/2003/4486
10	Gujarat	AAACN3140KST005
11	Delhi	DL-II/ST/R-XV/M&R/1630/2004
12	Surat	ST/M&R/SRT-I/DIV-I/166/2004-05
13	Kerela	AAACN3140KST006
14	Karnataka	AAACN3140KST013

Service tax registrations granted under Section 69 of the Finance Act, 1994, for “business auxiliary services and event management” are as follows:

1	Mumbai	ST/MUMBAI/DN-II/BAS/6472/2007
2	Mumbai	ST/MUMBAI/DN-II/EVTM/2121/2007

10. The following registrations were issued to the Company under concerned **Central Sales Tax** statutes.
- a) Certificate of registration bearing CST No. BGT/03/1/3094/2003-2004 as a dealer granted under Section 7 (1) and 7(2) of the Central Sales Tax Act, 1956 valid from July 10, 2002 issued by the Assistant Commercial Tax Officer, Begumpet, Hyderabad;
 - b) Certificate of registration bearing CST No. GWD/CST/0975 granted under Section 7 (1) and 7(2) of the Central Sales Tax Act, 1956 valid from December 14, 2003 issued by the Assistant Commissioner of Taxes, Gawahati, Assam;
 - c) Certificate of registration bearing CST No. 10103157124 granted under Section 7 (1) and 7(2) of the Central Sales Tax Act, 1956 valid from July 12, 2005 issued by the Office of Commercial Taxes, Patna, Bihar;
 - d) Certificate of registration bearing No. LC/90/195626/0597 granted under Section 7 (1) and 7(2) of the Central Sales Tax Act, 1956 valid from September 18, 1997 issued by the Sales Tax Officer, New Delhi;
 - e) Registration No. 24573800237 issued by the Assistant Commissioner, Ahmedabad, Gujarat, valid from September 22, 2005;
 - f) Certificate of registration bearing No. PKL-3645 granted under Section 7 (1) and 7(2) of the Central Sales Tax Act, 1956 valid from August 19, 2002 issued by the Assessing Authority, Panchkula;
 - g) Certificate of registration bearing No. 01661051009 granted under Section 7 (1) and 7(2) of the Central Sales Tax Act, 1956 valid from June 23, 2005 issued by the Commercial Sales Officer, Jammu;
 - h) Certificate of registration bearing No. 70159749 granted under Section 7 (1) and 7(2) of the Central Sales Tax Act, 1956 valid from July 24, 1997 issued by the Commercial Tax Officer, Bangalore;
 - i) Certificate of registration bearing No. MH01C064007 granted under Section 7 (1) and 7(2) of the Central Sales Tax Act, 1956 valid from April 01, 2006 issued by the Registration Officer, Sales Tax, Maharashtra;
 - j) Certificate of registration bearing No. 23470904329 granted under Section 7 (1) and 7(2) of the Central Sales Tax Act, 1956 valid from December 24, 1999 issued by the Commercial Tax Officer, Indore;
 - k) Certificate of registration bearing No. BHC_II_4401 granted under Section 7 (1) and 7(2) of the Central Sales Tax Act, 1956 valid from October 25, 2002 issued by the Commercial Tax Officer, Bhubhabeshwar;
 - l) Certificate of registration bearing No. 652759 as Dealer under Section 7 (1) and 7(2) of the Central Sales Tax Act, 1956 valid from July 25, 1997, issued by the Commercial Tax Officer, Egmore, Chennai;
 - m) Certificate of registration bearing new registration No. 19580916253 as Dealer under Section 7 (1) and 7(2) of the Central Sales Tax Act, 1956 valid from December 12, 2003, issued by the Assistant Commissioner, Commercial Taxes, Calcutta, West Bengal;
 - n) Registration No. 70159749, issued by the Sales Tax Office, Karnataka, with effect from July 24, 1997;

- o) Registration under Rule 6 of the Kerala General Sales Tax Rules, 1963, issued by the Registering Officer, Kerala. Registration No. 23055950, valid from September 03, 1999;
- p) Certificate of registration bearing new registration No. 23470904329 as Dealer under Section 7 (2) of the Central Sales Tax Act, 1957 valid from December 24, 1999, issued by the Commercial Tax Officer, Circle-9, Indore;
- q) Certificate of registration bearing registration No. 27700299293 C as Dealer under Section 7 (1) and 7 (2) of the Central Sales Tax Rules, 1957 valid from April 01, 2006 issued by the Registration Officer, Sales Tax Department, Maharashtra;
- r) Registration No. DD 5147538 issued by the Commercial Tax Officer, Circle -2, Dehradun, Uttaranchal, valid from September 05, 2002;
- s) Certificate of registration bearing Registration No. SOL-CST8077 as Dealer under Section 7 (1)/ 7 (2) of the Central Sales Tax Act, 1956 valid from May 12, 2004 issued by the Assessing Authority, Parwanoo Circle, Parwanoo, District Solan (H.P.);
- t) Registration No. 10/03/6323 issued by the Commercial Tax Officer, Circle -2, Raipur, Chattisgarh, valid from October 23, 2002; and
- u) Certificate of registration bearing registration No. M/CST/6874 (Central) as Dealer under Section 7 (1) of the Central Sales Tax Act, 1956 valid from September 04, 2000 issued by the Sales Tax Officer, Margoa Ward, Goa.

11. The following registrations were issued to the Company under concerned **State Sales Tax** statutes:

- a) Certificate of registration bearing RC No. BGT/03/1/3884/2003-2004 granted under Section 12/(1)/(2) of the Andhra Pradesh General Sales Tax Act, 1957 (1) and 7(2) of the Central Sales Tax Act, 1956 valid from April 29, 2003 issued by the Assistant Commercial Tax Officer, Begumpet, Hyderabad;
- b) Registration No. LC/90/195626/0597 dated September 18, 1997 granted under Rule 16 of the Delhi Sales Tax Rules, 1975, issued by the Sales Tax Officer, New Delhi;
- c) Registration No. 0110/XL/2431/3/(S) dated December 24, 1999 granted under Rule 9 (2) of the Madhya Pradesh State Sales Tax Rules;
- d) Registration No: BHC-II-5741 granted under Section 8/9A of the Orissa Sales Tax Act, 1947, by the Sales Tax Officer, Bhubhaneswar and valid from October 25, 2002;
- e) Registration No. 60862715 as Dealer under the Punjab General Sales Tax Rules, 1949, issued by the Assessing Authority, Ludhiana, valid from August 16, 2001;
- f) Registration No. RET/1421/N/0217 granted under the Rajasthan Tax on entry of Goods into local areas Act, 1999, issued by the Registering Authority, Jaipur, valid from October 16, 2002;
- g) Registration No. TNGST 0441361 granted under the Tamil Nadu General Sales Tax Act, 1959 issued by the Commercial Tax Officer, Egmore, valid from September 22, 1999 and is renewable every year;
- h) Registration No. LU0088869 0441361 granted under the Uttar Pradesh State Sales Tax Act, 1948 issued by the Commercial Tax Officer, Lucknow, valid from May 28, 2000; and
- i) Certificate of registration No. 19580916156 under the West Bengal Sales Tax Act, 1994 issued by the Assistant Commissioner, Commercial Taxes, Calcutta, West Bengal.

12. The following **Value Added Tax (VAT)** registrations were issued to the Company:

- a) VAT registration number (TIN) 28530229808, issued by the Commercial Tax Officer, Begumpet Division, Andhra Pradesh, valid from April 01, 2005;
- b) VAT registration number (TIN) 18840010547 issued by the Assistant Commissioner of Taxes, Gawahati, Assam, valid from May 01, 2005;
- c) VAT registration number (TIN) 10103157027 issued by the Office of the Deputy Commissioner of Commercial Taxes, North Circle, Patna Bihar, valid from June 15, 2005;

- d) VAT registration number (TIN) 22751400783 issued by the Assessing Authority, Raipur, Chattisgarh, valid from November 01, 2003;
- e) VAT registration number (TIN) 07900195626 issued by the Sales Tax Officer, Delhi, valid from April 01, 2005;
- f) VAT registration number (TIN) 24073800237 issued by the Sales Tax Officer, Ahmedabad, Gujarat, valid from July 01, 2002;
- g) VAT registration number (TIN) 20720301192 issued by the Assistant Commissioner of Commercial Taxes, Ranchi, Jharkhand, valid from February 03, 2006;
- h) VAT registration number (TIN) 01661051009 issued by the Assessing Authority, Jammu & Kashmir, valid from June 23, 2005 and valid upto June 22, 2010;
- i) VAT registration number (TIN) 29130018128 issued by the Assistant Commissioner of Commercial Taxes, Karnataka, valid from April 01, 2005;
- j) VAT registration number (TIN) 32070432982C issued by Asst. Commissioner, Ernakulam, Kerala, valid from April 01, 2005;
- k) VAT registration number (TIN) 27700299293V issued by the Department of Sales Tax, Maharashtra, valid from April 01, 2006;
- l) VAT registration number (TIN) 23801203150 issued by the Assessing Authority, Madhya Pradesh, valid from July 01, 2003;
- m) VAT registration number (TIN) 21341112256 issued by the Sales Tax Officer, Bhubaneswar, Orissa, valid from April 08, 2005;
- n) VAT registration number (TIN) 33940441361 issued by the Commercial Tax Officer, Egmore, Chennai, valid from January 01, 2007;
- o) VAT registration number (TIN) 09950001077 issued by the Sales Tax Officer, Lucknow, Uttar Pradesh, valid from May 29, 2007;
- p) VAT registration number (TIN) 19580916059 issued by the Assistant Commissioner of Commercial Taxes, Calcutta, West Bengal, valid from April 01, 2005;
- q) VAT registration number (TIN) 30101104334 issued by the Sales Tax Officer, Margao Ward, Goa;
- r) VAT registration number (TIN) 8402104796 issued by the Commercial Tax Officer, Circle B, Jaipur, Rajasthan, issued on October 16, 2002;
- s) VAT registration number (TIN) 05000930449 issued by the Deputy Commissioner (T.A.) Fourth, Commercial Tax, Dehradun, Uttaranchal; and
- t) VAT registration number (TIN) 04840019508 issued by the Concerned Authority of Sales Tax, Chandigarh.

13. The following registrations were issued to the company under **Shops & Establishments Act**:

Sr. No.	State / Place	Number of License/ Registration	Date of Issuance	Granting Authority
1	Guwahati, Assam	SEA/CE/09-B-396	January 19, 2008 (Valid till 31.12.08)	Inspector of Shops & Establishment
2	Ranchi, Jharkhand	RN23535	January 31, 2008 (Valid till 31.12.08)	Regional Officer, Shops & Establishments
3	Mumbai, Maharashtra, (Corporate Off.)	KE015694	January 5, 2005 (Valid till 31.12.08)	Inspector of Shops & Establishment
4	Indore, Madhya Pradesh	24136/IND/CE/99	January 15, 2008	Inspector of Shops & Establishment

5	Jaipur, Rajasthan	SN1497/R Bhairvi/P184/07	February 02, 2008	Superintendent
6	Kanpur, Uttar Pradesh	385-RN-121084	November 27, 2007 (Valid till FY 10-11)	Inspector of Shops & Establishment
7	Kolkata, West Bengal	KOL/BOW/PII/42724	October 11, 2007	Registering Authority under West Bengal Shops & Establishments Act
8	Raipur, Chattisgarh	26921/RPR/S/2008	February 11, 2008 (Valid till 31.12.12)	Municipal Corporation, Raipur
9	Surat, Gujarat	CZ/S/1/212326	January 4, 2008	Municipal Corporation, Surat
10	Vishakapatnam (Vizag), Andhra Pradesh	R/5697/VSP-IV	February 6, 2008 (Valid till 31.12.08)	Assistant Labour Officer, Circle IV, Vishakapatnam
11	Dehradun, Uttaranchal	D-19178	January 17, 2008 (Valid till 31.03.12)	Uttaranchal Shops & Establishments Authority
12	Bihar, Patna	61988	January,17, 2008	Registering Authority under Shops & Establishments Act
13	Bhubhaneshwar, Orissa	II-2657	January 19, 2008 (Valid till 31.12.08)	Inspector of Shops & Commercial Establishments
14	Pune, Maharashtra	II-11430	-	Inspector of Shops & Establishment
15	Nagpur, Maharashtra	2332	-	Inspector of Shops & Establishment
16	Bangalore, Karnataka	48/BLR/17/1544/2008	January 22, 2008	Registering Authority under Shops & Establishments Act
17	Mumbai, Maharashtra	D-II/015948	January 24, 2008	Inspector of Shops & Commercial Establishments, Mumbai
18	Lucknow, Uttar Pradesh	5/7613	December 25, 2007 (Valid till 31.03.12)	Chief Inspector, Uttar Pradesh Shops & Establishments Authority
19	Cochin, Kerala	CC16/2299	Valid till 31.12.08	Assistant Labour Officer, Ernakulam, 1 st Circle
20	Hyderabad, Andhra Pradesh	ALO22/HYD/22/2002	January 08, 2008 (Valid till 31.12.08)	Labour Department – Renewal of Shop Establishment Under APSE Act, 1988
21	Ahmedabad, Gujarat	PII/JOD/01/0000219	April 15, 2008 (Valid till 31.12.08)	Deputy Municipal Corporation
22	Chennai, Tamil Nadu (Logistic Centre)	103/08	March 12, 2008	Inspector, Under Tamil Nadu Industrial Establishment Act, 1958
23	Kolkata, West Bengal (Logistic Centre)	KOL/SPPS/P-1/913	April 07, 2008	Registering Authority, Shops & Establishment
24	Jammu & Kashmir	Je/II/13525	March 27, 2008 (Valid till 31.03.09)	Labour Inspector, Circle II, Jammu

25	Karnataka	48/ERN-17/WARD No./1544/2008	Valid till 31.12.12	Office of the Inspector, Under Karnataka Shops & Establishments Act, 1961
26	Hubli, Karnataka	32/WARD No./1071	April 23, 2008 (Valid till 31.12.12)	Office of the Inspector

14. The following **miscellaneous approvals** were issued to the company:

Sr. No.	State / Place	Number of License / Registration	Granting Authority
1	Bihar	Certificate of registration bearing No. 10103157221 under Bihar Tax on Entry of Goods into local area for consumption use or sale therein Ordinance, 1993 valid from September 27, 2005	Deputy Comm. Of Commercial Taxes, Patna

15. The following are the Registrations / Approvals for which renewal are pending before relevant authority:

Central Sales Tax

- a) Registration No. 5047387 issued by the Assessing Authority, Lucknow, Uttar Pradesh.
- b) Registration No. CST 19303, issued by the Asst. Excise & Taxation Commissioner, Chandigarh, with effect from February 16, 2001.

Value Added Tax

- a) VAT registration number (TIN) 06842503645 issued by the Assessing Authority, Panchkula, Haryana.
- b) VAT registration number (TIN) 03731117528 issued by Excise and Taxation Officer-cum-Assessing Authority, Ludhiana, Punjab.

Shops & Establishments

- a) Registration No. # 404447 Lic. No. # 42302/012008/344 & Lic. No. # 48938/012008/213 issued by Assistant Establishment Officer, Madhya Pradesh, with effect from March 31, 2008.

16. The following are the locations for which registration applications for shops & establishments have not been made by our Company wherein at some places the requirement of registration is exempt under by relevant respective regulatory authorities:

Chandigarh, Chennai, Coimbatore, Delhi, Delhi (Logistic Centre), Ghaziabad, Goa, Gurgaon, Jagatpura, Ludhiana, Madurai, Panchkula, Parwanoo, Rajkot, Trivandrum and Vasai, Mumbai (Logistic Centre).

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Board has, pursuant to a resolution passed at its meeting held on March 15, 2008 authorized the Issue subject to the approval by the shareholders of the Issuer under Section 81(1A) of the Companies Act.

The shareholders of the Issuer have authorized the Issue by a special resolution in accordance with Section 81(1A) of the Companies Act, passed at the EOGM of the Issuer held on March 18, 2008.

Prohibition by SEBI

We, our directors, our Promoters, their directors or person(s) in control of our Promoters and affiliates and companies with which the directors are associated with, as directors or promoters have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI.

Eligibility for the Issue

Our Company is eligible for the Issue in accordance with Clause 2.2.1 of the SEBI DIP Guidelines as explained under the eligibility criteria calculated in accordance with financial statements under Indian GAAP:

Our Company has net tangible assets of at least Rs. 30 million in each of the preceding three full years of which not more than 50% is held in monetary assets and is compliant with Clause 2.2.1(a) of the SEBI DIP Guidelines; Our Company has a track record of distributable profits in accordance with Section 205 of the Companies Act, for at least three of the immediately preceding five years and is compliant with Clause 2.2.1(b) of the SEBI DIP Guidelines;

Our Company has a net worth of at least Rs. 10 million in each of the three preceding full years and is compliant with Clause 2.2.1(c) of the SEBI DIP Guidelines; and

There has been a change in the name of our Company in the last one year. The Company was converted from a private limited company to a public limited company vide fresh certificate of incorporation dated February 25, 2008. The name of the Company was changed from Neoteric Infomatique Private Limited to Neoteric Infomatique Limited. However, there has not been any change in the activities of the Company under the new name and the Company is compliant with Clause 2.2.1(d) of the SEBI DIP Guidelines.

The aggregate of the proposed Issue size and all previous issues made in the same financial year is not expected to exceed five times the pre-Issue net worth of our Company and is compliant with Clause 2.2.1(e) of the SEBI DIP Guidelines.

The Company's net tangible assets, monetary assets, net profit and net worth derived from the Auditor's Report included in this Draft Red Herring Prospectus as at, and for the last five years ended Financial Year 2007 are set forth below:

(Rs. in Million, except percentage value)

Particulars	Fiscal 2007	Fiscal 2006	Fiscal 2005	Fiscal 2004	Fiscal 2003
Net Tangible Assets*	536.69	377.41	338.86	253.08	209.50
Monetary Assets**	36.43	45.20	32.96	20.14	14.25
Net Profit, as restated	36.82	16.96	14.95	10.08	8.11
Net Worth, as restated	154.93	118.11	81.15	66.20	56.12
Monetary assets as a % of the net tangible assets	6.79%	11.98%	9.73%	7.96%	6.80%

**Net tangible assets is defined as the sum of fixed assets (including capital work in progress and excluding revaluation reserves), current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities and long term liabilities).*

***Monetary assets include only cash and bank Balances.*

Detailed figures are given in the section titled "Financial Statements" on page 145 of this Draft Red Herring Prospectus.

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

DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER MICROSEC CAPITAL LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 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 ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER MICROSEC CAPITAL LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED APRIL 24, 2008 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

- 1. "WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS MORE PARTICULARLY REFERRED TO IN THE ANNEXURE HERETO IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.**

WE CONFIRM THAT:

- a) **THE DRAFT RED HERRING PROSPECTUS FORWARDED TO THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPER RELEVANT TO THE ISSUE;**
 - b) **ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY THE BOARD, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
 - c) **THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE (AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 AND OTHER APPLICABLE LEGAL REQUIREMENTS).**
3. **WE CONFIRM THAT BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.**
 4. **WE HAVE SATISFIED OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.**
 5. **WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/ SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING OF THE DRAFT PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.**
 6. **WE CERTIFY THAT CLAUSE 4.6 OF THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000, WHICH RELATES TO SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE CLAUSE HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.**
 7. **WE UNDERTAKE THAT CLAUSES 4.9.1, 4.9.2, 4.9.3 AND 4.9.4 OF THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION AND SUBSCRIPTION FROM ALL FIRM ALLOTTEES WOULD BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. – NOT APPLICABLE**

8. **WHERE THE REQUIREMENTS OF PROMOTERS' CONTRIBUTION IS NOT APPLICABLE TO THE ISSUER, WE CERTIFY THE REQUIREMENTS OF PROMOTERS' CONTRIBUTION UNDER CLAUSE 4.10 {SUB-CLAUSE (A), (B) OR (C), AS MAY BE APPLICABLE} ARE NOT APPLICABLE TO THE ISSUER. – NOT APPLICABLE**
9. **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**
10. **WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 73(3) OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE DRAFT RED HERRING PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.**
11. **WE CERTIFY THAT NO PAYMENT IN THE NATURE OF DISCOUNT, COMMISSION, ALLOWANCE OR OTHERWISE SHALL BE MADE BY THE ISSUER OR THE PROMOTERS, DIRECTLY OR INDIRECTLY, TO ANY PERSON WHO RECEIVES SECURITIES BY WAY OF FIRM ALLOTMENT IN THE ISSUE – NOT APPLICABLE**
12. **WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE – NOT APPLICABLE**
13. **WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:**
 - (A) **AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE COMPANY AND**
 - (B) **AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.**

All legal requirements pertaining to the Issue will be complied with at the time of filing of the Draft Red Herring Prospectus with the ROC in terms of section 60B of the Companies Act. All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the ROC in terms of section 56, section 60 and section 60B of the Companies Act.

The filing of the Draft Red Herring Prospectus does not, however, absolve us from any liabilities under section 63 and section 68 of the Companies Act or from the requirement of obtaining such statutory and other clearances as may be required for the purpose of the proposed Issue. SEBI further reserves the right to take up at any point of time, with the Book Running Lead Manager, any irregularities or lapses in the Draft Red Herring Prospectus.

Disclaimer from the Issuer and the BRLM

The Issuer, its Directors and the BRLM accepts no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at instance of the above mentioned entities and anyone placing reliance on any other source of information, including our website, www.neoteric.co.in, would be doing so at his or her own risk.

The BRLM accepts no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into among the BRLM and us dated March 31, 2008 and the Underwriting Agreement to be entered into among the Underwriters and us.

Investors that bid in the Issue will be required to confirm and will be deemed to have represented to us the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire our Equity Shares and will not issue, sell, pledge or transfer our Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire our Equity Shares. We, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire our Equity Shares.

All information shall be made available by us and the BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at bidding centers etc.

Neither we nor the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Disclaimer in Respect of Jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India) and authorized to invest in shares, Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under the applicable trust law and who are authorized under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to permitted Non-Residents including Eligible NRIs, FIIs and eligible foreign investors. This Draft Red Herring Prospectus does not, however, constitute an invitation to subscribe to Equity Shares Issued hereby in any other jurisdiction to any person to whom it is unlawful to make an Issue or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

No action has been or will be taken to permit a public issuing in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI for observations. Accordingly, our Equity Shares, represented thereby may not be Issued or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Our Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, our Equity Shares are being offered and sold (i) in the United States to only "Qualified Institutional Buyers", as defined in Rule 144A of the U.S. Securities Act (as used in this context, such term does not refer to a category of institutional investor defined under applicable Indian regulations and referred to elsewhere in this Draft Red Herring Prospectus as "QIBs"), and (ii) outside the United States in compliance with Regulations under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers occur.

Further, each Bidder, where required, will be required to agree in the CAN that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any so-called P-Notes or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

Disclaimer clause of the BSE

As required, a copy of the Draft Red Herring Prospectus has been submitted to BSE. BSE has given vide its letter dated [●], permission to the Issuer to use BSE's name in the Draft Red Herring Prospectus as one of the stock exchanges on which our further securities are proposed to be listed. BSE has scrutinised the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to us. BSE does not in any manner:

- Warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; or
- Warrant that our securities will be listed or will continue to be listed on BSE; or
- Take any responsibility for the financial or other soundness of the Issuer, its promoters, its management or any scheme or project of the Issuer;

and it should not for any reason be deemed or construed to mean that the Draft Red Herring Prospectus has been cleared or approved by BSE. Every person who desires to apply for or otherwise acquires any securities of the Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer clause of the NSE

As required, a copy of the Draft Red Herring Prospectus has been submitted to National Stock Exchange of India Limited. NSE has given vide its letter Ref. No. [●] dated [●] permission to the Issuer to use the Exchange's name in this Red Herring Prospectus as one of the stock exchanges on which the Issuer's securities are proposed to be listed. The Exchange has scrutinised the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Draft Red Herring Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus, nor does it warrant that the Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of the Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquires any of our securities may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

A copy of this Draft Red Herring Prospectus has been filed with the Corporate Finance Department of SEBI, SEBI Bhavan, Block G, Plot No. C-4A, 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 with ROC situated at Mumbai.

Listing

Applications have been made to the BSE and the NSE for permission for listing of our Equity Shares being issued through this Draft Red Herring Prospectus.

If the permission to deal in and for an official quotation of our Equity Shares is not granted by any of the Stock Exchanges, we shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Draft Red Herring Prospectus. If such money is not repaid within eight days after we become liable to repay it (i.e. from the date of refusal or within 15 days from the date of Bid/Issue Closing Date, whichever is earlier),

then we along with every Director of the Issuer who is default shall, on and from expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

We shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at both the Stock Exchanges mentioned above are taken within seven working days of finalisation of the basis of allotment for the Issue.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of section 68A of the Companies Act, which is reproduced below:

“Any person who:

- a) Makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or**
- b) Otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name shall be punishable with imprisonment for a term which may extend to five years.”**

Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the auditors, the legal advisors, the Bankers to the Issue; and (b) the BRLM, the Syndicate Members, the Escrow Collection Banks and the Registrar to the Issue to act in their respective capacities, have been obtained and would be filed along with a copy of the Red Herring Prospectus with the ROC as required under sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the ROC.

In accordance with the Companies Act, 1956 and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000, M/s Chaturvedi Sohan & 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 the Draft Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of the Draft Red Herring Prospectus for registration with the ROC.

As the offered Equity Shares have not been and will not be registered under the U.S. Securities Act, the Auditors have not issued and the Issuer has not filed consent under the U.S. Securities Act.

Expert Opinion

Except as stated elsewhere in this Draft Red Herring Prospectus, we have not obtained any expert opinions.

Issue Related Expenses

The total expenses of the Issue will be finalised after determination of Issue Price. The Issue related expenses include, among others, underwriting and issue management fees, selling commission, printing and distribution expenses, legal fees, advertisement expenses, IPO grading fees, registrar and depository fees and listing fees etc. The estimated Issue expenses are as follows:

Rs. in Million				
Sr. No.	Description	Estimated expense*	% of Total Expense *	% of Total Issue Size*
1	Lead Manager Fee & Underwriting Expenses	[●]		
2	Fees to the Registrar & Legal Counsel	[●]		
3	Regulatory fees (including fee payable to SEBI, Stock Exchanges)	[●]		
4	IPO Grading Expenses	[●]		
5	Advertisement & Marketing Expenses	[●]		
6	Printing & Stationery Expenses	[●]		
7	Miscellaneous expenses	[●]		
	Total estimated Issue Expenses	[●]		

*Will be incorporated on finalization of the Issue Price and prior to filing of the Prospectus with RoC.

Fees Payable to the Book Running Lead Manager and Syndicate Members

The total fees payable to the BRLM and the Syndicate Member (including underwriting commission and selling commission) will be as stated in the engagement letter with the BRLM, a copy of which is available for inspection at the Issuer's registered office located at A-23, Shri Ram Industrial Estate, 13 G. D. Ambekar Road, Wadala, Mumbai – 400 031, India.

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 us, 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 it to send refund orders or allotment advice by registered post/speed post/under certificate of posting.

Particulars regarding Public or Rights Issues since incorporation

We have not made any public or rights issues since incorporation.

Issues otherwise than for Cash

Except as stated in the sections titled "Capital Structure" beginning on page 44 of this Draft Red Herring Prospectus, we have not issued any equity shares for consideration otherwise than for cash.

Commission and Brokerage paid on Previous Issues of our equity shares

Since this is the initial public issue of our equity shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since inception.

Companies under the Same Management

There is no other company under the same management within the meaning of erstwhile section 370 (1B) of the Companies Act, other than joint ventures, associates, Promoters and Promoter group companies, details of which companies are provided in the sections "History and Other Corporate Matters" and "Our Promoters and Promoter Group" beginning on pages 115 and 131 respectively of this Draft Red Herring Prospectus.

Promise vs. Performance – Last Issue of Group/Associate Companies

There has been no public issue by any of the Group/Associate Companies in the past.

Outstanding Debentures or Bonds

We do not have any outstanding debentures or bonds.

Outstanding Preference Shares

There are no outstanding preference shares issued by the Issuer.

Stock Market Data of our Equity Shares

This being our initial public issue, our Equity Shares are not listed on any stock exchange.

Mechanism for Redressal of Investor Grievances

The Memorandum of Understanding between the Registrar to the Issue and the Issuer will provide 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 ten working 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 a Shareholders / Investors Grievance Committee which shall function in accordance with Clause 49 of the listing agreement.

The members of the Shareholders/Investors Grievance Committee are:

Sr. No.	Name of the Director	Designation
1	Mr. Hemant Nerurkar	Chairman
2	Mr. Jayant Rastogi	Member
3	Mr. Paras Shah	Member

The Company has appointed Mr. Jigarkumar Gandhi, Company Secretary as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue-related problems. He can be contacted at the following address:

Mr. Jigarkumar Gandhi

Company Secretary and Compliance Officer

225, Chintamani Plaza

Andheri Kurla Road

Chakala, Andheri (East)

Mumbai 400 099, India

Tel: + 91 22 3982 8600

Fax: + 91 22 3982 8694

E-mail: jigar.gandhi@neoteric.co.in

Changes in the Auditors During last three years and reasons thereof

There have been no changes in the auditors during the last three years of the Company.

Capitalisation of reserves of profits since incorporation

There has been no capitalisation of reserves of profits of the Issuer since its incorporation except as mentioned under the section titled "Capital Structure" beginning on page 44.

Revaluation of assets since incorporation

There has been no revaluation of assets of the Issuer since its incorporation.

TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, the Memorandum and the Articles of Association, the terms of this Draft Red Herring Prospectus, the Bid cum Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the allotment advice and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government, Stock Exchanges, RBI, 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 offered shall be subject to the provisions of the Companies Act, the Memorandum and the Articles of Association and shall rank *pari passu* in all respects with the existing equity shares of our Company, including rights in respect of dividends and other corporate benefits, if any, declared by us after the date of allotment.

Mode of payment of dividend

Dividend shall be paid only in cash or as permitted under applicable laws. The declaration and payment of dividends will be recommended by our Board of Directors and the shareholders in their discretion and will depend on a number of factors, including but not limited to the earnings, capital requirements and overall financial conditions.

Compliance with SEBI Guidelines

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

Face Value and Issue Price

The Equity Shares with a face value of Rs. 10 each are being offered in terms of this Draft Red Herring Prospectus at a total price of Rs. [●] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares. The Issue Price is [●] times the face value at lower end of the price band and [●] times of the face value at the higher end of the price band.

Rights of the equity shareholder

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

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

For a detailed description of the main provisions of the Articles relating to, among other things, voting rights, dividend, forfeiture and lien, transfer and transmission see the section titled “Main Provisions of the Articles of Association” beginning on page 237 of this Draft Red Herring Prospectus.

Market Lot and Trading Lot

In accordance with the terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form. As per the existing SEBI Guidelines, the trading in the Equity Shares shall only be in dematerialized form for all investors. Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Issue will be only in electronic form in multiples of one Equity Share subject to a minimum Allotment of [●] Equity Shares. For details of allocation and Allotment, please refer to the section titled “Issue Procedure” beginning on page 207 of this Draft Red Herring Prospectus.

Nomination Facility to the Investor

In the nature of the rights specified in Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one Person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A Person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any Person to become entitled to Equity 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 Corporate Office of the Issuer or at the Registrar and Transfer Agents. In the nature of the rights stated in Section 109B of the Companies Act, any person who becomes a nominee in the manner stated above, shall upon the production of such evidence as may be required by the Board of Directors, elect either:

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

Further, the Board of Directors 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, the Board of Directors may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Notwithstanding anything stated above, since the allotment in the Issue will be made only in dematerialised mode, there is no need to make a separate nomination with the Issuer. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require a change their nomination, they are requested to inform their respective Depository Participant.

Jurisdiction

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

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, including devolvement of underwriters/member(s) of the Syndicate, if any, within 60 days from the Bid/Issue Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under Section 73 of the Companies Act.

Further in terms of Clause 2.2.2A of the SEBI Guidelines, we shall ensure that the number of Allottees to whom Equity Shares will be allotted will not be less than 1,000.

Withdrawal of the Issue

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue any time after the Bid/Issue Opening Date but before 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, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

Arrangement for disposal of odd lots

The Equity Shares will be traded in dematerialized form only and therefore the marketable lot is one share. Therefore there is no possibility of odd lots.

Restriction on Transfer and Transmission of Shares and their consolidation/ splitting

There are no restrictions on transfer and transmission of shares and their Consolidation/ Splitting other than those mentioned in the Articles of Association of the Issuer.

Subscription by Non-Residents/ NRI/FIIs/ Foreign Venture Capital Fund/ Multilateral and Bilateral Development Financial Institutions

There is no reservation for any non-residents, NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions and such non-residents, NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions will be treated on the same basis with other categories for the purpose of allocation. The allotment of Equity Shares to non-residents, NRIs, FIIs, foreign venture capital investors shall be subject to the conditions as may be prescribed by the Government of India, Ministry of Finance and Company Affairs Department (Department of Economic Affairs) and the RBI while granting such permissions.

As per Notification No. FEMA/20/2000-RB dated May 3, 2000, as amended from time to time, under automatic route of the Reserve Bank, the Issuer is not required to make an application for Issue of Equity Shares to NRIs/FIIs with repatriation benefits. However, the allotment/transfer of the Equity Shares to NRIs/FIIs shall be subject to the prevailing RBI Guidelines. Sale proceeds of such investments in Equity Shares will be allowed to be repatriated along with the income thereon subject to the permission of the RBI and subject to the Indian tax laws and regulations and any other applicable laws. As per RBI regulations, OCBs cannot participate in the Issue.

ISSUE STRUCTURE

The present Issue of 6,970,000 Equity Shares, at a price of Rs. [●] for cash aggregating Rs. [●] million is being made through the 100% Book Building Process. The Issue would constitute 40% of the fully diluted post Issue paid up equity capital of the Company.

Our Company is considering a Pre-IPO placement of up to [●] Equity Shares aggregating Rs. [●] million with certain investors, (“Pre-IPO Placement”). If the Pre-IPO placement is completed before the filing of the RHP with RoC, the Issue Size offered to the public would be reduced to the extent of such Pre-IPO placement, subject to a minimum of 25% of the post-issue paid up Equity Share Capital being offered to the public.

Particulars	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares	Not more than 3,485,000 Equity Shares.	Not Less than 1,045,500 Equity Shares or Issue less allocation to QIB Bidders and Retail Individual Bidders.	Not Less than 2,439,500 Equity Shares or Issue less allocation to QIB Bidders and Non-Institutional Bidders.
Percentage of Issue Size available for Allotment/ Allocation	Not more than 50% of Issue Size shall be allocated to QIBs. However, At least 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds only.	Not Less than 15% of Issue or Issue less allocation to QIB Bidders and Retail Individual Bidders.	Not Less than 35% of the Issue or Issue less allocation to QIB Bidders and Non Institutional Bidders.
Basis of Allotment/ Allocation if respective category is oversubscribed	Proportionate as follows: (a) 174,250 Equity Shares shall be allocated on a proportionate basis to Mutual Funds in the Mutual Funds Portion; (b) 3,310,750 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 so that the Bid Amount exceeds Rs. 100,000 and which is a multiple of [●] Equity Shares.	Such number of Equity Shares so that the Bid Amount exceeds Rs. 100,000 and which is a multiple of [●] Equity Shares.	[●] Equity Shares and in multiples of [●] Equity Share thereafter.
Maximum Bid	Such number of Equity Shares not exceeding the Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the Issue subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 100,000.
Mode of Allotment	Compulsorily in dematerialised form.	Compulsorily in dematerialized form.	Compulsorily in dematerialised form.
Bid Lot	[●] Equity Shares in multiples of	[●] Equity Shares in	[●] Equity Shares in

Particulars	QIBs	Non-Institutional Bidders	Retail Individual Bidders
	[●] Equity Shares	multiples of [●] Equity Shares	multiples of [●] Equity Shares
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, multilateral and bilateral development financial institutions, and 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 National Investment Fund setup by resolution number F. No.2/3/2005-DD II dated November 23, 2005 of Government of India	NRI, resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts.	Individuals (including HUFs, NRIs) applying for Equity Shares such that the Bid Amount does not exceed Rs. 100,000 in value.
Terms of Payment	QIB Margin Amount shall be payable at the time of submission of Bid-cum-Application Form to the Syndicate Members.	Margin Amount shall be payable at the time of at the time of submission of Bid-cum-Application Form to the Syndicate Members.	Margin Amount at the time of submission of Bid-cum-Application Form to the Syndicate Members.
Margin Amount	Atleast 10% of the Bid amount	Full Bid amount on Bidding	Full Bid amount on Bidding

Note:

1. Subject to valid Bids being received at or above the Issue Price, the Issue is being made through the 100% Book Building Process wherein not more than 50% of the Issue shall be allocated to Qualified Institutional Buyers on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for Allotment on a proportionate basis to QIBs including the Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, Not Less than 15% of the Issue would be available for allocation to Non-Institutional Bidders and Not Less than 35% of the Issue would be available for allocation to Retail Individual Bidders on a proportionate basis, subject to

valid bids being received from them at or above the Issue Price. Under-subscription, if any, in the Non-Institutional Bidder category and the Retail Individual Bidder category would be met with spill over from any other category at the sole discretion of the Issuer in consultation with the BRLM. If the aggregate demand by Mutual Funds for Equity Shares is less than 174,250 Equity Shares, the balance Equity Shares available for allocation to Mutual Funds will be available for allocation to QIBs in proportion to their Bids.

2. 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 the names are in the same sequence in which they appear in the Bid-cum-Application Form.

Withdrawal of the Issue

The Issuer in consultation with the BRLM, reserves the right not to proceed with the Issue at anytime including after the Bid Closing Date but prior to Allotment, without assigning any reason thereof

Bidding Period / Issue Period

BID / ISSUE OPENS ON	[•]
BID / ISSUE CLOSES ON	[•]

Bids and any revision in Bids shall be accepted only between **10 a.m. and 3 p.m.** (Indian Standard Time) during the Bidding Period/Issue Period as mentioned above at the bidding centers mentioned on the Bid-cum-Application Form and uploaded till such time as permitted by the NSE and the BSE. Bids will only be accepted on working days i.e. Monday to Friday (excluding any public holidays).

The Issuer reserves the right to revise the Price Band during the Bidding Period/Issue Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus.

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

ISSUE PROCEDURE

Book Building Procedure:

The Issue is being made through a 100% Book Building Process wherein not more than 50% of the Issue shall be available for allocation on a proportionate basis to QIB Bidders, 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB portion shall be available for allocation on a proportionate basis to all QIBs, including mutual funds, subject to valid bids being received at or above the Issue Price. Further, not less than 15% of the Issue to the public shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Issue to the public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the Syndicate. Our Company, in consultation with the BRLM, may reject any Bid procured from QIBs, by any or all members of the Syndicate, for reasons to be recorded in writing provided that such rejection shall be made at the time of acceptance of the Bid and the reasons therefore shall be disclosed to the Bidders. In case of Non-Institutional Bidders and Retail Individual Bidders, our company would have a right to reject the Bids only on technical grounds.

Investors should note that Equity Shares would be transferred to all successful bidders only in the dematerialized form. Bidders will not have the option of getting allotment of Equity Shares in physical form. The Equity Shares, on allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

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

Bidders can bid at any price within the price band. For instance, assuming a price band of Rs. 40 to Rs. 48 per share, issue size of 6,000 Equity Shares and receipt of nine bids from bidders details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centers during the bidding period. The illustrative book as shown below shows the demand for the shares of the Issuer at various prices and is collated from bids from various investors.

Number of Equity Shares Bid for	Bid Price(Rs.)	Cumulative Equity Shares bid for	Subscription
500	48	500	8.33%
700	47	1200	20.00%
1000	46	2200	36.67%
400	45	2600	43.33%
500	44	3100	51.67%
200	43	3300	55.00%
2800	42	6100	101.67%
800	41	6900	115.00%
1200	40	8100	135.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off i.e., Rs. 42 in the above example. The issuer, in consultation with the BRLM 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.

Steps to be taken by the Bidders for bidding:

- Check whether the bidder is eligible for bidding (refer to the section titled “Issue Procedure – Who can Bid” beginning on page 208 of this Draft Red Herring Prospectus);
- Ensure that the bidder has a demat account;
- Ensure that the Bid-cum-Application Form is duly completed as per instructions given in this Draft Red Herring Prospectus and in the Bid cum Application Form; and

The Issue is being made through the 100% Book Building Process wherein not more than 50% of the Issue to the public shall be allocated on a proportionate basis to Qualified Institutional Bidders (“QIBs”) (including 5% of the QIB portion that would be specifically reserved for Mutual Funds). Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% 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.

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 Draft Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the Confirmation of Allocation Note (“CAN”), and filing of the Prospectus with the ROC, the Bid cum Application Form shall be considered as the application form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised the Issuer to make the necessary changes in this Draft 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, Non Institutional Bidders and Retail Individual Bidders, NRIs and FIIs applying on a non-repatriation basis	White
NRIs and FIIs	Blue

Who can Bid?

- Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
- Indian nationals resident in India who are majors, or in the names of their minor children as natural/legal guardians, in single or joint names (not more than three);
- Hindu Undivided Families or HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid-cum-Application Form as follows: “Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta”. Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in the Equity Shares;
- Mutual Funds registered with SEBI;

- Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Guidelines and regulations, as applicable);
- Venture Capital Funds registered with SEBI;
- Foreign Venture Capital Investors registered with SEBI;
- State Industrial Development Corporations;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/societies and who are authorized under their constitution to hold and invest in Equity Shares;
- Eligible NRIs on a repatriation basis or a non-repatriation basis subject to applicable laws;
- FIIs registered with SEBI, on a repatriation basis;
- Scientific and/or Industrial Research Organizations authorized to invest in Equity Shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority, India;
- As may be permitted by applicable laws, Provident Funds with minimum corpus of Rs. 250 million and who are authorized under their constitution to hold and invest in Equity Shares;
- Pension Funds with minimum corpus of Rs. 250 million and who are authorized under their constitution to hold and invest in Equity Shares;
- Multilateral and Bilateral Development Financial Institutions and
- Any others QIBs permitted to invest, subject to compliance with all applicable laws, rules, regulation, guidelines and approvals in the issue

Pursuant to the existing regulations, OCBs are not eligible to participate in the issue.

In terms of the Regulation 15A (1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, the Foreign Institutional Investor or sub-account ("FIIs") may issue, deal in or hold, off-shore derivative instruments such as Participatory Notes, Equity Linked Notes or any other similar instruments against underlying securities being allocated to such FIIs.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Participation by associates of the BRLM and Syndicate Members:

The BRLM and Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLM and Syndicate Members may subscribe for Equity Shares in the Issue, including in the QIB Portion and Non-Institutional Portion where the allocation is on a proportionate basis. Such bidding and subscription may be on their own account or their clients' account.

Procedure for application by mutual funds

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

An eligible Bid by a mutual fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than 174,250 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made. The application made by the Asset Management Companies or custodians of a mutual fund shall clearly indicate the name of the concerned scheme for which application is being made. The Issuer reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all portion.

Bids by Non – Resident Indians (“NRIs”):

Bid-cum-Application Forms have been made available for NRIs at our Registered office, Corporate Office, members of the Syndicate and the Registrar to the Issue.

NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians.

Investments by FIIs:

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue issued capital, i.e. 1,742,408 Equity Shares. In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual. As of now, in accordance with the foreign investment limits applicable to us, the total FII investment cannot exceed 24% of our total paid up capital. The aggregate holding by FIIs in a company cannot exceed 24% of its issued share capital; however, this limit of 24% may be increased up to the applicable sectoral cap by passing a board resolution and a special resolution of the shareholders authorizing such an increase.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of Regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, an FII or its sub-account, including any affiliate or associate of the BRLM or Syndicate Member, 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 favor 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.

Investment by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors

As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI, respectively. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed the limits prescribed under these regulations.

SEBI issued a press release on June 26, 2006 stating that the shareholding of a SEBI registered Venture Capital Funds and Foreign Venture Capital Investors held in a company prior to making an initial public offering, would be exempt from lock-in requirements only if the shares have been held by them for at least one year prior to the time of filing of the draft prospectus with SEBI.

The above information is given for the benefit of Bidders. The Issuer and the BRLM are not liable for any amendments or modification or changes in applicable laws and regulations, which may occur after the date of this Draft Red Herring Prospectus, whether prospectively or retrospectively. Bidders are advised to make their independent investigations and ensure that their number of Equity Shares bid for do not exceed the applicable limits under laws and regulations.

Maximum and Minimum Bid Size

(a) **For Retail Individual Bidders:** The Bid must be for a minimum of [●] equity shares and in multiples of [●] equity share thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs.100,000. In case the Bid Amount is over Rs.100, 000 due to revision of the Bid or revision of the Price Band or on exercise of cut-off option, the Bid would be considered for allocation under the Non Institutional Bidders portion. The cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

(b) **For 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 [●] equity shares thereafter. A Bid cannot be submitted for more than size of the Issue. However, the maximum Bid by a QIB Bidder 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 Closing Date/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.

Information for the Bidders

1. Our Company will file the Red Herring Prospectus with the ROC at least three days before the Bid Opening Date/ Issue Opening Date.
2. The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.
3. Any investor (who is eligible to invest in the Equity Shares according to the terms of this Draft Red Herring Prospectus and applicable law) who would like to obtain the Red Herring Prospectus and/or the Bid cum Application Form can obtain the same from the Corporate Office of the Issuer or from any of the members of the Syndicate.
4. Investors who are interested in subscribing for the Issuer's Equity Shares should approach any of the members of the Syndicate or their authorised agent(s) to register their Bid.

5. The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the members of the Syndicate. Bid cum Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.

Bidding Process

The Issuer and the BRLM shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with ROC and also publish the same in two widely circulated newspapers (one each in English and Hindi) and a regional newspaper. This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the format prescribed in Schedule XX–A of the SEBI Guidelines. The members of the Syndicate shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement. Investors who are interested in subscribing to our Equity Shares should approach any of the members of the Syndicate or their authorized agent(s) to register their Bid.

The Bidding Period shall be for a minimum of three working days and not exceeding seven working days. In case the Price Band is revised, the revised Price Band and the Bidding Period will be published in two widely circulated newspapers (one each in English and Hindi) and a regional newspaper and the Bidding Period may be extended, if required, by an additional three days, subject to the total Bidding Period not exceeding ten working days.

Each Bid-cum-Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the section titled “Issue Procedure - Bids at Different Price Levels” on page 213 of this Draft Red Herring Prospectus) within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid-cum-Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation/Allotment and the rest of the Bid(s), irrespective of the Bid Amount, will become automatically invalid.

The Bidder cannot bid on another Bid-cum-Application Form after Bids on one Bid-cum-Application Form have been submitted to any member of the Syndicate. Submission of a second Bid-cum-Application Form to either the same or to another member of the Syndicate will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the section titled “Issue Procedure-Build up of the Book and Revision of Bids” on page 216 of this Draft Red Herring Prospectus.

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.

During the Bidding/Issue Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients / investors who place orders through them and shall have the right to vet the Bids, subject to the terms of the Syndicate Agreement and the Red Herring Prospectus.

Along with the Bid-cum-Application Form, all Bidders will make payment in the manner described under the paragraph titled “Issue Procedure - Terms of Payment and Payment into the Escrow Accounts” on page 214 of this Draft Red Herring Prospectus.

Bids at Different Price Levels

1. The Price Band has been fixed at Rs. [●] to Rs. [●] per Equity Share of Rs. 10 each, Rs. [●] being the lower end of the Price Band and Rs. [●] being the higher end of the Price Band. The Bidders can bid at any price within the Price Band, in multiples of Re. 1 (Rupee One).
2. The Issuer, in consultation with the BRLM, reserves the right to revise the Price Band, during the Bidding Period, in which case the Bidding Period shall be extended in accordance with the SEBI Guidelines. The higher end of the Price Band should not be more than 20% of the lower end of the Price Band. Subject to compliance with the immediately preceding sentence, the lower end of the Price Band can move up or down to the extent of 20% of the lower end of the Price Band disclosed in the Red Herring Prospectus.
3. In case of revision in the Price Band, the Issue Period will be extended for three additional days after revision of Price Band subject to a maximum of 10 (ten) working days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a public notice in two widely circulated newspapers (one each in English and Hindi) and a regional newspaper, and also by indicating the change on the web sites of the BRLM, and at the terminals of the Syndicate member.
4. We, in consultation with the BRLM, can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.
5. The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. **Retail Individual Bidders 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 QIBs or Non-Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.**
6. Retail Individual Bidders who bid at the Cut-Off Price 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 higher end of the Price Band in the Escrow Account. In the event the Bid Amount is higher than the Allocation Amount payable by the Retail Individual Bidders who Bid at Cut off Price (i.e., the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders shall receive the refund of the excess amounts from the Refund Account.
7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders bidding at the Cut-Off Price could either (i) revise their Bid or (ii) make additional payment based on the higher end of the Revised Price Band (such that the total amount i.e. original Bid Amount plus additional payment does not exceed Rs. 100,000 for Retail Individual Bidders, if the Bidder wants to continue to bid at Cut-off Price), with the Syndicate Member to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs. 100,000 for Retail Individual Bidders the Bid will be considered for allocation under the Non-Institutional portion in terms of this Draft 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 higher end of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downwards for the purpose of Allotment, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.

8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders 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.
9. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain [●] Equity Shares irrespective of whether the Bid Amount payable on such minimum application is in the range of Rs. 5000 to Rs. 7000.

Option to Subscribe

Equity Shares being offered through this Draft Red Herring Prospectus can be applied for in dematerialized form only. Bidders will not have the option of getting Allotment of physical form. The Equity Shares, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchange.

Escrow Mechanism

The Issuer shall open Escrow Accounts with one or more Escrow Collection Bank(s) in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the respective Escrow Account. The Escrow Collection Bank(s) will act in terms of this Draft Red Herring Prospectus and the Escrow Agreement. The monies in the Escrow Accounts shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Bank(s) shall transfer the monies from the Escrow Accounts to the Issue Account as per the terms of the Escrow Agreement. Payments of refund to the Bidders shall also be made from the Escrow Accounts/refund account(s) as per the terms of the Escrow Agreement and this Draft 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 members of the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Accounts

Each Bidder, shall pay the applicable Margin Amount, with the submission of the Bid cum Application Form and draw a cheque or demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details please see the section titled “Issue Procedure - Payment Instructions” beginning on page 213) and submit the same to the member of the Syndicate to whom the Bid is being submitted. The Bidder may also provide the applicable Margin Amount by way of an electronic transfer of funds through RTGS mechanism or any similar method. Each QIB shall provide its QIB Margin Amount only to a BRLM or syndicate Member duly authorized by the BRLM in this regard. Bid cum Application Forms accompanied by cash/Stock invest/money order shall not be accepted. The maximum Bid price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds in respect of those Bidders whose Bids have been accepted from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account. The balance amount after transfer to the Public Issue Account, lying credited with the Escrow Collection Bank shall, on the Designated Date be transferred to the Refund Account, held by the Refund Banker for the benefit of the Bidders who are entitled to refund. No later than 15 days from the Bid /Issue Closing Date, the Refund Bank(s)

shall also refund all Amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after the adjustment for allocation, to the Bidders.

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. The Margin Amount payable by each category of Bidders is mentioned in the section titled “Issue Structure” beginning on page 204. 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 BRLM. 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.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allotment, will be refunded to such Bidder within 15 days from the Bid /Issue Closing Date, failing which we shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

Electronic Registration of Bids

1. The Syndicate Members will register the Bids using the on-line facilities of NSE and 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.
2. NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Syndicate Members and their authorised agents during the Bidding Period/Issue Period. Syndicate Member can also set up facilities for off-line electronic registration of Bids subject to the condition that it will subsequently download the off-line data file into the on-line facilities for book building on regular basis. On the Bid Closing Date/ Issue Closing Date, the Syndicate Member shall upload the Bids till such time as may be permitted by the Stock Exchanges.
3. The aggregate demand and price for Bids registered on the electronic facilities of NSE and BSE will be downloaded on a regular basis, consolidated and displayed on-line at all bidding centers. A graphical representation of the consolidated demand and price would be made available at the bidding centers and the websites of the Stock Exchanges during the Bidding Period/Issue Period.
4. At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
 - Name of the investor (Investors should ensure that the name given in the Bid cum Application form is exactly the same as the Name in which the Depository Account is held. In case, the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.);
 - Investor Category –Individual, Corporate, FII, NRI or mutual fund, etc.;
 - Numbers of Equity Shares Bid for;
 - Bid price;
 - Bid cum Application Form number;
 - Margin amount paid upon submission of Bid cum Application Form; and
 - Depository Participant identification no. and client identification no. of the demat account of the Bidder.

5. A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or the Issuer.
6. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
7. The Syndicate Members have the right to review the Bid. Consequently, QIB Bids procured can be rejected by any or all members of the Syndicate provided the rejection is at the time of receipt of such Bids and the reason for rejection of such Bid is communicated to the Bidder at the time of rejection of the Bid. In case of Non-Institutional Bidders and Retail Bidders Bids shall not be rejected except on the technical grounds listed on page 225 of the Draft Red Herring Prospectus.
8. It is to be distinctly understood that the permission given by NSE and 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 us or the BRLM are cleared or approved by NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Issuer, the Promoter, the management or any scheme or project of the Issuer.
9. It is also to be distinctly understood that the approval given by NSE and BSE should not in any way be deemed or construed that this Draft Red Herring Prospectus has been cleared or approved by the NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the NSE and BSE.

Build Up of the Book and Revision of Bids

Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the BSE or NSE mainframe on a regular basis.

The book gets built up at various price levels. This information will be available with the BRLM on a regular basis.

During the Bidding/Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid-cum-Application Form.

Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid-cum-Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid-cum-Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms.

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.

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 Draft Red Herring Prospectus. In case of QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.

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.

Only Bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/ Allotment. In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of the Issuer in consultation with the BRLM based on the physical records of Bid Application Forms shall be final and binding on all concerned.

Price Discovery and Allocation

After the Bid/Issue Closing Date, the BRLM will analyse the demand generated at various price levels and discuss the pricing strategy with us.

Our Company, in consultation with the BRLM, shall finalise the Issue Price.

The allocation to QIBs of not more than 50% of the Issue size (including 5% specifically reserved for Mutual Funds) and allocation to Non-Institutional Bidders of not less than 15% of the Issue size and Retail Individual Bidders of not less than 35% of the Issue, will be on a proportionate basis, in a manner specified in the SEBI Guidelines and the Red Herring Prospectus, in consultation with the Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.

Under-subscription, if any, in any category, would be allowed to be met with spill-over from any category or combination of categories at our discretion in consultation with the BRLM. However, if the aggregate demand by Mutual Funds is less than 174,250 Equity Shares (assuming QIB Portion is 50% of the Issue size, i.e. 3,485,000 Equity Shares), the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders.

Allocation to Non-Residents, including Eligible NRIs, FIIs and FVCIs registered with SEBI, applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.

The BRLM, in consultation with us, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.

We reserve the right to cancel the Issue any time after the Bid/Issue Opening Date but before allotment without assigning any reasons whatsoever. In terms of the SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bids after the Bid/Issue Closing Date.

Notice to QIBs: Allotment Reconciliation

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE system. Based on the electronic book, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to QIBs, and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Advertisement Regarding Issue Price

A statutory advertisement will be issued by us after the filing of the prospectus with the ROC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of the Red Herring Prospectus and the date of the Prospectus will be included in the statutory advertisement.

Issuance of CAN

Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLM, or Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated/allotted Equity Shares in the Issue. The approval of the basis of Allotment by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. However, investors should note that the Issuer shall ensure that the date of Allotment of the Equity Shares to all investors in this Issue shall be done on the same date.

The BRLM or members of the Syndicate would dispatch a CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the entire Bid Amount into the Escrow Account at the time of bidding shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN.

Bidders who have been allocated/allotted Equity Shares and who have already paid the Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of his or her cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for the Allotment to such Bidder.

The Issuance of CAN is subject to “Notice to QIBs - Allotment Reconciliation” as set forth under the section titled “Issue Procedure” beginning on page 207 of this Draft Red Herring Prospectus.

Signing of Underwriting Agreement and ROC Filing

Our Company, the BRLM and the Syndicate members shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s) to the Bidders.

After signing the Underwriting Agreement, we would update and file the updated Red Herring Prospectus with the ROC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.

Advertisement regarding Issue Price and Prospectus

The Issuer shall at the time of filing the Red Herring Prospectus with the ROC publish in two widely circulated newspapers (one each in English and Hindi) and a regional language newspaper, a pre-issue advertisement which shall be in the format and contain the disclosures specified in Part A of schedule XX-A of the SEBI Guidelines. This advertisement, in addition to the information, that has to be set out in the statutory advertisement shall indicate the Issue Price along with a table showing the number of Equity Shares. Any material updates between Red Herring Prospectus and the Prospectus will be included in such statutory advertisement.

Designated Date and allotment of Equity Shares

Our Company will ensure that the allotment of Equity Shares is done within 15 days of the Bid Closing Date/Issue Closing Date. After the funds are transferred from the Escrow Account to the Issue Account on the Designated Date, we would ensure the credit to the successful Bidders depository account within two working days of the date of allotment.

As per SEBI Guidelines, Equity Shares will be issued and allotment shall be made only in the dematerialised form to the allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, in the manner stated in the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to this Issue.

GENERAL INSTRUCTIONS

DO's:

1. Check if you are eligible to apply;
2. Read all the instructions carefully and complete the Resident Bid cum Application Form
3. Ensure that you bid only in the Price Band;
4. Ensure that DP account is activated;
5. Ensure that the details about Depository Participant and Beneficiary Account are correct as allotment of Equity Shares will be in the dematerialized form only;
6. Ensure that the name given in the Bid cum Application form is exactly the same as the name in which the Depository Account is held. In case, the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form;
7. Ensure that the Bids are submitted at the bidding centers only on forms bearing the stamp of a member of the Syndicate;
8. QIBs shall submit their bids only to the BRLM or to Syndicate Members duly appointed in this regard.
9. Ensure that you have been given a TRS for all your Bid options;

10. Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
11. 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. The copy of the PAN card or PAN allotment letter is required to be submitted with the application form. Applications without this information and documents will be considered incomplete and are liable to be rejected.
12. If you have mentioned “Applied For” or “Not Applicable”, in the Bid cum Application Form in the section dealing with PAN number, ensure that you submit Form 60 or 61, as the case may be, together with permissible documents as address proof.

DONT’s:

1. Do not Bid for lower than the minimum Bid size;
2. Do not Bid/ revise Bid price to less than the lower end of the price band or higher than the higher end of the Price Band;
3. Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
4. Do not pay the Bid Amount in cash;
5. Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;
6. Do not Bid at Cut-off Price (for QIB Bidders, Non-Institutional Bidders, for whom the Bid Amount exceeds Rs.100, 000);
7. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Issue size and/or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
8. Do not submit Bid accompanied with Stockinvest.
9. Do not submit a GIR number instead of a PAN as Bid is liable to be rejected on this ground.
10. Do not submit the Bid without the QIB Margin Amount, in case of a Bid by a QIB

INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM

Bidders can obtain Bid-cum-Application Forms and/or Revision Forms from the Syndicate Members.

Bids and Revision of Bids

Bids and revisions of Bids must be:

Made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable.

Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid-cum-Application Form or in the Revision Form. Incomplete Bid-cum-Application Forms or Revision Forms are liable to be rejected.

For Retail Individual Bidders, the Bid must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid Amount of Rs. 100,000.

For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares thereafter. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under the applicable laws or regulations.

In single name or in joint names (not more than three, and in the same order as their Depository Participant details).

Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bidder's Bank Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name and identification number and the beneficiary account number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the details of the Bidder's bank account. **These bank account details would be printed on the refund order, if any, to be sent to Bidders. In case the refunds are made through Electronic Clearing Service (ECS), the refund amount, if any, would be electronically credited to the bank account of the applicant. For further details, please refer to the section titled "Modes of refund" on page no. 233 of this Draft Red Herring Prospectus. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant.** Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLM nor the Company shall have any responsibility and undertake any liability for the same.

Bidder's Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant- Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders 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 refund orders/ CANs/Allocation Advice and printing of bank particulars on the refund order and the Demographic Details given by Bidders in the Bid cum Application Form would not be used for these purposes by the Registrar. Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants and ensure that they are true and correct. By signing the Bid cum Application Form, Bidder would have deemed to authorise the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records. Refund Orders/Allocation Advice/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither we nor the BRLM 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's identity, then such Bids are liable to be rejected.

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 of Association and Articles of Association and/or bye laws must be lodged along with the Bid-cum-Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof. In case of Bids made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid-cum-Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made by provident funds with minimum corpus of Rs. 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, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made by mutual fund registered with SEBI, venture capital fund registered with SEBI and foreign venture capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, our Company 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 the Issuer and the BRLM.

We, in our absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

Bids by NRIs

NRI Bidders will have to comply with the following:

- Individual NRI Bidders can obtain the Bid-cum-Application Forms from the Company's Registered Office or from members of the Syndicate or the Registrars to the Issue.

- NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange through approved banking channel shall be considered for allotment. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application form meant for Resident Indians (white in colour).

Bids by Non-Residents, NRIs and FIIs on a repatriation basis

Bids and revision to the Bids must be made:

- I. On the Bid cum Application Form or the Revision Form, as applicable (blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- II. In a single name or joint names (not more than three).
- III. NRIs for a Bid Amount of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purposes of allocation; by other eligible Non-Resident Bidders for a minimum of such number of Equity Shares and in multiples of [●] thereafter that the Bid Amount exceeds Rs. 100,000. For further details please see section titled "Issue Structure" beginning on page 204.
- IV. 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 Non-Residents, NRIs and FIIs and all Non-Residents, NRI and FII applicants will be treated on the same basis with other categories for the purpose of allocation.

As per the existing policy of the government of India, OCBs cannot participate in this Issue.

PAYMENT INSTRUCTIONS

Our Company shall open Escrow Accounts with the Escrow Collection Bank(s) for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation in the Issue. Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Payment into Escrow Account of the Issuer

1. The Bidders for whom the applicable Margin Amount is equal to 100% shall, with the submission of the Bid cum Application Form draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the members of the Syndicate.
2. In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLM.

3. The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - In case of Resident Bidders: “**Escrow Account - Neoteric Infomatique Ltd. - Public Issue - R**”
 - In case of Non Resident Bidders: “**Escrow Account - Neoteric Infomatique Ltd. - Public Issue - NR**”.
4. In case of bids by NRIs applying on a 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 the NRE Accounts or the Foreign Currency Non-Resident 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 the 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 the NRE Account or the Foreign Currency Non-Resident Account.
5. In case of Bids by FIIs, the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to Special Rupee Account.
6. 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 Escrow Accounts.
7. The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date.
8. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Issue Account.
9. On the Designated Date and no later than 15 days from the Bid Closing Date/Issue Closing Date, the Escrow Collection Bank(s) shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.

Payments should be made by cheque, or demand draft drawn on any bank (including a Co-operative bank), which is situated at, and is a member of or sub-member of the bankers’ clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques /bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash /stockinvest/ money orders/postal orders will not be accepted.

Payment by Stock invest

In terms of the RBI Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through stockinvest would not be accepted in this Issue.

SUBMISSION OF BID CUM APPLICATION FORM

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid.

No separate receipts shall be issued for the money payable on the submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same. The Issuer reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all portion.

PAN Number

The Bidder or, in the case of a Bid in joint names, each of the Bidders should mention his or her Permanent Account Number (PAN) allotted under the Income Tax Act, 1961. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.** In case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the Joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "applied for" in the Bid cum Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable" the Sole/First Bidder and each of the Joint Bidder(s), as the case may be, would be required to provide a declaration in Form 60 (Form of declaration to be filed by a person who does not have a PAN and who enters into any transaction specified in Rule 114B) or Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income-tax in respect of transactions specified in Rule 114B) as may be applicable, duly filled along with a copy of any one of the following documents in support of the address : (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61 as the case may be.**

Right to Reject Bids

In case of QIB Bidders, the Issuer in consultation with the BRLM may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders who Bid, the Issuer has a right to reject Bids on technical grounds. Consequent refunds shall be made through ECS or by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

Grounds for Technical Rejections:

- Bidders are advised to note that Bids are liable to be rejected inter alia on the following technical grounds:
- Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for;
- Age of First Bidder not given;
- In case of partnership firms Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;

- Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN of bidder / joint bidders not provided;
- GIR number furnished instead of PAN;
- Bids for lower number of Equity Shares than specified for that category of investors;
- Bids at a price less than lower end of the Price Band;
- Bids at a price more than the higher end of the Price Band;
- Bids at Cut Off Price by Non-Institutional and QIB Bidders;
- Bids for number of Equity Shares which are not in multiples of [●];
- Category not ticked;
- Multiple Bids as defined in this Draft Red Herring Prospectus;
- In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- Bids accompanied by Stockinvest/money order/postal order/cash;
- Signature of sole and / or joint Bidders missing;
- Bid-cum-Application Forms does not have the stamp of the BRLM, or Syndicate Member;
- Bid-cum-Application Forms does not have Bidder's depository account details;
- Bid-cum-Application Forms are not delivered by the Bidders within the time prescribed as per the Bid-cum-Application Forms, Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid-cum-Application Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Bids 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 U.S. Securities Act of 1933;
- 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 – Grounds for Technical Rejection" on page 225 of this Draft Red Herring Prospectus;
- Bids not duly signed by the sole/joint Bidders;

- Bids accompanied with Stockinvests;
- Bids by OCBs:
- Bids by any persons outside India if not in compliance with applicable foreign and Indian laws.

Interest on Refund of Excess Bid Amount

Our Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received by us if the refunds are not electronically transferred or refund orders are not dispatched within 15 days from the Bid/Issue Closing Date.

Equity Shares in Dematerialized 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 dematerialised form (i.e., not in the form of physical certificates but fungible statements issued in electronic mode).

The Company has recently appointed Intime Spectrum Registry Limited as Registrar to the Issue. To facilitate the connectivity with NSDL & CDSL, the company has signed the following tripartite agreements with both the Depositories and the Registrar to the Issue:

- i. an agreement dated [●], 2007 between NSDL, us and the Registrar to the Issue; and
- ii. an agreement dated [●], 2007 between CDSL, us and the Registrar to the Issue.

The company's shares bear an ISIN no.

- i. 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.
- ii. 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.
- iii. 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.
- iv. 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
- v. 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.
- vi. 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.
- vii. 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.
- viii. 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.

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 communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid-cum-Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

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

Disposal of Applications and Application Moneys and Interest In Case Of Delay

The Issuer shall ensure dispatch of Allotment advice, refunds and give credit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within 15 days from the Bid/Issue Closing Date.

Refunds shall be made in the manner described in the section titled “Issue Procedure” beginning on page 207 of this Draft Red Herring Prospectus.

For this purpose, the details of bank accounts of applicants would be taken directly from the depositories’ database. The Registrar will send the electronic files with the refund data to the Bankers to the Issue and the bankers to the issue shall send the refund files to the RBI system within 15 days from the Bid/ Issue Closing date. A suitable communication shall be sent to the bidders receiving refund through this mode within 15 days of Bid/Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Issuer shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within seven working days of of allotment of equity shares in the issue.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, we further undertake that:

- Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;
- Refunds will be done within 15 days from the Bid/Issue Closing Date at the sole or First Bidder’s sole risk; and
- We shall pay interest at the rate of 15% per annum if the Allotment letters/ refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner within 15 days from Bid/Issue Closing Date.
- We will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue.

- Refunds will be made by cheques, pay-orders or demand drafts drawn on a banks appointed by us, as Refund Banks and payable at par at places where Bids are received except where the refund or portion thereof is made in electronic manner as described above. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

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

Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.

The Issue size less allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

If the aggregate demand in this category is less than or equal to 2,439,500 Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their demand.

If the aggregate demand in this category is greater than 2,439,500 Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares and in multiples of 1 Equity Shares thereafter. For the method of proportionate basis of Allotment, refer below.

B. For Non-Institutional Bidders:

Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.

The Issue size less allotment to QIBs and Retail Portion shall be available for Allotment to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

If the aggregate demand in this category is less than or equal to 1,045,500 Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.

In case the aggregate demand in this category is greater than 1,045,500 Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares and in multiples of 1 Equity Shares thereafter. For the method of proportionate basis of Allotment refer below

C. For QIB Bidders:

Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the QIB Bidders will be made at the Issue Price.

The QIB Portion shall be available for Allotment to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

Allotment to QIB Bidders shall be undertaken in the following manner:

1. In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:
 - 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.
 - 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.
 - Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for allotment to all QIB Bidders as set out in (b) below;

2. In the second instance allotment to all QIBs shall be determined as follows:
 - In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.
 - Mutual Funds, who have received allocation as per (1) 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.
 - Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis

 - The aggregate Allotment to QIB Bidders shall be not more than 3,485,000 Equity Shares.

Under-subscription, if any, in any category would be allowed to be met with spill over from any other category at the sole discretion of our Company and the BRLM.

Method of proportionate basis of allocation in the Issue

In the event of the Issue being over-subscribed, we 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 BRLM and the Registrar to the Issue shall be responsible for ensuring that the basis of Allotment is finalized in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

- a) Bidders will be categorized according to the number of Equity Shares applied for.

- b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

- c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
- d) In all Bids where the proportionate Allotment is less than [•] Equity Shares per Bidder, the Allotment shall be made as follows:
- Each successful Bidder shall be allotted a minimum of [•] Equity Shares; and
 - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.

If the proportionate allotment to a Bidder is a number that is more than [•] but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. All Bidders in such categories would be allotted Equity Shares arrived at after such rounding off.

If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Illustration of Allotment to QIBs and Mutual Funds (“MF”)

A. Issue Details

Sr. No.	Particulars	Issue Details
1	Issue Size	200 million Equity Shares
2	Allocation to QIB (50% of the Issue) Of which: a. Reservation for Mutual Funds (5%) b. Balance for all QIBs including Mutual Funds	100 million Equity Shares 5 million Equity Shares 95 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

SL. No.	Type of QIB Bidders *	No. of Equity Shares bid for (in million)
1	Q1	50
2	Q2	20
3	Q3	130
4	Q4	50
5	Q5	50
6	M1	40
7	M2	40
8	M3	80
9	M4	20
10	M5	20
	Total	500

* Q1-Q5 are QIB Bidders other than Mutual Funds

M1-M5 are QIB Bidders who are Mutual Funds

C. Details of Allotment to QIB Bidders/Applicants

(Number of Equity Shares in million)

Type of QIB Bidders	Number of Equity Shares Bid	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 Mutual Funds
(I)	(II)	(III)	(IV)	(V)
Q1	50	0	9.5	0
Q2	20	0	3.8	0
Q3	130	0	24.7	0
Q4	50	0	9.5	0
Q5	50	0	9.5	0
M1	40	1	7.6	8.6
M2	40	1	7.6	8.6
M3	80	2	15.2	17.2
M4	20	0.5	3.8	4.3
M5	20	0.5	3.8	4.3
	500	5	95	43

Please Note:

- The illustration presumes compliance with the requirements specified in this Draft Red Herring Prospectus in the section titled “Issue Structure” beginning on page 204.
- Out of 100 million Equity Shares allocated to QIBs, 5 million Equity Shares (i.e. 5%) will be allocated on proportionate basis among the five Mutual Fund applicants who applied for 200 million Equity Shares in the QIB Portion.
- The balance 95 million Equity Shares [i.e. 100-5 (available for Mutual Funds only)] will be allocated on proportionate basis among 10 QIB Bidders who applied for 500 million Equity Shares (including 5 Mutual Fund applicants who applied for 200 million Equity Shares).
- The figures in the fourth column titled “Allocation of balance 95 million Equity Shares to QIBs proportionately” in the above illustration are arrived as under:
 - For QIBs other than Mutual Funds (Q1 to Q5)= Number of Equity Shares Bid for * 95/495
 - For Mutual Funds (M1 to M5)= [(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)] * 95/495
 - The numerator and denominator for arriving at allocation of 95 million Equity Shares to the 10 QIBs are reduced by 5 million Equity Shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

Letters of Allotment or Refund Orders

We shall give credit of Equity Share allotted to the beneficiary account with Depository Participants within 15 working days of the Bid Closing Date / Issue Closing Date. We shall ensure refunds as per the modes of refund discussed in the paragraph given below.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, we further undertake that Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;

Dispatch of refund orders

Refunds will be done within 15 days from the Bid/Issue Closing Date at the sole or First Bidder's sole risk. We will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue.

Interest in case of delay in dispatch of Allotment letters/refund orders

The Issuer shall pay interest at the rate of 15% per annum if the Allotment letters/ refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner within 15 days from Bid/Issue Closing Date.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as an Escrow Collection Bank and payable at par at places where Bids are received except where the refund or portion thereof is made in electronic manner as described above. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Modes of Refund

The payment of refund, if any, would be done through various modes in the following order of preference:

1. ECS—Payment of refund would be done through ECS for applicants having an account at any of the following 68 centres notified by SEBI: Agra, Ahmedabad, Allahabad, Amritsar, Aurangabad, Baroda, Bengaluru, Bhillwara, Bhopal, Bhubaneswar, Burdwan (Non-MICR), Calicut, Chandigarh, Chennai, Coimbatore, Dhanbad (Non-MICR), Dehradun, Durgapur (Non-MICR), Erode, Gorakhpur, Guwahati, Gwalior, Haldia (Non-MICR), Hyderabad, Hubli, Indore, Jabalpur, Jalandhar, Jammu, Jaipur, Jamshedpur, Jodhpur, Kakinada (Non-MICR), Kanpur, Kochi/Ernakulum, Kolhapur, Kolkatta, Lucknow, Ludhiana, Madurai, Mangalore, Mumbai, Mysore, Nagpur, Nasik, Nellor (Non-MICR), New Delhi, Panaji, Patna, Pune, Pondicherry, Rajkot, Ranchi, Raipur, Salem, Shimla (Non-MICR), Surat, Siliguri(Non-MICR), Solapur, Trichy, Trichur, Tripur, Tirupati (Non-MICR), Thiruvananthapuram, Udaipur, Varanasi, Vijayawada and Visakhapatnam,

This mode of payment of refunds would be subject to availability of complete bank account details including the nine-digit MICR code as appearing on a cheque leaf from the Depository. The payment of refund through ECS is mandatory for applicants having a bank account at any of the 68 centres notified by SEBI named hereinabove, except where the applicant is otherwise disclosed as eligible to receive refunds through direct credit or RTGS.

2. NEFT - Payment of refund may 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 at a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method.

3. Direct Credit—Applicants having their bank account with the Refund Banker shall be eligible to receive refunds, if any, through direct credit. Charges, if any, levied by the Refund Bank(s) for the same will be borne by the Company.
4. RTGS—Applicants having a bank account at any of the 68 centres notified by SEBI detailed above, and whose Bid Amount exceeds Rs. one Million, shall have the option to receive refunds, if any, through RTGS. Such eligible applicants who indicate their preference to receive refunds through RTGS are required to provide the IFSC code in the Bid-cum-Application Form. In the event of failure to provide the IFSC code in the Bid-cum-Application Form, the refund shall be made through the ECS or direct credit, if eligibility is disclosed. Charges, if any, levied by the Refund Bank(s) for the same will be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit will be borne by the applicant.
5. Please note that only applicants having a bank account at any of the 68 centres notified by SEBI, where clearing houses for ECS are managed by the RBI are eligible to receive refunds through the modes detailed hereinabove. For all the other applicants, including applicants who have not updated their bank particulars along with the nine-digit MICR Code, the refund orders will be dispatched "Under Certificate of Posting" for refund orders of value up to Rs. 1,500 and through Speed Post/Registered Post for refund orders of Rs. 1,500 and above. Some 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.

Undertakings by our Company

The Company undertakes 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 /Allotment letters to unsuccessful applicants as per the modes disclosed shall be made available to the Registrar to the Issue by us;
- That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of Bid/ Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund; and
- That the certificates of the Equity Shares/ refund orders to the non-resident Indians shall be dispatched within the specified time.
- That except or the pre-IPO placement, no further issue of Equity Shares shall be made till the Equity Shares offered through this Draft Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

Utilisation of Issue proceeds

Our Board of Directors certify that:

- All monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- Details of all monies utilised out of Issue shall be disclosed under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilised;
- Details of all un-utilised monies out of the Issue, if any shall be disclosed under the appropriate head in the balance sheet indicating the form in which such un-utilised monies 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, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such Investment. The Comprehensive Manual for Foreign Direct Investment- Policy & Procedures dated November, 2005 issued by the Department of Industry Policy and Promotion, Ministry of Commerce and Industry does not prescribe any cap on the foreign investments in the sector in which the Issuer operates. Therefore, foreign investment up to 100% is permitted in the Issuer 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 issue without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

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

Representation from the Bidders

No person shall make a Bid in Issue, unless such person is eligible to acquire Equity Shares of the Issuer in accordance with applicable laws, rules, regulations, guidelines and approvals.

Investors that Bid in the Issue will be required to confirm and will be deemed to have represented to the Issuer, the Underwriters and their respective directors, officers, agents, affiliates and representatives, as applicable, that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Issuer and will not offer, sell, pledge or transfer the Equity Shares of the Issuer to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Issuer. The Issuer, the Underwriters and their respective directors, officers, agents, affiliates and representatives, as applicable, accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of the Issuer.

Subscription by Eligible Non-Residents

There is no reservation for any NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions and such NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions will be treated on the same basis with other categories for the purpose of allocation.

As per RBI regulations, OCBs cannot participate in the Issue.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (“the Securities Act”) or any state securities laws in the United States and may not be issued or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Equity Shares are only being issued 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 jurisdictions where those offers and sales occur.

The above information is given for the benefit of the Bidders and neither our Company nor the BRLM are liable for any changes in the regulations after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Pursuant to the provisions of Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the Articles of Association are detailed below. Each provision herein below is numbered as per the corresponding article number in the Articles of Association and capitalized terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company. Recipient

The main provisions of the Articles of Association of the Company are as follows:

CAPITAL AND INCREASE AND REDUCTION OF CAPITAL

Share Capital

3. The Authorised Share Capital of the Company is as laid down in Clause V of Memorandum of Association of the company.

The Company may from time to time by Ordinary Resolution increase its authorised share capital by such sum and to be divided into Shares of such amount as may be specified in the resolution.

Increase of capital by the Company how carried into effect

4. The Company may in General Meeting from time to time by Ordinary Resolution increase its capital by creation of new Shares which may be unclassified and may be classified at the time of issue in one or more classes and of such amount or amounts as may be deemed expedient. The new Shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe and in particular, such Shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a right of voting at General Meeting of the Company in conformity with Section 87 and 88 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article the Directors shall comply with the provisions of Section 97 of the Act

Redeemable Preference Shares

6. Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue preference shares which are or at the option of the Company, liable to be redeemed and the resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.

Reduction of capital

8. The Company may (subject to the provisions of section 78, 80 and 100 to 105, both inclusive, and other applicable provisions, if any, of the Act) from time to time by Special Resolution reduce

- (a) the share capital;
- (b) any capital redemption reserve account; or
- (c) any share premium account

in any manner for the time being, authorised by law and in particular capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power the Company would have, if it were omitted.

Buy back of Shares

9. The Company shall have power, subject to and in accordance with the provision of section 77A and all other applicable provisions of the Act, to purchase any of its own fully paid Shares whether or not they are redeemable and may make a payment out of capital in respect of such purchase.

SHARES, CERTIFICATES AND DEMATERIALISATION

Further issue of shares

12. (1) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of Shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further Shares whether out of un-issued share capital or out of increased share capital then:

- (a) Such further Shares shall be offered to the persons who at the date of the offer are holders of the equity shares of the Company, in proportion, as 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 being less than thirty days from the date of the offer and the offer, if not accepted, will be deemed to have been declined.
- (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the Shares offered to them in favour of any other person, and the notice referred to in sub-clause (b) shall contain a statement of this right, PROVIDED THAT the Directors may decline, without assigning any reason, to allot

any Shares to any person in whose favour any Member may renounce the Shares offered to him.

(d) After the expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given declines to accept the Shares offered, the Board of Directors may dispose them off in such manner and to such person(s) as they may think in their sole discretion fit.

(2) Notwithstanding anything contained in sub-clause (1) hereof, the further Shares aforesaid may be offered to any person(s) (whether or not those persons include the persons referred to in clause (a) sub-clause (1) hereof) in any manner whatsoever.

(a) If a Special Resolution to that effect is passed by the Company in the General Meeting; or

(b) Where no such Special Resolution is passed, if the votes cast (whether on a show of hands, or on a poll, as the case may be) in favour of the proposal contained in the resolution moved in that General Meeting, (including the casting vote, if any, of the Chairman) by Members who, being entitled to do so, vote in person, or where proxies are allowed by proxy, exceed the votes, if any, cast against the proposal by Members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.

(3) Nothing in sub-clause (c) of clause(l) hereof shall be deemed;

(a) To extend the time within which the offer should be accepted; or

(b) To authorise any person to exercise the right of renunciation for a second time, on the ground that the persons in whose favour the renunciation was first made has declined to take the Shares comprised in the renunciation.

(4) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company:

(i) To convert such debentures or loans into Shares in the Company; or

(ii) to subscribe for Shares in the Company (whether such option is conferred in these Articles or otherwise)

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

(a) either has been approved by the Central Government before the issue of the debentures or the raising of the loans, or is in conformity with the rules, if any, made by that government in this behalf, and

(b) in the case of debentures or loans 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 the General Meeting before the issue of the debentures or the raising of the loans.

Shares under control of Directors

13. Subject to the provisions of the Act and these Articles, the Shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any Shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot Shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any Shares which may so be allotted may be issued as fully paid up Shares and if so issued, shall be deemed to be fully paid Shares. Provided that option or right to call for Shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.

Dematerialisation of securities

21.

(B) Either on the Company or on the investor exercising an option to hold his securities with a depository in a dematerialised form, the Company shall enter into an agreement with the depository to enable the investor to dematerialise the Securities, in which event the rights and obligations of the parties concerned shall be governed by the Depositories Act.

Options to receive security certificates or hold securities with depository

21. (C) Every person subscribing to securities offered by the Company shall have the option to receive the

Security certificates or hold securities with a depository. Where a person opts to hold a Security with a depository, the Company shall intimate such depository the details of allotment of the Security, and on receipt of such information the depository shall enter in its record the name of the allotted as the Beneficial Owner of that Security.

Securities in depositories to be in fungible form

21. (D) All Securities held by a Depository shall be dematerialised and shall be in a fungible form; nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners.

Rights of depositories and beneficial owners

21. (E) (1) Notwithstanding anything to the contrary contained in the Articles, a Depository shall be deemed to be a registered owner for the purposes of effecting transfer of ownership of Security on behalf of the Beneficial Owner;

(2) Save as otherwise provided in (1) above, the Depository as a registered owner shall not have any voting rights or any other rights in respect of Securities held by it;

(3) Every person holding equity share capital of the Company and whose name is entered as Beneficial Owner in the Records of the Depository shall be deemed to be a Member of the Company. The Beneficial Owner shall be entitled to all the rights and benefits and be subjected to all the liabilities in respect of the Securities held by a Depository.

Limitation of time for issue of certificates

22A. 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 may from time to time approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each or one or more of such Shares and the Company shall complete and have ready for delivery such certificates within two months from the date of registration of transfer, transmission, sub-division, consolidation or renewal of any of its Shares as the case maybe. Every Certificate of Shares shall be under the seal of the Company and shall specify the number and distinctive numbers of Shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the Directors may prescribe or approve, provided that in respect of a Share or Shares held jointly by several persons shall be sufficient delivery to all such holders.

Renewal of share certificates

23. No certificate of any Share or Shares shall be issued either in exchange for those, which are sub-divided or consolidated or in replacement of those which are defaced, torn or old, decrepit, worn out, or where the pages on the reverse for recording transfer have been duly utilized unless the certificate in lieu of which it is issued is surrendered to the Company.

PROVIDED THAT no fee shall be charged for issue of new certificate in replacement of those which are old, decrepit or worn out or where the pages on the reverse for recording transfer have been fully utilized.

The first name joint holder deemed sole holder

25. If any Share(s) stands in the name of two or more persons, the person first named in the Register of Members shall, as regards receipt of dividends or bonus or service of notice and all or any other matters connected with Company except voting at Meetings and the transfer of the Shares be deemed the sole holder thereof but the joint holders of a Share shall severally as well as jointly be liable for the payment of all incidents thereof according to the Company's Articles.

UNDERWRITING AND BROKERAGE

Commission may be paid

30. Subject to the provisions of Section 76 of the Act, the Company may at anytime pay commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any Shares in or debentures of the Company but so that the commission shall not exceed in the case of the Shares five percent of the price at which the Shares are issued and in the case of debentures two and half percent of the price at which the debenture are issued. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid Shares or debentures as the case may be or partly in one way and partly in the other.

Brokerage

31. The Company may on any issue of Shares or Debentures or on deposits pay such brokerage as may be reasonable and lawful.

CALLS

Directors may make calls

35.(a) Subject to the provisions of Section 91 of the Act, the Board of Directors may from time to time by a resolution passed at a meeting of a Board (and not by a circular resolution) make such calls as it thinks fit upon the Members in respect of all moneys unpaid on the Shares or by way of premium, held by them respectively and not by conditions of allotment thereof made payable at fixed time and each Member shall pay the amount of every call so made on him to person or persons and at the times and places appointed by the Board of Directors. A call may be made payable by installments. A call may be postponed or revoked as the Board may determine. No call shall be made payable within less than one month from the date fixed for the payment of the last preceding call.

(b) The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.

Notice of call when to be given

36. Not less than one month notice in writing of any call shall be given by the Company specifying the time and place of payment and the person or persons by who such call shall be paid.

Call deemed to have been made

37. A call shall be deemed to have been made at the time when the resolution authorising such call was passed at a meeting of the Board of Directors and may be made payable by the Members of such date or at the discretion of the Directors on such subsequent date as shall be fixed by the Board of Directors.

When interest on call or installment payable

40. If the sum payable in respect of any call or installment is not paid on or before the day appointed for the payment thereof, the holder for the time being or allottee of the Share in respect of which the call shall have been made or the installment shall be due, shall pay interest on the same at such rate not exceeding eighteen percent per annum as Directors shall fix from the day appointed for the payment thereof up to the time of actual payment but the Directors may waive payment of such interest wholly or in part.

Payment in anticipation of calls may carry interest

42. (i) The Board of Directors may, if it thinks fit, subject to the provisions of Section 92 of the Act, agree to and receive from any Member willing to advance the same, all or any part of the amount due upon the Shares held by him beyond the sums actually called for and upon the money so paid up in advance or so much thereof, from time to time, and at any time thereafter as exceeds the amount of the calls then made upon and in respect of its Shares on account of which such advances are made, the Board of Directors may pay or allow interest at such rate not exceeding, unless the Company in General Meeting shall otherwise direct, fifteen per cent per annum as the Member paying the sum in advance and the Board of Directors agree upon. The Board of Directors may agree to repay at any time any amount so advanced or may at any time repay the same upon giving to such Member three months' notice in writing. Money so paid in advance of the amount of calls shall not confer a right to dividend or to participate in profits.

(ii) No Member paying any such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him until the same would but for such payment presently payable.

(iii) The provisions of this Article shall mutatis mutandis apply to the calls on Debentures of the Company.

LIEN

Partial payment not to preclude forfeiture

43. Neither the receipt by the Company of a portion of any money which shall, from time to time be due from any Member to the Company in respect of his Shares, either by way of principal or interest, or any indulgence granted by the Company in respect of the payment of such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such Shares as hereinafter provided.

Company to have lien on Shares/ Debentures

44. The Company shall have first and paramount lien upon all 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 interests in any Share/ Debenture shall be created except upon the footing and condition that this Article is to have full legal effect. Any such lien shall extend to all dividends and bonuses from time to time declared in respect of such Shares/ Debentures; PROVIDED THAT the Board of Directors may, at any time, declare any Share/ Debenture to be wholly or in part exempt from the provisions of this Article. Unless otherwise agreed the registration of a transfer of Shares/ Debentures shall operate as a waiver of the Company's lien if any, on such Shares.

As to enforcing lien by sale

45. The Company may sell, in such manner as the Board thinks fit, any Shares on which the Company has lien for the purpose of enforcing the same PROVIDED THAT no sale shall be made:-

- (a) Unless a sum in respect of which the lien exists is presently payable; or
- (b) Until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is /presently payable has been given to the registered holder for the time being of the Share or the person entitled thereto by reason of his death or insolvency.

For the purpose of such sale the Board may cause to be issued a duplicate certificate in respect of such Shares and may authorise one of their members to execute a transfer there from behalf of and in the name of such Members

- (c) The purchaser shall not be bound to see the application of the purchase money, nor shall his title to the Shares be affected by any irregularity, or invalidity in the proceedings in reference to the sale.

Application of proceeds of sale

46.(a) The net proceeds of any such sale shall be received by the Company and applied in or towards satisfaction of such part of the amount in respect of which the lien exists as is presently payable, and

- (b) The residue if any, after adjusting costs and expenses if any incurred shall be paid to the person entitled to the Shares at the date of the sale (subject to a like lien for sums not presently payable as existed on the Shares before the sale).

FORFEITURE OF SHARES**If money payable on Shares not paid notice to be given**

47. If any Member fails to pay the whole or any part of any call or any installments of a call on or before the day appointed for the payment of the same or any such extension thereof, the Board of Directors may, at any time thereafter, during such time as the call for installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

Sum payable on allotment to be deemed a call

48. For the purposes of the provisions of these Articles relating to forfeiture of Shares, the sum payable upon allotment in respect of a share shall be deemed to be a call payable upon such Share on the day of allotment.

Form of notice

49. The notice shall name a day, (not being less than fourteen days from the day of the notice) and a place or places on and at which such call in installment and such interest thereon at such rate not exceeding eighteen percent per annum as the Directors may determine and expenses as aforesaid are to be paid. The notice shall also state that in the event of the non-payment at or before the time and at the place appointed, Shares in respect of which the call was made or installment is payable will be liable to be forfeited.

In default of payment Shares to be forfeited

50. If the requirements of any such notice as aforesaid are not complied with, any Share or Shares in respect of which such notice has been given may at any time thereafter before payment of all calls or installments, interests and expenses due in respect thereof, be forfeited by a resolution of the Board of Directors to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited Shares and not actually paid before the forfeiture.

Forfeited Shares to be the property of the Company and may be sold etc.

52. Any Share so forfeited, shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of, either to the original holder or to any other person, upon such terms and in such manner as the Board of Directors shall think fit.

Member still liable for money owing at the time of forfeiture and interest

53. Any Member whose Shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company on demand all calls, installments, interest and expenses owing upon or in respect of such Shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment, at such rate not exceeding eighteen percent per annum as the Board of Directors may determine and the Board of Directors may enforce the payment of such moneys or any part thereof, if it thinks fit, but shall not be under any obligation to do so.

Power to annul forfeiture

55. The Board of Directors may at any time before any Share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

Declaration of forfeiture

56. (a) A duly verified declaration in writing that the declarant is a Director, the Managing Director or the Manager or the Secretary of the Company, and that Share in the Company has been duly forfeited in accordance with these Articles, on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share.

(b) The Company may receive the consideration, if any, given for the Share on any sale, re-allotment or other disposal thereof and may execute a transfer of the Share in favour of the person to whom the Share is sold or disposed off.

(c) The person to whom such Share is sold, re-allotted or disposed of shall thereupon be registered as the holder of the Share.

(d) Any such purchaser or allottee shall not (unless by express agreement) be liable to pay calls, amounts, installments, interests and expenses owing to the Company prior to such purchase or allotment nor shall be entitled (unless by express agreement) to any of the dividends, interests or bonuses accrued or which might have accrued upon the Share before the time of completing such purchase or before such allotment.

(e) Such purchaser or allottee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Share be effected by the irregularity or invalidity in the proceedings in reference to the forfeiture, sale re-allotment or other disposal of the Shares.

Evidence of forfeiture

59. The declaration as mentioned in Article 56(a) of these Articles shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share.

TRANSFER AND TRANSMISSION OF SHARES

No transfers to minors etc.

62. No Share which is partly paid-up or on which any sum of money is due shall in any circumstances be transferred to any minor, insolvent or person of unsound mind.

Form of transfer

63. The instrument of transfer of any Share shall be in the prescribed form under the Companies (Central Governments) General Rules and Forms, 1956 and in accordance with the requirements of Section 108 of the Act.

Execution of transfer

65. The instrument of transfer of any Share shall be duly stamped and executed by or on behalf of both the transferor and the transferee and shall be witnessed. 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. The requirements of provisions of Section 108 of the Companies Act, 1956 and any statutory modification thereof for the time being shall be duly complied with.

Directors may refuse to register transfer

68. Subject to the provisions of Section 111 of the Act, Section 22A of the Securities Contract (Regulation) Act, 1956 and all other laws, rules, regulations and statutory agreements, if any, applicable to the Company or any statutory modification thereof for the time being in force, the Directors may at any time in their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of any Share and in particular may so decline in any case in which the Company has a lien upon the Shares desired to be transferred or any call or installment regarding any of them remain unpaid or if the transferee is not approved by the Directors and such refusal shall not be affected by the fact that the proposed transferee is already a Member; 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. The registration of transfer shall be conclusive an evidence of the approval of the Directors of the transferee. Registration of a transfer shall not be refused on the grounds of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except in lien on Shares. Transfer of Shares/Debentures in whatever lot shall not be refused.

Death of one or more joint holders of Shares

69. In case of the death of any one or more of the persons named in the Register of Members as the joint holders of any Share, the survivor or survivors shall be the only persons recognised by the Company as having any title or interest in such Share, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on Shares held by him with any other person.

Titles of Shares of deceased Member

70. The Executors or Administrators of a deceased Member or holders of a Succession Certificate or the Legal Representatives in respect of the Shares of a deceased Member (not being one of two or more joint holders) shall be the only persons recognized by the Company as having any title to the Shares registered in the name of such Members, and the Company shall not be bound to recognize such Executors or Administrators or holders of Succession Certificate or the Legal Representative unless 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 of Directors in its absolute discretion thinks it, the Board upon such terms as to indemnity or otherwise as the Directors may deem proper dispense with production of Probate or Letters of Administration or Succession

Certificate and register Shares standing in the name of a deceased Member, as a Member. However, provisions of this Article are subject to Sections 109A and 109B of the Companies Act.

Registration of persons entitled to Shares otherwise than by transfer (Transmission Clause)

72. Subject to the provisions of the Act and Article 69 hereto, any person becoming entitled to Share in consequence of the death, lunacy, bankruptcy insolvency of any Member or by any lawful means other than by a transfer in accordance with these Articles may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such title as the Board thinks sufficient, either be registered himself as the holder of the Share or elect to have some person nominated by him and approved by the Board registered as such holder; provided nevertheless, that if such person shall elect to have his nominee registered as a holder, he shall execute an instrument of transfer in accordance with the provisions herein contained, and until he does so, he shall not be freed from any liability in respect of the Shares. This clause is hereinafter referred to as the "Transmission Clause".

Person entitled may receive dividend without being registered as a Member

74. A person entitled to a Share by transmission shall subject to the right of the Directors to retain dividends or money as is herein provided, be entitled to receive and may give a discharge for any dividends or other moneys payable in respect of the Share.

No fees on transfer or transmissions

75. No fee shall be charged for registration of transfer, transmission Probate, Succession Certificate & Letters of Administration, Certificate of Death or Marriage, Power of Attorney or other similar documents.

Company not liable for disregard of a notice prohibiting registration of transfer

77. 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 said Shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or referred thereto, in any book of the Company, and the Company shall not be bound to be required to regard or attend 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 or neglecting to do so, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit

SHARE WARRANTS

Power to issue share warrants

78. The Company may issue warrants subject to and in accordance with provisions of Sections 114 and 115 of the Act and accordingly the Board may in its discretion with respect to any Share which is fully paid upon application in writing signed by the persons registered as holder of the Share, and authenticated by such evidence (if any) as the Board may, from time to time, require as to the identity of the persons signing the application and on receiving the certificate (if any) of the Share, and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant.

Privileges and disabilities of the holders of share warrant

80. (a) Subject as herein otherwise expressly provided, no person, being a bearer of a share warrant, shall sign a requisition for calling a meeting of the Company or attend or vote or exercise any other privileges of a Member at a meeting of the Company, or be entitled to receive any notice from the Company.

(b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the Share included in the warrant, and he shall be a Member of the Company.

Issue of new share warrant coupons

81. The Board may, from time to time, make bye-laws as to terms on which (if it shall think fit), a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

CONVERSION OF SHARES INTO STOCK AND RECONVERSION

Share may be converted into stock

82. The Company may, by Ordinary Resolution Convert any fully paid up Share into stock, and reconvert any stock into fully paid-up Shares.

Transfer of stock

83. The several holders of such stock may transfer there respective interest therein or any part thereof in the same manner and subject to the same regulations under which the stock arose might before the conversion, have been transferred, or as near thereto as circumstances admit.

PROVIDED THAT the Board may, from time to time, fix the minimum amount of stock transferable, so

however that such minimum shall not exceed the nominal amount of the Shares from which stock arose.

Right of stock holders

84. The holders of stock shall, according to the amount of stock held by them, have the same right, privileges and advantages as regards dividends, voting at meeting of the Company, and other matters, as if they held them Shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in Shares, have conferred those privileges or advantages.

BORROWING POWERS

Power to borrow

86. Subject to the provisions of Sections 58A, 292 and 370 of the Act and these Articles, the Board of Directors may, from time to time at its discretion by a resolution passed at a meeting of the Board, borrow, accept deposits from Members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any such sum or sums of money for the purposes of the Company from any source. PROVIDED THAT, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board of Directors shall not borrow such money without the sanction of the Company in General Meeting. No debts incurred by the Company in excess of the limit imposed by this Article shall be valid or effectual unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by this Article had been exceeded.

The payment or repayment of moneys borrowed

87. The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board of Directors may think fit, and in particular in pursuance of a resolution passed at a meeting of the Board (and not by circular resolution) by the issue of bonds, debentures or debentures stock of the Company, charged upon all or any part of the property of the Company, (both present and future), including its un-called capital for the time being and the debentures and the debenture stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

MEETING OF MEMBERS

Annual General Meeting

91. The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other Meeting in that year. All General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings. An Annual General Meeting of the Company shall be held within six months after the expiry of each financial year, provided that not more than fifteen months shall lapse between the date of one Annual General Meeting and that of next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Register under the provisions of Section 166 (1) of the Act to extend the time with which any Annual General Meeting may be held. Every Annual General Meeting shall be called at a time during business hours, on a day that is not a public holiday, and shall be held at the office of the Company or at some other place within the city in which the Registered Office of the Company is situated as the Board may determine and the notices calling the Meeting shall specify as the Annual General Meeting. Then company may in any one Annual General Meeting fix the time for its subsequent Annual General Meeting. Every Member of the Company shall be entitled to attend, either in person or by proxy and the Auditors of the Company, shall have the right to attend and be heard at any General Meeting which he attends on any part of the business which concerns him as an Auditor. At every Annual General Meeting of the Company there shall be laid on the table the Director's Report and audited statement of accounts, the Proxy Register with proxies and the Register of Director's Shareholding, which Registers shall remain open and accessible during the continuance of the Meeting. The Board shall cause to be prepared the annual list of Members, summary of share capital, balance sheet and profit and loss account and forward the same to the Registrar in accordance with Sections 159, 161 and 220 of the Act.

Extra-Ordinary General Meeting

93. All General Meeting other than Annual General Meeting shall be called Extra-Ordinary General Meeting.

Requisitionists' meeting

94. (1) Subject to the provisions of Section 188 of the Act, the Directors shall on the requisition in writing of such number of Members as is hereinafter specified and (unless the General Meeting otherwise resolves) at the expense of the requisitionists:-

(a) Give to the Members of the Company entitled to receive notice of the next Annual General Meeting, notice of any resolution which may properly be moved and is intended to be moved at that meeting.

(b) Circulate to the Members entitled to have notice of any General Meeting sent to them, any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or any business to be dealt with at that Meeting.

(2) The number of Members necessary for a requisition under clause (1) hereof shall be

(a) Such number of Members as represent not less than one-twentieth of the total voting power of all the Members having at the date of the resolution a right to vote on the resolution or business to which the requisition relates; or

(b) not less than one hundred Members having the rights aforesaid and holding Shares in the Company on which there has been paid up an aggregate sum of not less than Rupees one lakh in all.

Length of notice of Meeting

97. (1) A General Meeting of the Company may be called by giving not less than twenty-one days notice in writing.

(2) A General Meeting may be called after giving shorter notice than that specified in clause (1) hereof, if consent is accorded thereto:

(i) In the case of Annual General Meeting by all the Members entitled to vote thereat; and

(ii) In the case of any other Meeting, by Members of the Company holding not less than ninety-five percent of such part of the paid up share capital of the Company as gives a right to vote at the Meeting.

PROVIDED THAT where any Members of the Company are entitled to vote only on some resolution, or resolutions to be moved at a Meeting and not on the others, those Members shall be taken into account for the purposes of this clause in respect of the former resolutions and not in respect of the later.

Contents and manner of service of notice

98. (1) Every notice of a Meeting of the Company shall specify the place and the day and hour of the Meeting and shall contain a statement of the business to be transacted thereat.

(2) Subject to the provisions of the Act notice of every General Meeting shall be given;

(a) to every Member of the Company, in any manner authorised by sub-sections (1) to (4) Section 53 of the Act;

(b) to the persons entitled to a Share in consequence of the death, or insolvency of a Member, by sending it through post in a prepaid letter addressed to them by name or by the title of representative of the deceased, or assignees of the insolvent, or by like description, at the address, if any in India supplied for the purpose by the persons claiming to be so entitled or until such an address has been so supplied, by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred; and to the Auditor or Auditors for the time being of the Company in any manner authorised by Section 53 of the Act in the case of Members of the Company

PROVIDED THAT, where the notice of a Meeting is given by advertising the same in a newspaper circulating in the neighborhood of Registered Office of the Company under sub-section (3) of Section 53 of the Act, the statement of material facts referred to in Section 173 of the Act need not be annexed to the notice as required by that Section, but it shall be mentioned in the advertisement that the statement has been forwarded to the Members of the Company.

(3) Every notice convening a Meeting of the Company shall state with reasonable prominence that a Member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote instead of himself and that a proxy need not be a Member of the Company.

Omission to give notice not to invalidate proceedings

100. The accidental omission to give such notice as aforesaid to or non-receipt thereof by, any Member or other person to whom it should be given, shall not invalidate the proceedings of any such Meeting.

Quorum

102. Five Members entitled to vote and present in person shall be quorum for General Meeting and no business shall be transacted at the General Meeting unless the quorum requisite be present at the commencement of the Meeting. A body corporate being a Member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act. The President of India or the Governor of a State being a Member of the Company shall be deemed to be personally present if it is presented in accordance with Section 187 of the Act.

Chairman of General Meeting

105. At every General Meeting the Chair shall be taken by the Chairman of the Board of Directors. If at any Meeting, the Chairman of the Board of Directors is not present within ten minutes after the time appointed for holding the Meeting or though present, is unwilling to act as Chairman, the Vice Chairman of the Board of Directors would act as Chairman of the Meeting and if Vice Chairman of the Board of Directors is not present

or, though present, is unwilling to act as Chairman, the Directors present may choose one of themselves to be a Chairman, and in default or their doing so or if no Directors shall be present and willing to take the Chair, then the Members present shall choose one of themselves, being a Member entitled to vote, to be Chairman.

Chairman may adjourn Meeting

107. (a) The Chairman may with the consent of Meeting at which a quorum is present and shall if so directed by the Meeting adjourn the Meeting from time to time and from place to place.

(b) No business shall be transacted at any adjourned Meeting other than the business left unfinished at the Meeting from which the adjournment took place.

(c) When a Meeting is adjourned for thirty days or more notice of the adjourned Meeting shall be given as in the case of an original Meeting.

(d) Save as aforesaid, it shall not be necessary to give any notice of an adjournment of or of the business to be transacted at any adjourned Meeting.

Chairman's casting vote

112. In the case of equality of votes the Chairman shall both on a show of hands and on a poll (if any) have a casting vote in addition to the vote or votes to which he may be entitled as a Member.

Demand for poll not to prevent transaction of other business

114. The demand for a poll shall not prevent transaction of other business (except on the question of the election of the Chairman and of an adjournment) other than the question on which the poll has been demanded.

VOTES OF MEMBERS

Votes of joint Members

120. If there be joint registered holders of any Shares, one of such persons may vote at any Meeting personally or by an agent duly authorised under a Power of Attorney or by proxy in respect of such Shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at the Meeting, and if more than one of such joint holders be present at any Meeting either personally or by agent or by proxy, that one of the said persons so present whose name appears higher on the Register of Members shall alone be entitled to speak and to vote in respect of such Shares, but the other holder(s) shall be entitled to vote in preference to a person present by an agent duly authorised under a Power of Attorney or by proxy although the name of such person present by agent or proxy stands first or higher in the Register of Members in respect of such Shares. Several executors or administrators of a deceased Member in whose name Shares stand shall for the purpose of these Articles be deemed joint holders thereof.

DIRECTORS

Number of Directors

134. Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors shall not be less than three and not more than twelve.

Directors may fill in vacancies

140. The Directors shall have power at any time and from time to time to appoint any person to be a Director to fill a casual vacancy. Such casual vacancy shall be filled by the Board of Directors at a meeting of the Board. Any person so appointed shall hold office only up to the date to which the Director in whose place he is appointed would have held office, if it had not been vacated as aforesaid. However, he shall then be eligible for re-election.

Additional Directors

141. The Directors shall have the power at any time and from time to time to appoint any other person to be a Director as an addition to the Board ("Additional Director") so that the total number of Directors shall not at any time exceed the maximum fixed by these Articles. Any person so appointed as an Additional Director to the Board shall hold his office only up to the date of the next Annual General Meeting and shall be eligible for election at such Meeting.

Qualification shares

142. A Director need not be required to hold any qualification shares.

Extra remuneration to Directors for special work

144. Subject to the provisions of Sections 198, 309, 310, 311 and 314 of the Act, if any Director, being willing shall be called upon to perform extra services (which expression shall include work done by a Director as a Member of any Committee formed by the Directors or in relation to signing share certificate) or to make special exertions in going or residing or residing out of his usual place of residence or otherwise for any of the purposes of the Company, the Company may remunerate the Director so doing either by a fixed sum or otherwise as may be determined by the Director, and such remuneration may be either in addition to or in substitution for his share in the remuneration herein provided.

Subject to the provisions of the Act, a Director who is neither in the whole time employment nor a Managing

Director may be paid remuneration either:

- i) by way of monthly, quarterly or annual payment with the approval of the Central Government; or
- ii) by way of commission if the Company by a Special Resolution authorized such payment.

Traveling expenses incurred by Directors on Company's business

145. The Board of Directors may subject to the limitations provided by the Act allow and pay to any Director who attends a meeting of the Board of Directors or any Committee thereof or General Meeting of the Company or in connection with the business of the Company at a place other than his usual place of residence, for the purpose of attending a Meeting such sum as the Board may consider fair compensation for traveling, hotel, and other incidental expenses properly incurred by him in addition to his fees for attending such Meeting as above specified.

MANAGING DIRECTOR

Powers to appoint Managing Director

166. Subject to the provisions of Section 267, 268, 269, 316 and 317 of the Act, the Board may, from time to time, appoint one or more Directors to be Managing Director or Managing Directors or Whole time Directors of the Company, for a fixed term not exceeding five years as to the period for which he is or they are to hold such office, and may, from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.

(a) The Managing Director shall perform such functions and exercise such powers as are delegated to him by the Board of Directors of the Company in accordance with the provisions of the Companies Act, 1956.

(b) Subject to the provisions of Sections 255 of the Act, the Managing Director shall not be while he continues to hold that office, subject to retirement by rotation.

Remuneration of Managing Director

167. Subject to the provisions of Sections 309, 310 and 311 of the Act, a Managing Director shall, in addition to any remuneration that might be payable to him as a Director of the Company under these Articles, receive such remuneration as may from time to time be approved by the Company.

Powers of Managing Director

169. The Director may from time to time entrust to and confer upon a Managing Director or Whole time Director for the time being such of the powers exercisable under these provisions by the Directors, as they may think fit, and may confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions and with such restrictions as they think expedient, and they may confer such powers, either collaterally with, or to the exclusion of and in substitution for, all or any of the powers of the Directors in that behalf and from time to time, revoke, withdraw, alter, or vary all or any of such powers.

Appointment and powers of Manager

173A The Board may, from time to time, appoint any Manager (under Section 2(24) of the Act) to manage the affairs of the Company. The Board may from time to time entrust to and confer upon a Manager such of the powers exercisable under these Articles by the Directors, as they may think fit, and may, confer such powers for such time and to be exercised for such objects and purposes, and upon such terms and conditions and with such restrictions as they think expedient.

THE SECRETARY

Secretary

190. The Directors may from time to time appoint, and at their discretion, remove any individual, (hereinafter called "the Secretary") to perform any functions, which by the Act are to be performed by the Secretary, and to execute any other ministerial or administrative duties, which may from time to time be assigned to the Secretary by the Directors. The Directors may also at any time appoint some person (who need not be the Secretary) to keep the registers required to be kept by the Company. The appointment of Secretary shall be made according to the provisions of the Companies (Appointment and Qualification of Company Secretaries) Rules 1988.

The Seal, its custody and use

191.

(a) Seal

The Board shall provide a Common Seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof.

(b) Common Seal for use outside India

The Board may for the purpose of use of the Common Seal outside India, cause a facimile of the Common Seal to be made and authorize the use of it in the manner provided under Section 50 of the Companies Act, 1956

(c) Safe Custody of Seal The Common Seal shall be in the safe custody of the Director or the Secretary for the

time being of the Company.

(d) Affixing of Seal on deeds and instruments⁷

On every deed or instrument on which the Common Seal of the Company is required to be affixed, the Seal be affixed in the presence of a Director or a Secretary or any other person or persons Authorised in this behalf by the Board, who shall sign every such deed or instrument to which the Seal shall be affixed.

(e) Affixing of Seal on Share Certificates

Notwithstanding anything contained in Clause (d) above, the Seal on Share Certificates shall be affixed in the presence of such persons as are Authorised from time to time to sign the Share Certificates in accordance with the provisions of the Companies (Issue of Share Certificates) Rules in force for the time being.

(f) Removal of Common Seal outside the office premises

The Board may authorize any person or persons to carry the Common Seal to any place outside the Registered Office inside or outside for affixture and for return to safe custody to the Registered Office.

DIVIDENDS AND CAPITALISATION OF RESERVES

Division of profits

192. (a) Subject to the rights of persons, if any, entitled to Shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the Shares in respect whereof the dividend is paid but if and so long as nothing is paid upon any of Share in the Company, dividends may be declared and paid according to the amounts of the Shares.

(b) No amount paid or credited as paid on a Share in advance of calls shall be treated for the purpose of this Article as paid on the Shares.

The Company at General Meeting may declare dividend

193. The Company in General Meeting may declare dividends, to be paid to Members according to their respective rights and interest in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 207 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors. However, the Company may declare a smaller dividend than that recommended by the Board in General Meeting.

Interim dividend

195. The Board of Directors may from time to time pay to the Members such interim dividends as in their judgment the position of the Company justifies.

Debts may be deducted

196. (a) The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

(b) The Board of Directors may retain the dividend payable upon Shares in respect of which any person is, under the Transmission Article, entitled to become a Member or which any person under that Article is entitled to transfer until such person shall become a Member or shall duly transfer the same.

Dividends in proportion to amounts paid-up

198. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the Shares during any portion or portions of the period in respect of which the dividend is paid, but if any Share is issued on terms provided that it shall rank for dividends as from a particular date such Share shall rank for dividend accordingly.

Effect of transfer of Shares

200. A transfer of Shares shall not pass the right to any dividend declared therein before the registration of the transfer.

Dividend how remitted

202. The dividend payable in cash may be paid by cheque or warrant sent through post directly to registered address of the shareholder entitled to the payment of the dividend or in case of joint holders to the registered address of that one of the joint holders who is first named on the Register of Members or to such person and to such address as the holder or joint holders may in writing direct. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transit or for any dividend lost, to the Member or person entitled thereto by forged endorsement of any cheque or warrant or forged signature on any pay slip or receipt or the fraudulent recovery of the dividend by any other means.

Notice of dividend

203. Notice of the declaration of any dividend whether interim or otherwise shall be given to the registered holders of Share in the manner herein provided.

Reserves

204. The Directors may, before recommending or declaring any dividend set aside out of the profits of the Company such sums as they think proper as reserve or reserves, which shall, at the discretion of the Directors,

be applicable for meeting contingencies or for any other purposes to which the profits of the Company may be properly applied and pending such application, may at the like discretion, either be employed in the business of the Company or be invested in such investments (other than Shares of the Company) as the Directors may from time to time think fit.

Unclaimed dividend

206. No unclaimed dividend shall be forfeited by the Board and the Directors shall comply with the provisions of the Act and the Rules there under as regards unclaimed dividends.

Dividends in cash

208. No dividends shall be payable except in cash, provided that nothing in this Article shall be deemed to prohibit the capitalisation of the profits or reserves of the Company for the purpose of issuing fully paid up bonus Shares or paying up any amount for the time being unpaid on any Shares held by Members of the Company.

WINDING UP

Distribution in specie or kind

226. If the Company shall be wound up, whether voluntarily or otherwise, the Liquidator may, with the sanction of a Special Resolution, divide amongst the contributories in specie or kind, any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them, as the liquidator, with the like sanction, shall think fit.

If thought expedient any such division may subject to the provisions of the Act be otherwise than in accordance with the legal rights of the contributions (except where unalterably fixed by the Memorandum of Association and in particular any class may be given preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories, shall be determined on any contributory who would be prejudicial thereby shall have a right to dissent and ancillary rights as if such determination were a Special Resolution passed pursuant to Section 494 of the Act.

In case any Shares to be divided as aforesaid involve a liability to calls or otherwise any person entitled under such division to any of the said Shares may within ten days after the passing of the Special Resolution by notice in writing direct the Liquidator to sell his proportion and pay him the net proceeds and the Liquidator shall, if practicable act accordingly

Directors and others right to indemnity

228. Subject to the provisions of Section 201 of the Act, every Director or officer, or servant of the Company or any person (whether an officer of the Company or not) employed by the Company as Auditor, shall be indemnified by the Company against and it shall be the duty of the Directors, out of the funds of the Company to pay all costs, charges, losses and damages which any such person may incur or become liable to pay by reason of any contract entered into or any act, deed, matter or thing done, concurred in or omitted to be done by him in any way in or about the execution or discharge of his duties or supposed duties (except such if any as he shall incur or sustain through or by his own wrongful act, neglect or default) including expenses, and in particular and so as not to limit the generality of the foregoing provisions against all liabilities incurred by him as such Director, officer or Auditor or other office of the Company in defending any proceedings whether civil or criminal in which judgment is given in his favour, or in which he is acquitted or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court.

Director, officer not responsible for acts of others

29. Subject to the provisions of Section 201 of the Act no Director, Auditor or other officer of the Company shall be liable for the acts, receipts, neglects, or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of the title to any property acquired by order of the Directors for on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested for any loss or damages arising from the insolvency or tortuous act of any person, firm or Company to or with whom any moneys, securities or effects shall be entrusted or deposited or any loss occasioned by any error of judgment, omission, default or oversight on his part or for any other loss, damage, or misfortune whatever shall happen in relation to execution of the duties of his office or in relation thereto unless the same shall happen through his own dishonesty.

SECURITY CLAUSE

Secrecy Clause

230. Every Director/Manager, Auditor, treasurer, trustee, member of a committee, officer, servant, agent, accountant or any other person-employed in the business of the Company shall, if so required by the Director, before entering upon his duties, sign a declaration pledging himself, to observe a strict secrecy respecting all

transactions and affairs of the Company with the Company customers and the state of the accounts with individuals and in matter thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in discharge of his duties except when required to do so by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.

No Member to enter the premises of the Company without permission

231. No Member or other person (not being a Director) shall be entitled to visit or inspect any property or premises of the Company without the permission of the Board of Directors or Managing Director, or to inquire discovery of or any information respecting any details of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process or any other matter which relate to the conduct of the business of the Company and which in the opinion of the Directors, it would be inexpedient in the interest of the Company to disclose.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTIONS

The following contracts which are or may be deemed material have been entered into or will be entered into by the Company. Copies of these contracts have been attached to the copy of this Red Herring Prospectus which has been delivered to the Registrar of Companies, Mumbai for registration. Copies of these contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of the Company located at A-23, Shri Ram Industrial Estate, 13 G. D. Ambekar Road, Wadala, Mumbai 400 031, India and can be inspected from 10.00 a.m. to 4.00 p.m. on working days, from the date of this Draft Red Herring Prospectus until the date of closure of the Issue.

1. Material Contracts

- A. Letter dated December 11, 2007 from Microsec Capital Limited, regarding their appointment as Book Running Lead Manager to the Issue and the Company's acceptance thereto.
- B. Memorandum of understanding between the Company and Microsec Capital Limited (BRLM), dated March 31, 2008.
- C. Letter dated January 01, 2008 from Intime Spectrum Registry Limited, regarding their appointment as Registrar to the Issue and the Company's acceptance thereto.
- D. Memorandum of understanding between the Company and Intime Spectrum Registry Limited (Registrar), dated April 12, 2008.
- E. Escrow Agreement dated [●] between the Company, the BRLM, the Escrow Banks, and the Registrar to the Issue;
- F. Syndicate Agreement dated [●] between the Company, the BRLM, the and the Syndicate Members;
- G. Underwriting Agreement dated [●] between the Company, the BRLM, the and other Syndicate Members;

2. Material Documents

- A. The Memorandum and Articles of Association of the Company, as amended from time to time.
- B. Resolution of the Board of Directors of the Company passed at its meeting held on March 15, 2008 authorising this issue of Equity Shares and resolution of the members of the Company passed at its extraordinary general meeting held on March 18, 2008 authorising the Board of Directors to decide the terms and conditions for this offering.
- C. The report of the statutory auditors, M/s. Chaturvedi Sohan & Co., Chartered Accountants dated March 08, 2008 prepared in accordance with Indian GAAP and referred to in the Draft Red Herring Prospectus and restated financials of Neoteric Infomatique Limited.
- D. A copy of the tax benefit report dated March 01, 2008 from our statutory auditors M/s. Chaturvedi Sohan & Co., Chartered Accountants.
- E. Consent of the Auditors, M/s. Chaturvedi Sohan & Co., Chartered Accountants, for inclusion of their report on accounts in the form and context in which they appear in the Draft Red Herring Prospectus.

- F. Consents of Directors, Auditors, Legal Advisor, BRLM to the Issue, Syndicate Members, Registrar to the Issue, Bankers to the Issue, Bankers to the Company, Company Secretary & Compliance Officer and the IPO Grading Agency as referred to in their respective capacities.
- G. Copy of Agreement dated October 25, 2007 between the Managing Director and the Company.
- H. Due diligence certificate dated April 24, 2008 to SEBI from the BRLM.
- I. Initial application for listing dated [●] and [●] filed with the BSE and NSE.
- J. “In-principle” listing approval for listing our Equity Shares at BSE dated [●] and NSE dated [●].
- K. IPO Grading Report dated [●] issued by CRISIL, a SEBI registered credit rating agency.
- L. Consent of CRISIL, a SEBI registered credit rating agency, for inclusion of its grading of the Issue in the Red Herring Prospectus.
- M. Tripartite agreement between the Company, NSDL and Registrar dated [●].
- N. Tripartite agreement between the Company, CDSL and Registrar dated [●].
- O. Copies of the Annual Report of the Company for the last five financial years and for the nine months ended on December 31, 2007.
- P. SEBI observation letter no. [●] dated [●] and the Company’s reply to the same dated [●].

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of the Issuer 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 or by SEBI, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules made there under or guidelines issued, as the case may be. The Issuer further certifies that all the statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTORS

Mr. Harshad D Shah (Chairman)

Mr. Paras H Shah (CEO & Managing Director)

Mr. Satya Prasan Rajguru

Mr. Srinivasan Ramswamy

Dr. Anil Shivram Lamba

Mr. Jayant Rastogi

Mr. Hemant Nerurkar

Mr. Kumar Rajagopalan

Mr. Sushi Sancheti

(Vice President - Finance)

Mr. Jigarkumar Gandhi

(Company Secretary and Compliance Officer)

Date :

Place: Mumbai