



RED HERRING PROSPECTUS

Dated May 20, 2010

Please read Section 60B of the Companies Act, 1956

100% Book Building Issue

Fatpipe Networks India Limited

The Company was incorporated on December 24, 2002 as a Private Limited Company with the name of Fatpipe Networks India Private Limited with registration number U72200TN2002PTC050086. The Company was converted into a public limited company and its name was changed to Fatpipe Networks India Limited with effect from September 6, 2008.

Registered Office: 3rd Floor, Northern Wing, Greams Dugar, No. 68 (Old. No. 149), Greams Road, Chennai 600 006.

(Please refer to page no.6 for details of change in the registered office of the company)

Tel.no: +91 - 44 - 28291264; **Fax.no:** +91 - 44 - 28291255, **Website:** www.fatpipe.com

E-mail: ipo@fatpipeinc.com, **Contact Person:** Ms. Anita Jena, Company Secretary and Compliance Officer

PUBLIC ISSUE OF [●] EQUITY SHARES OF Rs. 10 EACH OF FATPIPE NETWORKS INDIA LIMITED ("FNIL" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF Rs. [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF Rs. [●] PER EQUITY SHARE) AGGREGATING UP TO Rs. 4900 LACS (THE "ISSUE"). THE ISSUE WOULD CONSTITUTE [●]% OF THE FULLY DILUTED POST ISSUE PAID-UP EQUITY CAPITAL OF THE COMPANY.
PRICE BAND: Rs. 82 to Rs. 85 PER EQUITY SHARE OF FACE VALUE OF Rs. 10/- EACH.
THE ISSUE PRICE IS 8.2 TIMES THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND 8.5 TIMES THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND.
THE PROMOTERS OF THE COMPANY ARE DR. RAGULA BHASKAR AND MS. SANCHAITA DATTA

This Issue is being made in terms of regulation 26(2)(a)(i) and b(i) of SEBI (ICDR) Regulations, 2009, as amended from time to time, where by, at least 50% of the offer to public shall be allotted to QIBs, failing which the full subscription monies shall be refunded. (In case of delay, if any in refund, Fatpipe Networks India Limited shall pay interest on the application money at the rate of 15% per annum for the period of delay). In case of revision in the Price Band, the Bidding/Issue Period will be extended for three (3) additional working days after revision of the Price Band subject to the Bidding/Issue Period not exceeding ten (10) days. Any revision in the Price Band and the revised Bidding/ Issue Period, if applicable, will be widely disseminated by notification to the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"), by issuing a press release, and also by indicating the change on the website of the Book Running Lead Manager and at the terminals of the Syndicate member.

The Issue is being made through the 100% Book Building Process wherein at least 50% of the offer to the public shall be allocated on a proportionate basis to eligible Qualified Institutional Buyers, out of which 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 eligible Qualified Institutional Buyers, including Mutual Funds, subject to valid Bids being received at or above Issue Price. Further, upto 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and upto 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.

RISK IN RELATION TO THE FIRST ISSUE

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

GENERAL RISKS

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

COMPANY'S ABSOLUTE RESPONSIBILITY

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

IPO GRADING

This Issue has been graded by Brickwork Ratings India Pvt. Ltd. The issue has been assigned BWR IPO Grade 2 indicating "Below Average Fundamentals" through its letter dated March 04, 2010. For details, please refer to the section titled "General Information" starting from page 6 of this Red Herring Prospectus.

LISTING

The Equity Shares are proposed to be listed on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE). The Company has received in-principle approvals from BSE and NSE vide their letters dated January 28, 2010 bearing reference no: DCS/IPO/NP/IPO-IP/1270/2009-10 and March 05, 2010 bearing reference no: NSE/LIST/132201-Q respectively. BSE shall be the Designated Stock Exchange for the purpose of this Issue.

BOOK RUNNING LEAD MANAGER

KEYNOTE

CORPORATE SERVICES LTD

KEYNOTE CORPORATE SERVICES LTD.

4th Floor, Balmer Lawrie Building, 5, J.N. Heredia Marg, Ballard Estate, Mumbai - 400001.

Tel: +91-22- 30266000-3; **Fax:** +91-22- 22694323

Website: www.keynoteindia.net; **E-mail:** mbd@keynoteindia.net

SEBI Registration No.: INM 000003606

AMBI No.: AMBI /040

REGISTRAR TO THE ISSUE



KARVY COMPUTERSHARE PRIVATE LIMITED

Plot No.17-24, Vittalrao Nagar, Madhapur, Hyderabad - 500 081

Tel No.: +91 40 2343 1553; **Fax No.:** +91 40 2343 1551

Website: www.karvy.com

Email: murali@karvy.com

Contact Person: Mr. M.Murali Krishna

BID / ISSUE SCHEDULE

BID/ ISSUE OPENS ON

MONDAY, JUNE 7, 2010

BID/ ISSUE CLOSES ON

WEDNESDAY, JUNE 9, 2010

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SECTION I - GENERAL

A. DEFINITION AND ABBREVIATIONS

Terms	Description
“The Company” or “Company” or “Fatpipe Networks India Limited” or “FNIL” or “we” or “our” or “us” or “Issuer”	Unless the context otherwise requires these words refer to Fatpipe Networks India Limited, a company incorporated under the Companies Act, 1956

CONVENTIONAL/ GENERAL TERMS

Terms	Description
Act/ Companies Act/ the Act	The Companies Act, 1956 and amendments thereto
AGM	Annual General Meeting
ASBA	Application Supported by Blocked Amount
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
AY	Assessment Year
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
CIN	Company Identification Number
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time
Depositories	NSDL and CDSL
Depositories Act	The Depositories Act, 1996 as amended from time to time
DP/ Depository Participant	A depository participant as defined under the Depositories Act, 1996
DIN	Directors Identification Number
Directors	Directors of the Company from time to time unless otherwise specified
DP Id	Depository Participants Identity
EOU	Export Oriented Unit
EPS	Earnings Per Share
ESOP	Employee Stock Option Plan
FCNR Account	Foreign Currency Non Resident Account
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations framed thereunder
FI	Financial Institutions
Financial Year/ Fiscal/ FY	The twelve months ended March 31 of that particular year
IT Act	The Income Tax Act, 1961, as amended from time to time except as stated otherwise
Insider Trading Regulations	SEBI (Prohibition of Insider Trading) Regulations, 1992,
NAV	Net Asset Value being paid up Equity Share capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of Profit & Loss account, divided by number of issued Equity Shares
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
RBI	The Reserve Bank of India

Terms	Description
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI Act	Securities and Exchange Board of India Act 1992, as amended from time to time
SEBI	Securities and Exchange Board of India
SEBI (ICDR) Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time

ISSUE RELATED TERMS

TERM	DESCRIPTION
Allotment/ Allotment of Equity Shares	Unless the context otherwise requires, issue of Equity Shares pursuant to this Issue.
Allottee	A successful Bidder to whom the Equity Shares are allotted
ASBA/ Applications Supported by Blocked Amount	An application for subscribing to an issue, containing an authorization to block the application money in a bank account.
ASBA Investor	An Investor who intends to apply through ASBA process by blocking of funds in a bank account with the SCSB.
ASBA Form	Bid cum Application form for Investors intending to subscribe through ASBA
Bid	An indication to make an offer, made during the Bidding Period by a prospective investor to subscribe to the Equity Shares at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid-cum-Application Form and payable by the Bidder on submission of the Bid for this Issue.
Bid/ Issue Closing Date	The date after which the members of the Syndicate will not accept any Bids for this Issue, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper and a regional newspaper.
Bid/ Issue Opening Date	The date on which the members of the Syndicate shall start accepting Bids for this Issue, which shall be the date notified in a widely circulated English national newspaper, a Hindi national newspaper and a regional newspaper.
Bid-cum-Application Form	The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares of the Company and which will be considered as the application for allotment in terms of the Red Herring Prospectus.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid-cum-Application Form.
Book Building Process	Book building mechanism as provided under Chapter XI of the SEBI (ICDR) Regulations, in terms of which this Issue is made.
BRLM	Book Running Lead Manager to this Issue, in this case being Keynote Corporate Service Limited.
CAN/ Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of Issue Price in the Book Building Process.
Cap Price	The upper end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted.
Cut-off	The Issue Price finalised by the Company in consultation with the BRLMs. Only Retail Individual Bidders who are applying for a maximum bid amount not exceeding Rs.1,00,000/- are entitled to Bid at the Cut-off Price, for a bid amount not exceeding Rs. 1,00,000/-. QIBs and Non Institutional Bidders are not entitled to Bid at the Cut-off Price. A Bid submitted at Cut-off Price is a valid Bid at all price levels within the Price Band.

TERM	DESCRIPTION
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 Registrar of Companies Tamil Nadu and Andaman and Nicobar Islands, Chennai, following which the Board of Directors shall allot Equity Shares to successful Bidders.
Designated Stock Exchange	In this case being the Bombay Stock Exchange Limited.
Draft Red Herring Prospectus/DRHP	This Draft Red Herring Prospectus filed with SEBI, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Issue
Equity Shares	Equity Shares of the Company of face value of Rs. 10 each unless otherwise specified in the context thereof.
Escrow Account	Account opened with Escrow Collection Bank(s) and in whose favor the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	Agreement to be entered into among the Company, the Registrar to this Issue, the Escrow Collection Banks and the BRLM in relation to the collection of the Bid Amounts and dispatch of the refunds (if any) of the amounts collected, to the Bidders.
Escrow Collection Bank(s)	The banks, which are registered with SEBI as Banker (s) to the Issue at which the Escrow Account for the Issue will be opened, in this case being Axis Bank, HDFC Bank, ICICI Bank and Kotak Mahindra Bank.
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or Revision Form.
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted.
Indian National	A citizen of India as defined under the Indian Citizenship Act, 1955, as amended, who is not an NRI.
Issue	The issue [●] Equity Shares of Rs. 10 each fully paid up at the Issue Price aggregating Rs. 4900 Lacs.
Issue/ Bidding Period	The period between the Bid / Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids.
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of the Red Herring Prospectus or the Prospectus, as determined by the Company consultation with the BRLM, on the Pricing Date.
Margin Amount	The amount paid by the Bidder at the time of submission of the Bid.
Mutual Funds	Means mutual funds registered with SEBI pursuant to the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.
Non Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 100,000/-.
Non Institutional Portion	The portion of the Issue being upto than 15% of the Issue consisting of [●] Equity Shares of Rs. 10/- each available for allocation to Non-Institutional Bidders
Offer Document	Draft Red Herring Prospectus/ Red Herring Prospectus/ Prospectus
Pay-in Date	Bid/Issue Closing Date or the last date specified in the CAN sent to Bidders receiving allocation who pay less than 100% margin money at the time of bidding, as applicable.
Pay-in-Period	The period commencing on the Bid/ Issue Opening Date and extending until the Bid/Issue Closing Date;
Price Band	The price band of a minimum price ("Floor Price") of Rs. 82/- and the maximum price ("Cap Price") of Rs. 85/- and includes revisions thereof.

TERM	DESCRIPTION
Pricing Date	The date on which the Company in consultation with the BRLM finalizes the Issue Price.
Prospectus	The Prospectus, to be filed with the Registrar of Companies, Tamil Nadu and Andaman and Nicobar Islands, Chennai containing, <i>inter alia</i> , the Issue Price that is determined at the end of the Book Building Process, the size of this Issue and certain other information.
Public Issue Account	Account opened with the Banker to this Issue to receive monies from the Escrow Account for this Issue on the Designated Date.
QIB Margin Amount	An amount representing at least 100% of the Bid Amount.
QIB Portion	The portion of the Issue [●] Equity Shares of Rs. 10/- each being atleast 50% of the Issue to be allotted to QIBs
Qualified Institutional Buyers or QIBs	A mutual fund, venture capital fund and foreign venture capital investor registered with the Board; a foreign institutional investor and sub-account (other than a sub-account which is a foreign corporate or foreign individual), registered with the Board; a public financial institution as defined in section 4A of the Companies Act, 1956; a scheduled commercial bank; a multilateral and bilateral development financial institution; a state industrial development corporation; an insurance company registered with the Insurance Regulatory and Development Authority; a provident fund with minimum corpus of twenty five crore rupees; a pension fund with minimum corpus of twenty five crore rupees; National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India.
Red Herring Prospectus/RHP	The Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and size of this Issue. It carries the same obligations as are applicable in case of a Prospectus and will be filed with the Registrar of Companies Tamil Nadu and Andaman and Nicobar Islands, Chennai at least three days before the opening of this Issue. It will become a Prospectus after filing with the Registrar of Companies Tamil Nadu and Andaman and Nicobar Islands, Chennai, after pricing and allocation.
Registrar/ Registrar to this Issue	Karvy Computershare Private Limited
Resident Retail Individual Investor	A Retail Individual Investor who is a person resident in India as defined in Foreign Exchange Management Act, 1999
Retail Individual Bidders	Individual Bidders (including HUFs) who have Bid for an amount less than or equal to Rs. 100,000 in any of the bidding options in this Issue.
Retail Portion	The portion of the Issue being up to [●] Equity Shares of Rs. 10/- each, being upto than 35% of the Issue, available for allocation to Retail Individual Bidder(s).
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid price in any of their Bid-cum-Application Forms or any previous Revision Form(s).
Stock Exchanges	Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.
Self Certified Syndicate Bank (SCSB)	SCSB is a Banker to an Issue registered under SEBI (Bankers to an Issue) Regulations, 1994 and which offers the service of making an Application Supported by Blocked Amount and recognized as such by the Board.
Syndicate	The BRLM and the Syndicate Member.
Syndicate Agreement	The agreement to be entered into between the Company and the members of the Syndicate, in relation to the collection of Bids in this Issue.

TERM	DESCRIPTION
Syndicate Member	Keynote Capitals Limited
Transaction Registration Slip/ TRS	The slip or document issued by the Syndicate Member to the Bidders as proof of registration of the Bid.
Underwriters	The BRLM and the Syndicate Member.
Underwriting Agreement	The Agreement among the Underwriters and the Company to be entered into on or after the Pricing Date.

COMPANY RELATED TERMS

Terms	Description
Articles	Articles of Association of the Company
Auditors	Statutory Auditors of the Company, M/s. L.U. Krishnan & Co, Chartered Accountants, Sam's Nathaneal Tower, 3-1, West Club Road, Shenoy Nagar, Chennai - 600 030.
Board/ Board of Directors	Board of Directors of the Company
Directors	Directors of Fatpipe Networks India Limited, unless otherwise specified
Memorandum /MoA	Memorandum of Association of the Company
Promoters	Dr. Ragula Bhaskar and Ms. Sanchaita Datta
Promoters Group	Unless the context otherwise specifies, includes those entities mentioned in the section, "Promoters and Promoter Group" on page 95 of this Red Herring Prospectus.
Registered Office of the Company	3 rd Floor, Northern Wing, Greams Dugar, No. 68 (Old. No. 149), Greams Road, Chennai 600 006
RSDC/ RS	Ragula Systems Development Company

ABBREVIATION OF GENERAL TERMS

Terms	Description
A/C	Account
ASP	Application Service Provider
CAGR	Compounded Annual Growth Rate
EBITDA	Earnings before Interest, Tax, Depreciation and Amortisation
ECB	External Commercial Borrowing
ECS	Electronic Clearing Services
EGM/ EOGM	Extraordinary General Meeting
FBT	Fringe benefit Tax
FDI	Foreign Direct Investment
FEMA Regulations	FEMA (Transfer or Issue of Security by a person resident outside India) Regulations, 2000 and amendments thereto
FIPB	Foreign Investment Promotion Board
FII	Foreign Institutional Investors
FVCI	Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign venture capital Investor) Regulations, 2000
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product

Terms	Description
Government/ GOI	The Government of India
HNI	High Net-worth Individual
HUF	Hindu Undivided Family
Non-Resident Indians	Non-Resident Indians, as defined under Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time
NRE Account	Non Resident External Account
NRI	Non Resident Indian
NRO Account	Non Resident Ordinary Account
ROE	Return on Equity
RONW	Return on Net Worth
Rs./INR	Indian Rupees
RTGS	Real Time Gross Settlement
SEBI (ICDR) Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended from time to time.
TAN	Tax Deduction Account Number
TRS	Transaction Registration Slip
UK	The United Kingdom of Great Britain and Northern Ireland
US, USA	United States of America
USD/US\$	United States Dollar
w.e.f.	With effect from
YOY	Year on Year

INDUSTRY RELATED TERMS

Terms	Description
BGP	Border Gateway Protocol
BSNL	Bharat Sanchar Nigam Limited
BPO	Business Process Outsourcing
CIF	Cost, Insurance and Freight
CMDA	Chennai Metropolitan Development Authority
CPE	Customer Premise Equipment
CRM	Customer Relationship Management
CSU	Channel Service Unit
CAD	Computer Aided Designing
DSL	Digital Subscriber Line
DSU	Data Service Unit
ERP	Enterprise Resource Planning
ISDN	Integrated Services Digital Network
ISP	Internet Service Provider
IT	Information Technology
ITeS	Information Technology enabled Services
LAN	Local Area Network
MBPS	Mega Bits Per Second
MPLS	Multiprotocol Label Switching

Terms	Description
MPSEC	Multi-Path Security
OSI	Open System Interconnection
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PAT	Profit after Tax
POP	Point of Presence
QoS	Quality of Service
R&D	Research & Development
SMB	Small to Medium Business
SOHO	Small Office Home Office
SSI	Small Scale Industries
STPI	Software Technology Park of India
TUFS	Technology Upgradation Fund Scheme
U.S.C	United States Code
VAR	Value Added Reseller
VOIP	Voice over Internet Protocol
VPN	Virtual Private Networks
VSNL	Videsh Sanchar Nigam Limited
WAN	Wide Area Network

Notwithstanding the foregoing:

- a. In the section titled “Financial Statements” on page 105 of this Offer Document, defined terms shall have the meaning given to such terms in that section.
- b. In the section titled “Main Provisions of the Articles of Association of the Company” on page 213 of this Offer Document, defined terms have the meaning given to such terms in the Articles of Association of the Company.

PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

Unless stated otherwise, the financial information used in this Red Herring Prospectus is derived from the Company's audited financial statements as of and for the year ended March 31, 2009, 2008, 2007, 2006, and 2005 and for the nine months period ended December 31, 2009 prepared in accordance with Indian GAAP and the Companies Act and in accordance with SEBI Regulations, included in this RHP.

Our fiscal year commences on April 1 and ends on March 31 of a particular year. Unless stated otherwise, references herein to a fiscal year (e.g., fiscal 2009), are to the fiscal year ended March 31 of a particular year. In this RHP, any discrepancies in any table between the total and the sum of the amounts listed are due to rounding-off.

All references to 'Rupees' or 'Rs.' are to Indian Rupees, the official currency of the Republic of India. One crore is the unit in the Indian numbering system representing 10 million or 100 lac and one lac is the unit in the Indian numbering system representing 100,000; thus, for example, Rs. 10 crore equals Rs. 100 million. All references to '\$', 'US\$' or 'U.S. Dollars' are to United States Dollars, the official currency of the United States of America.

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

Exchange Rates

This Red Herring Prospectus contains translations of U.S. Dollar into Indian Rupees (and certain Indian Rupee amounts into U.S. Dollars). These translations should not be construed as a representation that such Indian Rupee or U.S. Dollar or other currencies could have been, or could be, converted into Indian Rupees, as the case may be, at any particular rate or at all. Unless otherwise specified, all currency translations provided herein have been made based on the RBI reference rates specified for December 31, 2008 - considered to be Rs.48.45/USD, December 31, 2007 - considered to be Rs.39.41/USD and December 29, 2006 - considered to be Rs.44.23/USD.

(Source: Reserve Bank of India available at www.rbi.org.in/scripts/ReferenceRateArchive.aspx)

FORWARD-LOOKING STATEMENTS AND MARKET DATA

We have included statements in this Red Herring Prospectus which contain words or phrases such as “will”, “aim”, “is likely to 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 are “forward-looking statements”.

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

- General economic and business conditions in the markets in which we operate and in the local, regional and national and international economies;
- Changes in laws and regulations relating to the industries in which we operate;
- Increased competition in these industries;
- The Company’s ability to successfully implement the growth strategy and expansion plans, and to successfully launch and implement various projects and business plans for which funds are being raised through this Issue;
- Our ability to meet capital expenditure requirements;
- Fluctuations in operating costs;
- Unanticipated variations in the duration, size and scope of the projects;
- Our ability to attract and retain qualified personnel;
- The effect of wage pressures, seasonal hiring patterns and the time required to train and productively utilize new employees;
- Changes in political and social conditions in India or in other countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- Any adverse outcome in the legal proceedings in which we are involved.

For a further discussion of factors that could cause our actual results to differ, see the sections titled “Risk Factors” “Business Overview” and “Management’s Discussion and Analysis” beginning on pages x, 46 and 129 of this Red Herring Prospectus respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither we nor the Book Running Lead Manager, nor any of its respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, we and the Book Running Lead Manager will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

SECTION II - RISK FACTORS

An investment in Equity Shares involves a high degree of risk. Prospective investors should carefully consider all the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making any investment decision relating to the Equity Shares. If any of the following risks actually occur, the business, results of operations, financial condition and prospects could suffer and the market price of the Equity Shares could decline, and you may lose all or part of your investment. These risks and uncertainties are not the only issues that the Company faces; additional risks and uncertainties not presently known to the Company or that it currently believes to be immaterial may also have a material adverse effect on the Company's business, results of operations and financial condition.

Prior to making an investment decision, prospective investors should carefully consider all the information contained in this Red Herring Prospectus, including the financial statements included in this Red Herring Prospectus starting from page 105. The financial data in this section is as per the Company's financial statements prepared in accordance with Indian GAAP.

Note: Unless specified or otherwise stated in the relevant risk factors set forth below, the Company is not in a position to quantify the financial or other implications of any risks mentioned in this section.

Materiality

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

- Some events may not be material individually, but may be found material collectively.
- Some events may have material impact qualitatively instead of quantitatively.
- Some events may not be material at present but may have material impact in the future.

The risk factors are as envisaged by the management. Wherever possible, the financial impact of the risk factors has been quantified.

LITIGATIONS

We are a party to certain legal proceedings that, if decided against us, could have an effect on our reputation, business prospects and results of operations classification of these legal and other proceedings instituted against our Company are given as follows.

1. Summary of litigations filed by the Company/promoters are as set forth below:

Particulars	No. of cases/disputes	Name of the parties involved	Approximate amount involved where quantifiable
Civil Case (for recovery of deposit paid towards office space purchase)	1	Ms. Sanchaita Datta, Mr Ragula Bhaskar and FNIL V/s. Mr. Kishor Kumar Gokaldas and M/s. Kishorkumar Gokaldas Promoters and Developers	Rs. 10.00 lacs as refund of advance and Rs.20.00 lacs plus interest @24% from the date of complaint till date of realization as damages.
Civil suit in case of breach of confidentiality agreement by the employee	2	FNIL Vs. Luke Butterfield and FNIL Vs. Damon Baker	Not quantifiable
Intellectual property issue (against a competitor for potential patent infringement)	1	FNIL Vs. XRoads Networks Inc.	Not quantifiable

Particulars	No. of cases/disputes	Name of the parties involved	Approximate amount involved where quantifiable
Arbitration Proceeding (for damages resulting from the breach of employment agreements)	1	FNIL V/s. Mr. B. Ramesh, Mr. Banguru Swami and Mr. Prasanna Patil	Rs.94,500/- together with interest at 10% per annum till realisation

For more details on cases filed by the Company please refer to page 136 of this Red Herring Prospectus.

Cases instituted against the promoters/promoter entities:

Particulars	No. of cases/disputes	Name of the parties involved	Approximate amount involved where quantifiable/ present status
Civil Suit in relation to the permanent injunction case.	1	Baron Power Limited V/s. Back Office Extensions India P. Ltd.	(Not quantifiable) The Hon'ble Court vide its decree dated March 10. 2010 dismissed the said petition. The company is awaiting the decree copy for settlement.

Cases filed by the promoters/promoter entities:

Particulars	No. of cases/disputes	Name of the parties involved	Approximate amount involved where quantifiable/ present status
<ul style="list-style-type: none"> Civil proceeding (filed in relation to eviction of Barron Power Limited. from the premises at Chennai and fixing the fair rent for the premises under occupation) 	2	Back Office Extensions India P. Ltd. v/s. Barron Power Limited	(Not quantifiable) The Hon'ble Court vide its decree dated March 10. 2010 ordered eviction of Barron Power from the suit premises by July 31, 2010 and declared that the memo of compromise shall form part of the decree

For more details on cases filed by the Company please refer to page 136 of this Red Herring Prospectus.

INTERNAL RISK FACTORS AND RISKS RELATING TO THE BUSINESS

- The lease agreement for the registered office of the company at Chennai is neither been adequately stamped, as a result of which the operations may be impaired.

The lease agreement entered into by the company for its registered office at Chennai has not been adequately stamped or registered. In the event of any irregularity, the company may not be able to enforce the right over such property in case of a dispute with a third party and/or the lessor.

- The Company does not own the premises at which the registered office and the branch office are located.

The Company does not currently own the premises at which its registered office and its branch office are located. The Company has lease arrangements with third parties and pays rent for the occupation of the premises. The lease may be renewed subject to mutual consent of the lessors and the Company. In the event that the lessor requires us to vacate the premises, we will have to seek a new premises at short notice and for a price that may be higher than what we are currently paying, which may affect our ability to conduct our business or increase our operating costs.

4. There are certain pending approvals to be obtained by the company in the regular course of business.

Sl. No	Nature of the license/approval is issued	Details of the Applicable Statute and Section
1.	Approvals under the Foreign Exchange Management Act, 1999	The Company has to obtain the approval of the RBI for converting the loans availed of by RSDC into external commercial borrowings of the Company.

5. Majority of the operations of the Company is carried out from its branch offices in USA.

The majority of the operations of the Company are carried out from its branch offices in the USA.

The Foreign Exchange Management (Foreign Currency Account by a Person Resident in India) Regulations 2000 ("Foreign Currency Account Regulations") imposes certain restrictions on payments that maybe remitted to the branch of an Indian company outside India. As per Regulation 7(4A) of the Foreign Currency Account Regulations an Indian company may open and hold and maintain in the name of its branch outside a foreign currency account by making remittances from India for the purposes of normal business operations of the branch provided inter alia that the total remittances made under this sub-regulation by the Indian entity to all such accounts in an accounting year shall not exceed 15% of the average annual sales/income or turnover of the Indian entity during the last two financial years or upto 25% of the net worth whichever is higher where the remittances are made to meet the initial expenses of the branch or office or representative; and 10% of such average annual sales/income or turnover during the last financial years where the remittances are made to meet the recurring expenses of the branch.

For EOUs, however, branch offices expenses can be met from foreign exchange generated by the branch office from the EEFC account.

Consequently the amounts remitted by the Indian company to its USA branches are subject to the restrictions set forth above. Such payment restrictions may adversely affect the operations of the branch offices of the Company in the USA which may in turn affect the Company's business and profitability.

6. The objects of the issue are not appraised by any Bank or Financial Institution

The proposed object for which the funds are being raised has not been appraised by any Bank or Financial Institution and the fund requirements are based primarily on Management estimates. There is no guarantee that the estimates will prove to be accurate and any significant deviation in the estimates could adversely impact the operations and sustainability of the Company, in the absence of any independent monitoring agency.

7. The Company proposes to acquire businesses/companies located outside India from the proceeds of the issue. The ability of the company to acquire such companies can be curtailed due to various regulatory approvals that need to be obtained from authorities such as RBI. The company is yet to identify companies/ businesses to be taken over through the proceeds of the issue. The delay in identification may lead to a delay in implementation schedule and thereby affect the profits of the company.

An amount of Rs. 1500 lacs is proposed to be utilized towards strategic acquisition of business/ company. Foreign exchange laws in India presently permit Indian companies to acquire or invest in foreign companies without any prior governmental approval if the transaction amount does not exceed 400% of the net worth of the Indian company as of the date of its most recent audited balance sheet. Acquisitions in excess of the 400% net worth threshold require prior RBI approval. It is possible that required RBI approvals may not be obtained. A failure to obtain approvals for acquisitions of companies located outside India in the future would impede one of the key business strategies, restrict the international growth and have a material adverse effect on the Company's business, financial condition and results of operations.

8. The company has negative cash flows from its operating activities.

For the financial year ending March 31, 2006, the company had negative cash flow from operating activity to the tune of Rs.1.61 lacs. For the financial year ending March 31, 2008 and for 6 months ended 30th September 2009 though the company had positive cash flow from operating activity it had negative cash flow from financing activity to the tune of Rs.0.97 lacs and Rs.56.48 lacs respectively. Any negative cash flows in future could affect the results of operations and financial conditions.

9. The Company's ability to implement its business plans may be restricted by availability of the required funds at an appropriate time and on acceptable terms.

The Company may require additional capital in the future to implement its business plans, including for expansion and business development. If the Company fails to generate sufficient cash through product sales or from other sources of revenue, it may need to raise additional capital from equity or debt sources to fund any such expansion or development. The Company may not be able to obtain financing on terms acceptable or at all and therefore may be forced to curtail planned expansions and business development initiatives, which would have a material adverse effect on the Company's business, financial condition and results of operations. In addition, any capital raising activities could, in the case of debt, increase the Company's interest payment obligations, subject the Company to additional lender restrictions and impact its ability to service the existing indebtedness. Additional equity issuances could result in significant dilution to the existing shareholders.

10. The Company may face risks associated with potential acquisitions, investments, strategic partnerships or other ventures including whether the Company can identify opportunities, complete transactions and integrate other parties into its business.

In line with its strategic objectives, the Company is planning to acquire other businesses. Reasons for acquisitions may vary and include but not limited to: enhancing sales, strategic marketing fit, technology acquisition, new growth areas, market share, complementary business technology etc. Multiple risks are associated with this activity and some of them are but not limited to as follows:

- The Company may misidentify the potential of the acquisition
- Integration of acquired company into existing structure
- Product conflicts
- Customer conflicts
- Employee morale
- Business growth not living up to anticipated potential.

11. The company has yet not taken firm steps on setting up marketing offices in other countries and research and development process as mentioned under the "objects of the issue" on page no.20.

The company proposes to deploy an amount of Rs. 1008 lacs towards setting up of marketing offices in other countries. The company currently works with a network of partners and value added resellers globally and proposes to setup its own offices and operations in several countries as mentioned under "objects of the issue". Since the company plans to setup its own offices there may be various regulatory risks involved in setting up the organization which may lead to delay in implementation of the object. The company has also proposed to enhance the R&D efforts by utilizing an amount of Rs.676 lacs from of the proceeds of the issue which would be deployed towards salaries of R&D personnel and other related expenses. The company has yet not taken any firm steps towards the same.

12. The Company has not yet tied-up for debt component for enhanced working capital needs on account of proposed expansion; any delay in arranging the same may have an adverse impact on the results of operations.

The Company will approach banks and financial institutions to arrange for the enhanced working capital needs at the appropriate time. Any delay in arranging the same may adversely affect the operations and profitability.

13. The working capital requirements are based on the internal estimation of the management estimates and are not certified by the auditors.

14. The Company may be subject to penalties under FEMA for failure to obtain the approval of the Reserve Bank of India for its external commercial borrowings

RSDC, a company incorporated under the laws of the United States of America had availed of borrowings amounting to US\$ 1,86,733 from various financial institutions in the US. Subsequently RSDC has merged with the company and w.e.f. from the appointed date of 01/04/2008, such borrowings of RSDC from financial institutions in the US became borrowings of the company. From the perspective of Indian exchange control regulations, a borrowing by an Indian company from a foreign entity will be treated as an external commercial borrowing and will be subject to the regulations prescribed under FEMA and the policies relating to external commercial borrowings by Indian Companies. The company has by its letter dated April 4, 2009 filed with RBI Chennai and letter dated August 20, 2009 filed with RBI, Mumbai, sought approval for the continuation of such borrowings by the company. The company has received a reply letter dated July 10, 2009, to its letter dated April 04, 2009 filed with RBI Chennai, requiring the company to report the details of the outstanding loan particulars in form of ECB and take post-facto approval from its Central Office. The company has also received the reminder form RBI Chennai vide its letter dated March 03, 2010 to expedite the reply to enable them to proceed in the said matter. Further, the company has also received a reply letter dated October 01, 2009 to its letter dated August 20, 2009 filed with RBI Mumbai, to route the application through designated authorized dealer with their comments along with the copy of FIRC for remittance. By a letter dated March 23, 2010, the Company has clarified that as the borrowings were inherited by the company from RSDC as a result of a merger there was no authorized dealer in this case. In the event of RBI not granting such approval, the loan amounts may need to be repaid and RBI may impose a fine which may amount to three times the amount involved in the contravention if the amount is quantifiable and Rs. 2,00,000 if the amount is not quantifiable and Rs. 5,000 for everyday during which the contravention continues. Any delay or non-receipt of the said approval would not restrict the company from proceeding with the objects of the proposed public issue by the company.

However be the case, the company would be able to proceed with the objects of the issue pending non-receipt of approval in the said matter.

15. Revenues and Operating results for the foreseeable future are difficult to forecast in view of the fast moving technological changes.

There are several factors that could affect future revenues. Many of these factors are difficult to predict and forecast. They include but are not limited to - global economic slowdown, changes in networking technology, superior products hitting the markets from the competitors, inflationary pressures, increasing cost of raw materials, increasing cost of manpower, natural disasters etc. These may be individual in nature and sometimes may occur in tandem. Predictions of revenue and costs are made based on normal and reasonable estimates. However, accuracy of the same could vary widely as the span of predictions increase. While the Company has continued to grow through economic downturns, it cannot be assumed that it will continue to do so in the future.

16. The Company may face challenge to protect its intellectual properties.

At present, the Company does not have any registered trademarks or patents in India. Further the Company has not applied for registration of its trademarks or patents as on the date of filing this Red Herring Prospectus in India. If the Company makes applications for the registration of trademarks or patents, its applications may not be allowed or third parties may challenge the validity or scope of the application.

If the Company fails to successfully obtain or enforce its trademark, it may need to change its logo. In the absence of the registration of its trademarks or patents the Company may have a lesser recourse to legal proceedings to protect its trademarks and patents, which could have an adverse effect on the business. The Company is also filing patent applications to protect its technology and trademark applications to register its trademarks around the world. The Company has 7 patents in the US and has applied for further patent in US, but not yet received registration in respect of such application. The company also intends to make other patent applications in the future.

There can be no assurance that the Company's claims to any intellectual property rights will successfully protect what it considers to be the intellectual property from third-party use in any or all of the jurisdictions in which it carries on the business, either now or in the future. To the extent that its innovations and products are not protected by patents, copyrights or other intellectual property rights, third parties (including competitors and at time customers) may be able to make use of the Company's know-how.

17. The Company is exposed to foreign exchange and country risk.

The Company had, and will in the future have, substantial exposure to foreign exchange-related risks, as a substantial portion of its revenues and expenses are denominated in foreign currencies, especially U.S. dollars, while the cost of sales is denominated primarily in Indian rupees. Any appreciation or depreciation of the Indian rupee against these currencies could impact the cost of sales and profitability. The Company also carries \$1 million of its assets in foreign currencies. Translation differences arising out of conversion of these assets into Indian rupees could also impact the profitability for any given period. However, there can be no assurance that any forward contracts or other hedging mechanisms will enable the Company to effectively manage the exposure to foreign exchange and currency translation risks. Also, certain markets in which the Company sells the products are subject to foreign exchange repatriation and economic risks, which may result in delayed recovery or non-realization of revenue. Any of these developments could have a material adverse effect on the Company's business, financial condition and results of operations.

Further the operations of the Company may adversely be affected by the political, social and economic conditions of the foreign countries in which the Company is operating and the state of bilateral relations India has with those countries can also to some extent influence the operations of the Company.

18. The global operations expose the Company to complex management, foreign currency, legal, tax and economic risks.

The Company's products are being sold to customers around the world. This leads to several risk factors including the complexity of managing such growth. As a result of the expanding international operations, the Company is subject to risks inherent in establishing and conducting business in international markets including but not limited to the following:

- Cost structures, and cultural and language factors associated with managing and coordinating global operations
- Compliance with foreign laws, labor laws, immigration, tax etc
- Restrictions on repatriation of profits
- Potential difficulties with respect to protection of the Company's intellectual property
- Exchange rate volatility

19. The Company has not paid dividend in the past. The Company's ability to pay dividends in the future will depend upon its future earnings, financial condition, cash flows, working capital requirements, capital expenditure and other factors.

Till date, the Company has not paid any dividend. The amount of future dividend payments, if any, will depend upon the Company's future earnings, financial condition, cash flows, working capital requirements, capital expenditures and other factors.

20. The Company faces risks and challenges to attract and retain highly skilled personnel.

The Company expects that the anticipated expansion of its business will place a significant strain on its limited managerial, operational and financial resources. The Company will be required to expand sales, marketing and engineering staff significantly. Besides, it may have to train and manage its work force in order to manage the expansion of its operations. The Company's future success depends on its ability to attract, train, retain and motivate highly skilled managerial, sales, marketing and technical talent. The Company may not be successful in attracting such talent, which in turn can place significant burdens on the existing talent. If the Company is not able to attract engineering talent (at regular intervals) the results of its operations will be materially affected.

21. The competitors and other players in the industry may develop or purchase comparable or superior technology.

The Company's management believes that its technology reflects the current state of the art for highly redundant and reliable systems for intra-corporate communications. The Company cannot guarantee that the revenue model would not undergo any change, if there are sustained innovations to Internet and communications infrastructure technology. Besides it may not be able to eliminate, sustain technological advantage that it may currently enjoy over its competitors or render the Company's technology obsolete.

The Computers Networking industry is evolving rapidly and it is a challenge to keep up the pace. The Company's failure to respond in a timely manner to changing market dynamics or client requirements would have a material adverse affect on its business, prospects, financial conditions and results of operations. The rapidly changing industry could render the Company's products, as currently offered, obsolete. The Company's success will depend on part, on its ability to rapidly transform its products to keep pace with changing technology and to take advantage of new opportunities that a changing industry will offer.

The company has a wide range of products in its portfolio with unique features. These products span different market segments like reliability, security and WAN Optimisation. In the global marketplace, the multi-location products, MPVoIP, Symphony, MPVPN and IPVPN are developed and marketed by the company. The company does not face any direct competition for these products.

For the Warp product, however, there are a few companies that copy and market similar products. The competitors for the Xtreme and WARP products are Astrocomm, Xroads Networks, F5 networks and Radware. The traditional WAN Optimization market segment has competition from Blue Coat, Riverbed and Cisco.

22. Continued growth of internet usage and infrastructure is the key for growth of the company.

The Company's market is new and rapidly growing. Internet usage is growing globally at an exponential pace and this growth is foreseen for a number of years. The reasons are many and among them are:

- Bandwidth is becoming cheaper – more businesses and people are using ever increasing bandwidth
- Countries with undeveloped infrastructure are investing in Internet technologies Internet has become a part of the business continuity equation

As Internet usage grows, infrastructure may not be able to keep up and support demands placed upon it. This may result in Internet usage not growing materially and adversely affecting the Company's growth.

23. The Company's revenues and profits are difficult to predict and may vary considerably from quarter to quarter. The Company's historical financial data may not be an indicator of future performance.

The Company's revenues may fluctuate in the future, depending on a number of factors related to the segments in which it operates. Such factors include:

- Seasonal patterns of hardware and software capital spending by customers
- Timing and integration of acquired businesses
- Extended sales and development cycles for the products, resulting in revenues in periods subsequent to those in which the Company incur sales and development costs
- The Company's ability to raise the finances required for investments and Exchange rate fluctuations.

A high proportion of the total operating expenses of the Company's business, particularly towards wages and facility costs, are fixed in nature for any particular quarter and are incurred whether contracts for products are booked or not. As a result, any shortfall in order bookings or execution, or the impact of the other factors identified above, may cause significant variations in the operating results in any particular quarter and could have a material adverse effect on the Company's business, financial condition and results of operations.

24. The product offerings may not be able to meet technology advancements, industry standards and customer preferences in the future.

The Company's future success depends on its ability to develop products with features that keep abreast with or ahead of technological changes, respond to evolving client needs and maintain the time-to-market and market reputation. There can be no assurance that the Company will have the financial or other resources required to successfully and timely develop or market such products. The product offerings also may be rendered non-competitive or obsolete by competitors' superior offerings. The Company is also seeking to enter new market and customer segments in which it has little or no previous experience and in which it will compete directly with product and service offerings from well-established competitors. The Company may be unable to successfully penetrate into these new market and customer segments and may incur substantial development and marketing costs in attempting to enter as well as being forced to exit such new segments. Any of these developments would have a material adverse effect on the Company's business, financial condition and results of operations.

25. The Company is subject to risks associated with product warranty, liability and recall.

The Company develops complex products, which may contain design defects or other errors or failures which can be real-time in nature. This risk is particularly acute with new or upgraded products and services. The quality-control procedures may fail to test for all possible conditions of use or identify all defects in the design, engineering or specifications of the products. Any such defects could require the Company to undertake service actions or product recalls. These actions could require the Company to expend considerable resources in correcting these problems and could adversely affect demand for the products. Any defects in the Company's products, or in after-sales services provided by the Company or third parties, could also result in customer claims for damages. The Company provides for warranty on the products up to 12 months against manufacturing defects and at times are also subject to warranty policies of the parties to whom it supplies.

Though the company's liability is limited to the purchase price and repairing the hardware and the company has till date not faced any product liability issues at any time. However, the Company may face and be liable for warranty claims for components manufactured by it in the future, again limited to purchase price. In defending such claims, the Company could incur substantial costs and receive adverse publicity. Furthermore, management resources could be diverted away from the operations of the business towards defending such claims. In addition, there can be no assurance that the limitations of liability set forth in the contracts with vendors will be enforceable in all instances or will otherwise protect the Company from liability for damages. Any such defects or claims could therefore have a material adverse effect on the Company's business, financial condition and results of operations depending on the extent of the issue.

26. Potential delays in the launch of new products in the market and lower than anticipated market acceptance of new or existing products could cause the Company to lose market share and adversely affect the Company's results of operations.

The Company operates in a highly competitive environment and the competitors could gain a significant advantage by introducing a new product in a particular segment before the Company does. In addition, the launch of new products may require substantial research and development expenses and generally higher initial marketing costs. The success of the product offerings also depends on the overall reputation and the strength of its brand. If the Company is unable for any reason to continue to provide such solutions or if market acceptance of any of its new or existing products is lower than anticipated, the Company may lose market share and face a material adverse effect on its business, financial condition and results of operations.

27. The Company may face claims that it infringes the intellectual property rights of others.

The Company may in the future face claims that it is infringing the intellectual property rights of others. If any of the Company's products are found to infringe the patents or other intellectual property rights of others, the development, manufacture and sale of such products could be severely restricted or prohibited. Intellectual property litigation can involve complex factual and legal questions and its outcome is uncertain. Any claim relating to infringement of intellectual property that is successfully asserted against the Company may require it to pay substantial damages and seek licenses to continue to use such intellectual property. These licenses may not be available on commercially acceptable terms. Even if the Company were to prevail, any litigation could be

costly and time-consuming, and would divert the attention of management and key personnel from the business operations. In the event of any intellectual property infringement suit brought against the Company or its customers, the Company may be forced to stop or delay developing, manufacturing or selling products that are claimed to infringe a third party's intellectual property rights. Furthermore, the Company is required to indemnify the customers against third-party claims of infringement of intellectual property arising out of the customers' use of the Company's products and services. Any of these developments could have a material adverse effect on the Company's business, financial condition and results of operations.

28. The existing tax benefits will be withdrawn by Indian Income Tax Act, 1956 by March 31, 2010.

Currently, the Company benefits from certain tax incentives under the Income Tax Act for the computers networking services that it provides from specially designated "Software Technology Parks". As a result of these incentives, the operations in India have been subject to relatively low tax liabilities. Under current laws, the tax incentives available to the units will terminate on March 31, 2010, and it will thereafter be required to pay tax in respect of these units at the then-applicable corporate tax rates. Unless the existing tax incentives are extended beyond March 31, 2010, the tax expenses will materially increase after that date, reducing the profitability. Any other changes in tax rates in India or the imposition of additional taxes or surcharges could have a material adverse effect on the Company's business, financial condition and results of operations.

29. The issue price is expected to be more than that paid by the promoters and promoters/ promoter group.

FNIL may issue equity shares to general public through this Initial Public Offer at a price more than that paid by the promoters/ promoter group.

30. The objects of the issue are to be funded from the IPO proceeds

The objects of the present issue are to be funded from the IPO proceeds. Any delay in raising funds will increase the capital cost and also affect the realization of returns from the project.

EXTERNAL RISK FACTORS

31. The Company is subject to various Indian taxes and it avails certain benefits offered by the Government of India.

Taxes and other levies imposed by the Government of India and/or the State Governments that may affect the computers networking industry include: income tax; customs duties; central and state sales tax and other levies; value added tax; entry tax; turnover tax; service tax; and other new or special taxes and surcharges introduced on a permanent or temporary basis from time to time.

32. Valuation methodology and accounting practice in wide area networks and high speed data transfers may change.

There is no standard valuation methodology for companies involved in the wide area network and high speed data transfer industry. The valuations in the industry are presently high and may not be sustained in future. Additionally, current valuations may not be reflective of future valuations within the industry. Further, current valuations of other listed companies in the same industry may not be comparable with that of the company.

33. An economic downturn may negatively impact the operating results

The Company's revenues are largely dependent on corporate expenditure on IT infrastructure and facilities. Any economic slowdown may affect the economic health of these companies restricting their IT expenditure. In the event of an economic slowdown the customers may reduce or postpone their contracts, thereby negatively impacting the revenue and profitability.

Notes:

- i. The net worth of the Company as of 31st December, 2009 was Rs. 3589.08 lakhs based on audited financial statements of the Company.

- ii. Issue of [●] Equity Shares of the face value Rs. 10/- each at a price of Rs. [●] per Equity Share for cash at a premium aggregating Rs. 4900 lacs.
- iii. The average cost of acquisition of Equity Shares by the Promoters is as follows:

Name of the Promoter	Average cost of acquisition (Rs.)
Dr. Ragula Bhaskar	10.00
Ms. Sanchaita Datta	10.00

- iv. The book value per Equity Share as on 31st December, 2009 was Rs. 28.82.
- v. Except as disclosed in this Red Herring Prospectus, none of the Directors have any interest in the Company except to the extent of remuneration and reimbursement of expenses and to the extent of the Equity Shares held by them or their relatives and associates or held by the companies, firms and trusts in which they are interested as directors, member, partner and/or trustee and to the extent of the benefits arising out of such shareholding. Further, the Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by them with any company in which they hold directorships or any partnership firm in which they are partners.
- vi. Investors may contact the BRLMs or the Compliance Officer for any complaints, information or clarifications pertaining to the Issue.
- vii. Investors are advised to refer to the section titled "Basis for Issue Price" beginning on page 26 of this Red Herring Prospectus.
- viii. Refer to the notes to the financial statements relating to related party transactions in the section titled "Related Party Transactions" on page 116 of this Red Herring Prospectus.
- ix. All information shall be made available by the BRLMs and the Company to the public and investor at large and no selective or additional information would be available for a section of the investors in any manner whatsoever.
- x. Trading in Equity Shares of the Company for all the Investors shall be in dematerialized form only.
- xi. The Company has not capitalized its reserves till date.

SECTION III - INTRODUCTION

SUMMARY OF THE INDUSTRY AND BUSINESS

Investors should note that this is only a summary and it does not contain all information that should be considered before investing in the Company's equity shares. You should read the entire Red Herring Prospectus, including the information in "Risk Factors" and the "Financial Statements".

INDUSTRY OVERVIEW

Business Continuity and Disaster Recovery have become imperatives, from an IT perspective. The explosion in data exchange and the exponential increase in the need for data security is the driving force behind the elevation of business security planning. This growth is expected to continue as an increasing number of organizations prioritize their data security and transmission optimization strategies to match the compounding growth in data exchange.

Globalization has fundamentally changed the way in which organizations conduct their business. Low cost wage arbitration, coupled with scientific, technical, and manufacturing sophistication in these low cost areas has forced changes in organization structures of business. The expansive growth of IT has added momentum to these paradigm shifts. Yesterday's local organization has morphed into global companies that conduct business operations, which provide the maximum return on capital investments. It is not unusual to have sales and marketing in the US, R&D and BPO in India and manufacturing in China. To manage the wide geographic diversity of operations, corporate IT infrastructure (LANs and WANs) has grown increasingly sophisticated and vital. Vast amounts of data move across these networks and are mission critical for day-to-day business operations. The health of the WAN is critical for Business Continuity and its optimal performance is pivotal in driving down the costs in corporations.

On the IT side of corporate planning, the following are the foremost initiatives:

- Business Continuity and Disaster Recovery
- WAN Stability
- Data Security

Wide Area Networks have grown rapidly, spurred by the adoption of faster and cost efficient networks, and the emergence of compelling Web-based content and e-commerce applications. The broad acceptance of the Internet has led to the emergence of secure Intranets accessible only within a given company. Extranets are available to select outsiders, such as clients, customers, suppliers or vendors. In this new global communications and e-commerce environment, businesses of all sizes are increasingly reliant on Internet, Intranet and VPN connectivity. As a result, the reliability and redundancy, optimal performance and the stability of WANs are of utmost importance to businesses.

The ubiquitous usage of email and need for Internet access are a must for most businesses, big and small. These systems require robust and secure WAN infrastructures that are of a high availability nature. To attain this, companies need to create and execute WAN Redundancy planning as part of their overall business strategy. There are many ways of achieving WAN Redundancy, and the method chosen is a function of a company's IT strategy. WAN Redundancy is essential if a business is to stay in a Business Continuity mode. (source: <http://www.wanredundancy.com/>)

Analysis of Potential Market

IDC, a leading provider of global IT research and advice, stated in a recent report that the worldwide market for IT was estimated to be \$1.48 trillion in 2008. The United States IT market comprised \$499 billion and continues to be the single largest market in the world. IDC predicts IT spending in Brazil will

decline by 13% in 2009 in US dollars, but will grow by 5% in constant currency terms. Latin America is continuing to show growth in IT spending in 2009 in constant currency terms (Latin American, 5.0%, but declining 10% in US dollars, while IT spending in India will grow at the rate of 5% in 2009 in constant currency. (Source: IDC, "Worldwide Black Book Query Tool, Version 2, 2009," IDC #219441, July 2009)

Business Overview

Fatpipe's core technology which is, router clustering, involves patented and patent-pending methods that provide the highest levels of optimization, reliability, security and acceleration of Wide Area Networks (WANs) and enable high-speed data transfer through multiple lines, multiple ISPs, and backbones over WANs with seamless re-assembly of data streams. Fatpipe technology affords companies, that run mission critical WAN applications over any type of infrastructure, automatic and dynamic failover of a downed data line due to a WAN component, line or service failure.

The Company's vision is to be the world leader in the technology that can be used for communication between head office and branch offices and provide reliable communication channels over widely available infrastructure. The Company's products enable its clients to obtain low cost, redundant and fast Internet access, allowing such corporations to implement Intranets, e-commerce strategies, highly redundant Virtual Private Networks (VPNs), highly redundant VOIP, site to site failover for business continuity over the Internet or Wide Area Network (WAN) connections that exceed 99.999988% uptime.

The products of the Company enable businesses to stabilize and fail-proof their Wide Area Networks. In addition, companies can optimize dataflow using Fatpipe compression and Quality of Service (QOS) technologies to maximize their network bandwidth, as well as provide the latency management needed for good quality VOIP calls. They can also enhance security of data by using Fatpipe's MPsec and Fatpipe VPN to creatively distribute secure data traffic over public and private networks, thus making it near impossible for hackers to gain control of the data. In addition, Fatpipe's spam control product, Spam Police, filters out undesirable email and reduces corporate productivity.

The Company provides global corporations and government offices with technology that increases the security and reliability of Wide Area Networks, corporate extranets, Virtual Private Networks and all last-mile Internet connections, including wireless connectivity. The Company holds patents on a technology called "Router-Clustering," which enables customers to obtain highly redundant and fast Internet/WAN access.

The Company manufactures a range of appliances based on its technology for data transmission over multiple lines that provides highly reliable and redundant Internet/Intranet access solution available. Such a solution is provided by combining multiple lines up to 2 gigabits per second, (including any combination of DSL, cable modem, wireless, and OC3, T1 or DS3 connections) into one "Fatpipe" either with direct point-to-point, MPLS, frame relay or over the Internet, without any cooperation from the Internet Service Provider (ISP). Business Continuity is assured because these aggregated multiple networks are load balanced, while automatic failover provides the assurance that the networks or VPNs will remain functional at all times, even if router, ISP or backbone failures occur.

In addition to the reliability provided by the "Fatpipe" router-clustering technology, the Company offers data security with encryption protocols making it more secure.

Fatpipe sells its products worldwide through a network of 2 authorized distributors and over 500 resellers. Fatpipe is proposing to expand its operations to China, Singapore, South Africa, Kenya, Nigeria, Argentina, Belgium, Germany, France, Eastern Europe and Australia.

B. THE ISSUE

Fresh Issue	[●] Equity Shares
Of which:	
Qualified Institutional Buyers portion	At least [●] Equity Shares, constituting 50% of the Issue (allotment on a proportionate basis)
Of which:	
Reservation for Mutual Funds	[●] Equity Shares (allocation on a Proportionate basis) Constituting 5% of QIB Portion
Balance for all QIBs including Mutual Funds	Upto [●] Equity Shares (allotment on a proportionate basis)
Non Institutional portion	Up to [●] Equity Shares (allocation on a proportionate basis) constituting 15% of the Issue
Retail portion	Up to [●] Equity Shares (allocation on a proportionate basis) constituting 35% of the Issue
Equity Shares outstanding prior to the Issue	1,30,26,464 Equity Shares
Equity Shares outstanding after the Issue	[●] Equity Shares
Objects of the Issue:	
Use of Proceeds of the Issue	For information, please refer to the section titled "Objects of the Issue" beginning on page 20 of this Red Herring Prospectus

Under-subscription, if any, in the Retail or Non Institutional Portion would be met with spill over from other categories or combination of categories at the discretion of the Company in consultation with the BRLM. For more information, please refer to "Issue Procedure - Basis of Allotment" on page 198. If atleast 50% of the Issue cannot be allotted to QIBs, then the entire application money will be refunded.

C. SUMMARY FINANCIAL INFORMATION

The following table sets forth the selected historical information of the Company derived from its audited statements for the fiscal years ended March 31, 2005, 2006, 2007, 2008 and 2009 and nine months ended 31st December 2009 in accordance with Indian GAAP, the Companies Act, and SEBI Regulations and described in the section titled "Financial Statements" beginning on page 105 of this RHP.

STATEMENT OF ASSETS AND LIABILITIES

(Rs. In Lakhs)

Particulars		31st Dec 2009 (9 months)	As at 31st March				
			2009	2008	2007	2006	2005
A.	Assets						
	Fixed Assets gross block						
	Tangible assets	299.22	311.05	79.88	69.07	50.22	39.57
	Intangible Assets	2,275.94	2,187.65				
	Less: Depreciation/ Amortisation	395.84	241.13	48.29	34.64	22.72	11.96
	Net Block	2,179.31	2,257.57	31.59	34.43	27.50	27.62
	Less: Revaluation Reserve						
	Net Block after adjustment for Revaluation Reserve	2,179.31	2,257.57	31.59	34.43	27.50	27.62
B.	Deferred Tax Asset	0.00	5.60	0.34			
C.	Current assets, loans and advances						
	Inventories	146.76	154.96				
	Receivables	1,356.36	1,133.03	72.98	32.38	26.37	11.57
	Cash and bank balances	502.00	380.49	16.53	14.48	2.70	12.35
	Loans and advances	88.01	95.57	21.16	28.97	9.79	5.22
	Other current assets						
	Total Current Assets	2,093.14	1,764.05	110.66	75.83	38.86	29.14
D.	Total assets	4,272.44	4,027.22	142.60	110.26	66.36	56.76
E.	Liabilities and provisions						
	Loan funds						
	Secured loans	68.71	92.73				
	Unsecured loans	0.00	49.19		0.97		
	Deferred Tax Liability	142.58	0.00				
	Current liabilities and provisions						
	Sundry liabilities	325.06	479.32	30.41	18.00	5.69	5.80
	Provisions	147.02	141.92	4.51	0.59	0.61	
	Total Liabilities and provisions	683.36	621.24	34.91	19.56	6.30	5.80
	Net worth (D - E)	3,589.08	3,405.99	107.68	90.70	60.06	50.96
F.	Net worth Represented by:						
	Shareholders funds						
1	Share capital	1,302.65	1,302.65	1.00	1.00	1.00	1.00
2	Share Advance			56.71	56.71	56.71	54.11
3	Reserves and surplus	2,286.43	2,103.34	49.97	32.98	2.40	(4.03)
	Less: Revaluation Reserve						
	Reserves (Net of Revaluation Reserve)	2,286.43	2,103.34	49.97	32.98	2.40	(4.03)
4	Less: miscellaneous expenditure not written off					0.06	0.12
	Total (1+2+3+4)	3,589.08	3,405.99	107.68	90.70	60.06	50.96

STATEMENT OF PROFITS AND LOSSES

(Rs. in Lakhs)

Particulars	31st Dec 2009 (9 months)	31st March				
		2009	2008	2007	2006	2005
Income						
Sales:						
Of Products manufactured by the Company	4,588.56	4,198.99	316.21	222.72	119.38	64.47
Other Income	2.82	30.61				
Total Income	4,591.38	4,229.60	316.21	222.72	119.38	64.47
Expenditure						
Raw materials & goods consumed	303.42	375.77				
Staff Costs	1,254.07	1,707.01	193.66	117.57	66.22	29.80
Other Direct expenses	469.19	57.72	3.52	1.28	0.40	1.79
Selling & distribution expenses	1,578.88	1,446.69	85.09	60.06	34.90	22.25
Interest	7.94	24.96		0.06		
Depreciation	172.78	192.84	13.65	11.92	10.76	6.60
Miscellaneous expenditure written off				0.06	0.06	0.06
Total expenditure	3,786.28	3,804.99	295.92	190.96	112.33	60.50
Net Profit before tax and extraordinary items	805.10	424.61	20.28	31.76	7.05	3.97
Provision for taxation	285.01	25.24	3.30	1.18	0.61	
Net Profit after tax & before extraordinary items	520.09	399.37	16.99	30.58	6.44	3.97
Extraordinary items (net of tax)						
Net Profit after extraordinary items	520.09	399.37	16.99	30.58	6.44	3.97
Appropriations						
Transfer to general reserve	520.09	399.37	16.99	30.58	6.44	3.97
Balance carried to Balance sheet	2,286.43	2,103.34	49.97	32.98	2.40	(4.03)

GENERAL INFORMATION

The Company was incorporated on December 24, 2002 as a Private Limited Company with the name of Fatpipe Networks India Private Limited with registration number U72200TN2002PTC050086. The Company was converted into a public limited company and its name was changed to Fatpipe Networks India Limited with effect from September 6, 2008.

Registered Office:

3rd Floor, Northern Wing,
Greems Dugar, No. 68 (Old. No. 149),
Greems Road,
Chennai - 600 006.

Tel.no: +91 - 44 - 28291265

Fax.no: +91 - 44 - 28291255

Email: ipo@fatpipeinc.com

Website: www.fatpipeinc.com

Contact Person: Ms. Anita Jena, Company Secretary and Compliance Officer

At the time of incorporation, the Registered Office was situated at AL 143, 11th Main Road, Annanagar, Chennai 600 040. With effect from March 17, 2003, the Registered Office was shifted to 3rd Floor, Northern Wing, Greems Dugar, No. 68 (Old. No. 149), Greems Road, Chennai - 600 006.

Address of Registrar of Companies

The Registrar of Companies, Chennai, Andaman and Nicobar Islands
Block No.6, B-Wing, 2nd Floor,
Shastry Bhavan, 26
Haddows Road,
Chennai - 600 034.

Board of Directors

The Board of Directors of the Company comprises of the following persons:

Name of the Director	Designation	Status
Dr. Ragula Bhaskar	Managing Director	Promoter & Executive Director
Ms. Sanchaita Datta	Whole time Director	Promoter & Executive Director
Mr. RSSLN Bhaskarudu	Director	Independent Director
Mr. Ravi Adusumalli	Director	Independent Director
Mr. Naresh Narad	Director	Independent Director

Brief details of Directors

Dr. Ragula Bhaskar, Managing Director: aged 50 years is the core promoter of Fatpipe Networks. Dr. Bhaskar has obtained a Ph.D. in Engineering, a dual M.S. in Engineering and Operations Research, and an M.S. in Business Administration (Honors) with specialization in Finance, all from the Pennsylvania State University. He is the co-inventor of router-clustering technology that provides highly redundant, reliable, and high-speed Internet/WAN access for mission critical applications for business. Prior to promoting FNIL, he enjoyed a career in academia as a research technologist in the engineering department at Pennsylvania State University and later as an assistant and then tenured associate professor of Mining Engineering at the University of Utah. He is also the Chairman of the State of Utah, Governor's Board of Economic Development. Dr. Bhaskar is a recipient of several honors and awards for academic achievements and is a member of Mensa. He was the youngest member of an Advisory Committee to the U.S. Secretary of Labor on labor related technology issues and was the youngest President-elect of the largest division of the Society of Mining Engineers (SME). He has held several chairmanships of many committees including Co-Chairman of the Utah Boards and Commissions Committee as appointed by Governor Jon Huntsman, Jr. He serves as a Trustee and Member of the Public Policy Committee of

the Utah Technology Council, the Industrial Advisory Board, the College of Engineering at the University of Utah, and is a member of the review panel for the State of Utah Centers of Excellence. Dr. Bhaskar has written over 30 articles, including 18 refereed articles on various subjects, and obtained six patents, with four more submitted. Dr. Bhaskar was a finalist for *Ernst and Young's 2005 Entrepreneur of the Year Award*, was profiled in a feature cover story in *Connect Magazine* as one of Utah's most respected entrepreneurs, and acknowledged by the Utah Economic Development Board as one of 25 High Tech CEOs in Utah. He was selected by his peers as one of Utah's Top 100 venture entrepreneurs three years in a row. *Connect Magazine* named Dr. Bhaskar as one of the TOP 25 people who influenced business in Utah for 2006, and 2007, and *Utah Business magazine* named him in the TOP 100 Most Influential People in Utah. In November of 2009, he was awarded the Outstanding Director Award by the *Utah Business Magazine* and was featured on the front cover of the magazine.

Ms. Sanchaita Datta, Whole-time Director: aged 45 years, is the co-inventor of Router-Clustering, which provides redundancy, reliability, and high-speed Internet/WAN access for the deployment of mission critical, web-based business applications. She holds a MS in Electrical Engineering from Pennsylvania State University and was a doctoral candidate at the University of Utah. She was chosen as one of Utah's top female executives by *Utah Business* magazine and was also awarded the *Woman Innovator Award* by the Salt Lake Area Chamber of Commerce in recognition of her accomplishments in the field of communications technology. In October 2009, she was awarded the YWCA Outstanding Achievement Award for Technology. She is currently a Trustee of the Utah Women in Technology organization (WIT), and an appointed member of Governor Jon Huntsman, Jr. IT Task Force. She was also a member of the Governor Jon Huntsman Jr. Transition Team. She was also one of the first voting members of the Institute for Electrical and Electronics Engineers' Standards Committees for 100 Mbits/s technology and Wireless LANs. One of her products recently won the IQ 2008 award for Most Innovative Product.

Mr. RSSLN Bhaskarudu aged about 68 years is an electrical engineer from College of Engineering, Kakinada, Andhra University. He has over 43 years of experience with proven track record of management and leadership skills. He has served 21½ years at Bharat Heavy Electricals Limited (BHEL). During his tenure in BHEL he was involved in the development and production of large size equipment for power projects all over the country. He has also worked for over 16 years with Maruti Udyog Limited (MUL), the largest car manufacturing company in India. He held the post of Managing Director of MUL and contributed for its good performance and achievements. He has also served as a member/chairman of the Public Enterprises Selection Board of the Government of India, the Board responsible for selecting and recommending all Chairmen and Managing Directors of Public Sector enterprises where the government has an ownership interest.

Mr. Ravi Adusumalli aged 33 years, is a Bachelor of Arts in Economics and Government from Cornell University. In early 2002 he joined Softbank Asia Infrastructure Fund (SAIF) and is currently a General Partner and Head of SAIFs India Operations. SAIF currently manages over \$2 billion. Prior to joining SAIF, he was an Associate Partner with Mobius Venture Capital, a \$1.25 billion early stage venture capital firm in Silicon Valley. He previously worked at Credit Suisse First Boston as an Associate and with Wasatch Funds. He was named as one of the Forbes.com Top 100 Venture Capitalists with a Midas Touch.

Mr. Naresh Narad aged 65 years, is a B.A., LL.B. and a Veteran IAS Civil Servant, was chairman of Public Enterprises Selection Board. He was a Member of the Board of Governors of Indian Institute of Management, Ahmedabad and Kolkata. He was Chairman of International Centre for Promotion of Enterprises, Ljubljana. Mr. Naresh Narad was Secretary Ministry of Heavy Industries and Public Enterprises. He was responsible for administration of 49 Public Sector Enterprises (PSEs) engaged in various activities like Power, Paper, Cement, Automobile, Machine Tools, Heavy Engineering Equipment and Electrical Engineering Industries. As Secretary in the Department of Public Enterprises, he was responsible for policy / guidelines governing all the PSEs of Government of India. Before joining Ministry of HI & PE, he was special secretary in the ministry of Petroleum and Natural Gas. He also served as Joint Secretary in the Ministry of Steel, Govt. of India. He also worked in the Union Govt. as Director, Ministry of Works and Housing and Member Secretary.

For more details of the Directors, please refer to the section titled "The Management" beginning on page 81 of this Red Herring Prospectus.

Company Secretary & Compliance Officer

Ms. Anita Jena
 3rd Floor, Northern Wing,
 Greams Dugar, No. 68 (Old. No. 149),
 Greams Road,
 Chennai - 600 006.
Tel.no: +91 - 44 - 28291264
Fax.no: +91 - 44 - 28291255
Email : ipo@fatpipeinc.com
Website: www.fatpipeinc.com

Investors are requested to contact the above-mentioned Compliance Officer or Registrar in case of any pre-issue or post- issue related clarification such as non-receipt of letters of allotment/ share certificates/ credit of securities in depository beneficiary account/ refund orders etc.

Book Running Lead Manager

KEYNOTE CORPORATE SERVICES LIMITED

4th Floor, Balmer Lawrie Building,
 5, J. N. Heredia Marg Ballard Estate,
 Mumbai - 400 001.
Tel.: (022) 3026 6000; **Fax:** (022) 2269 4323
E-mail: mbd@keynoteindia.net
Website: www.keynoteindia.net
Contact person: Ms. Swati Sinha

Syndicate Member

KEYNOTE CAPITALS LIMITED

4th Floor Balmer Lawrie Bldg,
 5, J.N. Heredia Marg,
 Ballard Estate, Mumbai - 400 001
Tel : (022) 30266044 ; **Fax :** (022) 22694323
E-mail : kcl@keynoteindia.net
Website : www.keynoteindia.net
Contact Person : Mr. Ankur Mestry

Self-certified Syndicate Banks

As on date following banks are registered with SEBI for collection of ASBA forms:

1.	Corporation Bank Limited	15.	Bank of India
2.	ICICI Bank Limited	16.	State Bank of Hyderabad
3.	HDFC Bank Limited	17.	HSBC Bank
4.	State Bank of India	18.	Vijaya Bank
5.	Union Bank of India	19.	State Bank of Travancore
6.	IDBI Bank Limited	20.	Bank of Maharashtra
7.	Axis Bank Limited	21.	Andhra Bank
8.	Kotak Mahindra Bank	22.	Allahabad Bank
9.	State Bank of Bikaner & Jaipur	23.	Deutsche Bank
10.	Bank of Baroda	24.	The Federal Bank
11.	Punjab National Bank	25.	Karur Vysya Bank Ltd.
12.	Indian Bank	26.	Central Bank of India
13.	Yes Bank	27.	Indusind Bank
14.	Citibank		

For the details of list of controlling banks along with its branches for ASBA please visit the website of SEBI, BSE and NSE at www.sebi.gov.in, www.bseindia.com, www.nseindia.com respectively.

Registrar to the Issue

Karvy Computershare Private Limited

Plot No.17-24, Vittalrao Nagar,
Madhapur,
Hyderabad – 500 081
Tel No.: +91 40 2343 1553
Fax No.: +91 40 2343 1551
Website: www.karvy.com
Email: mailmanager@karvy.com
Contact Person: Mr. M. Murali Krishna

Legal Advisors to the Issue

ALMT Legal

Advocates & Solicitors,
2, Lavelle Road,
Bangalore 560 001.
Tel: +91 80 4016 0000
Fax: +91 80 4016 0001
E-mail: bangalore@almtlegal.com
Website : www.almtlegal.com
Contact person: Ms. Dhanya Menon

Auditors to the Company

L.U. Krishnan & Co

Chartered Accountants.
Sam's Nathaneal Tower,
3-1, West Club Road,
Shenoy Nagar,
Chennai – 600 030.
Tel No.: +91 044 26209657
Fax No.: +91 044 26209415
Email: lukrishco@gmail.com
Membership no: 11288

IPO Grading

This issue has been graded by Brickwork Ratings India Pvt. Ltd. (Brickwork) and has been assigned the “BWR IPO Grade 2”

Brickwork Ratings has assigned BWR IPO Grade 2 for the proposed IPO of Fatpipe Networks india Limited (“FNIL” or “the Company”). Brickwork Ratings’ BWR IPO Grade 2 indicates below average fundamentals for the issue in relation to the listed peers. BWR assigns IPO grading on a scale of IPO Grade 5 to IPO Grade 1, with Grade 5 signifying strong Fundamentals and Grade 1 signifying poor fundamentals of the issue in relation to the listed peers.

The grading factors FNIL’s track record in US market, management’s experience and understanding networking industry, large customer base in US. However, the grading is constrained by FNIL’s scale of operations in the country, competitive nature of the industry, threat of substitute products, and high share of intangible assets in total fixed assets. The project is not appraised by term lending institution and is fully funded by IPO proceeds.

Banker(s) to the Issue and Escrow Collection Bank

ICICI Bank Limited

Capital Markets Division
30, Mumbai Samachar Marg,
Mumbai – 400 001
Tel: (022) 2262 7600, **Fax:** (022) 226 11138
Website: www.icicibank.com
E-mail: venkataraghavan.t@icicibank.com
Contact Person: Mr. Venkataraghavan T A

Axis Bank Limited

No.69 Arcot Road, Virugambakkam
Chennai 600 092
Tel : (044) 23771481; **Fax :** (044) 23771488
Website: www.axisbank.com
E-mail: virugambakkam.operationshead@axisbank.com
Contact Person: Mr. S Kannan

HDFC Bank Limited

iThink Techno Campus, O-3 Level,
Next to Kanjurmarg Railway Station,
Kanjurmarg (East), Mumbai – 400042.
Tel : (022) 3075 2928; **Fax :** (022) 2579 9801
Website: www.hdfcbank.com
E-mail : deepak.rane@hdfcbank.com
Contact Person : Mr. Deepak Rane

Kotak Mahindra Bank Limited

5th Floor, Dani Corporate Park 158,
CST Road, Kalina, Santacruz (East)
Mumbai
Tel : (022) 6759 5336; **Fax :** (022) 6759 5374
Website: www.kotak.com
E-mail: amit.kr@kotak.com
Contact Person: Mr. Amit Kumar

Statement of inter-se allocation of responsibility

Since Keynote Corporate Services Ltd. is the sole BRLM to this issue, inter-se allocation of responsibility is not applicable.

Credit Rating

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

Trustees

As this is an issue of equity shares, the appointment of trustees is not required.

Monitoring Agency

Since the issue size shall not exceed Rs.500 crore no monitoring agency has been appointed to monitor the funds proposed to be raised in the public issue.

Appraising Agency

The funds being raised in the public issue are not meant for any specific project and hence no appraising agency is involved.

BOOK BUILDING PROCESS

The Book Building Process, with reference to the Issue, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band. The Issue Price is finalized after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

- The Company;
- The Book Running Lead Manager, in this case being Keynote Corporate Services Limited;
- Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as Underwriters. The Syndicate Members are appointed by the Book Running Lead Manager;
- Registrar to the Issue;
- Escrow Collection Banks and
- Self Certified Syndicate Banks

The Issue is being made through the 100% Book Building Process where atleast 50% of the Issue to the public shall be allocated on a proportionate basis to eligible Qualified Institutional Buyers (“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 other eligible QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, upto than 15% of the Issue to the public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and upto 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.

In accordance with the SEBI ICDR Regulations QIBs are not allowed to withdraw their Bid(s) after the Bid/Issue Closing Date. In addition, QIBs are now required to pay full 100% of the Bid Amount upon submission of the Bid cum Application Form during the Bid/Issue Period and allocation to QIBs will be on a proportionate basis. For further details, see section “Terms of the Issue” on page no. 176 of this Red Herring Prospectus.

The Company shall comply with the SEBI ICDR Regulations and any other ancillary directions issued by SEBI for this Issue. In this regard, we have appointed the Keynote Corporate Services Limited as the Book Running Lead Manager to manage the Issue and procure subscriptions to the Issue.

The process of Book Building under the SEBI ICDR Regulations is subject to change from time to time and the 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, 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, the illustrative book would be as below. A graphical representation of the consolidated demand and price would be made available at the bidding centres’ during the bidding period. The illustrative book as shown below indicates the demand for the shares of the Company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	48	500	8.33%
700	47	1,200	20.00%
1,000	46	2,200	36.67%
400	45	2,600	43.33%
500	44	3,100	51.67%
200	43	3,300	55.00%
2,700	42	6,000	100.00%
800	41	6,800	113.33%
1,200	40	8,000	133.33%

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 finalize 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

1. Check eligibility for making a Bid (see section titled “Issue Procedure - Who Can Bid?” on page no. 182 of this Red Herring Prospectus);
2. Ensure that you have a dematerialized account and the dematerialized account details are correctly mentioned in the Bid cum Application Form;
3. Ensure that you have mentioned your PAN (see “Issue Procedure - PAN” on page no. 194 of this Red

- Herring Prospectus); and
4. Ensure that the Bid cum Application Form/ASBA Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid cum Application Form/ASBA Form;

Withdrawal of the Issue

The Company, in consultation with the BRLM, reserves the right not to proceed with the issue after the bidding and if so, the reason thereof shall be given as a public notice within two days of the closure of the issue. The public notice shall be issued in the same newspapers where the pre-issue advertisement had appeared. The stock exchanges where the specified securities were proposed to be listed shall also be informed promptly. If the Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh draft red herring prospectus with the SEBI.

Bid/Issue Programme

Bidding Period/Issue Period

BID/ISSUE OPENS ON	Monday 07/06/2010
BID/ISSUE CLOSES ON	Wednesday 09/06/2010

Bids and any revision in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid cum Application Form. On the Bid/Issue Closing Date, Bids (excluding the ASBA Bidders) shall be uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders, Non- Institutional Bidders and (ii) until 5.00 p.m. or such extended time as permitted by the NSE and the BSE, in case of Bids by Retail Individual Bidders. It is clarified that Bids not uploaded in the book, would be rejected. Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the NSE and the BSE.

In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical Bid form, for a particular bidder, the details as per physical application form of that Bidder may be taken as the final data for the purpose of allotment. In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical or electronic Bid cum Application Form submitted through the ASBA process, for a particular ASBA Bidder, the Registrar to the Issue shall ask for rectified data from the SCSB.

Due to limitation of time available for uploading the Bids on the Bid/Issue Closing date, the bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than the times mentioned above on the Bid/Issue Closing Date. All times are Indian Standard Time. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such Bids are not uploaded, the Issuer, BRLMs and Syndicate members will not be responsible. Bids will be accepted only on Business Days, i.e., Monday to Friday (excluding any public holidays).

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

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

Underwriting Agreement

After the determination of the Issue Price but prior to filing of the Prospectus with Registrar of Companies, Tamil Nadu and Andaman and Nicobar Islands, Chennai the Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued through this Issue. It is proposed that

pursuant to the terms of the Underwriting Agreement, the BRLM 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 not joint, and are subject to certain conditions as specified in such agreement.

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

(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with Registrar of Companies, Tamil Nadu and Andaman and Nicobar Islands, Chennai.)

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. million)
Keynote Corporate Services Limited 4 th Floor, Balmer Lawrie Building, 5, J.N. Heredia Marg, Ballard Estate, Mumbai 400 001	[•]	[•]
Keynote Capitals Ltd. 4 th Floor, Balmer Lawrie Building, 5, J.N. Heredia Marg, Ballard Estate, Mumbai 400 001	[•]	[•]
Total	[•]	[•]

The above-mentioned amount is an indicative underwriting and would be finalized after pricing and actual allocation. The above underwriting agreement is dated [•]. In the opinion of the Board of Directors of the Company (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI and are eligible to underwrite as per applicable guideline.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLM and the Syndicate Members shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default, the respective underwriter in addition to other obligations to be defined in the Underwriting Agreement, will also be required to procure/subscribe to the extent of the defaulted amount. For further details about allocation please refer to "Other Regulatory and Statutory Disclosures" on page 167 of this RHP.

E. CAPITAL STRUCTURE

Share Capital of the Company as at the date of filing of the Red Herring Prospectus with SEBI is as set forth below:

Share Capital	Nominal Value (Rs. In Lakhs)	Aggregate Value (Rs. In Lakhs)
(A) Authorized Share Capital		
2,00,00,000 Equity Shares of Rs.10/-	2000.00	2000.00
(B) Issued, Subscribed and Paid-Up Capital before the Issue		
1,30,26,464 Equity Shares of Rs.10/- each	1302.65	1302.65
(C) Present Issue in terms of this Red Herring Prospectus		
[●] Equity Shares of Rs.10/- each	[●]	[●]
Of which:		
i. QIB portion of atleast [●] equity shares	[●]	2450.00
ii. Non Institutional Portion upto [●] equity shares	[●]	735.00
iii. Retail portion of upto [●] equity shares*	[●]	1715.00
(D) Paid up Equity Capital after the Issue		
[●] Equity Shares of Rs.10/- each	[●]	[●]
(E) Share Premium Account		
Before the Issue		Nil
After the Issue		[●]

* Under-subscription, if any, in any of the above categories would be allowed to be met with spillover inter-se from any other categories, at the sole discretion of the Company and BRLM.

Details of increase in the authorized equity shares, since incorporation, are as follows:

Sr. no.	Details of increase in authorized share capital	Date of resolution
1	Incorporation Rs. 10,00,000 divided into 1,00,000 equity shares of Rs.10/- each	Incorporation
2	Increased to Rs. 70,00,000 divided into 7,00,000 equity shares of Rs.10/- each	June 16, 2008
3	Increased to Rs. 20,00,00,000 divided into Rs. 2,00,00,000 equity shares of Rs.10/- each	August 7, 2008

NOTES TO THE CAPITAL STRUCTURE:

1. Share Capital History of the Company

Date of Allotment	No. of Shares Allotted	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Reasons for Allotment	Cumulative Paid up Capital
December 24, 2002	10,000	10	10	Cash	Subscription to Memorandum	100,000
October 10, 2008	1,24,49,288	10	10	Pursuant to the scheme of amalgamation	Pursuant to the scheme of amalgamation *	12,45,92,880
October 10, 2008	5,67,176	10	10	Cash and cash equivalents	Allotment towards share application monies received	13,02,64,640
	1,30,26,464					

*Allotted pursuant to the scheme of amalgamation approved by the Hon'ble High Court of Madras, the Company and Ragula Systems Development Company, a company incorporated in the US engaged in the business of Computer Networking Products have amalgamated with effect from April 1, 2008, being the appointed date. The details of the scheme are mentioned on page no 70 of RHP.

2. Promoter's contribution and lock in period

Capital built-up of Promoters

Name of the promoter	Date of allotment/transfer	Consideration	Number of shares	Face Value (Rs.)	Issue/transfer price (Rs.)
Dr. R. Bhaskar	December 24, 2002	Cash	9,000	10/-	10/-
	April 04, 2004	Cash	(10)	10/-	10/-
	November 03, 2007	Cash	10	10/-	10/-
	January 15, 2008	Cash	(1)	10/-	10/-
	July 16, 2008	Cash	(4)	10/-	10/-
	October 10, 2008	Scheme of Amalgamation	20,87,614	10/-	10/-
	Sub-Total			20,96,609	
Ms. Sanchaita Datta	April 04, 2004	Cash	10	10/-	10/-
	November 03, 2007	Cash	(10)	10/-	10/-
	January 15, 2008	Cash	1	10/-	10/-
	October 10, 2008	Scheme of Amalgamation	21,63,000	10/-	10/-
	Sub-Total			21,63,001	

b. Details of Promoters' contribution locked in for three years

Pursuant to the SEBI (ICDR) Regulations, 2009, Clause 36, an aggregate of 20% of the post issue equity share capital of the company, held by the promoters shall be locked in for a period of three years. The equity shares offered under lockin by the promoters are eligible under Regulation 33(1)(b)(i) of the ICDR Regulations, 2009.

Name of the promoter	No. of equity shares	Face Value (Rs.)	% to post-issue paid-up capital
Dr. Ragula Bhaskar	[●]	10	[●]
Ms. Sanchaita Datta	[●]	10	[●]
TOTAL	[●]		20.00

The period for the lock-in shall commence from the date of the allotment of the equity shares in the issue and the balance shares held by the promoters/ promoter group shall be locked in for a period of one year from the date of allotment.

Specific written consent has been obtained from the Promoters for inclusion of the Equity Shares for ensuring lock-in of three years to the extent of minimum 20% of post -Issue paid-up equity share capital from the date of allotment in the proposed public issue. Promoters' contribution do not consist of any private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary.

Shares held by the person other than the Promoters, prior to this Issue, which are subject to lock in as per Regulation 37 of SEBI (ICDR) Regulations 2009, may be transferred to any other person holding shares which are locked in, subject to continuation of lock -in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable.

Shares held by Promoter(s) which are locked in as per the relevant provisions of Regulation 36 of the SEBI Regulations, may be transferred to and amongst Promoter/Promoter group or to a new promoter or persons in control of the Company, subject to continuation of lock -in in the hands of transferees for the remaining period and

compliance of Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 1997, as applicable. As per Regulation 39 of SEBI (ICDR) Regulations, 2009, the locked-in Equity Shares held by the Promoter(s) can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of such loan. Provided that if securities are locked in as minimum promoters' contribution under Regulation 36 of the SEBI Regulations, the same may be pledged, only if, in addition to fulfilling the requirements of this 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. Other than those shares that are locked in as promoter's contribution for three years, the entire pre-issue share capital will be locked in for a period of one year from the date of allotment in this public issue.

3. Buyback and Standby Agreements

Neither the Company nor the Directors nor the Promoters nor the Promoters Group Companies & their respective Directors nor the BRLM have entered into any buyback and/or standby arrangements for the purchase of Equity shares from any person.

4. An over-subscription to the extent of 10% of the offer to public can be retained for purposes of rounding off to the nearest multiple of minimum lot.

5. Shareholding pattern of the company before and after the issue:

The table below presents the Equity Shareholding pattern of the company before the proposed Issue and as adjusted for the Issue.

Shareholder Category	Pre-Issue		Post-Issue	
	No. of Equity Shares	%	No. of Equity Shares	%
Shareholding of Promoter and Promoter Group				
Individuals/ Hindu Undivided Family	5,68,176	4.36		[•]
Central Government/ State Government	-	-		
Bodies Corporate	-	-		
Financial Institutions/ Banks	-	-		
Any Others (Specify)	-	-		
Sub Total (A)(1)	5,68,176	4.36	5,68,176	[•]
Foreign				
Individuals (Non-Resident Individuals/ Foreign Individuals)	42,89,610	32.93	}	[•]
Bodies Corporate	-	-		
Institutions	-	-		
Any Other (Specify)	-	-		
Sub Total (A)(2)	42,89,610	32.93	42,89,610	[•]
Total Shareholding of Promoter and Promoter Group (A) =(A)(1)+(A)(2)	48,57,786	37.29	48,57,786	[•]
Public Shareholding				
Institutions				
Mutual Funds/ UTI		0.00	[•]	[•]
Financial Institutions/ Banks				
Central Government/ State Government				
Venture Capital Funds	}	0.00	}	
Insurance Companies				
Foreign Institutional Investors				
Foreign Venture Capital Investors				
Any Others (Specify)				
Sub Total (B)(1)	0.00	0.00	[•]	[•]
Non-Institutions				

Shareholder Category	Pre-Issue		Post-Issue	
	No. of Equity Shares	%	No. of Equity Shares	%
Body Corporate*	58,18,669	44.67	}	[●]
Individuals:				
Individuals - i. Individual shareholders holding nominal share capital up to Rs. 1 Lakh	218308	1.68		
ii. Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	2131701	16.36		
Any Other (Specify)	-	-		
Non-Resident Indians	-	--		
(OCBs)	-	-		
Hindu Undivided Family	-	-		
Demat - Clearing Member				
Sub-Total (B)(2)	81,68,678	62.71	[●]	[●]
Total Public Shareholding (B)=(B)(1)+(B)(2)	81,68,678	62.71	[●]	[●]
TOTAL (A)+(B)	1,30,26,464	100.00	[●]	[●]
Shares held by Custodians and against which Depository Receipts have been issued	0.00	0.00	[●]	[●]
GRAND TOTAL (A)+(B)+(C)	1,30,26,464	100.00	[●]	100.00

* The breakup of shareholders mentioned under the head bodies corporate are as under:

Sr. no.	Name	No. of shares held	% to the total paid up capital
1.	vSpring Management	2120228	16.27
2.	Wasatch Ventures	1152640	8.85
3.	vSpring SBIC Management LLC	761759	5.85
4.	Draper & Associates	519590	3.99
5.	Trans Cosmos	350000	2.69
6.	Zeron Capital Ltd.	300000	2.30
7.	Odysessy Capital	149762	1.15
8.	Steele FatPipe Partners	120000	0.93
9.	Argossy Ventures	100000	0.76
10.	TSC Investments, LLC	70000	0.53
11.	Krishna Temple Foundation	22500	0.18
12.	Lakefield Ventures	20000	0.15
13.	Roth Capital	10000	0.09
14.	UTFC Financing Solutions	89190	0.68
15.	UTFC Fund II	33000	0.25
	TOTAL	5818669	44.67

None of the above mentioned shareholders are related to the promoter/ promoter group.

6. Details of top ten shareholders

a) As on date of filing of the Red Herring Prospectus with SEBI are as under:-

Sl. No	Name	No. of Shares	% of issued Capital
1	Sanchaita Datta	2163001	16.60
2	vSpring Management	2120228	16.28
3	Ragula Bhaskar	2096609	16.09
4	Wasatch Ventures	1152640	8.85
5	vSpring SBIC Management LLC	761759	5.85
6	R. Ethiraj	568176	4.36
7	Draper & Associates	519590	3.99
8	Trans Cosmos Inc.	350000	2.69
9	Odessey Capital LLC.	300000	2.30
10	Dinesh Patel	186093	1.43
	TOTAL	10218096	78.44

b) As on 10 days prior to the date of filing of the Red Herring Prospectus with SEBI:-

Sl. No	Name	No. of Shares	% of issue Capital
1	Sanchaita Datta	2163001	16.60
2	vSpring Management	2120228	16.28
3	Ragula Bhaskar	2096609	16.09
4	Wasatch Ventures	1152640	8.85
5	vSpring SBIC Management LLC	761759	5.85
6	R. Ethiraj	568176	4.36
7	Draper & Associates	519590	3.99
8	Trans Cosmos Inc.	350000	2.69
9	Odessey Capital LLC.	300000	2.30
10	Dinesh Patel	186093	1.43
	TOTAL	10218096	78.44

c) As on two years prior to the date of filing of the Red Herring Prospectus with SEBI are as under:-

Sl. No.	Name	No. of shares	% of issued Capital
1	Dr. Ragula Bhaskar	9,000	90.00
2	Mr. R. Ethiraj	1,000	10.00
	Total	10,000	100.00

7. As on date of filing of Red Herring Prospectus with SEBI, the issued capital of the company is fully paid up.

8. The Company does not currently have any Employee Stock Option Plan.

9. The Company has not taken any "bridge loan" from any bank which would be repaid out of the issue proceeds for any purpose whatsoever or for the proposed project.

10. As of the date of the Red Herring Prospectus, there are no outstanding financial instruments or warrants or any other right that would entitle the existing Promoter or Shareholders, or any other person any option to receive Equity Shares after the offering.
11. At any given point of time, there shall be only one denomination for the Equity Shares of the Company, unless otherwise permitted by law.
12. The Company has not made allotment of Equity Shares at a price which may be lower than the issue price in the last twelve months.
13. The Company has not issued shares for consideration other than cash (including by way of capitalization of reserves) except as stated in the capital structure point 1.
14. The Equity Shares held by the Promoter are not subject to any pledge.
15. Further, presently the Company does not have any proposal, intention, negotiation, or consideration to alter the capital Structure by way of split/consolidation of the denomination of the shares/ issue of shares on a preferential basis to issue of bonus for rights or public issue of Equity Shares or any other securities within a period of six months from date of opening of the present issue. However, if business needs of the Company so require, the Company may alter its capital structure by way of split or consolidation of the denomination of the shares/ issue of shares on a preferential basis to issue of bonus for rights or public issue of Equity Shares or any other securities within a period of six months from date of listing of the Equity Shares issued under this Red Herring Prospectus from the date the application monies are refunded on account of failure of the Offer, after seeking and obtaining all the approvals which may be required for such alteration. Also, if the Company enters in for acquisitions or joint ventures, it may consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition and/ or participation in such joint ventures.
16. As on date of filing of the offer document the Company has 114 members.
17. There has been no equity shares sold or purchased by the Promoter, the Promoter Group and the directors during the period of six months preceding the date on which this Red Herring Prospectus is filed with SEBI.
18. The Company has not made any public issue since its incorporation.
19. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or public issue or in any other manner during the period commencing from submission of the Red Herring Prospectus with SEBI until the equity shares offered hereby have been listed.
20. The Equity Shares offered through the Issue will be fully paid up.

OBJECTS OF THE ISSUE

The objects of the Issue are primarily to raise capital for the following business and operational requirements of the Company:

- To expand the product line with enhanced Research and Development activities, specifically for development of new product-lines.
- To establish 16 new Marketing Offices across the globe including additional offices in the USA.
- For strategic acquisition of business/ company
- To meet margin money for Working Capital requirement and
- To meet the Public Issue Expenses
- General Corporate Purposes
- To get the equity shares of the Company listed on the Stock Exchanges

The Objects clause - Incidental or ancillary to the attainment of the main objects of the Memorandum of Association permits the Company to undertake the existing activities and the activities for which the funds are being raised through this present issue.

Requirement of Funds

The breakup of the cost of the project is as herein under:

Sr. no.	Particulars	Amount (Rs. in Lakhs)
1	To expand the product line with enhanced Research and Development	676.00
2	To establish marketing offices	1008.00
3	Strategic Acquisitions of business/ company	1500.00
4	To meet working capital requirements	720.00
5	To meet Public Issue Expenses	355.00
6	General Corporate purposes	641.00
	TOTAL	4900.00

No part of the issue proceeds will be paid as consideration to Promoter/ Directors/ Key Managerial Personnel, Associate or Group Companies.

Means of finance

Particulars	Amount (Rs. In lacs)
Public Issue	4900.00
Total	4900.00

DETAILS OF THE OBJECTS OF THE ISSUE

1. Expand Product Line through Enhanced R&D Efforts

The Company has always believed in innovating and developing technology. The emphasis on this has resulted in the Company gaining industry recognition with respect to WAN redundancy technology. However, in the fast changing world of IT, constant innovation is required to not only meet customer's evolving needs but to also constantly put the competition on the defensive. The current R&D effort involves over 40 staff located in the USA and India.

As a part of the accelerating innovation of the current line and to expand as per the objectives above, the Company intends to add approximately 25 R&D and support staff to its operations. This staff will also engage in leading edge research into areas that the Company currently has no efforts such as WAN Optimization and Acceleration, Security and Services and disaster prevention. The Company also constantly evaluates new ideas and develops products to fit needs based on market feedback.

The company estimates an amount of Rs. 676 lacs to be spent over a period of a year on the R&D efforts as follows:

Particulars	Amount involved (Rs. in lacs)
Salaries	474.00
Product development expenses	100.00
Travel related costs	75.00
Testing expenses	27.00
TOTAL	676.00

Assuming an exchange rate 48 INR per USD.

2. Establish marketing offices

Currently the company operates from its registered office in India and branch offices at Utah and Arizona in the United States. The company markets its products through a network of authorized distributors and resellers in USA, UK, Australia, India, Europe and Brazil. The company intends to expand its presence by setting up new/additional marketing offices in various parts of the world to grow the sales and service the respective markets locally.

The following table portrays the proposed structure.

S.No	Continent	Country/Region
1	Asia	China
		Singapore
		India
2	Africa & Middle East	South Africa
		Middle East
		Nigeria
3	North America	USA Michigan or North Carolina
4	South America/Latin America	Brazil
		Argentina
		Mexico
5	Europe	United Kingdom
		Belgium
		Germany
		France
		Eastern Europe
6	Australia/New Zealand	Australia
	Total	16

The cost of setting up the marketing offices is proposed to be funded from the proceeds of the issue. The details of expenditure for setting up one overseas marketing offices as estimated by the management are as under:-

Sr. No	Particulars	(Rs. In lakhs)
1	Cost of Office Equipment	25.00
2	Computers and Servers	8.00
3	Rent and other Deposits	15.00
4	Setting up costs	15.00
	Total	63.00

The approximate expenditure for the establishment of the proposed offices would be to the tune of Rs. 1008.00 lakhs. The above costs are based on management estimates and there may be a change in the amounts allocated in different countries. The above given costs are considered to be on an average basis.

3. Strategic acquisition

We seek to further enhance our position as a player in global WAN infrastructure and business continuity markets. In addition to continued investments in enhancing our product line, industry expertise and service infrastructure in the global market place, we intend to enhance our capabilities and address geographical coverage through strategic acquisitions of business (es) and/or assets (including immovable properties), investments or joint ventures. Towards this end, we propose to target companies/ businesses overseas which have complimentary technology and new capabilities to serve existing and new customers. As of the date of this RHP, we have not yet entered into any letter of intent or definitive commitment for such acquisition or investment.

We have allocated an amount of Rs.1500 lacs from the proceeds of the issue based on our internal estimate for making such strategic acquisition/ investments. Any specific acquisition opportunity will be considered based on actual value estimates at that time. The proposed acquisition does not require any prior approval of the Government/ Reserve Bank of India.

4. Margin Money for working capital requirement

The Company has estimated long term working capital requirement at around Rs.1420.00 lakhs for the financial year 2010-11. The details of the same are as under:-

(Rs. in lakhs)

Particulars	FY 2009-10 (Apr - Dec)	No. of days	FY 2010-11 (Estimates)
Current Assets			
Debtors	1,356	55	1,812.00
Inventory	147	5	273.00
Less Current Liabilities	325	59	665.00
Estimated Working Capital Requirement	1,178		1,420.00

The above working capital requirement would be funded in following manner:

(Rs. in lakhs)

Particulars	Amount
Bank working capital loans	400.00
Internal Accruals*	300.00
From IPO Proceeds	720.00
Total	1420.00

* The reserves and surplus as on 31st December 2009, amounting to Rs. 2286.43 includes the internal accruals of the company to the extent of Rs.969.44 lacs being profits generated from the business, a part of which is ploughed back into the business towards working capital requirements.

The aforementioned estimates of working capital have not been assessed by any bank or financial institution and have been estimated by the Company. These estimates have not been certified by the auditor. Presently the working capital requirements of the company are met through the internal accruals.

Axis Bank - Anna Salai branch, Chennai has vide their letter dated March 22, 2010 bearing reference no. Axis/SME/CHN/09-10 in-principally sanctioned cash credit facility for an amount of Rs.400 lacs to the company.

The details of the present working capital requirement of the company which are met through the internal accruals of the company is as under :

(Rs. in lakhs)

Particulars	FY 2010-11 (Estimates)
Current Assets	
Debtors	1,356.00
Inventory	147.00
Less Current Liabilities	325.00
Working Capital Requirement	1178.00

5. Issue Expenses

The Issue expenses includes the expenses for the current Public Issue inter alia including travelling, management fees, printing and distribution expenses, commission, legal fees, regulatory fees, advertisement expenses and processing fees and listing fees payable to the stock exchanges, among others. The detailed break up of the Public Issue expenses is as follows

(Rs. In Lakhs)

Activity	Expenses	% of the Issue Expenses	% of the Issue Size
Lead management, underwriting and selling commission	190.00	53.54	3.87
Advertising and Marketing expenses	65.00	18.30	1.33
Printing and stationery	50.00	14.08	1.02
Others (Registrar's fee, legal fee, listing fee, etc.)	50.00	14.08	1.02
Total estimated Issue expenses	355.00	100.00	7.24

6. General corporate purposes

In accordance with the policies set up by the Board, the company proposes to retain flexibility in applying the remaining proceeds for general corporate purposes, including strengthening of the company's working capital requirement and upgradation of infrastructure. In accordance with the policies of the Board, the management of the Company will have flexibility in utilizing Issue proceeds earmarked for general corporate purposes.

Location wise asset profile of the company

Out of the proposed amount of Rs. 1500 lacs reserved for strategic acquisitions, Rs. 450 lacs (30% of the total amount to be spent on acquisitions) would be for acquisition of assets / investments within India and the

balance of Rs. 1050 lacs (70% of the total amount to be spent on acquisitions) would be for acquisition / investments outside India.

As regards the proposed asset profile of the company, it shall be noted that amount spent on creation of assets is only to the extent of amount spent on the strategic acquisition and towards the cost of equipments, computers and servers for establishment of marketing offices. Out of the total amount of Rs. 1500 lacs to be spent on strategic acquisition, an amount of Rs. 450 lacs i.e. 30% of the total amount to be spent would be within India and the balance of Rs. 1050 lacs i.e. 70% of the amount to be spent would be for acquisitions outside India. As regards the cost towards the establishment of marketing offices, out of the total cost of Rs. 1008 lacs, asset value of Rs. 528 lacs would be created. Out of the total asset value of Rs. 528 lacs an amount of Rs. 33 lacs i.e. 0.06 % would be within India and the balance of Rs. 495 lacs i.e 94% would be spent outside India. The amount spent on the other elements of the cost of the project would not lead to creation of any asset in the company.

Deployment of funds

The details of the sources and deployment of funds upto April 30, 2010 as certified by M/s. L.U. Krishnan & Co, Chartered Accountants, the Statutory Auditors of the Company vide their certificate dated May 10, 2010 is as follows:

S. No.	Particulars	Amount (Rs. in lakhs)
1	Public Issue Expenses	52.99
	Total	52.99

Sources of funds

The above funds have been deployed from the internal accruals generated by the Company.

Schedule of implementation

The schedule of implementation as estimated by the management of the company is given hereunder.

S.no	Activities	Proposed Date of Completion
1	To expand the product line with enhanced Research and Development	March 31, 2011
2	To set up marketing offices	March 31, 2011
3	Strategic acquisitions	March 31, 2011

Yearwise break up of fund utilisation

The following is a year wise-break up of the proposed utilization of funds:-

Sl. No.	Activities	Amount to be utilised upto 31.03.2010	Amount to be utilised during the financial year ending 31.03.2011	Total
1	To expand the product line with enhanced Research and Development	-	676.00	676.00
2	To set up marketing offices	-	1008.00	1008.00
3	Strategic acquisitions	-	1500.00	1500.00
4	Working capital requirements	-	720.00	720.00
5	Public Issue Expenses	25.00	330.00	355.00
6	General Corporate Purposes	-	641.00	641.00
	Total	25.00	4875.00	4900.00

(Rs. in Lakhs)

Interim Use of Funds

The management, in accordance with the policies set up by the Board, will have flexibility in deploying the proceeds received from the Issue. Pending utilization for the purposes described above, the Company intends to temporarily invest the funds in interest or dividend bearing liquid instruments including deposits with banks and investment in mutual funds and other financial products such as principle protected funds, derivative linked debt instruments, other fixed and variable return instruments, listed debt instruments and rated debentures. Such investments would be in accordance with any investment criteria approved by the Board of Directors from time to time.

Monitoring of Utilization of Funds

The management of the Company will monitor the utilization of funds raised through this public issue. Pursuant to Clause 49 of the Listing Agreement, our Company shall on quarterly basis disclose to the Audit Committee the Applications of the proceeds of the Issue. On an annual basis, our Company shall prepare a statement of funds utilized for purposes other than stated in this Red Herring Prospectus and place it before the Audit Committee. Such disclosures shall be made only until such time that all the proceeds of the Issue have been utilized in full. The statement will be certified by the Statutory Auditors of our Company.

Our Company shall be required to inform the material deviations in the utilisation of the issue proceeds to the Stock Exchanges and shall also be required to simultaneously make the material deviation/ adverse comments of the Audit Committee public through advertisement in newspaper.

Basic terms of issue

The Equity shares being offered are subject to the provision of the Companies Act, 1956, our Memorandum and Articles of Association, the terms of this offer document 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 subjected to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, RBI, ROC and /or other authorities as in force on the date of issue and to the extent applicable.

BASIS FOR ISSUE PRICE

Quantitative factors

Information presented in this section is derived from the financial statements prepared in accordance with Indian GAAP.

1. Basic Earnings per Share

Accounting year ending	EPS (Rs.)	Weight	Paid up Capital (Rs. in lacs)
31 st March 2007	5.29	1	1.00
31 st March 2008	2.94	2	1.00
31 st March 2009	6.46	3	1,302.65
Weighted average EPS	5.09		

Notes:

- Total number of shares used for computing the aforesaid EPS also includes the number of shares corresponding to the Share Advance/Share Application Money considering shares to be issued at par.
- The paid up share capital of the company has increased from Rs.1 lac to Rs.1302.65 lacs pursuant to amalgamation of RSDC with FNIL passed by Hon'ble High Court of Madras.
- The EPS as on 31/12/2009 is Rs.3.99.

2. Price Earnings Ratio (P/E Ratio) in relation to issue price.

Price Earnings Ratio (P/E Ratio) in relation to issue price of Rs. 82 per equity shares of Rs. 10/- each. (Lower end of price band)

Particulars	P/E
Based on pre-issue weighted average EPS of Rs. 5.09	16.11
Based on pre-issue EPS for FY 2008-09 of Rs.6.46	12.69

Price Earnings Ratio (P/E Ratio) in relation to issue price of Rs. 85 per equity shares of Rs. 10/- each. (Higher end of price band)

Particulars	P/E
Based on pre-issue weighted average EPS of Rs. 5.09	16.70
Based on pre-issue EPS for FY 2008-09 of Rs.6.46	13.16

3. Industry Average P/E

	P/E Multiple
Highest	109.00
Lowest	--
Industry Composite	13.30

Source: Capital line, Capital Market: April 19- May 02, 2010; Segment - Computers-Software-Medium / Small www.bseindia.com

4. Return on Net worth (RONW %)

Particulars	RONW (%)	Weight
31 st March 2007	33.72	1
31 st March 2008	15.77	2
31 st March 2009	11.73	3
Weighted Average	16.74	

The return on networth as on 31/12/2009 is 14.49%

5. Minimum return on total net worth needed after the issue to maintain EPS (as on March 31, 2009) at Rs.6.46 is (●) at an Issue price of Rs. (●) per share).

- At the Floor Price of Rs. 82 per share – 14.46%
- At the Cap Price of Rs. 85 per share – 14.30%

6. Net Asset Value (NAV) per Share (of face value of Rs. 10 each)

As at March 31, 2009	Rs. 55.12
As on December 31, 2009	Rs. 27.55
At lower end of price band	Rs. 44.67
At higher end of price band	Rs.45.18
Issue Price	Rs. (●)

Note: NAV as aforesaid has been computed considering the Share Advance/Share Application Money in Net worth considering shares to be issued at par.

7. The face value of the share is Rs.10/- and the issue price is (●) times of the face value.

Comparison of accounting ratios of the Company with industry composite and the accounting ratios of peer group for financial year 2009.

The Company cannot be compared with the other listed companies, as the Company doesn't have apparent competitor in the segment, in which it is operating. However, the following companies have some element of the business; therefore, a comparison with these companies could be relevant to a limited extent:

Name of the Company	Face Value (Per equity share)	Equity share capital (Rs. in Crs.)	Sales as on 31/03/2009 (Rs. In Cr.)	RONW (%)	Book Value (Rs.)	EPS (Rs.)	P/E Multiple based on Price as on 30/04/2010
Cyberteck System and Software Limited	10	26.47	12.80	14.10	19.10	2.50	7.28
Micro Technologies (India) Ltd.	10	10.98	230.70	26.60	243.10	56.80	3.36
Mindteck (India) limited	10	24.76	54.40	3.00	54.10	1.40	20.61
Redington India Limited	10	78.63	6,066.20	13.60	78.30	10.30	37.14
Smartlink Networks Limited	2	6.00	156.70	3.90	48.60	2.20	20.41
Softpro Systems Limited	10	7.28	0.70	11.20	44.50	3.40	81.10
Subex Ltd.	10	57.98	301.10	49.00	108.50	4.10	15.11
Take Solutions Limited	1	12.24	59.00	5.10	19.50	1.00	26.90
Tanla Solutions Limited	1	10.15	172.40	12.00	64.40	7.10	6.30
Trigyn Technologies Limited	10	25.03	21.10	14.11	29.20	3.90	5.49
Vakrangee Softwares Ltd.	10	21.40	294.30	19.00	125.60	23.80	6.86
Source: Capital line, Capital Market April 19- May 02, 2010; Segment – Computers-Software-Medium / Small www.bseindia.com							
Fatpipe Networks India Limited	10		42.30	11.73	55.12	6.46	-

The Issue price of Rs. (●) has been determined by the Company in consultation with the BRLM, on the basis of assessment of the market demand from investors through the book-building process and is justified based on the above factors. The face value of the equity shares is Rs.10 each. The issue price is 8.2 times the face value at the lower end of the price band and 8.5 times the face value at the higher end of the price band.

On the basis of the above parameters the issue price of Rs. (●) per share is justified.

STATEMENT OF TAX BENEFITS

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS. AS PER THE CERTIFICATE ISSUED BY STATUTORY AUDITORS OF THE COMPANY

To
The Board of Directors
Fatpipe Networks India Limited
3rd Floor, Northern Wing,
Greams Dugar, No.68 (Old no.149),
Greams Road,
Chennai – 6000 06.

We report that the enclosed annexure states the possible tax benefits available to **Fatpipe Networks India Limited** and its shareholders under the current tax laws presently in force in India as amended by the Finance Act, 2009. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the company may or may not choose to fulfil.

The benefits discussed below are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and 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. We do not express any opinion or provide any assurance as to whether:

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

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

FOR L.U.KRISHNAN & CO.,
CHARTERED ACCOUNTANTS

sd/-

L.U.Krishnan
Partner
Membership No.011288
Place: Chennai
Date: December 11, 2009

STATEMENT OF POSSIBLE DIRECT TAX BENEFITS AVAILABLE TO FATPIPE INDIA LIMITED AND ITS SHAREHOLDERS

SPECIAL TAX BENEFITS

The company does not enjoy any "Special Tax Benefits". All the benefits mention in the statement are as per the current tax laws amended by the Finance Act, 2009.

The following benefits shall be available to the Company.

GENERAL TAX BENEFITS

These benefits are available to all companies or to the shareholders of any company, after fulfilling certain conditions as required in the respective Acts.

(A) BENEFITS AVAILABLE UNDER THE INCOME - TAX ACT - 1961 (THE "ACT")

I. TO THE COMPANY

1) Exemption under Section 10B

The Company, being a hundred per cent export-oriented undertaking, is eligible to deduction under section 10B of the Act in respect of the profits and gains derived from exports of articles or things or computer software for a period of 10 consecutive years, beginning from the year in which eligible undertaking begins to manufacture or produce articles or things or computer software on complying with the conditions specified in the said section. No deductions under this section is available from the assessment year beginning on the 1st day of April 2010 as per the existing laws.

2) Depreciation under Section 32

In accordance with and subject to the provisions of section 32 of the Income Tax Act, the company will be allowed to claim depreciation on specified tangible and intangible assets as per the rates specified.

3) Income from units of Mutual Funds exempt under Section 10(35)

The Company will be eligible for exemption of income received from units of mutual funds specified under Section 10(23D) of the Act, income received in respect of units from the Administrator of specified undertaking and income received in respect of units from the specified company in accordance with and subject to the provisions of Section 10(35) of the Act.

4) Preliminary Expenses Under Section 35D

In accordance with and subject to the provisions of Section 35D of the Income Tax Act, the company will be entitled to amortise, over a period of five years, all expenditure in connection with the proposed public issue subject to the overall limit specified in the said section.

5) Dividend income exempt under Section 10(34)

Dividends (Whether interim or final) declared, distributed or paid by any Indian company are exempt in the hands of the company as per the provisions of Section 10(34) of the Act.

6) Lower Tax Rate under Section 112 on Long term Capital gains

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

7) Lower Tax rate Under Section 111A on short term Capital gains

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

8) Exemption of Long term capital gain under Section 10 (38)

According to Section 10(38) of the 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 STT shall be exempt from tax.

9) Exemption of Long term capital gain under Section 54EC

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

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

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion. The cost of the long term specified assets, which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the income-tax under Section 80C of the Act for any assessment year beginning on or after April 1, 2006. Further, the investment made on or after 1st day of April, 2007 in the above specified assets by an assessee during any financial year cannot exceed Rs. 50 lakhs

10) Benefit under Section 115JAA(1A)

Under Section 115JAA (1A) of the Act, tax credit shall be allowed of any tax paid (MAT) under Section 115JB of the Act. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. Such MAT credit shall not be available for set-off beyond 5 years succeeding the year in which the MAT becomes allowable.

II TO RESIDENT SHAREHOLDERS

1) Dividends exempt under Section 10 (34)

Dividends (whether interim or final) declared, distributed or paid by the company are exempt in the hands of shareholders as per the provisions of section 10(34) of the Act.

2) Exemption of Long term capital gain under Section 10(38)

According to section 10(38) of the 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 STT shall be exempt from tax.

3) Lower Tax rate under Section 112 on long term capital gains

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

4) Lower Tax rate under Section 111A on long term capital gains

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

5) Exemption of Long term capital gain under Section 54EC

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

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

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion. The cost of the long term specified assets, which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the income-tax under Section 80C of the Act for any assessment year beginning on or after April 1, 2006. Further, the investment made on or after 1st day of April, 2007 in the above specified assets by an assessee during any financial year can not exceed Rs. 50 lakhs.

6) Exemption of Long term capital gain under Section 54F

According to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a Hindu Undivided Family (HUF), gains arising on transfer of a long term capital asset (not being a residential house), other than gains exempt under section 10(38), are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in residential house, then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

7) Rebate under Section 88E

Section 88E provides that where the total income of a person includes income chargeable under the head “Profits and gains of business or profession” arising from purchase or sale of an equity share in a company entered into in a recognized stock exchange, i.e from taxable securities transactions, he shall get rebate equal to the securities transaction tax paid by him in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax.

III TO NON- RESIDENT INDIAN SHAREHOLDERS

1) Dividends exempt under Section 10(34)

Dividends (Whether interim or final) declared; distributed or paid by the company are exempt in the hands of shareholders as per the provisions of section 10(34) of the Act.

2) Lower Tax rate under Section 112 on long term capital gains

In case investment is made in Indian rupees, the long term capital gain is to be computed after indexing the cost. According to the provision of section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units, calculated at the a rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess)

3) Lower Tax rate under Section 111A on long term capital gains

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

4) Options available under the Act

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

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

- i. According to the provision of section 115D read with Section 115E of the Act and subject to the conditions specified therein, long term capital gains arising on transfer of an Indian company’s shares, will be subject to tax at the rate of 10 percent (Plus applicable surcharge and education cess), without indexation benefit
- ii. According to the provisions of section 115F of the Act and subject to the conditions specified therein, gains arising on transfer of a long term capital asset being shares in an Indian company shall not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act. If part of such net consideration is invested within the prescribed period of six month in any specified asset or savings certificates referred to in section 10 (4B) of the Act then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer. Further, if the specified asset or savings certificate in which the investment has been made is transferred within a period of three years from the date of investment, the

amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred.

- iii. As per the provisions of Section 115G of the Act, Non-Resident Indians are not obliged to file a return of income under section 139 (1) of the Act, if their only source of income is income from investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.
- iv. Under section 115H of the Act, Where Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under Section 139 of the Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for the year and subsequent assessment years until such assets are converted into money.
- v. As per the provisions of Section 115I of the Act, Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that assessment year under Section 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.

5) Exemption of Long term capital gain under Section 10(38)

According to section 10 (38) of the Act, long term capital gains on sale of equity shares, where the transaction of sale is chargeable to STT, shall be exempt from tax.

6) Exemption of Long term capital gain under Section 54EC

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

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

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion. The cost of the long term specified assets, which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the income-tax under Section 80C of the Act for any assessment year beginning on or after April 1, 2006. Further, the investment made on or after 1st day of April, 2007 in the above specified assets by an assessee during any financial year can not exceed Rs. 50 lakhs.

7) Exemption of Long term capital gain under Section 54F

According to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a HUF, gains arising on transfer of a long term capital asset (not being a residential house), other than gains exempt under section 10(38), are not chargeable to tax in the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If part of such net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset are reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

8) Rebate under Section 88E

Section 88E provides that where the total income of a person includes income chargeable under the head “Profits and gains of business or profession” arising from purchase or sale of an equity share in a company entered into in a recognised stock exchange, i.e., from taxable securities transactions, he shall get rebate equal to the securities transaction tax paid by him in the course of the business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income Tax.

9) Tax Treaty benefits

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

IV TO OTHER NON-RESIDENTS

1) Dividends exempt under Section 10(34)

Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hands of shareholders as per the provisions of section 10(34) of the Act.

2) Lower Tax rate under Section 112 on long term capital gains

In case investment is made in Indian rupees, the long-term capital gain is to be computed after indexing the cost. As per the provisions of Section 112 of the Act, long term gains that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units calculated at the rate of 20 percent with indexation benefit exceeds the tax on long-term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

3) Lower Tax rate under Section 111A on long term capital gains

As per provisions of section 111A of the Act, short-term capital gains on sale of equity shares, where the transaction of sale is chargeable to STT, shall be subject to tax at a rate of 10 per cent (plus applicable surcharge and education cess)

4) Exemption of long term capital gain under Section 10(38)

According to section 10(38) of the Act, long-term, capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be exempt from Tax.

5) Exemption of long term capital gain under Section 54EC

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

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

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion. The cost of the long term specified assets, which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the income-tax under Section 80C of the Act for any assessment year beginning on or after April 1, 2006. Further, the investment made on or after 1st day of April, 2007 in the above specified assets by an assessee during any financial year can not exceed Rs. 50 lakhs.

6) Exemption of Long term capital gain under Section 54ED

According to the provisions of section 54ED of the Act and subject to the conditions specified therein, capital gains not exempt under section 10(38) and arising from transfer of long term assets before the 1st day of April, 2006, being listed securities or units shall not be chargeable to tax to the extent such gains are invested in acquiring equity shares forming part of an “eligible issue of share capital” within six months from the date of transfer of the long term assets (provided they are not transferred within one year of acquisition). Eligible issue of share capital has been defined as an issue of equity shares which satisfies the following conditions:

- i. the issue is made by a public company formed and registered in India; and
- ii. the shares forming part of the issue are offered for subscription of the public
- iii. However, if the above specified shares are sold or otherwise transferred within a period of one year from date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the shares are sold or otherwise transferred.
- iv. Where the benefit of section 54ED has been availed of on investments in the equity shares forming part of an eligible issue of share capital, a deduction from the income with reference to such cost shall not be allowed under section 80C of the Act.

7) Exemption of Long term capital gain under Section 54F

According to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual or HUF, gains arising on transfer of a long term capital asset (not being a residential house), other than gains exempt under section 10(38), are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If part of such net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accrued as a result of transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

8) Rebate under section 88E

Section 88E provides that where the total income of a person includes income chargeable under the head, “Profits and gains of business or profession” arising from purchase or sale of an equity share in a company entered into in a recognized stock exchange, i.e., from taxable securities transactions, he shall get rebate equal to the securities transaction tax paid by him in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income Tax.

9) Tax Treaty benefits

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

V TO FOREIGN INSTITUTIONAL INVESTORS ('FIIs')

1) Dividends exempt under section 10(34)

Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hand of shareholders as per the provisions of section 10(34) of the Act.

2) Benefits on taxability of capital gains

As per the provisions of section 115 AD of the Act, FIIs will be taxed on the capital gains that are not exempt under section 10(38) of the Act at the following rates:

Nature of Income	Rate of Tax (%)
Long term capital gains	10
Short term capital gains	30

The above tax rates would be increased by the applicable surcharge and education cess. The benefits of indexation and foreign currency fluctuation protection as provided by Section 48 of the Act are not available to FIIs. According to Section 111A of the Act, short-term capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 10 per cent (plus applicable surcharge and education cess).

3) Exemption of Long term capital gain under Section 10(38)

According to section 10(38) of the Act, long-term capital gains on sale of shares where the transaction of sale is chargeable to STT shall be exempt from tax.

4) Exemption of Long term capital gain under Section 54EC

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

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

If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion. The cost of the long term specified assets, which has been considered under this Section for calculating capital gain, shall not be allowed as a deduction from the income-tax under Section 80C of the Act for any assessment year beginning on or after April 1, 2006. Further, the investment made on or after 1st day of April, 2007 in the above specified assets by an assessee during any financial year can not exceed Rs. 50 lakhs.

5) Double Taxation Avoidance Agreement

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

6) Rebate under section 88E

Section 88E provides that where the total income of a person includes income chargeable under the head “Profits and gains of business or profession” arising from purchase or sale of an equity share in a company entered into in a recognized stock exchange, i.e., from taxable securities transactions, he shall get rebate equal to the securities transaction tax paid by him in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax.

7) Tax Treaty benefits

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

VI TO APPROVED INFRASTRUCTURE CAPITAL FUNDS/ COMPANIES/ CO-OPERATIVE BANKS

1) Dividends exempt under Section 10(34)

Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hands of shareholders as per the provisions of section 10(34) of the Act.

2) Exemption of long term capital gain under Section 10(38)

According to section 10(38) of the Act, long-term capital gains on sale of shares where the transaction of sale is chargeable to STT shall be exempt from Tax.

VII TO MUTUAL FUNDS

Exemption of Income under Section 10(23D)

As per the provisions of Section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, Mutual funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India would be exempt from income tax, subject to the conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

VIII TO VENTURE CAPITAL COMPANIES / FUNDS

In terms of section 10(23FB) of the Act, all Venture capital companies/funds registered with Securities and Exchange of India, subject to the conditions specified, are eligible for exemption from income tax on all their income, including profit on sale of shares of the Company.

(B) BENEFITS AVAILABLE UNDER THE WEALTH-TAX ACT, 1957

Exemption from Wealth Tax

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

(C) BENEFITS AVAILABLE UNDER THE GIFT-TAX ACT, 1958

Exemption from Gift Tax

Gift tax is not liable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of shares will not attract gift tax.

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 statements made above are based on the tax laws in force and as interpreted by the relevant taxation authorities as of date. Investors are advised to consult their tax advisors with respect to the tax consequences of the purchase, ownership and disposal of equity shares.

SECTION IV

ABOUT THE ISSUER COMPANY

INDUSTRY OVERVIEW

Business Continuity and Disaster Recovery have become imperatives, from an IT perspective. The explosion in data exchange and the exponential increase in the need for data security is the driving force behind the elevation of business security planning. This growth is expected to continue as an increasing number of organizations prioritize their data security and transmission optimization strategies to match the compounding growth in data exchange.

Globalization has fundamentally changed the way in which organizations conduct their business. Low cost wage arbitration, coupled with scientific, technical, and manufacturing sophistication in these low cost areas has forced changes in organization structures of business. The expansive growth of IT has added momentum to these paradigm shifts. Yesterday's local organization has morphed into global companies that conduct business operations, which provide the maximum return on capital investments. It is not unusual to have sales and marketing in the US, R&D and BPO in India and manufacturing in China. To manage the wide geographic diversity of operations, corporate IT infrastructure (LANs and WANs) has grown increasingly sophisticated and vital. Vast amounts of data move across these networks and are mission critical for day-to-day business operations. The health of the WAN is critical for Business Continuity and its optimal performance is pivotal in driving down the costs in corporations.

On the IT side of corporate planning, the following are the foremost initiatives:

- Business Continuity and Disaster Recovery
- WAN Stability
- Data Security

Wide Area Networks have grown rapidly, spurred by the adoption of faster and cost efficient networks, and the emergence of compelling Web-based content and e-commerce applications. The broad acceptance of the Internet has led to the emergence of secure Intranets accessible only within a given company. Extranets are available to select outsiders, such as clients, customers, suppliers or vendors. In this new global communications and e-commerce environment, businesses of all sizes are increasingly reliant on Internet, Intranet and VPN connectivity. As a result, the reliability and redundancy, optimal performance and the stability of WANs are of utmost importance to businesses.

The ubiquitous usage of email and need for Internet access are a must for most businesses, big and small. These systems require robust and secure WAN infrastructures that are of a high availability nature. To attain this, companies need to create and execute WAN Redundancy planning as part of their overall business strategy. There are many ways of achieving WAN Redundancy, and the method chosen is a function of a company's IT strategy. WAN Redundancy is essential if a business is to stay in a Business Continuity mode. (*source: <http://www.wanredundancy.com/>*)

WAN load balancing – A Key Factor in Business Continuity and Productivity

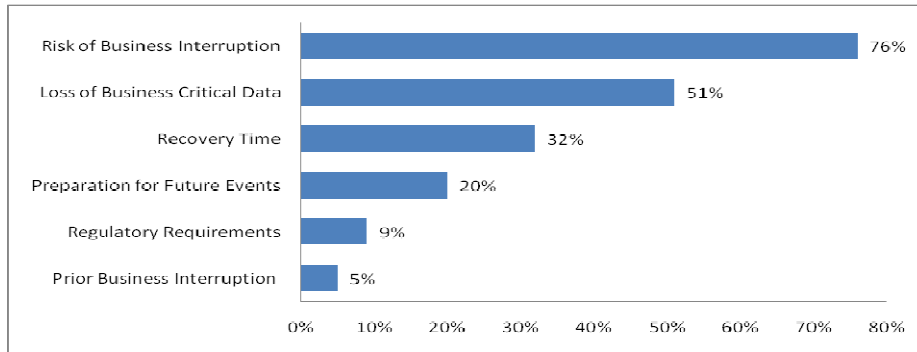
The cyber era has seen a paradigm shift of businesses from a conventional to a model that has Web dependency to various extents. The Internet is used for a major part of business operations and companies require stable Wide Area Network (WAN) connections to ensure business continuity, which is the lynchpin of business growth. Increased bandwidth and continuous 'uptime' in spite of outages are major requisites. Load balancing is the process of evenly distributing data across a computer network to maximize network efficiency. Load Balancing provides optimal resource utilization, high throughput and availability, and minimal latency in networks. The load balancing function is executed through a dedicated program or hardware device.

Load balancing strives to ensure that data flows evenly across networks. Some of the common load balanced systems are File Transfer Protocol (FTP) sites that have high bandwidth, Network News Transfer Protocol

(NNTP) servers, Domain Name System (DNS) servers, popular Websites, and Internet Relay Chat (IRC) networks. Load balancing is also utilized in redundant communications linkage and implementing failover. (source: <http://www.wanredundancy.org/resources/load-balancing>)

The Aberdeen Group released a study in March 2008 on this subject. The report documented that the increased complexities of today’s corporate data transmissions has resulted in an enormous amount of pressure on companies to create Business Continuity Plans. It shows a high number of businesses surveyed -- 51 percent -- are driven to create and implement Business Continuity plans because they are fearful of a loss of critical data due to an unexpected disruption in communication. See Figure 1.

(Source: *Business Continuity: Implementing Disaster Recovery Strategies and Technologies*, Aberdeen Group; page 4; March 2008).

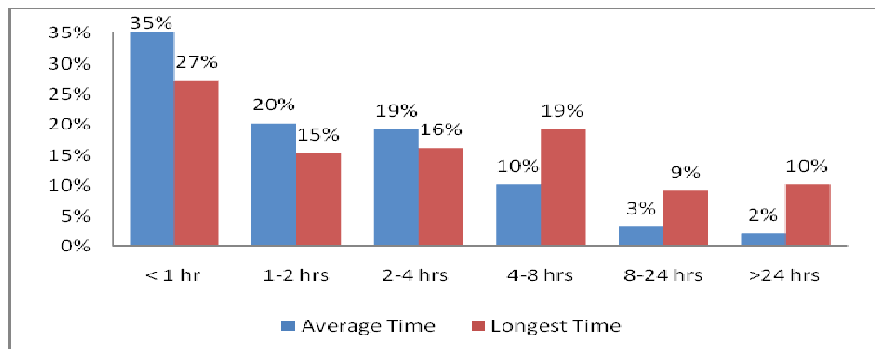


Pressures to Implement a Business Continuity Plan

Companies that successfully implement Business Continuity and Disaster Recovery Planning not only take into account the type of data backup systems and router-clustering devices they use, they also weigh-in:

1. The average time it takes to get a system up and running again
2. The longest acceptable time for recovery

The following graph depicts shows the average and longest business interruption data. (Source: *Business Continuity: Implementing Disaster Recovery Strategies and Technologies*, Aberdeen Group; page7; March 2008).



Companies will spend money to fortify and enhance their Disaster Recovery and Business Continuity plans. The Aberdeen Group Report, for example, reported that 36 percent of the businesses deemed Best-in-Class by the Group “...increased their budgets allocated for Business Continuity over the past twelve months.” The Information Technology Teams of these companies are highly involved. The report further documents that 64% of the companies surveyed manage their own offsite storage of critical backups. (Source: *Business Continuity: Implementing Disaster Recovery Strategies and Technologies*, Aberdeen Group; page 8; March 2008).

Of the companies that were surveyed, vast majority of the companies used best in class technology for any category of data back-up. This shows that businesses recognize the value of such investments. (Source: *Business Continuity: Implementing Disaster Recovery Strategies and Technologies*, Aberdeen Group; page 12; March 2008).

WAN Bandwidth Availability and Redundancy

The explosive growth in data being transmitted over WANs requires increasingly greater levels of bandwidth in order to keep up with demand. Bandwidth bottlenecks are becoming more frequent, and this trend is expected to continue for the foreseeable future. Unfortunately, the applications that are critical to business do not always get the priority they deserve on the WAN. For instance, the quality of a voice call, which only requires a little bandwidth, is compromised if a large file is downloaded through the same network in the middle of the call. The voice traffic, to most of the network infrastructure, appears just like any other traffic, and is handled with the same priority as any other network traffic. The reality is that all network traffic is not equally important to the business, and the characteristic needs of each traffic type vary. However, in a WAN environment where all traffic appears the same, all traffic is treated the same, and business critical applications will suffer in these bandwidth constricted environments.

It is common to find a variety of leased and public lines of different speeds and technology bases (T1, DS3, DSL, ISDN, Frame Relay, Internet access, production traffic, intra-office communication, etc.) in many businesses. A cohesive strategy or technology that unifies these disparate lines rarely exists and each operates independently of the other. Traffic overload or failure of one line would slowdown or completely shut down the purpose it is being used for, while the others continue transmitting data with bandwidth to spare. However, technological advances have eliminated or reduced this problem.

The need for adequate bandwidth shows in the growing trends in spending on IT initiatives that are focused on virtualization as well as wireless LAN/WAN technology, WAN optimization and unified communication. (source:<http://www.expand.com/Products/Expand-Compass/Index.aspx?URL=/Products/Expand-Compass/WAN-Optimization.aspx>)

VPN Technology and its Drawbacks

The virtual private network (VPN) technology helps enable cost-effective, secure remote access to private networks. VPN allows administrators to take advantage of the Internet to help provide the functionality and security of private WAN connections at a lower cost. In Windows, VPN is enabled using the Routing and Remote Access service. VPN is part of a comprehensive network access solution that includes support for authentication and authorization services, and advanced network security technologies.

There are two main strategies that help provide secure connectivity between private networks and enabling network access for remote users.

Dial-up or leased line connections

A dial-up or leased line connection creates a physical connection to a port on a remote access server on a private network. However, using dial-up or leased lines to provide network access is expensive when compared to the cost of providing network access using a VPN connection.

VPN connections

VPN connections use either Point-to-Point Tunneling Protocol (PPTP) or Layer Two Tunneling Protocol/Internet Protocol security (L2TP/IPSec) over an intermediate network, such as the Internet. By using the Internet as a connection medium, VPN saves the cost of long-distance phone service and hardware costs associated with using dial-up or leased line connections. A VPN solution includes advanced security technologies such as data encryption, authentication, authorization, and Network Access Quarantine Control.

- Keep their data private and protect IT resources from malicious attacks.
- Leverage the Internet to reach numerous locations throughout the U.S. or around the world.

- Use an efficiently meshed topology to facilitate direct communication among sites.
- Allow remote users/sites to access the network via their local ISP (dial-up, cable or DSL).
- Deploy an Extranet that business partners can access via their existing Internet connection
- Provide branch offices with direct access to the Internet and the WAN over a single circuit.
- Provision higher bandwidth for demanding applications like remote data storage.
- Accommodate bursty applications without compromising performance.
- Converge a variety of applications over a single WAN infrastructure for greater efficiency.

There are salient problems in VPN

- **Single Points of Failure:** When router, CSU/DSU, last mile connection, and ISP or backbone failures occur, business is disrupted, which can be very costly. The cost of downtime can be astronomical even detrimental for companies who use their WAN infrastructures for critical interaction with customers, colleagues and other business transactions such as time sensitive financial, medical or legal transactions.
- **Security Breaches:** The issue of security has always been important to the developers of VPN technology. Since the Internet is the most popular shared data network used by companies who have implemented VPNs, extra measures have been taken to try and protect data from uninvited intruders. A typical VPN device uses a tunneling technique that involves the encryption of data packets, which are encapsulated into an IP package by the VPN, and then tunneled through the Internet. A VPN tunnel terminator receives the data on the opposite end of the transmission and decrypts the information. Most VPN products also support multiple forms of authentication, which ensures that the connecting user has rights to enter the network. Despite efforts to protect access, security mechanisms can be breached, particularly over the Internet. Capable hackers have broken into and will continue to hack into networks and steal valuable information.
- **Poor WAN Infrastructure:** Poor WAN infrastructure is another issue concerning VPN technology. It is a challenge to implement VPNs when multiple offices are located in remote areas where bandwidth is not easily available, e.g., factories outside of major cities or international offices where line quality and reliability of Internet connections are poor.
- **New VoIP Technology and Related Issues:** VoIP technology is growing, but the issue of reliability is still the same. VoIP quality and reliability are two factors that are slowing the growth of VoIP.

(source:http://technet.microsoft.com/en-us/library/cc739294%28WS.10%29.aspx#w2k3tr_vpn_what_kcat)

WAN Security

Information Technology (IT) has grown tremendously over the past few decades with new technology and solutions coming up incessantly. Corporations have come to rely on IT-based networks for conducting businesses. Since business sensitive data is being transmitted over a shared telecommunication infrastructure such as the Internet, Security is a major concern. Security is essential for systems, networks, and information. The most important of all, information security, refers to protection of information and information systems from unauthorized access and any disruption thereof. Confidentiality, integrity, and availability are the three core principles of information security.

The critical nature of information that is shared over the network necessitates advanced technological security measures. Cryptography, authentication, encryption, access control, authorization, are some of the key security mechanisms that are used to secure information. Virtual Private Networking (VPN) uses cryptographic tunneling protocols, which encrypt data packets at one end, and decrypt at the receiving end, thereby securing the information to a level wherein even in cases of unauthorized access, the message is indecipherable. In the case of

computer system security, firewalls, security crypto-processors, access control lists, secure coding, secure operating systems security by design, etc., are utilized. Companies can confidently conduct business over the networks if proper security mechanisms are in place.

(Source: <http://www.wanredundancy.org/resources/security>)

See Figure 6 for more information. (Source: *Symantec Internet Security Threat*, Symantec Corporation. Page9; April 2009)

Spamming

Spamming is another main component of Internet threats to business and consumers. Secure Computing released its Internet Threats Report in June 2008, states that Spam is up 280 percent from 2007. The United States leads the highest spam volume count, followed by Russia and Turkey. The countries on the following list represent 55 percent of the world's spam quantity. See Figure 7 for more information. (Source: *Secure Computing Internet Threats*, Secure Computing Research and Anti-Malware Team, Page 2; 2008).

Country	Percentage of Overall Spam
United States	16.56%
Russia	6.71%
Turkey	6.51%
Brazil	5.29%
Italy	4.32%
China	3.49%
Great Britain	3.37%
Columbia	3.09%
India	2.99%
South Korea	2.87%

Geo- location of Spam by Country

According to research, it is expected that with each year that passes, the volume of spam from emerging countries will increase as their internet infrastructure improves and grows. (Source: *Secure Computing Internet Threats*, Secure Computing Research and Anti-Malware Team, Page 11; 2008)

The Internet and WAN has spawned a multitude of challenges but also business opportunities for WAN Redundancy and Optimization technology. An analysis of the potential is given in the next section.

The Indian Market in particular has shown significant economic growth in large part due to its commitment to playing an important part in the expansion of Business Process Outsourcing, technical support services, programming and innovation in technology.

Market Potential for the Industry

Global Market

Two of the major factors driving global business decisions are the desire to eliminate unnecessary costs thereby optimizing business processes and the need to ensure un-interrupted flow of operations centered on the concept of business continuity. A vital part of all business operations is the ability to efficiently handle the exponentially increasing amounts of data. All aspects of a business - sales, marketing, R&D, manufacturing, service etc., produce their own streams of data and a good proportion of this moves through various mediums within and between organizations. The growth in information technology (IT) is an outreach of this. Thus, the ability to efficiently transmit, classify and store this data has a profound impact on corporate profitability. Optimization of traffic flows across corporate WANs is critical in the quest to prioritize traffic and allocate bandwidth to critical applications.

The second aspect of managing data is its security and uninterrupted flow in the case of natural or malevolent disruptions. Recent events including tsunamis, hurricanes and terrorist activities highlight some of the causes of business interruptions. These events have accelerated the pace of businesses evaluating the reliability and security of their WANs, especially in the context of Business Continuity and Disaster Recovery.

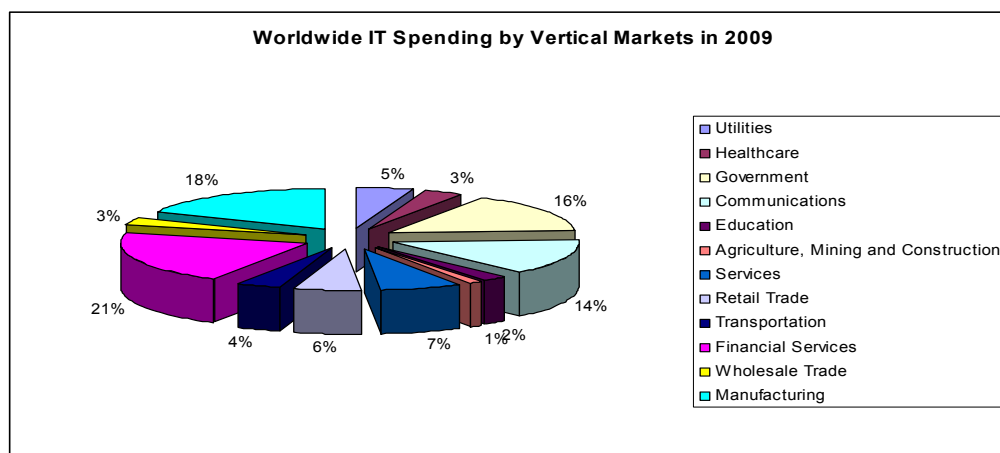
The age of Information Technology has allowed for a developing global economy and greater growth in all areas of the world. An increased use of IT services show the continued growth in the use of technology to advance business.

Analysis of Potential Market

IDC, a leading provider of global IT research and advice, stated in a recent report that the worldwide market for IT was estimated to be \$1.48 trillion in 2008. The United States IT market comprised \$499 billion and continues to be the single largest market in the world.* IDC predicts IT spending in Brazil will decline by 13% in 2009 in US dollars, but will grow by 5% in constant currency terms. Latin America is continuing to show growth in IT spending in 2009 in constant currency terms (Latin American, 5.0%, but declining 10% in US dollars, while IT spending in India will grow at the rate of 5% in 2009 in constant currency. (Source: IDC, "Worldwide Black Book Query Tool, Version 2, 2009," IDC #219441, July 2009) The remote branch market is evolving into a key IT market. Enterprises view the branch as a critical beachhead for IT to deliver business value to the enterprise. Remote branch networking revenue will reach \$13.9 billion by 2012. (Source: IDC, "Worldwide Enterprise Remote Branch Network 2008-2012 Forecast, IDC Doc # 212831, June 2008)

The datacenter network market has also steadily enjoyed growth over the last few years as an important means to conduct business using the Internet as a main business tool for communication and virtualized computing. IDC predicts the datacenter market will grow at 6% compound annual growth rate (CARG) from 2007 to 2012 topping at \$11.9 billion by 2012. (Source: IDC, "Worldwide Datacenter Network 2008-2012 Forecast," Doc # 213520, August 2008).

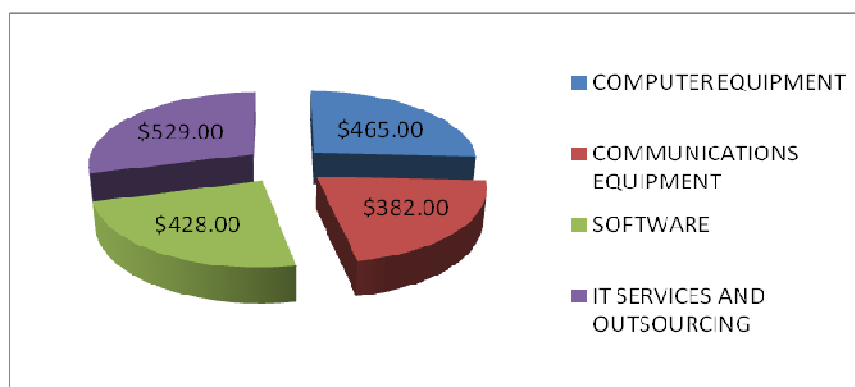
The top vertical segments in worldwide IT spending for 2009 will be Financial Services, Government, Manufacturing and Communications. The vertical segment breakdown by industry sector is shown in the figure below. (Source: <http://www.itfacts.biz/worldwide-it-spending-by-vertical-markets-in-2009/12791>)



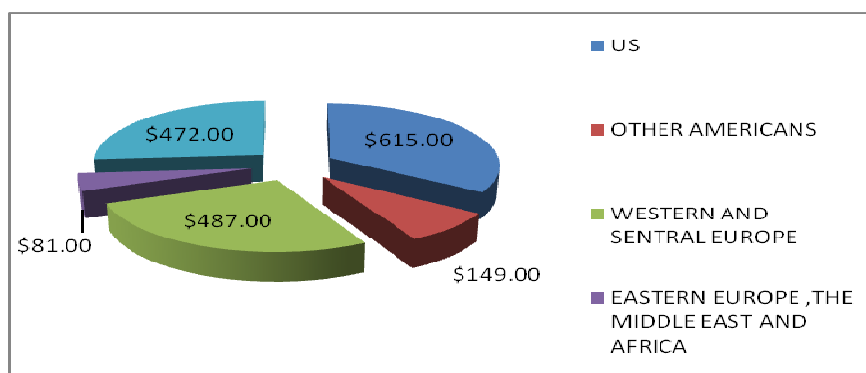
According to Gartner, communications, infrastructure and security continue to be the top 10 priorities in technology for 2009. (Source: www.itfacts.biz, "Top Technology Priorities in 2009, March 18, 2009 - <http://www.itfacts.biz/top-technology-priorities-in-2009/12806>).

Top 10 Technology Priorities	Ranking
Business intelligence	1
Enterprise applications (ERP, CRM and others)	2
Servers and storage technologies (virtualization)	3
Legacy application modernization	4
Collaboration technologies	5
Networking, voice and data communications	6
Technical infrastructure	7
Security technologies	8
Service-oriented applications and architecture	9
Document management	10

The Forrester estimates for the global IT market by categories and regions are shown below for year 2010. (Source: Forrester, "US and Global IT Market Outlook:Q2 2009," Andrew H. Bartels, June 29, 2009).



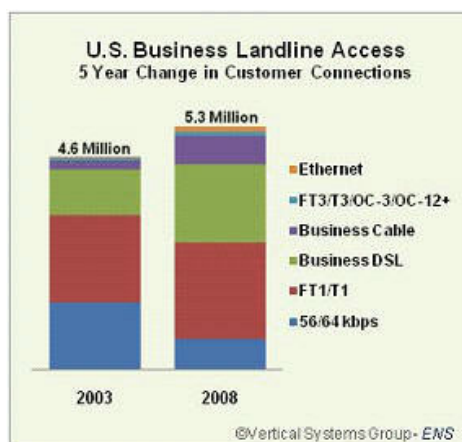
***GLOBAL IT PURCHASES FOR THE YEAR 2010 IN US \$ BILLIONS**



***GLOBAL IT PURCHASES BY REGION FOR THE YEAR IN US \$ BILLIONS**

Market Potential of the USA

Most businesses in the US have data lines and this is a trend that is developing in the rest of the world. The potential market for WAN Redundancy/Optimization products can be calculated using available statistics of existing sold data lines or can be estimated using the number of established businesses.



- Number of installed data lines in the US = 5.3 million (source Vertical Systems Group, 2008 See Figure -- Below)
- Number of US Businesses = 5.6 million (US Census Bureau 2002)
- Assume the rest of the world is 40% of the size of the US market

Market Potential of India

The Indian Market has thrived, especially after the *Economic Liberalisation of 1991*, making India the second largest emerging economy in the world behind China. It has the 12th largest economy in the world with a GDP of \$1.24 trillion, tripling within eight years. (Source: *Indian Civil Aviation Market Poised for Growth*, Market Research Analyst, marketresearchanalyst.com, January 6, 2008).

One of the contributing factors to its growth is the country's adapting and embracing of the Information Age Market. According to the Annual Report by the Ministry of Information Technology, the IT/ITeS industry's contribution to the country's gross domestic product (GDP) for FY 2007-08 was 5.5%. This percentage is expected to grow to an estimated 8.05 per cent in FY 2015-16. (Source: *India's Role in Globalization of IT Industry*, Evalueserve, July 23, 2008);

Part of that trend is the development of Business Process Outsourcing (BPO), customer service and technical support services. Its young and educated workers have helped sustain the growth of these markets, as well as other verticals including life science, manufacturing, software development, retail, pharmaceuticals, and tourism.

The broadband internet connectivity market in India is growing at a very rapid pace. In Q3 of 2008, the total number of internet connections grew to 2.6 million. India wire line subscriber base had declined by 0.17 million (0.44%) to 38.05 million, and its broadband base had grown to 5.28 million, an increase of 230,000 connection at 4.55%. The wire line-to-broadband conversion rate was at 13.88%.

The Indian markets are just beginning to see the growth in the IT infrastructure space. With population over 1 billion and a rapidly growing economy, this trend is going to continue, and Fatpipe is well positioned to support such infrastructures, which heavily rely on Internet, VPN, Point-to-Point and hybrid Wide Area Network infrastructures to communicate vital and critical business services.

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BUSINESS OVERVIEW

Fatpipe's core technology, router clustering, involves patented and patent-pending methods that provide the highest levels of optimization, reliability, security and acceleration of Wide Area Networks (WANs) and enable high-speed data transfer through multiple lines, multiple ISPs, and backbones over WANs with seamless re-assembly of data streams. Fatpipe technology affords companies, that run mission critical WAN applications over any type of infrastructure, automatic and dynamic failover of a downed data line due to a WAN component, line or service failure.

The Company's vision is to be the world leader in the technology that can be used for communication between head office and branch offices and provide reliable communication channels over widely available infrastructure. The Company's products enable its clients to obtain low cost, redundant and fast Internet access, allowing such corporations to implement Intranets, e-commerce strategies, highly redundant Virtual Private Networks (VPNs), highly redundant VOIP, site to site failover for business continuity over the Internet or Wide Area Network (WAN) connections that exceed 99.999988% uptime.

The products of the Company enable businesses to stabilize and fail-proof their Wide Area Networks. In addition, companies can optimize dataflow using FatPipe compression and Quality of Service (QOS) technologies to maximize their network bandwidth, as well as provide the latency management needed for good quality VOIP calls. They can also enhance security of data by using FatPipe's MPsec and FatPipe VPN to creatively distribute secure data traffic over public and private networks, thus making it near impossible for hackers to gain control of the data. In addition, FatPipe's spam control product, Spam Police, filters out undesirable email and reduces corporate productivity.

The Company provides global corporations and government offices with technology that increases the security and reliability of Wide Area Networks, corporate extranets, Virtual Private Networks and all last-mile Internet connections, including wireless connectivity. The Company holds 7 patents on a technology called "Router-Clustering," which enables customers to obtain highly redundant and fast Internet/WAN access.

The Company manufactures a range of appliances based on its technology for data transmission over multiple lines that provides highly reliable and redundant Internet/Intranet access solution. Such a solution is provided by combining multiple lines up to 2 gigabits per second, (including any combination of DSL, cable modem, wireless, and OC3, T1 or DS3 connections) into one "FatPipe" either with direct point-to-point, MPLS, frame relay or over the Internet, without any cooperation from the Internet Service Provider (ISP). Business Continuity is assured because these aggregated multiple networks are load balanced, while automatic failover provides the assurance that the networks or VPNs will remain functional at all times, even if router, ISP or backbone failures occur.

In addition to the reliability provided by the "FatPipe" router-clustering technology, the Company offers data security with encryption protocols making it more secure.

FatPipe sells its products worldwide through a network of 2 authorized distributors and over 500 resellers. FatPipe is proposing to expand its operations to China, Singapore, South Africa, Kenya, Nigeria, Argentina, Belgium, Germany, France, Eastern Europe and Australia. Fatpipe will be setting up a wholly owned subsidiary in the US to expand US operations and to solicit government business.

100% of the products sold by the company are assembled in Salt Lake City, Utah and are shipped from the branch office located at Utah, USA. 98% of the sales are from USA and the remaining 2% are from the rest of the world. For 9 months period ended 31/12/09 out of the total sales of Rs.4591.38 lacs; Rs. 91.82 lacs was from sales in India i.e. 2% of the total sales.

Outside India the company has 2 branch offices ie; at Salt Lake city and Arizona. The branch office in Salt Lake city the 9 month period ended 31/12/09 accounted for 100% of the total revenue accrued to the company from its outside India. While the branches generate sales orders, the invoicing is done by the Salt Lake Branch.

Competitive Strengths

The Company believes that its primary competitive strengths include the following:

- **Technology innovation that results in market leadership** The Company believes in its domain expertise which has resulted in market leadership and 7 patents.
- **Established business model with an economic cost structure** The Company's offshore product development capabilities combined with worldwide sales and support capabilities enable it to provide its customers with high quality solutions and customer satisfaction.
- **Well established client base** The Company's customers include 20 of the world's top law firms, luxury hotels, several Fortune 1000 companies, banks, educational institutions and government entities. The Company has over 1400 customers across the five continents. In addition, it enjoys long-standing relationships with several of its customers.
- **Strong leadership team** The Company has an experienced management team with a strong track record of achieving and effectively managing growth. Most of the members of the senior management team have an industry experience of more than 20 years. The Company has been successful in retaining talent and mid to senior level employees have been employed for more than 6 years. The company continues to cultivate a business culture identifying and investing in high quality personnel to serve on the management team.

Business Strategy

The Company's multi-pronged business strategy includes:

- **Continue to invest in infrastructure and employees**

The Company intends to continue investing in physical and technological infrastructure to support growing worldwide development and sales operations and to increase its productivity. To enhance its ability to hire and successfully deploy increasingly greater numbers of domain and technology professionals, the Company intends to continue investing in recruiting, training and maintaining a challenging and rewarding work environment.

- **Partnering/ Alliance**

The Company intends to develop alliances that complement its marketing capabilities. This strategy is targeted at partnering with VAR's and TELCO's, which allows the Company to take advantage of demand from new sources.

- **Growth through selective acquisition**

The Company believes in achieving long term growth by way of sustained financial performance and efficient operations. The Company, in order to achieve critical mass, would be looking for selective acquisition opportunities. The acquisitions will help Company in expanding geographically and adding expertise rapidly.

- **Serve clients globally**

The Company plans to expand its marketing capabilities to locations around the world. It believes this will enable it to develop closer relationships with and provide more convenience to its clients. The Company also expects that global expansion will allow it to capitalise on high growth geographic regions and diversify its revenue base.

Collaborations

The Company has not entered into any collaboration.

Technology

The Company has designed the platform appliances so that unique technologies can be added into the appliances to address market needs, such as:

- VoIP reliability
- MPsec for enhance security
- Multiple Lab balancing algorithms to suit various customer needs.
- WAN optimization with QoS.
- Traffic Management
- Security with IPSec and SSL.
- Caching
- Intrusion detection
- SLA monitoring
- Content Filtering
- Spam and Virus Control

The Company has the ability to control distribution of content to devices in the network based on IP addresses.

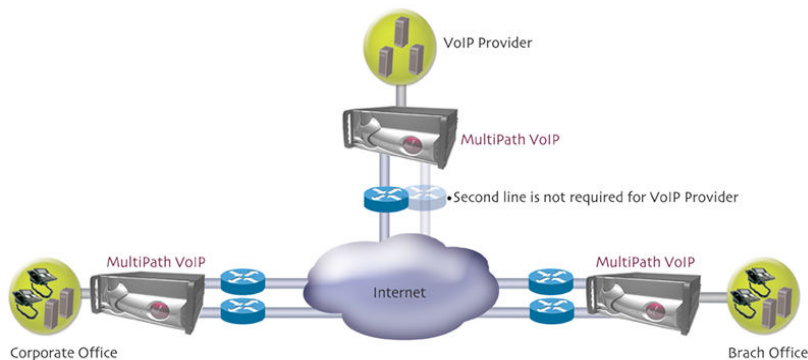
Products

The company offers a range of products based on its core multi-line data transmissions technology to provide highly reliable, redundant, optimized and secure Internet/Intranet access solutions. Fatpipe provides this leading edge solution by bonding multiple lines (whether they are DSL, cable modem, wireless, T1 or T3 connections) into one “fatpipe”. This technology ensures the highest level of data transmission security, reliability and redundancy for WANs, while providing increased bandwidth and data transfer speed at the same time ensuring business continuity and disaster recovery. As the utility and ubiquity of today’s WAN gains in importance, the availability afforded by FatPipe technology is a strategic fit with customer’s business continuity strategies. These strategies have taken on a new measure of urgency after the disasters of 9/11, Katrina, the Tsunami in Asia and a host of natural or man made disasters.

The Company’s range of products includes:

Fatpipe MPVoIP

FatPipe MPVoIP is a high-speed Wide Area Network (WAN) reliability and data optimization device. It provides seamless fail-over for VoIP traffic as well as the highest level of redundancy, reliability and speed for WAN traffic. It will not interrupt or drop calls even when WAN lines, components or ISP services fail. FatPipe Multipath VoIP is available in three versions: Enterprise (155 Mbps), SMB (10 Mbps), and SOHO (3Mbps) to accommodate any size business. VoIP providers can bring high reliability VoIP services to small businesses and branch offices of large businesses. Companies that host their own VoIP servers can also use this product to realize a corporate wide, highly redundant VoIP with automatic fail-over of lines, thus ensuring uninterrupted VoIP sessions.



FatPipe Symphony

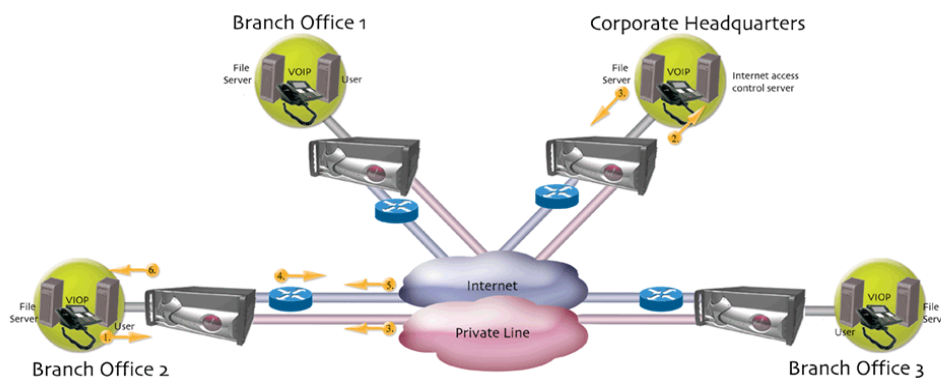
Hub and spoke WAN infrastructure is a commonly adopted architecture in modern networks. This design enables corporations control the flow of traffic but has some drawbacks in terms of network efficiency. Often at times, such architecture has private point to point lines from branch offices flowing back to the head office. These lines carry both production (essential) and non production traffic such as web browsing. This configuration allows the corporation to have a single web content filtering device at the HQ. FatPipe introduced technology that gave customers a simple way to control web browsing while proving redundancy to lines that carried production traffic.

FatPipe's Symphony is a product that provides centralized control of branch offices' web traffic. Symphony allows companies with hub-and-spoke WAN infrastructures to free up private bandwidth usage while maintaining centralized control of web traffic by utilizing local lines at remote locations.

Symphony enables corporations to deploy a single web access control device at a centralized location to manage corporate-wide web access policies, while avoiding link bottlenecking issues or prohibitive costs associated with increasing bandwidth to meet end-user demand.

Symphony redirects web requests from remote locations and sends them to the central location for web-access authorization. If accepted and allowed, all subsequent traffic related to that web request is handled by local Internet lines at each remote site instead of congesting expensive private lines to the headquarters.

In addition to providing web surfing control while freeing up valuable bandwidth for production traffic, Symphony also provides Business Continuity. When the point to point carrying production traffic fails, the Symphony devices establish a VPN tunnel over the public lines and production traffic is encrypted and re-routed over these lines. During this time, Symphony prohibits web browsing and reserves all bandwidth for production traffic.

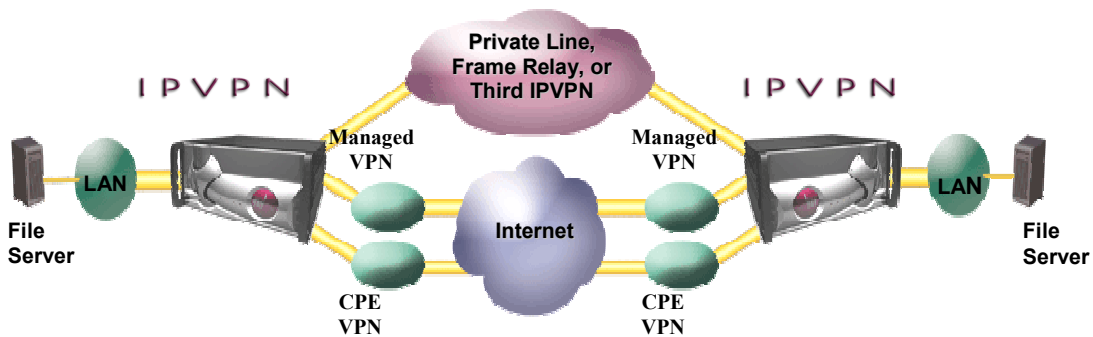


FatPipe IPVPN

Several technologies have emerged to enable corporations to send data over public and private networks in a secure fashion. Private point to point lines enable corporation send data securely without encryption because these lines are separate in the network and cannot be penetrated. However, dedicated lines are expensive. To reduce costs, encryption technology was introduced mimicking a private network albeit using public lines. This technology, called VPN (Virtual Private Networks) is a fast growing segment of networking. Encryption can be carried out in customer premises (CPE based VPNs) or in the ISP network referred to as IPVPN. This has led an array of network infrastructure and brining them together has proved to be a challenge. FatPipe had a unique approach to this problem and solved this technical challenge of bringing these networks together at the same time providing for business continuity and WAD redundancy.

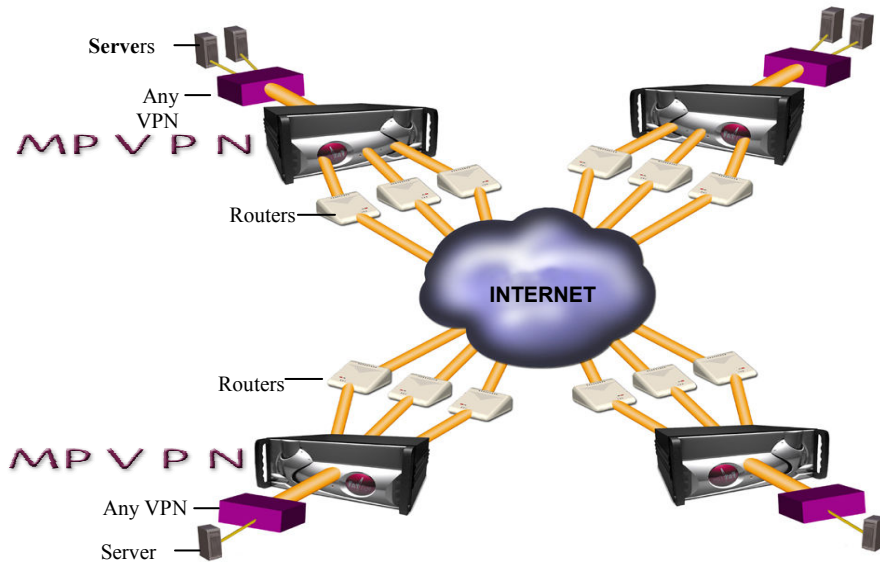
FatPipe IPVPN is a unique, flexible and feature rich product available in the market for intra and inter corporate connectivity. Its features and applications address a larger spectrum of WAN connectivity, and a larger market

segment in WANs. It is designed to address the market spanning a combination of private and public, managed and unmanaged, encrypted and non-encrypted WAN connectivity options simultaneously. IPVPN enables customers to combine private and public lines for a highly reliable communication infrastructure. IPVPN enables customers to make a smooth transition from Frame Relay to VPN or from any technology such as IPVPN to VPNs. Because of its flexibility, it is a product that can be used to penetrate a customer’s establishment before they switch over to VPNs, thus giving FatPipe an entry into corporate customers ahead of other VPN vendors. IPVPN is a platform appliance that has the options of QoS, encryption, and compression as add-on features. There are several other features in this product that makes it the top product in terms of features as well as market segment size.



Fatpipe® Multi-path VPN (MPVPN)

The growth of VPN technology has led to the increased use of public infrastructure for transmitting data in a secure fashion. Typically these networks have single lines connecting each site with encryption taking place on site. This design leaves networks vulnerable to line failure and even malfeasance inspite of encryption. To ensure data flow is not interrupted, the company has introduced technology that provides redundancy to the network.



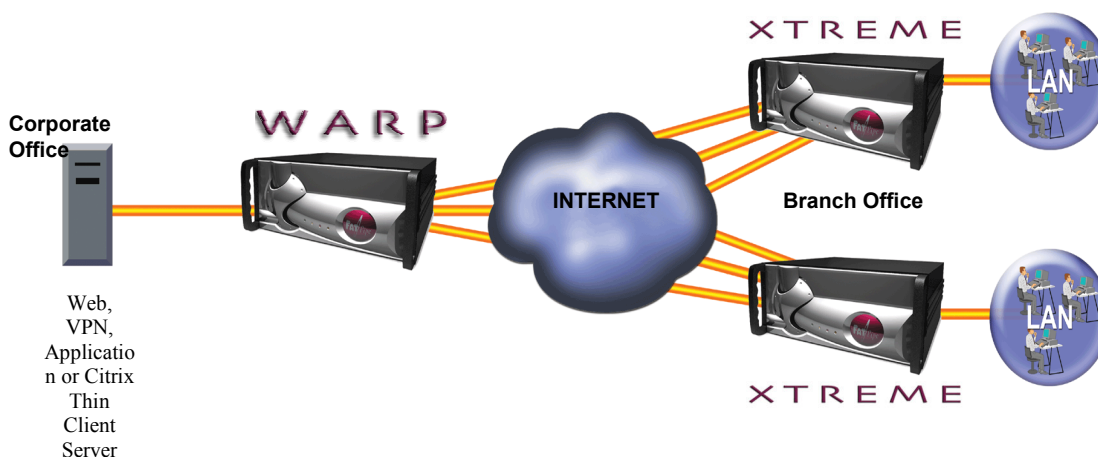
The company’s patented Multi-Path VPN transmits encrypted data over multiple WAN lines to provide increased speed, reliability and redundancy as well as added security for data transfer, without the need for complicated BGP programming. By transmitting data over a combination of multiple routers, the security of data transfer is increased up to nine times. Multi-path VPN is compatible with IPSEC and other encryption protocols.

Multi-Path VPN enables bi-directional data transmission over multiple VPN paths, providing customers with the confidence that Multi-Path VPN will keep their VPNs “up” at all times regardless of router, ISP, line or backbone failures on one or two carriers.

Multi-Path VPN also provides added security of data transmission with its patented MPsec™ technology. As data is transmitted over different permutations and combinations between the routers, hacking becomes extremely difficult because a random number of IP combinations and physical paths are involved. This makes it virtually impossible to trap data in the correct order and to decrypt the information in the correct sequence. Random placement of data as well as the separation of data over multiple streams increases data security. The less secure alternative is to use one line for transmitting data using a single data path, which makes it, is easier to trap and decode data.

FatPipe Warp

FatPipe Warp is a dynamic router-clustering device for high reliability, redundancy and speed of incoming and outgoing Internet traffic over a WAN. Warp was designed to be used by companies for hosting application servers, such as mid-size ISPs, ASPs, and Data Storage Centers and achieve reliability and redundancy for outbound Internet traffic. It aggregates multiple data lines for speeds of up to 700 Mbps, easily accommodating the hosting of large sets of internal servers including web, e-mail, firewall, and load balancing devices. Warp features Smart DNS™ technology, a new patent pending technology developed by FatPipe Networks that intelligently chooses the fastest connection of available lines instead of receiving and sending packets sequentially. WARP dynamically load balances over multiple ISPs without the need for BGP programming.



Fatpipe Xtreme

Fatpipe Xtreme is a “plug and play” solution that enables individual offices to achieve the highest possible level of reliability and redundancy of Internet access. Xtreme bonds any combination of T3, T1, DSL, and/or wireless routers to create a singular "FatPipe" connection to the Internet. Xtreme works seamlessly over multiple ISPs and backbones for redundant and reliable WAN or Internet connectivity. Today, many companies keep a second T1 line idle in order to provide back up in the case of failure in the primary T1 line. With Xtreme, both lines are always being used to enhance Internet connection speed and capacity; should one of the lines fail, the other line will automatically provide service. In this way, companies obtain enhanced bandwidth and redundancy, all without requiring any hardware or software changes at the ISP site.

FatPipe Kompressor

FatPipe Kompressor compresses data up to 300% thus enabling customers to obtain higher bandwidth with existing data networks. This is valuable to customers such as multinationals, retail and banks that have several branches where high bandwidth is expensive or not available. Kompressor is sold as a separate product as well as an option in existing products.

FatPipe QoS

FatPipe QoS allows customers to add prioritization for inbound and out bound traffic. FatPipe QoS uniquely predicts bandwidth utilization ahead of time to ensure accurate planning and allocation of bandwidth. It then enforces the configured priority, delay and loss policies with nine levels of configurable delay-loss categories. FatPipe QoS handles multi-line virtual fatpipe networks and scales QoS rules to handle bandwidth limits in case of line failures

FatPipe Spam Police

Spam Police™ is designed to recover the loss of time and money caused by spam abuse. The goal is to eliminate spam (or unwanted e- mail) while retaining all the valuable e- mail. Spam Police looks for thousands of different characteristics and keeps a report of what it finds so that you know exactly why e-mails have been quarantined as spam.

FatPipe WAN Optimization

FatPipe Networks' WAN Optimization technology offers the highest performance level of WAN optimization available using patented and patent pending technology. The goal is to significantly boost the network performance. This is possible through acceleration of the applications, better utilization of current WAN infrastructure that ultimately results in saving thousands of dollars a year on additional hardware, software and bandwidth costs. FatPipe WAN Optimization appreciably increases WAN utilization, providing effective use of WAN bandwidth by caching/compressing that sharply reduces redundant data on a WAN. FatPipe also provides TCP Acceleration, which optimizes certain application specific TCP traffic.

Raw Materials

The Company requires standard parts of a server like processors, mother boards, power supplies and memory which are easily available from the local markets.

Utilities

POWER

The Company provides 24x7 support to its customers from various offices around the world. Continuous supply of the power at all locations is required. The Company has sufficient number of UPS to support the existing infrastructure.

Manpower

The Company presently has over 120 employees on its rolls. Most of the Senior Management have been with the Company since the 2000. Several sales people are being added to strengthen the sales. Support engineers are being added to support the sales growth and customer assistance.

3Rs: The Company has designed techniques on time tested Human Resources (HR) Policies with respect to 3R's: Recruiting, Reorientation and Retention. The company is in the knowledge driven industry and the need of talented and committed human resources is critical in sustaining the success and growth of any knowledge-based Company. Hence, the Company focuses on attracting and retaining its employees. The wide range of growth opportunities, focus on long term professional development along with the challenging work, compensation

(both cash and non cash) gives the company significant advantage in attracting and retaining highly skilled employees. The company has shaped its HR policies to meet the challenge of recruiting the right person for the right job, reorient/train the employees to meet company and client expectations and retaining them by providing stimulating work environment.

Today the combined team is over 120 people with strong technical, managerial and professional skills.

Employee Profile

The average age of the employees is approximately 33 years and they are from diverse educational background. The company believes that they have a balanced mix of experience with approximately 75% and 25% of the IT professionals with work experience of 3 to 6 years and over 6 years, respectively, as of 31st March 2009.

Designation wise classification of Employees

S. No:	Designation Classification	No. of Employees
1.	Top management	3
2.	Middle level/ Engineers	45
3.	Team Leaders	18
4.	Sales and marketing	58
	TOTAL	123

Recruitment process

The Recruitment process is based on Annual Operating Plan (AOP). At the beginning of the financial year, each Department makes manpower plan based on revenue forecast and future plans. Manpower plan is reviewed on quarterly basis.

The First step in hiring process is manpower requisition. Once the requisition is reviewed, Selection process begins.

Selection process is carried out as follows --

- Advertising for suitable candidates.
- Identifying Candidates (short-listing applications).
- Conducting technical tests for entry level technical resource.
- Conducting personal interview for candidates (all levels).
- Appointment of selected candidate.
- Training of selected candidates.

Training

The company believes that its Business Objectives will be met effectively by creating a Learning Culture in the Organization. The objective of training is to improve the Company's business performance through people performing better and becoming more productive. Training responsibility is shared between HR and Project Head / Function Heads who jointly design relevant and cost-effective training and manage the process. The training needs are identified, designed and conducted in-company training programs to cater to the knowledge and skill requirements of individuals and groups. Training is directed towards developing people thereby preparing them to take higher responsibilities, while achieving personal goals. The training programme covers technology training, software engineering training as well as sales training. Company conducts continuous learning programmes that address project specific, technology and soft skills learning needs of the company's employees.

Marketing and Sales

Fatpipe has 58 sales personnel engaged in selling and marketing of its products. Fatpipe has built a strong reseller channel over the last years, and has heavily invested in its reseller network. Fatpipe has taken an approach of creating a brand name and decided against licensing its enterprise products to others, instead focusing on building world class products, backed by world-class service. The sales people are actively engaged with the reseller channel and continually build brand and technical value with them. They also periodically meet

with them ensuring strong personal and technical ties with resellers. Since the company is the technical lynchpin to customer's WAN Business Continuity Plan, Fatpipe resellers are able to leverage this solution to other up sell opportunities too. Thus, the company has ensured reseller loyalty.

Fatpipe has tied-up with AT&T to resell its products. AT&T is the largest provider of local, long distance telephone services in the United States, and also serves digital subscriber line internet access and digital television. AT&T is the second largest provider of wireless service in the United States, with over 81.6 million wireless customers, and more than 150 million total customers. AT&T, Inc. was formed in 2005, when "Baby Bell" SBC Communications Inc. purchased former "Ma Bell" AT&T Corporation. The newly merged company took on the AT&T moniker and T stock-trading symbol. (Source: www.en.wikipedia.org/wiki/AT&T) AT&T sees value in using Fatpipe technology in pitching Business Continuity to their customers.

Marketing Strategy

Fatpipe marketing strategy focuses on creating the awareness of the products in the market, through a combination of avenues. The approach is tailored towards the sales channels.

Positioning

Since the technology provides a value added solution for business continuity, disaster recovery and WAN optimization, its positioning is critical from both the end user and channel perspective. While the underlying value proposition remains the same, the marketing thrust aims to position technology such that it is widely accepted by the sales channel as a "must have" solution in their suite of products and services.

Value Added Resource (VAR) Channel – The products are positioned as a comprehensive business continuity solution with the added benefit of WAN optimization.

Telecommunications (Telco) Channel – The Company is positioned as a WAN redundancy solution that allows Telco sales approach customers from a solution perspective rather than trying to displace their competition.

End User – The technology is positioned as a leading edge, easy to install solution that is essential for business continuity and WAN optimization.

Disaster driven Emphasis on Business Continuity and Disaster Recovery

This powerful industry driver positions the Company very well for the future. As more companies deploy fail proof WANs, the Company should be able to take advantage of this trend and increase sales.

Large and Growing Markets Stimulated by Need for Network Security

The technology meets the increasing demand for fail-proof Internet/WAN connectivity created by today's global crises in security. The added emphasis on WAN security focuses on the potential for a transmission to be compromised. The Company's Multi-Path VPN jumbles the order of the IPSec packets as they are received from the VPN appliance and randomly distributes them over multiple WAN routers. This makes it harder for potential intruders to gather all the IPSec packets, and even if they do, they are still faced with sorting them in the right order and decrypting them.

Strong and Growing Customer Base across Multiple Industries

The technology is not industry specific. The need for stable WANs in the context of business continuity and data security is vital for any industry. From manufacturing to agriculture, finance to insurance, services to entertainment all industry verticals have stated serious evaluation of their business continuity plans.

The urgent need for business continuity and data security is reflected in the variety of industry verticals that use of Fatpipe technology. The customers range from financial firms such as Commerz Bank AG and Alliance Mortgage, Federal Home Loan Bank security related government groups such as the FBI – Counter Terrorism Task Force, several large law firms such as Cravath, Swaine and Moore, manufacturing firms such as W R Grace, and well known entities such as Jacksonville Jaguars, Green Bay Packers, Arcdiocese of Decver, Ford Modeling Agency and Julliard School of Music. Currently the Company has approximately 5000 installs worldwide.

Global Workforce Enables Faster Product Development Cycles

The Company Carries Research and Development work in Chennai, India and Salt Lake City, Utah. By using this strategy, development work is carried out on a 24/7 basis with the added benefits of wage arbitration, resulting in significantly shorter product development cycles and lower costs.

Strong Reseller Network

The Company has over 500 resellers. These Value Added Resellers (VARs), well established in networking markets, are located in key geographic locations in North America, Europe and Asia. Prominent resellers include CDW (a leading provider of technology solutions), Insight and AT&T.

Expanding Telco and ISP Partnerships

The technology provides Telcos and ISPs the ability to penetrate competitive accounts by deploying redundant data lines. This alignment of strategic interests has resulted in the partnering with several Telcos.

Branding

The Company has conducted several campaigns and participated in events designed to raise the profile of the Company in the IT community. Some of the activities are Industry segment specific tradeshows, Trade Shows with reseller partners and Sponsored demonstrations and training for partner customers.

Public Relations

The public relations effort has been focused on the following with the aim of positioning the Company as the premier solution provider in the business continuity space.

- Press articles
- News releases
- Press events
- Product reviews
- White papers
- Case studies and success stories

Channel Marketing Activity

Marketing activity to drive the channel sales are conducted on an on-going basis. Some of these activities are generic in nature while others are channel specific

Telco Channel

- Industry specific training for Telco sales
- Collateral materials such as brochures, flyers etc
- Participate in Telco internal marketing events
- Newsletters to Telco sales teams
- Website logos and Telco section in the website
- Co-branded collateral materials to market to potential end users

VAR Channel

- Sponsor end-user events
- Participate in VAR organized customer open houses
- Regular sales training with positioning emphasis
- Joint mailers
- Email blasts (due to spamming concerns, these are restricted towards VARs current customer base)
- VAR section in the website
- Joint participation in trade shows
- Call campaigns

Common activity

- Sponsorship of events such as sales contests, off-site training, golf outings etc
- Collateral materials
- Newsletters to keep channels abreast of latest news regarding the Company
- Success stories as case studies
- White papers

Lead Generation

The Company uses online web activity to generate leads every day. This has added more opportunities to the Company's pipeline.

Sales Strategy

The company has a two-pronged approach to sales. One is the VAR channel and the other is the Telco Channel.

The Company has over 500 resellers worldwide. A typical Fatpipe VAR is well established in networking markets, has 5 to 20 sales people who have been trained by the Company to take advantage of Opportunities. The Company provides generous discounts to VARs and this coupled with the compelling technology is a powerful factor in its productive VAR network.

The Telco Channel is more strategic in nature with synergies between Telco objectives and the company's enabling technology that drives the relationship. Fatpipe technology allows Telco's approach potential customers with a solution that makes their WANs fail proof. This solution based sales approach results in higher margin sales of multiple Telco services. As opposed to this, without access to Fatpipe technology, they are faced with displacing incumbent providers (usually a price war) or selling the BGP solution (a cumbersome, inefficient solution).

To take advantage of these two channels, the company has a talented team of highly trained Account Executives (AE). Each AE is responsible for sales in distinct territories. They manage the VAR and Telco relationships and frequently travel to cement them. As a part of their duties, each AE also jaunts for new opportunities and these are shared with VARs and Telcos. Thus, the flow of opportunities is two-way allowing the AE's to leverage the full complement of the partners' sales staff.

Manufacturing process

The company develops software and installs the software on standard PC platforms. As such the Company does not manufacture hardware. Due to this, the company has the flexibility to expand capacity as needed by acquiring more off the shelf items and assembling them. The company has outsourced its assembly of components, so that it can focus on its business of developing world class products that use proprietary software in standard hardware platforms.

Branding

The Fatpipe brand is now well established amongst the resellers and IT community and the company continues to build on the brand. "FAT PIPE" is also trade marked in the USA. In the IT community globally, Fatpipe is a generic term used to indicate fast bandwidth, and hence trade marking it is akin to trade marking the word `Aspirin` for a company selling pain relievers. The Company gets strong market recognition and leverage from the brand name Fatpipe.

Export Obligation

While extending all the facilities and privileges administrable under the STP Scheme for the Company's units located at 68, (Old No. 149), Greams Road, 3rd Floor, North Wing, Greams Dugar, Chennai - 600 006, the Company is required to export a minimum of US\$ 0.25 milion. The export performance of the company is in excess of the minimum export requirement.

Future Prospects

The Company has technologically advanced products in the area of WAN redundancy. The Company pioneered this technology and has 7 patents with over 100 claims to its credit. In addition, the Company has filed multiple patent applications covering new technology, cementing the company's leadership role in development of this technology. The Company products provide up to 99.999988% WAN uptime, a level of reliability hitherto unobtainable by using any single ISP. Given the need for WAN reliability as a part of an overall business continuity plan, the Company technology is increasingly viewed as imperative technology. Besides the high level of WAN reliability, the Company's MPSEC technology also provides a high level of WAN transmission security, making transmissions virtually unbreakable. In addition, the Company's MPVPN product provides unparalleled transmission continuity for virtual private networks with seamless transmission over multiple lines and automatic failover. Fatpipe's IPVPN product provides for the most flexible WAN transmission capability working with any type of WAN lines, public and private.

Till recently, the company was focused on the US market. It is important for a technology company to build its brand in the US, as customers' worldwide look to the US for acceptance of the latest technology. Fatpipe is now developing relationships outside the US, and about 10% of its income comes from international business. It plans to expand its international business post IPO and is focused on increasing the share of non-US business to 40% of sales.

There are number of opportunities to grow the company both organically and through acquisition. The Company will use its cash and stock currency to effect such acquisition as needed to expand the product line and grow the Company. In addition, the Company has products that fulfill a growing market need. The Company plans on expanding the product range through internal developments and strategic acquisitions. There are several companies that make complementary products that could be acquired. Opportunities to grow the company outside the US are significant. The company plans on boosting the present global sales of 10% of revenues to 40% in 3 years.

Copycat competitors are a constant threat and continuing vigilance is imperative. Low end competitors from potential patent violators are a threat, but the company has been able to compete effectively with the clones for the WARP product. This is because the company has been able to capitalize on customer fears of trying small, untrustworthy devices to provide WAN business continuity. Fatpipe will take legal action against anyone that infringes on its intellectual property and has recently initiated legal action against Xroads Networks Inc.

Trends show that India, the United States, Mexico, Brazil, Africa and other key regional markets demand efficient, productive and reliable networks to compete in regional and world markets. FatPipe is poised to seize the opportunity of growth, with special focus on India, which showed twice the growth rate of other regional averages outside of China. (Notably, Brazil and Mexico also showed great growth, and Fatpipe has started doing business there starting 2008).

FatPipe sells its products worldwide through a network of authorized distributors and dealers. FatPipe is proposing to expand its operations to China, Singapore, South Africa, Kenya, Nigeria, Argentina, Belgium, Germany, France, Eastern Europe and Australia.

Competition

The Company's products are protected by multiple patents. However, there are a few companies that copy and potentially infringe on the concept and intellectual property.

The Company currently does not face direct competition for its MPVPN and IPVPN concepts. It has not faced competition for the MPVPN and IPVPN products, both of which are protected by patents. Fatpipe is not aware of specific future competition, but will remain focused on developed leading edge patentable products to ensure its lead in this market segment continues to hold.

It is believed that the principal competitive factors in the markets in which the Company competes are product functionality, the ability to provide effective and comprehensive solutions, recommendations and references of other customers, pricing, timely introduction of new products, especially products of next generation and responsive customer support. Therefore, to differentiate the Company from and to stay ahead of competition, the Company aims to develop products from a business rather than a pure technology perspective, leveraging the significant domain expertise. The Company also benefits from lower development costs in India.

INTELLECTUAL PROPERTY

1. Patents

The following patents were assigned to the erstwhile RSDC by Dr. Ragula Bhaskar and Ms. Sanchaita Datta.

A patent assignment dated June 25, 2009 has been executed by Dr. Ragula Bhaskar, Sanchaita Datta and Balasubramaniam Padmanaban ("Inventors") wherein the 5 patent applications earlier assigned to RSDC have been re-assigned to the Company for a consideration of \$1.00 and other good and valuable consideration with effect from January 13, 2009.

Under the said assignment the United States Commissioner of Patents and Trademarks, and other intellectual property officials in the US and in foreign countries as are duly authorized by their laws to issue patents, are requested and authorized to issue any and all patents and registrations on the subject matter disclosed in the Patents to the Company as owner of the entire interest, for the sole use and benefit of the Company, its successors, assigns and legal representatives.

Patent No - Date of Grant	Description of Product
6253247 B1 - June 26 th 2001	System and Method for transmitting a user's data packets concurrently over different telephone lines between two computer networks. Methods and systems are provided for transmitting a user's data between two computer networks over physically separate telephone line connections which are allocated exclusively to the user. The user's data is placed in data packets, which are multiplexed onto the separate connections and sent concurrently to a demultiplexer. The data packets contain a computer network address such as an Internet protocol address. A dynamic address and sequence table allows the demultiplexer operation to restore the original order of the data after receiving the packets. The set of connections constitutes a virtual "fat pipe" connection through which the user's data is transmitted more rapidly. Additional users may be given their own dedicated "fat pipe" connections.
6295276 B1 - September 25 th 2001	Combining Routers to increase concurrency and Redundancy in external network access. Methods, configured storage media, and systems are provided for increasing bandwidth between a local area network ("LAN") and other networks by using multiple routers on the given LAN. Data packets are multiplexed between the routers using a novel variation on the standard address resolution protocol, and other components. On receiving data destined for an external network, a controller or gateway computer will direct the data to the appropriate router. In addition to providing higher speed connections, the invention provides better fault tolerance in the form of redundant connections from the originating LAN to a wide area network such as the Internet.
6493341 B1 - December 10 th 2002	Combining Routers to increase concurrency and Redundancy in external network access. Methods, configured storage media, and systems are provided for increasing bandwidth between a local area network ("LAN") and other networks by using multiple routers on the given LAN. Data packets are multiplexed between the routers using a novel variation on the standard address resolution protocol, and other components. On receiving data destined for an external

Patent No - Date of Grant	Description of Product
	network, a controller or gateway computer will direct the data to the appropriate router. In addition to providing higher speed connections, the invention provides better fault tolerance in the form of redundant connections from the originating LAN to a wide area network such as the Internet.
6775235 B2 - August 10 th 2004	Tools and techniques for directing packets over disparate networks. Methods, configured storage media, and systems are provided for communications using two or more disparate networks in parallel to provide load balancing across network connections, greater reliability, and/or increased security. A controller provides access to two or more disparate networks in parallel, through direct or indirect network interfaces. When one attached network fails, the failure is sensed by the controller and traffic is routed through one or more other disparate networks. When all attached disparate networks are operating, one controller preferably balances the load between them.
7269143 - September 11 th 2007	Combining routers to increase concurrency and redundancy in external network access. A controller is provided for increasing bandwidth between a local area network ("LAN") and other networks by using multiple routers on the given LAN. Data packets are multiplexed between the routers using a novel variation on the standard SYN packet synchronization protocol, and other components. On receiving data destined for an external network, the controller or gateway computer will direct the data to appropriate router. In addition to providing higher speed connections, the invention provides fault tolerance in the form of redundant connections from the originating LAN to a wide area network such as internet.
7444506 - October 28 th 2008	Selective encryption with parallel networks. Methods, devices, and systems for efficient, secure, parallel data transmission are disclosed. Data from a local source is divided, with one portion being encrypted and then sent over an open public network, and another portion being sent over a private network without any such supplemental encryption. Then portions are thus transmitted at least partially in parallel over networks having different security characteristics, in a manner that helps compensate for the lower security of the open public network without imposing unnecessary encryption overhead on packets being sent over the more secure private network.
7406048 - July 29 th 2008	Tools and techniques for directing packets over disparate networks. Methods, configured storage media, and systems are provided for communications using two or more disparate networks in parallel to provide load balancing across network connections, greater reliability, and/or increased security. A controller provides access to two or more disparate networks in parallel, through direct or indirect network interfaces. When one attached network fails, the failure is sensed by the controller and traffic is routed through one or more other disparate networks. When all attached disparate networks are operating, one controller preferably balances the load between them.

A patent assignment dated 18th June 2009 has been executed by Dr. Ragula Bhaskar, Sanchaita Datta and RSDC whereby all the right, title and interest in the above mentioned patents and 11 patent applications have been assigned to the Company. The trademarks and patents were transferred to FNIL pursuant to the scheme of amalgamation sanctioned by Hon'ble High Court of Madras.

2. Trademarks

The erstwhile RSDC has obtained the following trademark registrations. A trademark assignment agreement dated June 23rd 2009 has been executed by RSDC and the Company whereby RSDC has assigned to the Company (its successors and assigns) its entire right, title and interest in the trademarks

specified above including the right to enforce in the US and throughout the world in the sole name of "Fatpipe-India" including the goodwill of the business symbolized by such marks.

Mark	Application Number	Filing Date	U.S. Patent No	Registered
FAT PIPE	75/241143	February 12, 1997	2236238	March 03, 1999
MPSEC	76/209447	February 13, 2001	2717874	May 20, 2003
MPVPN	78/063238	May 12, 2001	2696702	March 11, 2003
SPAM POLICE	78/412800	May 04, 2004	3568580	January 27, 2009

The trademarks assigned also include the following unregistered trademarks:

- i. IPVPN,
- ii. WARP
- iii. XTREME
- iv. KOMPRESSOR
- v. SmartDNS
- vi. RAIL

By the said assignment agreement the Company has also licensed to RSDC the right to use the trademarks, subject to the existing quality controls of the goods and services to which the said trademark pertains, any of which may be commercially reasonably modified from time to time in the course of business.

The value of the 7 US patents and 3 trademarks that the company currently holds was Rs. 2187.65 lacs and as on 31/12/09 was Rs. 2275.94 lacs. The patents were valued at cost incurred by the company in developing the technology and obtaining the patents.

3. Copyrights

The Company does not own any registered copyrights.

4. Designs

The Company does not have any registered designs protected under the provisions of the Designs Act, 2000.

5. Domain Names

The Company has the following domain names:

www.fatpipeinc.com
www.fatpipe.com
www.fatpipe.co.in

These domain names are registered under the name of RSDC.

Property

Details of Immovable Properties in the possession of the Company:

The details of the immovable leasehold properties of the Company are set out hereunder:

Sr. No	Parties	Date and Term	Schedule of Property	Extent	Consideration
1	AL Saraswathy And Fatpipe	Declaration of Oral lease dated 18 th December 2008 whereby the lease was granted for a period of 24 months effective	Immovable property situated at Northern Wing, 3 rd Floor,	Approx. 3315 Sq. Ft.	Rent - Rs. 1,06,080/- (Rupees one lakh six thousand and eight only) per month @ Rs.32 per Sq.feet.

Sr. No	Parties	Date and Term	Schedule of Property	Extent	Consideration
	Networks India Limited	from 1 st February 2008 to 31 st January 2010	Greams Dugar, No. 68 (Old No. 149), Greams Road, Chennai		Interest Free Security Deposit - Rs. 6,36,480/- Rupees six lakhs thirty six thousand four hundred and eighty only)

The details of the immovable properties of RSDC which stand transferred to the Company by virtue of the Merger is as set out hereunder:

Sr. No	Parties	Date and Term	Schedule of Property	Extent	Consideration
1	Terramerica Corporation and RSDC dba Fatpipe Networks.	As per the lease agreement after the expiry of the term of the lease the tenancy is deemed to be on month-to-month basis. The present lease has expired on 31 st July 2009.	4455 South, 700 East, Suite# 100, 1 st Floor, Salt Lake City, Utah 84107 and storage unit located on the north side of the training facility at the same place. The lease also includes an additional 3, 411 RSF, comprising suite # 201 of approximate 1,851 RSF and suite # 202 of approximate 1,560 RSF.	First floor space: 10,360 sq. ft. Storage unit: 697 sq. ft.	<u>First Floor-Suite 100:</u> 1 st year: \$129,504.00 or \$10,792.00 per month. 2 nd year: \$133,392.00 or \$11,116.00 per month. <u>Storage Unit- Behind Training Facility</u> 2 nd year: \$ 2,160.00 or \$ 180.00 per month.
2.	Westmount Tech LLC And Ragula Systems Development Company	Dated : May 19, 2005 The lease is for a tenure of three(3) months commencing from June 01, 2005 to August 31, 2005. Seventh Amendment to Lease dated November 16, 2009. The same is effective from December 01, 2009. The term of the lease is amended and extended for three (3) months, expiring on February 28, 2010. (h) Eighth Amendment	9830 South 51 st Street, Suite B-111 Ic in the city of Phoenix, Country of Maricopa, State of Arizona.	4,628 Sq. ft.	The present monthly rent payable by the Company for the remainder of the term is as follows: -\$ 4,165.20 per month+ CAM expenses and tax.

Sr. No	Parties	Date and Term	Schedule of Property	Extent	Consideration
		<p data-bbox="448 226 740 289">to Lease dated February 18, 2010.</p> <p data-bbox="448 323 740 546">The same is effective from March 01, 2010. The term of the lease is amended and extended for three (3) months, expiring on May 31, 2010.</p>			

KEY REGULATIONS AND POLICIES

Applicable Regulation in India

A brief summary of the relevant regulations and policies as prescribed by the Government of India and the relevant state governments that are applicable to the Company are as follows. Please note that the same are based on the legal provisions and the judicial interpretations as on the date hereof, which are subject to change. The regulations and policies set out below are only for general information to the investors and is neither exhaustive nor is a substitute for professional legal advice.

Information Technology Act, 2000

The Information Technology Act, 2000 (“the IT Act”) was enacted with the purpose of providing legal recognition to electronic transactions and facilitating electronic filing of documents. The IT Act further provides for civil and criminal liability including fines and imprisonment for various cyber crimes, including unauthorized access to computer systems, unauthorized modification to the contents of computer systems, damaging computer systems, the unauthorized disclosure of confidential information and computer fraud. The IT Act regulates Information Technology i.e. it governs information storage, processing and communication. The Act provides legal recognition of electronic records and electronic signatures, their use, retention, attribution and security. Penalties are provided for cyber crimes which include tampering with computer source document and electronic publishing of obscene information, in addition to provision of compensation in certain cases.

Software Technology Parks Scheme (“STP Scheme”)

The STP Scheme (under The Ministry of Information Technology, Government of India) has been notified by the Central Government (Ministry of Commerce) in exercise of its powers under Section 3(I) of the Foreign Trade Development and Regulation) Act, 1992 to permit the establishment of Software Technology Parks (STPs) which may be 100% Export Oriented Units undertaking software development for export using data communication links or in the form of physical media and includes export of professional services. All notified IT enabled products and services would qualify their provider for establishing a unit in and benefiting from the STP scheme. Whilst activities falling within the IT sector have not been defined by the FIPB, certain activities under ITES have been notified vide a circular dated September 26, 2000 issued by the Central Board of Direct Taxes (CBDT). The ITES activities which fall under the scope of the said circular includes, (i) Back-Office Operations (ii) Call Centers (iii) Content Development or Animation (iv) Data Processing (v) Engineering and Design (vi) Geographic Information System Services (vii) Human Resources Services (viii) Insurance Claim Processing (ix) Legal Databases (x) Medical Transcription (xi) Payroll (xii) Remote Maintenance (xiii) Revenue Accounting (xiv) Support Centres and (xv) Web-site Services.

Setting up of a STP Unit: An application is required to be made by the company desirous of setting up a unit as an STP to the Director of the STP, which approval is ordinarily granted within 15 days of such application being made subject to (a) items to be manufactured or exported are not restricted or prohibited; (b) the location is in conformity with the prescribed parameters; (c) the export obligation laid down in the STP Scheme is fulfilled; and (d) the unit is amenable to bonding by the Customs and all manufacturing operations are carried out in the same premises. The registration as an STP is location specific. The applicant company pursuant to the requirements of the STP approval would be required to execute an agreement with the Government of India agreeing to comply with conditions prescribed in the STP approval, inter alia, the export obligations and customs bonding of the premises. In order to be able to obtain the STP license, the company would require the following licenses:

- (a) Consent from the relevant customs department;
- (b) An Importer Exporter Code from the Directorate General of Foreign Trade (in order to be able to export its services/products); and

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

1. All imports of hardware and software are duty free. The import of second hand goods is permitted and the re-export of capital goods is also permitted. Further, domestic purchases by the unit are eligible for the benefit of deemed exports to the equipment suppliers;
2. Sales in the domestic tariff area (DTA) are permissible up to 50% of the export in value terms;
3. No corporate income tax is payable till the year 2010;
4. The capital goods purchased from the DTA are entitled to benefits relating to the levy of excise duty and the reimbursement of central sales tax;
5. Capital invested by foreign entrepreneurs, know-how fees, royalties and dividend can freely be repatriated after payment of income taxes due on them, if any;
6. The income of these STP units can also be invested in principal companies overseas;
7. The unit is entitled to a Green Card for priority treatment for Government clearances and other services;
8. Depreciation on capital goods can be availed of above 90% over a period of five years and also the accelerated rate of 7% per quarter during the first two years subject to an overall limit of 70% in the first three years; and
9. An STP unit can import all types of goods (including capital goods) without the payment of duty for its activities or in connection therewith provided that such goods are not prohibited items of import.

Importer Exporter Code

Under the Indian Foreign Trade Policy, 2004, no export or import can be made by a person or company without an Importer Exporter Code number unless such person/company is specifically exempted. An application for an Importer Exporter Code number has to be made to the office of the Joint Director General of Foreign Trade, Ministry of Commerce. An Importer Exporter Code number allotted to an applicant is valid for all its branches/divisions/ units/factories.

State Specific Benefits

In addition to the benefits offered to an ITES company under the STP Scheme, certain benefits are also available under the relevant state legislation/regulations. These benefits include rebates/waivers in relation to payments for transfer of property and registration (including for purchase/lease of premises), waiver of conversion fee for land, entry tax exemptions, labour law relaxations, exemption from state pollution control requirements and commercial usage of electricity.

Labour Laws

India has stringent labour legislation protecting the interests of employees. There is a clear distinction between (i) employees who are 'workmen' (as defined under various enactments including the Industrial Disputes Act, 1947 (the "IDA") and (ii) employees who are not 'workmen'. Workmen have been provided several benefits and are protected under various labour laws, whilst those persons who have not been classified as workmen are generally not afforded statutory benefits or protection, except in relation to bonus, provident fund and gratuity. Employees are usually subject to the terms of their employment contracts with their employer, which are regulated by the provisions of the Indian Contract Act, 1872.

A brief description of certain labour legislation applicable to the industry is set forth below:

Tamil Nadu Shops and Establishments Act, 1947

The Tamil Nadu Shops and Establishment Act, 1947 (the "Shops and Establishment Act") lays down the regulations pertaining the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of, inter alia, registration, opening and closing hours, daily and weekly working hours, holidays, leaves, health and safety measures and wages for overtime work.

Employees Provident Fund and Miscellaneous Provisions Act, 1952

The Employees Provident Fund and Miscellaneous Provisions Act, 1952, as amended, provides for the institution of compulsory provident fund, pension fund and deposit linked insurance funds for the benefit of employees in establishments. A liability is placed both on the employer and the employee to make certain contributions to the funds mentioned above.

Employees State Insurance Act, 1948

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

Payment of Bonus Act, 1965

Pursuant to the Payment of Bonus Act, 1965, as amended (the "Bonus Act"), an employee in an establishment who has worked for at least 30 working days in a year is eligible to be paid bonus. Contravention of the provisions of the Bonus Act by a company will be punishable by imprisonment up to six months or a fine up to Rs.1,000 or both against persons in charge of, and responsible to the Company for, the conduct of the business of our Company at the time of contravention.

Payment of Gratuity Act, 1972

Under the Payment of Gratuity Act, 1972, as amended (the "Gratuity Act"), an employee who has been in continuous service for a period of five years will be eligible for gratuity upon his retirement or resignation, superannuation or death or disablement due to accident or disease. The maximum amount of gratuity payable must not exceed Rs.350,000. An employee in a factory is said to be in 'continuous service' for a certain period notwithstanding that his service has been interrupted during that period by sickness, accident, leave, absence without leave, lay-off, strike, lock-out or cessation of work not due to the fault of the employee. The employee is also deemed to be in continuous service if the employee has worked (in an establishment that works for at least six days in a week) for at least 240 days in a period of 12 months or 120 days in a period of six months immediately preceding the date of reckoning.

Intellectual Property

The intellectual property of the company includes the registered intellectual property rights, including patents, trademarks and patent applications made by the company in relation to various inventive products and processes and registered, as well as unregistered rights in intellectual property including copyrights in relation to software. The salient features of the legal regime governing the acquisition and protection of intellectual property in India are briefly outlined below.

Patent Protection

The Patents Act, 1970 ("Patents Act") is the primary legislation governing patent protection in India. In addition to broadly requiring that an invention satisfy the requirements of novelty, utility and non-obviousness in order for it to avail patent protection, the Patents Act further provides that patent protection may not be granted to certain specified types of inventions and materials even if they satisfy the above criteria. The term of a patent granted under the Patents Act is for a period of twenty years from the date of filing of application for the patent. The Patents Act deems that computer programmes per se are not 'inventions' and are therefore not entitled to patent protection. This position was diluted by the Patents Amendment Ordinance, 2004 which included as patentable subject matter:

- a) Technical applications of computer programs to industry; and
- b) Combinations of computer programs with the hardware.

However, the Patents Amendment Act, 2005 does not include this specific amendment and consequently, the Patents Act, as it currently stands, disentitles computer programs per se from patent protection.

The public use or publication of an invention prior to the making of an application for a patent, may disentitle the said invention to patent protection on grounds of lack of novelty. Under the Patents Act, an invention will be regarded as having ceased to be novel (and hence unpatentable), inter alia, by the existence of:

- (i) any earlier patent on such invention in any country;
- (ii) prior publication of information relating to such invention;
- (iii) an earlier product showing the same invention; or
- (iv) a prior disclosure or use of the invention that is sought to be patented

Following its amendment by the Patents Amendment Act, 2005, the Patents Act permits opposition to grant of a patent to be made, both pre-grant and post-grant. The grounds for such patent opposition proceedings, inter alia, include lack of novelty, inventiveness and industrial applicability, non-disclosure or incorrect mention of source and geographical origin of biological material used in the invention and anticipation of invention by knowledge (oral or otherwise) available within any local or indigenous community in India or elsewhere.

The Patents Act also prohibits any person resident in India from applying for patent for an invention outside India without making an application for the invention in India. Following a patent application in India, a resident must wait for six weeks prior to making a foreign application or may obtain the written permission of the Controller of Patents to make foreign applications prior to this six week period.

This prohibition on foreign applications does not apply, however, to an invention for which a patent application has first been filed in a country outside India by a person resident outside India.

International Patent Protection Mechanisms

The extent of patent protection granted by any national patent law is limited to the jurisdiction of the country of registration of the said patent. Therefore, the protection of patents on an international scale ordinarily requires that patent applications be filed and granted in multiple jurisdictions. In order to avoid multiplicity of applications, mechanisms under various international treaties have evolved providing for the effective filing of simultaneous patent applications in multiple jurisdictions by filing of a single international application. The Patent Co-operation Treaty, 1970, ("PCT") creates one such mechanism whereby filing an application under the PCT results in the effective filing of a separate application in each of several designated countries under the PCT. India is a signatory to the PCT

An application under the PCT procedure is processed in two phases, i.e.:(a). an international phase wherein an international application is filed in the International Bureau; and (b). a national phase consisting of the conversion of the application into national patent applications in designated countries.

A PCT application may be filed by a national or resident of a state which is a signatory to the PCT at the patent office of such state at the WIPO International Bureau. At the filing stage, the applicant indicates those contracting states in which he wishes his application to form an effective filing. Upon filing, the invention, which is claimed under the application, is subjected to an "international search" which is carried out by an International Searching Authority identified by the patent filing office. In the event that the international search results in any evidence of prior art, which resembles the claim being searched for, the applicant has the option to either withdraw his application, or defend the claim at the national level with each national patent office. If the application is not withdrawn, it is published in the International Bureau along with the international search report and communicated to the patent office in each designated country. Subsequently, upon the applicant electing to do so, patent applications are submitted to the national phase wherein the claimed invention is examined by the national patent offices of the designated countries for grant of the patent.

Another international treaty governing international patent protection is the Paris Convention for the Protection of Industrial Property, 1883 (the "Paris Convention"). The Paris Convention requires its member countries to guarantee to the citizens of the other countries the same rights in patent and trademark matters that it gives to its own citizens. Further, in case of patent filings in multiple jurisdictions, this treaty grants a right of priority to the applicant which means that the applicant who has filed an application in any contracting states, may apply for protection in any other contracting states within 12 months and claim priority over other applications which have been filed by other applicants during the said 12 month period.

Copyright Protection

The Copyright Act, 1957 ("Copyright Act") governs copyright protection in India. Under the Copyright Act, copyright may subsist in original literary, dramatic, musical or artistic works, cinematograph films, and sound recordings. Software, both in source and object code, constitutes a literary work under Indian law and is afforded copyright protection. Following the issuance of the International Copyright Order, 1999, subject to certain exceptions, the provisions of the Copyright Act apply to nationals of all member states of the World Trade Organisation.

While copyright registration is not a prerequisite for acquiring or enforcing a copyright in an otherwise copyrightable work, registration constitutes prima facie evidence of the particulars entered therein and creates a rebuttable presumption favoring the ownership of the copyright by the registered owner. Copyright registration may expedite infringement proceedings and reduce delay caused due to evidentiary considerations. Once registered, the copyright protection of a work lasts for a 60-year period following the death of the author.

Reproduction of a copyrighted work for sale or hire, issuing of copies to the public, performance or exhibition in public, making a translation of the work, making an adaptation of the work and making a cinematograph film of the work without consent of the owner of copyright are all acts which expressly amount to an infringement of copyright. With respect to computer software, in addition to the above, any unauthorised sale and commercial rental of software also amount to infringement of copyright. The Copyright Act also prescribes certain fair use exceptions which permit certain acts which are otherwise considered copyright infringement. In respect of computer software, these fair use exceptions would include:

- (i) the making of copies or adaptations of a computer program by the lawful possessor of a copy of such computer program in order that it may be utilised for the purposes for which it was supplied;
- (ii) the right of the lawful possessor to obtain any other essential information for interoperability of an independently created computer program, if that information is not otherwise readily available;
- (iii) the observation, study, or test of functioning of the computer program in order to determine the ideas and principle which underline any elements of the program while performing such acts necessary for the functions for which the computer program is supplied; and
- (iv) The making of copies or adapting the computer program from a personal legally obtained copy for any non-commercial personal use.

The remedies available in the event of infringement of copyright under the Copyright Act include civil proceedings for damages, account of profits, injunction and the delivery of the infringing copies to the copyright owner.

The Copyright Act also provides for criminal remedies including imprisonment of the accused and the imposition of fines and seizures of infringing copies. A third set of remedies are administrative or quasi judicial remedies which are prosecuted before the Registrar of Copyright to ban the import of infringing copies into India and the confiscation of infringing copies.

International Treaties for Copyright Protection

India is a signatory to the Convention of International Union for the Protection of Literary and Artistic Works (the “Berne Convention”), the Universal Copyright Convention, 1952, (the “UCC”) the Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations, 1961 and as a member of the World Trade Organisation is a signatory to the Agreement on Trade Related aspects of Intellectual Property Rights (the “TRIPS Agreement”). The TRIPS Agreement embodies a set of minimum standards that all signatories have to adhere to in respect of all forms of intellectual property protection, including copyright.

The Berne Convention requires that the signatory countries provide the same rights to foreigners from other member countries as to their own nationals and mandates automatic protection not subject to procedural formalities. It also provides for minimum substantive standards of protection, dealing with the duration of copyright and the exclusive rights which the author shall hold. While the Berne Convention does not prescribe what works are required to be protected under it, computer software has been brought under its purview by means of Article 10 of the TRIPS Agreement.

The UCC provides for similar protection, including national treatment and minimum substantive rights to be granted to copyright holders. The substantive provisions include the right of foreign national of a signatory country whose work was first published outside a signatory state to claim copyright protection in that signatory state under the UCC upon the printing of a copyright symbol and certain other information.

Trademarks

The Trade Marks Act, 1999 (the “Trademark Act”) governs the statutory protection of trademarks in India. In India, trademarks enjoy protection under both statutory and common law.

Indian trademarks law permits the registration of trademarks for goods and services. Certification trademarks and collective marks are also registrable under the Trade Mark Act. An application for trademark registration may be made by any person claiming to be the proprietor of a trademark and can be made on the basis of either current use or intention to use a trademark in the future. The registration of certain types of trade marks are absolutely prohibited, including trademarks that are not distinctive and which indicate the kind or quality of the goods.

Applications for a trademark registration may be made for in one or more international classes. Once granted, trademark registration is valid for ten years unless cancelled. If not renewed after ten years, the mark lapses and the registration for such mark has to be obtained afresh. While both registered and unregistered trademarks are protected under Indian law, the registration of trademarks offers significant advantages to the registered owner, particularly with respect to proving infringement. Registered trademarks may be protected by means of an action for infringement, whereas unregistered trademarks may only be protected by means of the common law remedy of passing off. In case of the latter, the plaintiff must, prior to proving passing off, first prove that he is the owner of the trademark concerned. In contrast, the owner of a registered trademark is prima facie regarded as the owner of the mark by virtue of the registration obtained.

Industrial Designs

Industrial Designs are governed by the Designs Act, 2000 and Designs Rules 2001 and administered by the Controller General of Patents, Designs and Trade Marks.

The registration of a design confers on the registered proprietor the right to take action against third parties who apply the registered design without licence or consent. The registration is valid for 10 years from the date of application i.e. date of filing or the date of priority whichever is earlier. The period may be extended by another period of 5 years on filing an application for extension of copy right before the expiry of the said period of 10 years. Under the Designs Act, “Design” has been defined as the features of shape, configuration, pattern, ornament or composition of lines or colours applied to any article whether in two dimensional or 3D or in both forms. The Design should be new and original and has not been disclosed to the public in India or any other country.

Pursuant to India becoming a member of the WTO, Paris Convention and the Patent Cooperation Treaty (PCT), any of the member countries can claim priority rights in respect of Designs.

Trade Secrets and Confidential Information

In India, trade secrets and confidential information enjoy no special statutory protection and are protected under Common Law.

Transfer of Property Act, 1882

The transfer of property, including immovable property, between living persons, as opposed to the transfer of property by the operation of law, is governed by the Transfer of Property Act, 1882 ("T.P. Act"). The T.P. Act establishes the general principles relating to the transfer of property, including, among other things, identifying the categories of property that are capable of being transferred, the persons competent to transfer property, the validity of restrictions and conditions imposed on the transfer and the creation of contingent and vested interest in the property.

Registration Act, 1908

The Registration Act, 1908 ("Registration Act") has been enacted with the object of providing public notice of the execution of documents affecting the transfer of an interest in immoveable property. The purpose of the Registration Act is the conservation of evidence, assurances, title, and publication of documents and prevention of fraud. It details the formalities for registering an instrument. Section 17 of the Registration Act identifies documents for which registration is compulsory and includes, among other things, any non-testamentary instrument which purports or operates to create, declare, assign, limit or extinguish, whether in the present or in future, any right, title or interest, whether vested or contingent, in immovable property of the value of Rs. 100 or more, and a lease of immovable property for any term exceeding one year or reserving a yearly rent. A document will not affect the property comprised in it, nor be treated as evidence of any transaction affecting such property (except as evidence of a contract in a suit for specific performance or as evidence of part performance under the T.P. Act or as collateral), unless it has been registered.

The Indian Stamp Act, 1899

Stamp duty needs to be paid on all documents specified under the Stamp Act and at the rates specified in the Schedules thereunder. The rate of stamp duty varies from state to state. The stamp duty is payable on instruments at the rates specified in Schedule I of the said Act. The applicable rates for stamp duty on these instruments, including those relating to conveyance, are prescribed by state legislation. Instruments chargeable to duty under the Stamp Act which are not duly stamped are incapable of being admitted in court as evidence of the transaction contained therein. The Stamp Act also provides for impounding of instruments which are not sufficiently stamped or not stamped at all.

The Income Tax Act, 1961

In addition to prescribing regulations for computation of tax liability on income, the Income Tax Act provides that any company deducting tax must apply to the assessing officer for the allotment of a tax deduction account number. Furthermore, the legislation requires every taxpayer to apply to the assessing officer for a permanent account number.

Foreign Investment

100% foreign investment is permissible under the automatic route in the information technology structure, provided that the foreign investor satisfies and complies with the requirements as specified in the Foreign Exchange Management Act, 1999 and the relevant Rules and Regulations framed there under and the various notifications and the FDI Policy issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry vide Circular 1 of 2010 which is effective as of 2010. Pursuant to any foreign investment, a company would be required to make filings with the Reserve Bank of India and the authorized dealer informing them of the foreign investment and the allotment of shares of the company.

HISTORY AND OTHER CORPORATE MATTERS

FatPipe Networks India Limited (FNIL) was incorporated on December 24, 2002 as a Private Limited Company under the name and style "FatPipe Networks India Private Limited" the registration number of the Company being U72200TN2002PTC050086. The registered office of the Company is located at 3rd Floor, Northern Wing, Greams Dugar, No. 68 (Old No. 149), Greams Road, Chennai 600 006. The Company on August 7, 2008 passed a resolution inter alia for conversion of the Company from a private limited company to a public limited company. The Company received a fresh certificate of incorporation on September 6, 2008 confirming the conversion of the Company to a public limited company.

Ragula Systems Development Company (RSDC) dba FatPipe US was incorporated in the year 1989 in the State of Utah. RSDC was promoted by Dr. Ragula Bhaskar. FatPipe US provides businesses and government entities the world's most advanced mission critical wide area network reliability, redundancy and transmission security appliances that ensures reliability exceeding 99.999988%. In 2004, FatPipe US was ranked Utah's #6 fastest growing company and 189th fastest growing private company in the USA.

The board of directors of FNIL on November 27, 2007 passed a resolution proposing to adopt either a share exchange transfer with the shareholders of Ragula Systems Development Company (**RSDC**), a company incorporated under the laws of Utah, USA or a merger of RSDC with the Company as deemed fit by the shareholders of the respective companies.

The Company had filed a scheme of amalgamation ("**Scheme of Amalgamation**") in the High Court of Tamil Nadu in order to merge RS with itself. Under the said scheme

- 1.1 the entire businesses and all the movable and immovable properties, real or personal, corporeal or incorporeal, including fixed assets, capital assets, capital work-in-progress, current assets, investments of all kinds, lease and hire purchase contracts, lending contracts, benefits of any security arrangements, reversions, powers, authorities, allotments, approvals, consents, licenses including engagements, arrangements, rights, title, interest, quotas, benefits and advantages of whatsoever nature and wheresoever situated, belonging to or in the ownership, power or possession and/or in the control of or vested in or granted in favour of and enjoyed by RS including all patents, trademarks, copyrights, trade names and other intellectual property rights of any nature whatsoever and licenses in respect thereof, privileges, liberties, easements, advantages, exemptions, benefits, leases, leasehold rights, tenancy rights, ownership flats, quota rights, permits, approvals, authorizations, right to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity, power lines, communication lines and other services, reserves, deposits, provisions, funds, benefit of all agreements, subsidies, grants, tax credits, Income tax, sales tax, turnover tax, excise, customs and all other interests arising of RS after 1st April 2008 ("**Appointed Date**") shall be transferred to and vested in and / or deemed to be transferred to and vested in the Company without any further act or deed or instrument, pursuant to the provisions of Section 394 of the Companies Act, 1956 for all the estate, assets, right, title and interest of RS, so as to become as and from the appointed date, the estate, assets, rights, title and interests of the Company.
- 1.2 all debts, liabilities, duties and obligations of RS including debentures and contingent liabilities not provided in their books after the Appointed Date shall also stand transferred or deemed to be transferred without any further act or instrument or deed to the Company so as to become as and from that date, the debts, liabilities, duties and obligations of the Company.
- 1.3 all the loans, advances and other facilities sanctioned to RS by their bankers prior to the Appointed Date, which are partly drawn / utilized shall be deemed to be the loans and advances sanctioned to the Company and the said loans and advances shall be drawn / utilized either partly or fully by the Transferor Company from the Appointed Date till the effective date, as defined under the Scheme of Amalgamation ("**Effective Date**") and all the advances / loans and or other facilities so drawn by RS

(within the overall limits sanctioned by their bankers) shall on the Effective Date be treated as advances and loans made available to the Company under any loan agreement shall be construed and shall become the obligation of the Company without any further act, or deed on the part of the Company.

- 1.4 all legal or other proceedings by or against RS- pending and / or arising on or before the Effective Date including their property, rights, powers, liabilities, debts, obligations and duties, etc. of RS shall be continued and be enforced by or against the Company, as the case may be, as effectually as if the same had been pending and/or arising by or against the Company.
- 1.5 all contracts, deeds, bonds, agreements and other instruments of whatsoever nature to which RS is a party subsisting or having effect immediately before the amalgamation, shall be, in full force and effect, against or in favour of the Company as the case may be, and may be enforced as fully and as effectively as if instead of RS the Company had been a party thereto.
- 1.6 it is expressly made clear that the dissolution of RS without the process of winding up as contemplated in the Scheme of Amalgamation, shall not, except to the extent set out in the Scheme, affect the previous operation of any contract, agreement, deed or any instrument or beneficial interest to which RS is a party thereto and shall not affect any right, privilege, obligations or liability acquired, deemed to have been acquired and all such reference in such agreements, contracts and instruments to RS shall be construed as reference only to the Company with effect from the Effective Date.
- 1.7 All employees of RS in service on the Effective Date shall become the employees of the Company on such date without any break or interruption in service and on terms and conditions as to remuneration not less favourable than those subsisting with reference to RS as on the said date.
- 1.8 In so far as provident fund, gratuity fund, superannuation fund or any other special scheme(s) / fund(s) created or existing for the benefit of the employees of RS is concerned, shall at an appropriate stage be transferred to the relevant funds of the Company and till such time shall be maintained separately on existing terms. All the rights, duties, powers and obligations of RS in relation to such schemes / funds shall become those of the Company for all the purposes whatsoever related to the administration or operation of such schemes or funds or in relation to the obligation to make contributions to the said schemes / funds as per the terms provided in the respective trust deeds. The service of the employees of the RS will be treated as having been continuous for the purposes of the aforesaid schemes/funds.
- 1.9 Upon the coming into effect of the Scheme of Amalgamation, and in consideration of the transfer of and vesting of RS in the Company, the Company shall without any further application, act, instrument or deed, issue and allot to the stockholders of the RS (the "Members"), on a date to be fixed by the Board of Directors of the Company or a committee of such Board of Directors, equity shares of Rs. 10/- (Rupees ten only) each, credited as fully paid up, in the ratio of 1 equity shares of the face value of Rs. 10/- (Rupees ten only) each in the Company for every:
 - (a) 1 common stock held in RS .
 - (b) 1 Series A Preferred stock held in RS.
 - (c) 1 Series B Preferred stock held in RS.
 - (d) 1 Series C Preferred stock held in RS

The said equity shares to be issued and allotted by the Company shall rank pari passu in all respects from the date of allotment in terms of this scheme, with the existing equity shares of the Company, with all rights thereto, and shall be entitled to full dividend, if any, which may be declared by the Company after the effective date of the scheme.

The merger of RS into the Company was approved by an order of the High Court of Tamil Nadu dated 9th May 2008 which sanctioned the Scheme of Amalgamation and declared it binding on all the equity shareholders of the Company and on the Company.

Rationale for the proposed merger:

The promoters saw many advantages of (i) making FatPipe US a wholly owned subsidiary of FatPipe India, or (ii) merging FatPipe US into FatPipe India, and developing FatPipe India into an international company:

1. The founder of FatPipe India and FatPipe US is a person of Indian origin who wanted to establish his base of operations in India. He was well established in the US, but wanted to develop FatPipe India and make it the headquarters of their worldwide operations. Dr. Ragula Bhaskar, being the founder of both companies was involved on the Boards of several entities in Utah. Dr. Ragula Bhaskar was also a senior reviewer for the State of Utah Centers of Excellence review board. These positions gave Dr. Bhaskar significant access to most of the technology companies and CEOs in the state of Utah for technology partnerships and acquisitions. His philosophy is to make FatPipe the world's best technology company with unique patentable ideas.
2. Making FatPipe US a wholly owned subsidiary of FatPipe India, or merging FatPipe US into FatPipe India, and then acquiring new technology would help capitalize on India's educated and cost effective labor market while utilizing the strong sales team in the US and other locations. Since Dr. Bhaskar has ability to acquire various technology companies and license the latest American technology from universities, he could acquire such technologies and develop companies with a significant research and technology development programs.

Pursuant to such resolution, on November 27, 2007, the Company filed an application with the FIPB on November 28, 2007 seeking its approval for:

- i. A share exchange transaction under which the shareholders of RSDC will transfer the shares held by them to the Company in consideration of which the Company will issue shares to the shareholders of RSDC; and
- ii. the merger of RSDC into the Company (Merger)

The board of directors of RSDC on January 11, 2008 passed a resolution inter alia

- i. Approving the Scheme of Amalgamation and the Merger of RSDC with the Company, subject to the terms of the Scheme of Amalgamation;
- ii. Authorizing RSDC to enter into the Scheme of Amalgamation;
- iii. Empowering Ms. Sanchaita Datta to execute and deliver the Scheme of Amalgamation
- iv. Agreeing to submit the Scheme of Amalgamation for approval and adoption by RSDC's shareholders.

The shareholders of the Company being Dr. Ragula Bhaskar, Ms. Sanchaita Datta and Mr. R. Ethiraj have by way of consent affidavits dated January 15, 2008 and January 19, 2008 respectively accorded their consent for the merger of RSDC into the Company. The Company on February 15, 2008, also filed with the High Court of Tamil Nadu a petition for approving a Scheme of Amalgamation of RSDC with the Company. The High Court of Tamil Nadu on May 9, 2008 passed an order approving the said Scheme of Amalgamation. The Company on May 17, 2008 filed the Order of the High Court with the Registrar of Companies, Tamil Nadu.

The Company obtained an approval from the FIPB on the February 6, 2008 for the issue of shares to the shareholders of RSDC under a swap arrangement of the Merger. By a letter dated March 10, 2008 the FIPB amended its approval dated February 6, 2008 so as to extend the approval to foreign equity participation in the Company by way of an amalgamation of RSDC and the Company.

The Company on March, 24, 2008 made an application with the RBI seeking its approval for the share exchange transaction under which the shareholders of RSDC will transfer the shares held by them to the Company in consideration of which the Company will issue shares to the shareholders of RSDC.

The Company further made a supplementary application to the RBI dated May 22, 2008 seeking approval of the RBI for:

- the Merger;
- the establishment of a branch office by the Company which would carry on the business of the Company in Utah, USA;
- Holding foreign currency accounts in the name of the branch post merger;
- The assets and employees of the foreign branch office being insured by foreign insurers.

The RBI on September 10, 2008 issued a letter to the Company confirming:

- that they have no objection from a FEMA angle to the issue of shares to the shareholders of RSDC pursuant to the Merger
- that they have no objection from a FEMA angle to the Company setting up a branch office by utilizing the assets owned by RSDC and holding foreign currency accounts in the name of the branch post merger by transferring the foreign currency accounts operated by RSDC prior to the Merger.

The assets of the transferor company were transferred to the issuer company at the book value prior to merger. There has been no revaluation in the assets of the company.

The financials of RSDC prior to the merger are as mentioned below

(In USD)

	As on 31/12/2007	As on 31/12/2006	As on 31/12/2005
Total Assets	6209785.80	4338016.32	3822143.79
Total Liabilities	1150818.11	1401503.88	2039529.55
Total Stockholder equity	5058967.69	2936512.44	1782614.24
Sales	9191467.73	8200368.81	5853261.52
Expenditure	6985498.59	6380890.35	5340188.45
Profit After Tax	1537100.81	1153898.20	(65053.96)

The registered office of the Company at the time of incorporation was at AL 143, 11th Main Road, Annanagar, Chennai 600 040 and shifted to 3rd Floor, Northern Wing, Greams Dugar, No. 68 (Old No. 149), Greams Road, Chennai 600 006 w.e.f March 17, 2003.

Key Events in the History of the Company

Year/Date	Key Events
November 20, 1989	Ragula Systems Development Company (RSDC) incorporated in Salt Lake City, Utah.
1995	RSDC ships first products in high-speed networking space of 100 Mbps Technology.
1996	RSDC raises \$ 1000000 in Series A financing round for marketing and new product development from Draper & Associates, Wasatch Ventures and UTFC.
October 16, 1998	RSDC announces the release of Fatpipe T1 bonds multiple T1 lines.
March, 1999	RSDC receives first trademark for "Fat Pipe".
1999	RSDC dba Fatpipe Networks ships first software product for small/medium businesses to combine multiple communication lines to achieve speed and reliability.
January, 2000	RSDC is the first company in the world to ship Fatpipe Xtreme to provide speed, reliability and redundancy to corporate customers.
April 2001	RSDC closes Preferred B Series financing round raising \$8.1 million from Venture Capitalists and individual investors.
June 26, 2001	Patent. No 6253247 registered by RSDC for MPVPN
September 25, 2001	Patent. No 6295276 registered by RSDC for MPVPN and WARP
October, 2002	RSDC closes Preferred C round of financing led by vSpring Capital.

Year/Date	Key Events
December 10, 2002	Patent. No. 6493341 registered by RSDC for MPVPN and WARP
	Fatpipe released Fatpipe MPVPN
August 10, 2004	Patent. No. 6775235 registered by RSDC for IPVPN
2004	Fatpipe released Fatpipe IPVPN
2005	Fatpipe released Fatpipe QOS
2005	Fatpipe released Fatpipe Kompressor
2007	Fatpipe released Fatpipe MPVOIP
September 11, 2007	Patent. No. 7269143 registered by RSDC for IPVPN and MPVPN
July 29, 2008	Patent No. 7406048 for IPVPN registered by RSDC
October 28, 2008	Patent No. 7444506 issued for IPVPN - selective encryption registered by RSDC
2008	Fatpipe released FatPipe Symphony
2009	Fatpipe release WAN Optimization
2009	Fatpipe IPv6 and DNSSEC support

Awards and Certifications received by erstwhile RSDC

Year	Key Events
2009	Outstanding Director Award to Dr. Ragula Bhaskar, Utah Business magazine, Dec 2009.
	YWCA Outstanding Achievement Award in Technology to Ms. Sanchaita Datta, 2009
	Fatpipe Networks Ranked 3617 in the Inc.5000 List
	30 Women to Watch awarded to Ms. Alisanne Guzzetta by Utah Business, 2009
	Top Technology Companies in Utah, Enterprise Magazine, 2009
2008	Mountain West Capital Network Utah 100 - listing of the fastest growing companies in Utah.
	Technology Innovation Award - Co-Founder, Executive Director and Chief Technology Officer was an award recipient of the 2008 Women Tech Awards to Ms. Sanchaita Datta in the area of Technology Innovator Award.
	Utah Asian Chamber of Commerce Outstanding Business Owner Award awarded to Dr. Bhaskar.
	Inc. 5000 - a listing of the fastest growing private companies in America - ranked 3,301 in year 2008.
	Inc. 5000 - a listing of the fastest growing private companies in America - ranked 35 th in the Top Companies in Security.
	Utah's Top Technology Companies - RSDC was ranked as one the top technology companies of the state the Utah based business newspaper, <i>The Enterprise</i> in 2008.
	2008 IQ Award - RSDC was selected as the recipient of <i>Utah Business</i> magazine's 2008 IQ Award, as the most Innovative Technology Company in the area of Communications.
2007	Inc. 5000 - a listing of the fastest growing private companies in America - ranked 2127 in the 2007.
	Inc. 5000 - a listing of the fastest growing private companies in America - ranked 36 th in the Top Companies in Security.
	AAA/CAA's Best Innovative Technology Award.
	Mountain West Capital Network Utah 100 - listing of the fastest growing companies in Utah - Ranked 75 th (fifth year in a row).
	Indus Business Journal's Technology Innovation Awarded to Fatpipe's President and CEO, Dr. Ragula Bhaskar.

Year	Key Events
	Connect Magazine's Reader's Choice Award, "25 People Who Most Influenced Business in Utah," awarded to Fatpipe's President and CEO, Dr. Ragula Bhaskar.
	vSpring Capital's v/100 award - a listing of the Top 100 Entrepreneurs in Utah - awarded to Fatpipe's President and CEO, Dr. Ragula Bhaskar. This award was also received during the year 2006, 2005 and 2004.
2006	Deloitte Technology Fast 500 - a listing of the fastest growing companies in North America - ranked 381
	Mountain West Capital Network Utah 100 - listing of the fastest growing companies in Utah - Ranked 64 th .
	Connect Magazine's Reader's Choice Award, "25 People Who Most Influenced Business in Utah," awarded to RSDC's President and CEO, Dr. Ragula Bhaskar, ranking 15 th .
	Connect Magazine's Reader's Choice Award, "25 People Who Most Influenced Business in Utah," awarded to Fatpipe's Chief Technology Officer, Ms. Sanchaita Datta, ranking 25 th .
2005	Ernst & Young Entrepreneur of the Year, Utah Finalist, Fatpipe's President and CEO, Dr. Ragula Bhaskar.
	Arizona Advantage Award, presented by the Governor of the State of Arizona.
	Mountain West Capital Network Utah 100 - listing of the fastest growing companies in Utah - Ranked 23 rd .
	Silicon India magazine's listing of the Top 100 Indian owned / founded technology companies in the US RSDC, selected by a panel of distinguished CEO's CIO's and VCs as a "Front Runner".
2004	Inc. 5000 - a listing of the America's fastest growing private companies in 2004 - 189 th and 10 th fastest growing company of the 16 companies based in Utah.
	Mountain West Capital Network Utah 100 - listing of the fastest growing companies in Utah - Ranked 6 th .
2003	Mountain West Capital Network Utah 100 - listing of the fastest growing companies in Utah - Ranked 17 th .
	Stoel Rives Utah Innovation Award, Computer Software & Web Services, Fatpipe MPVPN - Finalist.
2002	DCED's Award, "20 Hi-tech CEOs" - a listing of Utah's top High tech CEOs - was awarded to Fatpipe's President and CEO, Dr. Ragula Bhaskar.
	RSDC listed as one of Top 20 Hi-Tech Companies by Utah Business magazine.
	Tech Target Magazine's Network Infrastructure Leadership Award, given to Fatpipe Network's customer, SanDisk, for using FatPipe MPVPN.
2001	Salt Lake Chamber of Commerce's Woman Innovator Awarded to Ms. Sanchaita Datta.
	Utah Business magazine's Top 30 Female Business Women in the State of Utah Award, "30 Women to Watch," awarded to RSDC's Chief Technology Officer, Ms. Sanchaita Datta.
2000	E-Business Forum 2000, Technology Managers Corum, Corporate Challenge Awarded to Dr. Ragula Bhaskar.

Fatpipe Networks India Ltd. (FNIL) prior to the acquisition of RSDC provided management of software development projects from concept to completion and then maintenance and support for the customers. The company was also engaged in services for developing websites and browser based applications with servlets, applets and specialized client/ server applications. The company has extensive experience in internet related

products and services including website design and maintenance using the latest programming tools and techniques, high availability, high reliability and disaster avoidance hosting and network access for several commercial customers.

Main Objects of the Company

The main objects as contained in the Memorandum of Association are:

- 1) To carry on business to manufacture, produce, assemble, repair, service, maintain import, export, trade, buy-sell act as commission agents, stock, hire, lease, design, sell on royalty, provide contract design services, publish, distribute, install, modify, provide contract manufacturing services, and deal in all types of computer software, hardware and computer products and allied accessories and services connected therewith, documentation product such as development of software packages and program.
- 2) To carry on the business of rendering services and development of software packages for industrial, commercial, entertainment, personal, domestic, training, education defence and all other purposes, and to establish and run training centres, factories showrooms, display centre for computers, software, hardware, and other electronic products.
- 3) To carry on the business to develop, import, export and deal in Computer Software & Hardware, establish and run data processing and computer centers and to offer consultancy and data processing, to provide consultancy and contractual services and other services that are normally offered by data processing and computer centers to individuals and business organizations and other type of customers.
- 4) To carry on the business in manufacturing, developing, improving, maintaining, servicing, buying, selling, importing, exporting, exchanging and otherwise deal in all kinds of computer and micro processors based systems, their parts, components and systems, computer hardware and accessories, and related equipment, Printed Circuit Board, Mother Board, computerized magnetic tapes, magnet drums, magnetic discs, magnetic cards, magnetic core, magnetic tools and buy, sell or other wise deal in all kinds of computer hardware, software, their programs and accessories including security systems, diagnosis to set up training institution and consultancy in computer and allied fields.
- 5) To carry consultancy, advisory and all related services in all areas of information technology including computer hardware and software, date communication, telecommunications, manufacturing and process control and automation, artificial intelligence, natural language processing and to undertake research and development, promote excellence and leadership and computer science, modern mathematics, vedic methodology, vedantic philosophy and universal and eternal value premises and to provide for search research and development including conducting and participating in seminars, workshops, exhibitions, conferences and the like and to obtain technical knowhow, literature, brochures etc, from abroad and export/disseminate them to other countries and engage in manpower recruitment for overseas requirement and also bring in necessary skilled personnel into the country and to develop, market, implement systems and applications software packages and related products for Indian and export markets to conduct software and hardware development, implementation and training and to spread computer literacy and computer aided education in rural and urban areas through application of modern techniques, media communications and to operate data and information processing centers and to render all such services as are required by the customers in relation to processing of information and also in the interpretation, application and use of processed data.
- 6) To expand scope of business, market share and technology expertise by way of acquisition of other companies world wide in all areas of information technology or any other growth opportunities.

The main objects of the Memorandum of Association of the Company enable it to undertake the existing activities as well as activities for which the funds are being raised in this Issue.

Changes in Memorandum of Association

Date	Particulars of Change
June 16, 2008	Authorized Capital increased from Rs. 10 Lakhs to Rs. 70 Lakhs
August 7, 2008	Authorized Capital increased from Rs. 70 Lakhs to Rs. 2000 Lakhs
September 6, 2008	The word 'Private' was deleted from the name of the Company pursuant to conversion of the Company from private limited to public limited.

Changes in Registered office of the Company

Previous Address	New Address	Reason for Change	Date of Change
AL 143, 11 th Main Road, Annanagar, Chennai 600 040	3 rd Floor, Northern Wing, Greams Dugar, No. 68 (Old No. 149), Greams Road, Chennai 600 006	Operational Convenience	March 17, 2003

The Subsidiaries

The Company does not have any subsidiaries.

Shareholders Agreement

The company has not entered into any shareholder's agreement.

Other Agreements

1) Agreement between the Company and Back Office Xtensions USA ("BOX Inc") dated 11th September 2008 (the "Agreement")

Under the Agreement the Company has agreed to support Box Inc in developing network related software or such other software. The approval of Box Inc should be obtained for any expenses in excess of Rs. 50,000/-. Under the agreement with Back Office Xtensions, Fatpipe Networks provides software development services to customers procured by BOX. BOX markets Fatpipe Networks' off-shoring and marketing services to clients in the United States thereby generating revenue for Fatpipe Networks.

Box Inc will reimburse all the expenses incurred plus 10% of profit on the total expenses of the Company, on a monthly basis. The Company should raise the bill with the full details of the expenses incurred on a monthly basis. Box Inc should pay the bill within 3 months from the bill.

The amount of expenses borne by the Company should be converted into US Dollars at the exchange rate prevailing at the end of each month.

The said contract agreement is valid till both the parties terminate the same by consent.

2) Contracts which were entered into by RSDC and were transferred to the Company by virtue of the Merger.

- i. Software OEM License Agreement between RSDC and Blue Squirrel ("BS") dated 14th May 2004
- ii. Materials and Services Agreement between RSDC and AT&T Services Inc dated 19th July 2007

i) Software OEM License Agreement between RSDC and Blue Squirrel (“BS”) dated 14th May, 2004 (the “Software License Agreement”)

The Software License Agreement has been entered into by RSDC with BS in order to avail of the license of BS’s software Spam Sleuth for the purpose of RSDC including the software in its products and as a stand – alone product.

This agreement is for licensing Spam Filtering software for inclusion in Fatpipe's Spam Police product. As a result of this agreement Fatpipe has the right to market and sell spam filtering product under the product name Spam Police. This helps Fatpipe add Spam Police to its product line and market the products to its customers. The impact of this agreement on sales is less than 0.5%.

License

BS grants to RSDC an exclusive to the corporate hardware appliance market, non-transferable, non-assignable license throughout the territory as defined in the Software License Agreement (i) to copy and use the software and sublicense the software (ii) to market and distribute the software as a standalone product to distributors, resellers and end users.

BS grants RSDC the right to appoint distributors and resellers to market and distribute the software to end users.

Royalty

The first 20 units RSDC orders from BS will be beta units to be places with FatPipe US clients to develop reference accounts. There will be no royalties paid on these units unless these reference accounts chooses to pay RSDC, in which RSDC will pay royalties to BS.

After the first 20 units, RSDC will pay to BS a royalty according to the following number of users:

Number of users	Royalty per unit
100	\$500
250	\$650
Unlimited	\$1000

Proprietary Rights

BS retains all rights, title and interest and to the software and the Software License Agreement grants no additional express or implied license, right or interest in the software.

Indemnification

BS will defend, indemnify and hold harmless RSDC against any claim that the use of the software under the terms of the agreement infringes any US copyright, patent, trademark or other similar intellectual property right to any third party.

RSDC agrees to indemnify and defend BS from any and all claims, lawsuits or damages including attorney’s fees that BS may suffer as a result of the failure by RSDC to abide by the terms of the agreement.

Governing law

The Software license agreement is governed by the laws of Utah.

The Software License Agreement was amended by an amendment agreement dated 26th January 2008 to provide for amended terms of royalty as mentioned below:

Product	Royalty per unit
Spam Police 3000	\$340
Spam Police 4000	\$800
Spam Police 6000	\$1350

ii) Materials and Services Agreement between RSDC and AT&T Services Inc dated 19th July 2007 (the “Material and Services Agreement”)

The Materials and Services Agreement provides for the provision by RSDC of the materials and services described there under to AT&T at the applicable price as set out under the said agreement.

Fatpipe Networks has signed an agreement with AT&T whereby AT&T now sells Fatpipe products to its customers. This agreement allows Fatpipe Networks to sell its products to AT&T customers through AT&T's worldwide sales organization.

Affiliate

RSDC agrees that an affiliate of AT& T may transact business under this Agreement and place orders with RSDC that incorporate the terms and conditions of the Material and Services Agreement. An affiliate is solely responsible for its own obligations including but not limited to all charges incurred in connection with such an order or transaction.

Cancellation

Neither party shall cancel this agreement nor any order unless such party has first given the other party a written notice specifying the breach that justifies the cancellation. If the breach is one that by its nature could be cured by the party receiving the notice neither party shall cancel unless such written notice includes a written demand for cure of such breach and gives the receiving party a reasonable period in which to cure such breach. AT&T is not liable to RSDC for any detriment resulting from AT&T's cancellation of any order.

Assignment and Delegation

Neither party may assign, delegate or otherwise transfer its rights or obligations under the agreement voluntarily or involuntarily whether by merger, consolidation, dissolution, operation of law or in any other matter without the consent of the other party except in the circumstances set out there under

Termination

AT&T may terminate the Material and Services Agreement on written notice to RSDC for the following reasons

- i. if AT&T 's breach or unilateral termination of any order precludes RSDC from completing the delivery of materials and services then AT&T may discharge any and all liability to RSDC for detrainment resulting from such breach or unilateral termination by payments of amounts specified there under
- ii. AT&T is not liable to RSDC for any determent resulting from AT&T's unilateral termination of an order for materials not specifically manufactured for AT&T when AT&T's termination occurs more than thirty days before the delivery date.
- iii. Whether law or a provision of the agreement permits AT&T to terminate or cancel any order, AT&T may at its option terminate or cancel such order either in whole or in part.
- iv. Whether law or a provision of the agreement permits AT&T to terminate or cancel any order, AT&T may also cancel such other orders as related to the same transaction or series of transactions as the order in question.

Upon cancellation of an order by AT&T, RSDC shall (i) refund any amounts AT&T has previously paid for materials and services rejected or returned by AT&T; and (ii) reimburse AT&T for any cost incurred in returning such materials to RS.

Indemnification

RSDC is bound to indemnify and hold harmless and defend AT&T and their agents and employees against any losses arising from or relating to

- Any misrepresentation or breach of warranty by RSDC of any representation or warranty set forth in the Material and Services Agreement
- Any breach by RSDC of any covenant set forth in the agreement or any order;
- Any breach by RSDC of any duty of care or other legal obligation dependent upon RSDC's performance under the agreement or any order.
- Any infringement of any patent, copyright, trademark, service mark, work or other intellectual property right resulting from AT&T's receipt or normal use of material and services provided by RS;
- Any misappropriation of any trade secret or private information resulting from AT&T's receipt or normal use of materials and services provided by RS

Insurance

With respect to RSDC's performance under the agreement and in addition to RSDC's obligation to indemnify RSDC shall

- Maintain the minimum insurance coverages and limits as required by the agreement and any additional insurance and/or bonds required by law
- Require each sub-contractor that may perform work under this agreement or enter upon the worksite to maintain the same coverages and limits listed in the agreement when the sub-contractor begins work throughout the term of the subcontractor's work and with respect to any coverages maintained on a claims made policy for two years thereafter
- Procure the required insurance from an insurance company eligible to do business in the state where the work will be performed and having and maintaining a financial strength rating of "A" or better and a financial size category of "VIII" or better as rated in the A.M Best Key Rating Guide for Property and Casualty Insurance Companies.
- Deliver to AT&T certificates of insurance stating the types of insurance and policy limits with a cancellation clause as stated therein under.

Governing law

The Material and Services Agreement shall be governed by the laws of Texas.

Strategic Partners

The Company has no Strategic partners.

Financial Partners

The Company has not entered into any financial partner agreements.

THE MANAGEMENT

BOARD OF DIRECTORS

The Board of Directors as on the date of filing this Red Herring Prospectus is as follows:

Sr. No	Name, Designation, Father's Name, Address, Occupation, DIN	Age (yrs)	Date of Appointment / Date of Cessation	Other Directorships - Designation
1	<p>Dr. Ragula Bhaskar, S/o Late R. Purushotham Managing Director</p> <p>4540S Jupiter Dr. Salt Lake City, USA.</p> <p>Occupation: Service</p> <p>DIN : 01640334</p>	50	<p>Originally appointed as Director on 24.12.2002</p> <p>Appointed as Managing Director for a period of 3 years from 01.09.2008 to 30.08.2011.</p>	<p>1. Back Office Xtensions India Private Limited</p> <p>2. Rochester Mohawk Laboratories Private Limited</p> <p>3. Back Office Xtensions Inc.</p>
2	<p>Ms. Sanchaita Datta, D/o Mr. Nirmal Datta Whole-time Director</p> <p>4540 S. Jupiter Dr. Salt Lake City, USA</p> <p>Occupation: Service</p> <p>DIN: 01691755</p>	45	<p>Originally appointed as Director on 24.12.2002</p> <p>Appointed as Whole-time Director for a period of 5 years from 01.09.2008 to 30.08.2013.</p>	<p>1. Back Office Xtensions India Private Limited</p> <p>2. Back Office Xtensions Inc.</p>
3	<p>Mr. RSSLN Bhaskarudu S/o Mr. Hanumantha Rao Venkata Ravela Director</p> <p>H.no.2210, Sector D, Pocket-2, Vasant Kunj, New Delhi, India - 1100 70.</p> <p>Occupation: Professional</p> <p>DIN: 00058527</p>	68	01.11.2008	<p>1. Haryana Aban Power Company Limited</p> <p>2. GMR Infrastructure Limited</p> <p>3. GMR Hyderabad International Airport Limited</p> <p>4. Global Vectra Helicorp Limited</p> <p>5. Murari Power Generation India Private Limited</p> <p>6. Delhi International Airport Private Limited</p>

Sr. No	Name, Designation, Father's Name, Address, Occupation, DIN	Age (yrs)	Date of Appointment / Date of Cessation	Other Directorships - Designation
4	<p>Mr.Ravi Adusumalli S/o Mr. Adusumalli Subba Rao</p> <p>Director</p> <p>12665 Star Ridge Court, Saratoga, California - 95070</p> <p>Occupation: Professional</p> <p>DIN: 00253613</p>	33	10.08.2009	<p>1.Intelligroup Inc</p> <p>2. Makemytrip (India) Private Limited</p> <p>3.Justdial Private Limited</p> <p>4.Cybernet- Slashsupport Inc</p> <p>5. Network 18 Holdings Ltd.</p> <p>6.TV 18 Home Shopping Network Ltd</p> <p>7.The Associated Broadcasting Company Pvt. Ltd</p> <p>8. Specialty Restaurants Private Limited</p> <p>9. One97 Communications (Pvt) Ltd.</p>
5	<p>Mr. Naresh Narad S/o Late Mr. K.R. Narad Director</p> <p>A.604 Icon Apartments, Plot no. Gh4 Sector Chi 3, Gautam Budh Nagar, Greater Noida, 201 308 Uttar Pradesh</p> <p>Occupation: Professional</p> <p>DIN : 02737423</p>	65	10.08.2009	<p>1. Bharat Forge Limited</p>

Brief Profile of Director

Dr. Ragula Bhaskar, Chairman and Managing Director:

Dr. Ragula Bhaskar aged 50 years is the promoter and Managing Director of Fatpipe Networks India Ltd. and the inventor of router-clustering technology that provides highly redundant, reliable, and high-speed Internet/WAN access for mission critical applications for business.

He has done his B.S. (Honors), Mining Engineering from Indian School of Mines, Dhanbad, India, M.S. (Dual) Mining Engineering and Operations Research from, Pennsylvania State University, M.S. (Honors), Business Administration (Finance) from Pennsylvania State University and Ph.D., Mining Engineering from Pennsylvania State University.

Prior to promoting FNIL, Dr. Bhaskar enjoyed a career in academia as a research technologist in the engineering department at Pennsylvania State University and later as an assistant and then tenured associate professor of Mining Engineering at the University of Utah.

Dr. Bhaskar is a recipient of several honors and awards for academic achievements, and has held chairmanships of many related committees. His Academic Honors and Awards include the following:

- Listed on Honor Roll Plaque, Graduate Programs Office, School of Business, Pennsylvania State University, for Academic Achievement
- Government of India Scholar, 1976 - 1980
- Tata Iron and Steel Company Scholar, 1980 - 1981
- Student Editor, Mining Engineering Magazine, Indian School of Mines
- Outstanding Graduate Student Paper Award, US SME/ AIME, 1985
- Previously a member of Sigma Xi-National Scientific Research Honor Society
- Member, American Mensa, the High IQ Society

Professional Highlights

- Outstanding Director Award, Utah Business magazine, Dec 2009
- Co-Chairman, The Living Planet Aquarium, Utah.
- Member, Board of Trustees, Utah Technology Council, and member of Public Policy committee
- Member of Industrial Advisory Board, College of Engineering, Univ of Utah
- Member of the Board, Economic Development Corporation of Utah
- Member of the Review Board, Centers of Excellence Program, State of Utah
- Chairman, Governor's Office of Economic Development Board, State of Utah.
- Recipient of Utah Asian Chamber of Commerce's Outstanding Business Owner Award in March, 2008.
- Two-time recipient of *Connect Magazine's* Reader's Choice Award, "25 People Who Most Influenced Business in Utah," 2006 and 2007.
- 100 Most Influential People in Utah ,Utah Business Magazine, 2007
- Awarded the "2007 Technology Innovation Award" by the *Indus Business Journal*
- A finalist for Ernst and Young's "2005 Entrepreneur of the Year Award"
- Profiled by the Utah Economic Development Board as one of top 25 High Tech CEOs in Utah
- Profiled in a feature cover story in *Connect Magazine* as one of Utah's most respected entrepreneurs
- Nominated by peers, five years in a row (2003 - 2007), to the v100 TOP 100 high tech executives in the State of Utah 100 Venture Entrepreneurs which is comprised of "individuals most likely to lead a successful tech/biotech venture in the next 5-7 years."

His Trusteeship, Chairmanship, and Memberships:

- A member of Mensa
- A former member and Chapter President of Sigma Xi, the Scientific Research Honor Society
- The youngest member of an Advisory Committee to the U.S. Secretary of Labor on labor related technology issues (youngest at that time) 1992
- Served as Co-Chairman of the Review Committee of Utah States Boards and Commissions for the Huntsman Gubernatorial Transition Team
- Served on Public Policy Committee of Utah Technology Council (Formerly the Utah Information Technology Association), that spearheaded the \$100 million Fund of Funds for high tech investment in the State of Utah
- Serving on Industrial Advisory Board, College of Engineering, of the University of Utah
- Currently serving as Trustee of Utah Technology Council
- Serves on State of Utah Center of Excellence program Advisory Council for selecting centers for funding
- Was one of the youngest President-elect of the largest division of the Society of Mining Engineers (SME) in 2000
- Member, NIOSH, Centers for Disease Control (CDC), Best Research Paper Award Committee for Mining Research, 1988

- Member, Mining Research, Proposals Evaluation Group, NIOSH, CDC, 1988
- Member, Awards Committee, SME, 1996
- Member, Research Council, 1998
- Member, 8th U.S. Mine Ventilation Symposium Organizing Committee, 1988
- Member, Coal Division Executive Committee, 1999
- Symposium Chairman and Proceedings Editor, (youngest at that time) 6th U.S. Mine Ventilation Symposium, 1993
- Member, Educational Issues Committee, SME 1993
- Chairman, Health and Safety Committee, Coal Division, SME 1992
- Chairman, Publications Committee, Coal Division, SME 1992
- Member, Underground Mine Ventilation Committee, SME 1992
- Member, Underground Mine Ventilation Committee, SME, 1993
- Chairman, Student Relations Committee, Utah Section, SME/AIME (1988 - 1993)
- Industrial consulting support on ventilation/dust control to: Utah Power and Light, Huntington, Utah; Sunnyside Reclamation, Price, Utah; Cyprus Plateau Coal Company, Price, Utah; P&M Coal Mining Company, Raton, New Mexico; BETZ Laboratory, Pennsylvania.

Dr. Bhaskar currently serves as Chairman of Governor Gary Herbert's Office of Economic Development Board. He has served as Co-Chairman of the Review Committee of Utah State's Boards and Commissions for the Huntsman Gubernatorial Transition Team; as a Trustee and member of the Public Policy Committee of the Utah Information Tech Association; as a Member of the Industrial Advisory Committee, College of Engineering at the University of Utah, and as a member of the review panel for the State of Utah Centers of Excellence.

Dr. Bhaskar has written over 30 articles, including 18 refereed articles, on various subjects including the behavior of fine particles, distributed database design, fractals and WAN technology and engineering.

He has been a consultant to companies such as Utah Power and Light, Cyprus, and FMC on engineering, cost control and management accounting areas.

He has authored over 30 books some of which are mentioned hereinbelow :

1. Tandon, N., and R. Bhaskar, "A Three Dimensional Finite Element Airflow and Pit Retention Model", American Meteorological Society paper, 1998.
2. Bhaskar, R., and N. Tandon, "A 3-D Model to Predict Airflow and Pit Retention for an Open Pit Mine", Chapter in Environmental Impacts of Mining Activities - Emphasis on Mitigation and Remedial Measures, 1997.
3. Samanta, A., and R. Bhaskar, "Experimental Studies on Dust Entrainment Velocities at the Outlet of a Spray Nozzle Using High Speed Photography", SME, 1999 Annual Meeting.
4. Bhaskar, R. and L. Xu, "a Simple Model for Turbulent Deposition of Mine Dust", 7th Mine Ventilation Symposium, June 1995, Ed. A. Wala, SME.
5. Bhaskar, R., L. Xu, S. Jones and J. McKenzie, "Optimization of Ventilation Parameters in a Continuous Mining Section Employing Exhaust Ventilation and an Underboom Scrubber", 1993 Transactions of SME/AIME, pp. 1886-1891, SME non-meeting, Paper No. 93-310.

Ms. Sanchaita Datta, Whole-time Director:

Sanchaita Datta aged 45 years is the co promoter and whole time director in the company. She has done her M.S., Electrical Engineering from Pennsylvania State University and B.S., Electronics Engineering with Honors from M.A. College of Technology, India. She was a Candidate for PhD. Electrical Engineering, The University of Utah. She looks after the Technology and Engineering division of FNIL.

Ms. Datta alongwith Mr. Bhaskar, are the inventors of FNIL's unique technology that provides redundancy, reliability, and high-speed Internet/WAN access for the deployment of mission critical, web-based business applications.

Ms. Datta has product development and project management experience with complex hardware/software projects. Her past experience includes being the Project Leader Remote Access Server project at Megahertz that required significant coordination with engineering, management and manufacturing. She possesses problem solving and trouble shooting skills as well as good business skills.

Academic Honors and Affiliations

- Listed on University Merit Lists
- Listed on Dean's Lists
- Recipient of the Government of an India National Scholarship (1980 – 1985)
- Member of Eta Kappa Nu, Electrical Engineering Honor Society
- Member Institute of Electrical and Electronics Engineers

Professional Highlights

- Recipient of *Connect Magazine's* 2006 Reader's Choice Award, "25 People Who Most Influenced Business in Utah"
- Awarded 2001 "Top Female Executive" by *Utah Business* magazine
- Awarded the 2001 "Woman Innovator Award" by the Salt Lake Area Chamber of Commerce in the field of communications technology

Trustees and Memberships

- Serves on State of Utah Center of Excellence program Advisory Council for selecting centers for funding
- Recipient YWCA 2009 Outstanding Achievement Award
- Recipient of 2008 Technology Innovator Award Presented by the Women Tech Council and MountainWest Capital Network
- Member Advisory Board, Women Tech Council
- Previously a Trustee of the Utah Women in Technology organization (WIT)
- Previously appointed member of Governor Jon Huntsman Jr. IT Task Force
- Previously appointed as a member of the Governor Jon Huntsman Jr. Huntsman Gubernatorial Transition Team
- Previously a member of the Institute for Electrical and Electronics Engineers' Standards Committees for 100 Mbits/s technology and Wireless LANs

Experience:

Prior to promoting FatPipe Networks, Ms. Datta was with Megahertz (U.S. Robotics) as the project leader for the remote access server group, eventually leading the development of a complex remote access server. Her product won the Best of Show Award in 1994 at Interop/Networld.

Prior to joining Megahertz, Ms. Datta served as a Hardware Engineer at Dayna Communications, working as the project engineer for four projects on Macintosh Ethernet and Token Ring Networking Products. She coordinated engineering with marketing, technical writing, and manufacturing from the inception of the project to its production. She utilized the latest hardware and software design of networking chip sets from National Semiconductor, AMD and IBM, interfacing with 80186 and 80188 microprocessors, programming for 80186 based embedded system involved SNMP agent and drivers for the chips. She was in important part of designing Ethernet HUBs.

She worked at LeMont Scientific, Inc. as a Senior Software Programmer, programming in FORTRAN and Assembly Language for DEC PDP 11/73 based Image Analysis System. She was responsible for interfacing PDP 11/73 with Optical and Ultrasonic microscopes. She conducted On-site installation of the system for major corporations including Westinghouse and the Digital Equipment Corporation. Ms. Datta was a Research and Teaching Assistant at Pennsylvania State University and The University of Utah, developing Computer Aid design tools for VLSI chip design as well as testing and debugging of gate array based VLSI chips. She also taught graduate level VLSI projects lab and Electronic Devices and Circuits Laboratory classes.

Her experience early in her career led her to become one of the first voting members of the Institute for Electrical and Electronics Engineers' Standards Committees for 100 Mbits/s technology and Wireless LANs. .

She has held positions at:

- Megahertz Corporation: Project Leader, LAN Products 1994 – 1995
- Dayna Communications, Inc.: Hardware Engineer March 1991 -1994
- The University of Utah: Research and Teaching Assistant January 1988 – June 1990
- LeMont Scientific – Senior Software Engineer 1986-1988
- Pennsylvania State University: Research and Teaching Assistant January 1986 – March 1987

Mr. R.S.S.L.N Bhaskarudu aged about 68 years is an electrical engineer from College of Engineering, Kakinada, Andhra University. He has over 43 years of experience with proven track record of management and leadership skills. He has served 21½ years at Bharat Heavy Electricals Limited (BHEL). During his tenure in BHEL he was involved in the development and production of large size equipment for power projects all over the country. He has also worked for over 16 years with Maruti Udyog Limited (MUL), the largest car manufacturing company in India. He held the post of Managing Director of MUL and contributed for its good performance and achievements. He has also served as a member/chairman of the Public Enterprises Selection Board of the Government of India, the Board responsible for selecting and recommending all Chairmen and Managing Directors of Public Sector enterprises where the government has an ownership interest.

Mr. Ravi Adusumalli aged about 32 years , joined Softbank Asia Infrastructure Fund (SAIF) in early 2002 and is currently a General Partner and Head of SAIFs India Operations. SAIF currently manages over \$2 billion dollars. Prior to joining SAIF, Mr. Adusumalli was an Associate Partner with Mobius Venture Capital, a \$1.25 billion early stage venture capital firm in Silicon Valley. He previously worked at Credit Suisse First Boston as an Associate and with Wasatch Funds. Mr. Adusumalli graduated from Cornell University with a Bachelors of Arts in Economics and Government. Mr. Adusumalli led SAIF's investments in the National Stock Exchange, SIFY (NASDAQ: SIFY), IL&FS Investsmart (NSE: INVSTSMAR.NS), Intelligroup (NASDAQ: ITIG), MakeMyTrip.com, SlashSupport, Homeshop18.com, One97 Communications, JustDial, and Network18. He was named as one of the Forbes.com Top 100 Venture Capitalists with a Midas Touch.

Mr. Naresh Narad, aged 65 years, is a B.A., LL.B. and a Veteran IAS Civil Servant, was chairman of Public Enterprises Selection Board. He was a Member of the Board of Governors of Indian Institute of Management, Ahmedabad and Kolkata. He was Chairman of International Centre for Promotion of Enterprises, Ljubljana. Mr. Naresh Narad was Secretary Ministry of Heavy Industries and Public Enterprises. He was responsible for administration of 49 Public Sector Enterprises (PSEs) engaged in various activities like Power, Paper, Cement, Automobile, Machine Tools, Heavy Engineering Equipment and Electrical Engineering Industries. As Secretary in the Department of Public Enterprises, he was responsible for policy / guidelines governing all the PSEs of Government of India. Before joining Ministry of HI & PE, he was special secretary in the ministry of Petroleum and Natural Gas. He also served as Joint Secretary in the Ministry of Steel, Govt. of India. He also worked in the Union Govt. as Director, Ministry of Works and Housing and Member Secretary.

RELATIONSHIP OF OUR DIRECTORS WITH THE PROMOTER/ PROMOTER GROUP

Name of the Director	Relationship of Directors with the Promoter/ Promoter Group
Dr. Ragula Bhaskar	Promoter, Husband of Ms. Sanchaita Datta
Ms. Sanchita Datta	Promoter, Wife of Dr. Ragula Bhaskar

QUALIFICATION SHARES REQUIRED TO BE HELD BY OUR DIRECTORS

Our directors are not required to hold any qualification shares.

INTEREST OF PROMOTERS, DIRECTORS

All Directors of the Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration, reimbursement of expenses payable to them under the Articles of Association of the Company. The whole time directors will be interested to the extent of remuneration paid to them for services rendered by them as officers or employees of the Company. All the directors of the Company may also be deemed to be interested to the extent of equity shares, if any, already held by them or their relatives in the Company, or that may be subscribed for and allotted to them, out of the present Issue in terms of this Offer Document and also to the extent of any dividend payable to them and other distributions in respect of the said equity shares.

Details of borrowing powers:

Pursuant to a resolution passed by the shareholders at an Extra Ordinary General Meeting held on August 07, 2008 in accordance with provisions of the Companies Act, the Board has been authorized to borrow sums of money for the purpose of the Company upon such terms and conditions and with or without security as the Board of Directors may think fit, provided that the money or monies to be borrowed together with the monies already borrowed by the Company shall not exceed, at any time, a sum of Rs. 500 crores.

As on the date of filing this Red Herring Prospectus, the overall borrowings of the Company do not exceed the overall limit as specified under Section 293 (1) (d) of the Companies Act, 1956.

Corporate Governance

The provisions of the Listing Agreement to be entered into with the Stock Exchange(s) 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 to the extent applicable. 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.

In terms of the Clause 49 of the Listing Agreement, our Company has already constituted the following committees.

- (a) Audit Committee;
- (b) Shareholders' / Investors' Grievance Committee;
- (c) Remuneration Committee

Audit Committee

The Audit Committee was originally constituted on 15th February, 2009 and reconstituted on 10th August, 2009. It functions as prescribed under Section 292(A) of the Companies Act, 1956. At present the members are:

Sr. No.	Name of the Director	Designation	Nature of Directorship
1	Mr. RSSLN Bhaskarudu	Member	Independent Director
2	Mr. Naresh Narad	Member	Independent Director
3	Ms. Sanchaita Datta	Member	Whole Time Director

Mr. R.S.S.L.N Bhaskarudu will be the chairman of the Audit Committee.

The terms of reference of the Audit Committee are broadly as under:

- Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
- Recommending the appointment and removal of external auditors, fixation of audit fees and also approval for payment for any other services.
- Discussion with external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:
 - any changes in accounting policies and practices;
 - major accounting entries based on exercise of judgment by management;
 - qualifications in draft audit report;
 - significant adjustments arising out of audit;
 - the going concern assumption;
 - compliance with accounting standards;
 - any related party transactions as per Accounting Standard 18;
 - Compliance with stock exchange and legal requirements concerning financial statements (upon listing of shares);
 - Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
 - Reviewing the adequacy of internal audit function, including the audit charter, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
 - Discussion with internal auditors of any significant findings and follow-up thereon.
 - Reviewing the findings of any internal investigations by the internal auditors into the 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.
 - Looking into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

Shareholders/ Investors' Grievance Committee

The Committee was originally constituted on 15th February, 2009 and reconstituted on 10th August, 2009, under the chairmanship of Mr. RSSLN Bhaskarudu formed to specifically look into the redressal of shareholder and investor complaints.

Sr. No.	Name of the Director	Designation	Nature of Directorship
1)	Mr. RSSLN Bhaskarudu	Member	Independent Director
2)	Mr. Naresh Narad	Member	Independent Director
3)	Dr. Ragula Bhaskar	Member	Managing Director

Mr. R.S.S.L.N Bhaskarudu will be the chairman of the Committee

The Committee has been formed to look into redressal of shareholders' / Investors' complaints relating to transfer of shares, non receipt of Balance Sheet, non receipt of dividend or any other matters, as also to approve requests requiring issue of new share certificates.

Remuneration Committee

The Committee was originally constituted on 15th February, 2009 and reconstituted on 10th August, 2009. The committee are resolved to elect a chairman among themselves.

Sr. No.	Name of the Director	Designation	Nature of Directorship
1)	Mr. RSSLN Bhaskarudu	Member	Independent Director
2)	Mr. Ravi Adusumalli	Member	Independent Director
3)	Mr. Naresh Narad	Member	Independent Director

Mr. R.S.S.L.N Bhaskarudu will be the chairman of the Remuneration Committee.

Details of appointment of the Managing Director/Whole-time Director and the compensation payable

Name	Dr. Ragula Bhaskar
Designation	Managing Director
Date of Re-appointment	01.09.2008
Period	3 Years
Salary	Rs. 8.50 lakhs per month
Name	Ms. Sanchaita Datta
Designation	Whole-time Director
Date of Re-appointment	01.09.2008
Period	5 Years
Salary	Rs. 8.00 lakhs per month

The Company has received approval from the Ministry of Corporate Affairs with regard to the appointment of Dr. Ragula Bhaskar and Ms. Sanchaita Datta vide letters dated May 21, 2009 and May 18, 2009.

Except as stated above in this section, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of the Directors except the normal remuneration for services rendered as Directors.

Shareholding of the Directors in the Company

The following are details of the shareholding of the directors in the Company at the time of filing this Red Herring Prospectus:-

Sr. no	Name of the Director	No. of Shares held	% of Pre-issue share Capital
1	Dr. Ragula Bhaskar	20,96,609	16.09
2	Ms. Sanchaita Datta	21,63,001	16.60

Interests of Directors

Except as stated in the section titled “Related Party Transactions” on page 116 of this Red Herring Prospectus, and to the extent of shareholding in the Company, the Promoters do not have any other interest in the business.

All Directors of the Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of, reimbursement of expenses payable to them. All the Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or their relatives in the Company, or that may be subscribed for and allotted to them, out of the present Issue in terms of the Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

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

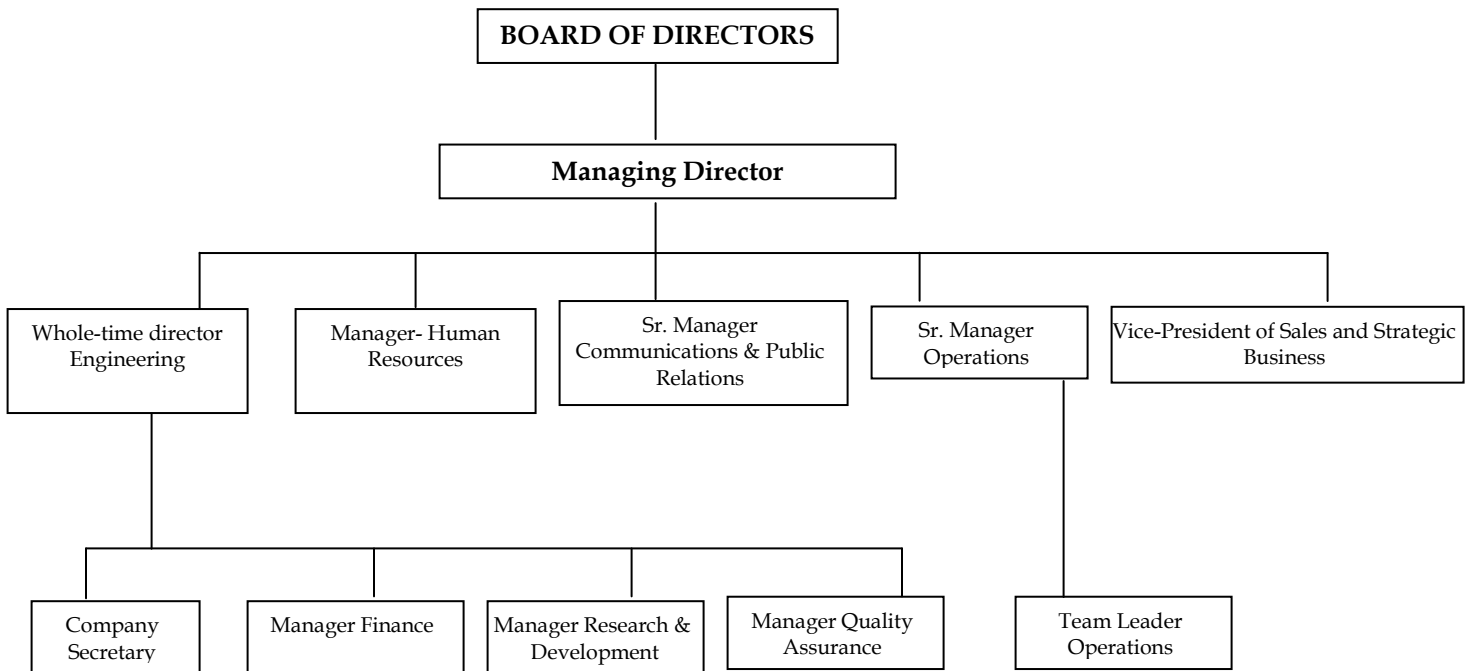
The company has not entered into any service contract with the directors of the company.

Changes in the Board of Directors during the last Three years

The Changes in the Board of Directors during the last three years are as follows:-

Name	Date of Appointment	Date of Cessation	Remarks
Dr. Ragula Bhaskar	1 st September 2008	--	Change of designation to Managing Director
Ms. Sanchaita Datta	1 st September 2008	--	Change of designation to Whole-time Director
Mr. RSLLN Bhaskarudu	November 1, 2008	--	Appointed as Additional Director
Mr. Vasudev	November 1, 2008	--	Appointed as Additional Director
Mr. S M Parande	November 25, 2008	--	Appointed as Additional Director
Mr. R.Ethiraj	December 24, 2002	November 1, 2008	Resignation
Mr. S. Vasudev	--	June 22, 2009 effective June 15, 2009	Resignation
Mr. S.M.Parande	--	June 22, 2009 effective June 15, 2009	Resignation
Mr. Ravi Adusumalli	August 10, 2009	--	Appointed as Additional Director
Mr. Naresh Narad	August 10, 2009	--	Appointed as Additional Director

ORGANISATION CHART



Key Managerial Personnel

The brief profile of the Key Managerial Personnel is given below:-

S. No	Name of the Employee	Age (Yrs)	Qualification	Experience (Yrs)	Date of Joining	Designation/Responsibilities	Previous Employment	Remuneration p.a
1.	Mr. Jay Pillai	55	B.Tech degree in Metallurgical Engineering. M.Tech degree in Minerals Engineering. Ph.D in Metallurgical Engineering.	21	14 th January 2009	VP Sales and Strategic Business	Worked with RSDC as Vice President of Sales and Strategic Business from 2000 to January 2009	Rs.53.40 lacs
2.	Ms. Alisanne Guzzetta	39	Bachelor of Arts in Political Science.	17	14 th January 2009	Sr.Manager, Communications and Public Relations	Worked as Communications and Public Relations Director	Rs.28.97 lacs
3.	Mr. Madhusudan Nandagiri	44	Bachelor of Commerce Master of Commerce MBA	20	26 th March 2007	Manager - Finance	Worked as Financial Controller at RSDC.	Rs.5.40 lacs
4.	Mr. Arindham Samanta	40	Bachelor of Technology in Mining Engineering Master of Science in Mining Engineering	15	1 st February 2009	Senior Manager Operations	Worked as Senior Consultant at Environmental Resource Management	Rs.34.83 lacs
5.	Ms. Ranmeet Kaur	42	Bachelor of Arts in Economics and Mathematics MA in Public Administration MBA	12	14 th January 2009	Manager Human Resources	Worked as Manager - HR with RSDC	Rs. 20.89 lacs

S. No	Name of the Employee	Age (Yrs)	Qualification	Experience (Yrs)	Date of Joining	Designation/Responsibilities	Previous Employment	Remuneration p.a
6.	Mr. Damir Cosic	37	Bachelor of Science in Electrical Engineering	12	14 th January 2009	Manager Research & Development	Worked as software Engineer with RSDC	Rs. 10.44 lacs
7.	Mr. R.S.Umashankar	32	Diploma in Chemical Technology Bachelor of Technology (Chemical Technology)	7	7 th February 2003	Team Leader Operations	Worked as Network & Systems Engineer in espace Technologies Pvt. Ltd for the year 2000-2003.	Rs. 7.52 lacs
8.	Mr. S. Ashok Mela	31	Diploma in Information Systems Management Bachelor of Environmental Management MBA Certified E-Commerce Professional	8	19 th March 2003	Team Leader - Quality Assurance	Worked as Network Administrator for Aptech Computer	Rs. 7.26 lacs
9.	Ms. Anita Jena	27	B.Sc, LLB, ACS	2	10 th November 2008	Company Secretary	Worked with Apollo Sindhoori Capital Investments Limited	Rs. 3.84 lacs

All the Key Managerial personnel as mentioned above are permanent employees of the Company.

None of the key managerial personnel are appointed pursuant to any arrangement or understanding with major shareholder, customer or supplier.

Shareholding of Key Managerial Personnel

The shareholdings of the key managerial personnel are as under:

Sr. No	Name	No. of shares
1.	Mr. Jay Pillai	80,001
2.	Ms. Alisanne Guzzetta	10,000
3.	Mr. Damir Cosic	10,000

Bonus or Profit Sharing plan for the Key Managerial Personnel

There is no Profit Sharing Plan for the Key Managerial Personnel. The Company makes bonus payments to the employees based on their performances, which is as per their terms of appointment

Changes in Key Managerial Personnel during last three years

S.No	Name	Date of joining	Date of Change	Reasons for change
1.	Mr. William Klienschmidt	14.01.2009	30.03.2009	Retirement
2.	Ms. Anita Jena	10.11.2008	-	Appointment
3.	Mr. Jay Pillai	14.01.2009	-	Appointment
4.	Ms. Alisanne Guzzetta	14.01.2009	-	Appointment
5.	Mr. Madhusudan Nandagiri	26.03.2007	-	Appointment
6.	Mr. Arindham Samanta	01.02.2009	-	Appointment
7.	Ms. Ranmeet Kaur	14.01.2009	-	Appointment
8.	Mr. Damir Cosic	14.01.2009	-	Appointment

Payment or benefit to the officers

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

Other than as disclosed in the section titled "Financial Statements" on page 105 of this Red Herring Prospectus, none of the beneficiaries of loans and advances and sundry debtors are related to the Directors of the Company.

Relationship between the key managerial personnel

There exists no relationship between the key managerial personnel of the company.

Employees

The Key Managerial personnel and the employees are entitled to receive benefits under the group gratuity scheme and the employee provident fund scheme.

Employees Stock Option scheme

Currently, the Company does not have any Employees Stock Option Scheme.

LOANS TO KEY MANAGERIAL PERSONNEL

There are no loans outstanding to any of the key managerial personnel.

PAYMENT OR BENEFIT (NON-SALARY RELATED) TO OFFICERS OF THE COMPANY

Except as stated in this Offer Document, no amount or benefit has been paid or given or is intended to be paid or given during the preceding two years to any of its officers except for the normal remuneration paid to Directors, officers or employees since the incorporation of the Company.

F. PROMOTERS AND PROMOTER GROUP



Dr. Ragula Bhaskar, Managing Director: Dr. Ragula Bhaskar aged 50 years is the promoter and Managing Director of Fatpipe Networks India Ltd. and the inventor of router-clustering technology that provides highly redundant, reliable, and high-speed Internet/WAN access for mission critical applications for business.

He has done his B.S. (Honors), Mining Engineering from Indian School of Mines, Dhanbad, India, M.S. (Dual) Mining Engineering and Operations Research from, Pennsylvania State University, M.S., Business Administration (Finance) from Pennsylvania State University and Ph.D., Mining Engineering from Pennsylvania State University.

Prior to promoting FNIL, Dr. Bhaskar enjoyed a career in academia as a research technologist in the engineering department at Pennsylvania State University and later as an assistant and then tenured associate professor of Mining Engineering at the University of Utah.

Dr. Bhaskar is a recipient of several honors and awards for academic achievements, and has held chairmanships of many related committees. His Academic Honors and Awards include the following:

- Listed on Honor Roll Plaque, Graduate Programs Office, School of Business, Pennsylvania State University, for Academic Achievement
- Government of India Scholar, 1976 - 1980
- Tata Iron and Steel Company Scholar, 1980 - 1981
- Student Editor, Mining Engineering Magazine, Indian School of Mines
- Outstanding Graduate Student Paper Award, US SME/AIME, 1985
- Previously a member of Sigma Xi-National Scientific Research Honor Society
- Member, American Mensa, the High IQ Society

Professional Highlights

- Outstanding Director Award, Utah Business magazine, Dec 2009
- Co-Chairman, The Living Planet Aquarium, Utah.
- Member, Board of Trustees, Utah Technology Council, and member of Public Policy committee
- Member of Industrial Advisory Board, College of Engineering, Univ of Utah
- Member of the Board, Economic Development Corporation of Utah
- Member of the Review Board, Centers of Excellence Program, State of Utah
- Chairman, Governor's Office of Economic Development Board, State of Utah.
- Recipient of Utah Asian Chamber of Commerce's Outstanding Business Owner Award in March, 2008.
- Two-time recipient of *Connect Magazine's* Reader's Choice Award, "25 People Who Most Influenced Business in Utah," 2006 and 2007.
- 100 Most Influential People in Utah, Utah Business Magazine, 2007

- Awarded the “2007 Technology Innovation Award” by the *Indus Business Journal*
- A finalist for Ernst and Young’s “2005 Entrepreneur of the Year Award”
- Profiled by the Utah Economic Development Board as one of top 25 High Tech CEOs in Utah
- Profiled in a feature cover story in *Connect Magazine* as one of Utah’s most respected entrepreneurs
- Nominated by peers, five years in a row (2003 – 2007), to the v100 TOP 100 high tech executives in the State of Utah 100 Venture Entrepreneurs which is comprised of “individuals most likely to lead a successful tech/biotech venture in the next 5-7 years.”

His Trusteeship, Chairmanship, and Memberships:

- A member of Mensa
- A former member and Chapter President of Sigma Xi, the Scientific Research Honor Society
- The youngest member of an Advisory Committee to the U.S. Secretary of Labor on labor related technology issues (youngest at that time) 1992
- Served as Co-Chairman of the Review Committee of Utah States Boards and Commissions for the Huntsman Gubernatorial Transition Team
- Served on Public Policy Committee of Utah Technology Council (Formerly the Utah Information Technology Association), that spearheaded the \$100 million Fund of Funds for high tech investment in the State of Utah
- Serving on Industrial Advisory Board, College of Engineering, of the University of Utah
- Currently serving as Trustee of Utah Information Technology Association
- Serves on State of Utah Center of Excellence program Advisory Council for selecting centers for funding
- President-Elect (perhaps the youngest in recent times), Coal Division (largest div.), Society of Mining Engineers, 1994
- Member, NIOSH, Centers for Disease Control (CDC), Best Research Paper Award Committee for Mining Research, 1988
- Member, Mining Research, Proposals Evaluation Group, NIOSH, CDC, 1988
- Member, Awards Committee, SME, 1996
- Member, Research Council, 1998
- Member, 8th U.S. Mine Ventilation Symposium Organizing Committee, 1988
- Member, Coal Division Executive Committee, 1999
- Symposium Chairman and Proceedings Editor, (youngest at that time) 6th U.S. Mine Ventilation Symposium, 1993
- Member, Educational Issues Committee, SME 1993
- Chairman, Health and Safety Committee, Coal Division, SME 1992
- Chairman, Publications Committee, Coal Division, SME 1992
- Member, Underground Mine Ventilation Committee, SME 1992
- Member, Underground Mine Ventilation Committee, SME, 1993
- Chairman, Student Relations Committee, Utah Section,

	<p>SME/ AIME (1988 - 1993)</p> <ul style="list-style-type: none"> Industrial consulting support on ventilation/dust control to: Utah Power and Light, Huntington, Utah; Sunnyside Reclamation, Price, Utah; Cyprus Plateau Coal Company, Price, Utah; P&M Coal Mining Company, Raton, New Mexico; BETZ Laboratory, Pennsylvania. <p>Dr. Bhaskar currently serves as Chairman of the board of the Governor’s Office of Economic Development. He has served as Co-Chairman of the Review Committee of Utah State’s Boards and Commissions for the Huntsman Gubernatorial Transition Team; as a Trustee and member of the Public Policy Committee of the Utah Information Tech Association; as a Member of the Industrial Advisory Committee, College of Engineering at the University of Utah, and as a member of the review panel for the State of Utah Centers of Excellence.</p> <p>Dr. Bhaskar has written over 30 articles, including 18 refereed articles, on various subjects including the behavior of fine particles, distributed database design, fractals and WAN technology and engineering.</p> <p>He has been a consultant to companies such as Utah Power and Light, Cyprus, and FMC on engineering, cost control and management accounting areas.</p> <p>He has authored over 30 books some of which are mentioned hereinbelow :</p> <ul style="list-style-type: none"> Tandon, N., and R. Bhaskar, “A Three Dimensional Finite Element Airflow and Pit Retention Model”, American Meteorological Society paper, 1998. Bhaskar, R., and N. Tandon, “A 3-D Model to Predict Airflow and Pit Retention for an Open Pit Mine”, Chapter in Environmental Impacts of Mining Activities – Emphasis on Mitigation and Remedial Measures, 1997. Samanta, A., and R. Bhaskar, “Experimental Studies on Dust Entrainment Velocities at the Outlet of a Spray Nozzle Using High Speed Photography”, SME, 1999 Annual Meeting. Bhaskar, R. and L. Xu, “a Simple Model for Turbulent Deposition of Mine Dust”, 7th Mine Ventilation Symposium, June 1995, Ed. A. Wala, SME. Bhaskar, R., L. Xu, S. Jones and J. McKenzie, “Optimization of Ventilation Parameters in a Continuous Mining Section Employing Exhaust Ventilation and an Underboom Scrubber”, 1993 Transactions of SME/ AIME, pp. 1886-1891, SME non-meeting, Paper No. 93-310.
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Ms. Sanchaita Datta, Whole-time Director: Sanchaita Datta aged 45 years is the co promoter and whole time director in the company. She has done her M.S., Electrical Engineering from Pennsylvania State University and B.S., Electronics Engineering with Honors from M.A. College of Technology, India. She is a Candidate for PhD., Electrical Engineering, The University of Utah. She looks after the Technology and Engineering division of FNIL.

Ms. Datta alongwith Mr. Bhaskar, are the inventors of FNIL's unique technology that provides redundancy, reliability, and high-speed Internet/WAN access for the deployment of mission critical, web-based business applications.

Ms. Datta has product development and project management experience with complex hardware/software projects. Her past experience includes being the Project Leader for a \$1.3 million Remote Access Server project at Megahertz that required significant coordination with engineering, management and manufacturing. She possesses problem solving and trouble shooting skills as well as good business skills.

Academic Honors and Affiliations

- Listed on University Merit Lists
- Listed on Dean's Lists
- Recipient of the Government of an India National Scholarship (1980 - 1985)
- Member of Eta Kappa Nu, Electrical Engineering Honor Society
- Member Institute of Electrical and Electronics Engineers

Professional Highlights

- Recipient of *Connect Magazine's* 2006 Reader's Choice Award, "25 People Who Most Influenced Business in Utah"
- Awarded 2001 "Top Female Executive" by *Utah Business* magazine
- Awarded the 2001 "Woman Innovator Award" by the Salt Lake Area Chamber of Commerce in the field of communications technology

Trustees and Memberships

- Serves on State of Utah Center of Excellence program Advisory Council for selecting centers for funding
- Recipient YWCA 2009 Outstanding Achievement Award
- Recipient of 2008 Technology Innovator Award Presented by the Women Tech Council and MountainWest Capital Network
- Member Advisory Board, Women Tech Council
- Previously a Trustee of the Utah Women in Technology organization (WIT)
- Previously appointed member of Governor Jon Huntsman Jr. IT Task Force
- Previously appointed as a member of the Governor Jon Huntsman Jr. Huntsman Gubernatorial Transition Team
- Previously a member of the Institute for Electrical and Electronics Engineers' Standards Committees for 100 Mbits/s technology and Wireless LANs

	<p>Experience:</p> <p>Prior to promoting FatPipe Networks, Ms. Datta was with Megahertz (U.S. Robotics) as the project leader for the remote access server group, eventually leading the development of a complex remote access server. Her product won the Best of Show Award in 1994 at Interop/Networkd.</p> <p>Prior to joining Megahertz, Ms. Datta served as a Hardware Engineer at Dayna Communications, working as the project engineer for four projects on Macintosh Ethernet and Token Ring Networking Products. She coordinated engineering with marketing, technical writing, and manufacturing from the inception of the project to its production. She utilized the latest hardware and software design of networking chip sets from National Semiconductor, AMD and IBM, interfacing with 80186 and 80188 microprocessors, programming for 80186 based embedded system involved SNMP agent and drivers for the chips. She was in important part of designing Ethernet HUBs.</p> <p>She worked at LeMont Scientific, Inc. as a Senior Software Programmer, programming in FORTRAN and Assembly Language for DEC PDP 11/73 based Image Analysis System. She was responsible for interfacing PDP 11/73 with Optical and Ultrasonic microscopes. She conducted On-site installation of the system for major corporations including Westinghouse and the Digital Equipment Corporation. Ms. Datta was a Research and Teaching Assistant at Pennsylvania State University and The University of Utah, developing Computer Aid design tools for VLSI chip design as well as testing and debugging of gate array based VLSI chips. She also taught graduate level VLSI projects lab and Electronic Devices and Circuits Laboratory classes.</p> <p>Her experience early in her career led her to become one of the first voting members of the Institute for Electrical and Electronics Engineers' Standards Committees for 100 Mbits/s technology and Wireless LANs. .</p> <p>She has held positions at:</p> <ul style="list-style-type: none"> • Megahertz Corporation: Project Leader, LAN Products 1994 - 1995 • Dayna Communications, Inc.: Hardware Engineer March 1991 - 1994 • The University of Utah: Research and Teaching Assistant January 1988 - June 1990 • LeMont Scientific - Senior Software Engineer 1986-1988 • Pennsylvania State University: Research and Teaching Assistant January 1986 - March 1987
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Dr.Ragula Bhaskar	Permanent Account Number	AQMPR7798E
	Passport Number	057325777
	Driving License Number	150107324
	Voter ID	NA
Ms.Sanchaita Datta	Permanent Account Number	ARHPD9796N
	Passport Number	058269450
	Driving License Number	150107340
	Voter ID	NA

The Permanent Account Number, Bank Account Number and Passport Number if any, of the Promoter/ Principal Shareholder has been submitted to BSE and NSE.

Interest of Promoter and Common Pursuits

The Promoters are interested to the extent of their shareholding in the Company. Further, the Promoter Directors may be deemed to be interested to the extent of remuneration, reimbursement of expenses payable to them.

Further, the Promoters are also partners/directors of certain Promoter Group entities and they may be deemed to be interested to the extent of payments made by the Company, if any, to these Promoter Group entities. For the payments that are made by the Company to certain Promoter Group entities, please refer to the section titled "Related Party Transactions" starting from page 116 of this Red Herring Prospectus.

The Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of this Red Herring Prospectus in which the Promoters are directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them including the properties purchased by the Company other than in the normal course of business.

Further, except as disclosed in this section, the Promoters do not have any interest in any venture that is involved in any activities similar to those conducted by the Company.

OTHER VENTURES OF THE PROMOTER

1. BACK OFFICE XTENSION INDIA PRIVATE LIMITED (BOXIPL):

Back Office Xtension India Private Limited was incorporated on 04th May, 2005 with the main object to carry on the business of Software Development and Outsourcing. The company Registration no. is U72200TN2005PTC056168. The Registered Office of the Company is situated at 4th floor Greams Dugar Building, 149 Greams Road, Thousand Light, Chennai, Tamilnadu - 600 006.

Board of Directors	1. Dr. Ragula Bhaskar 2. Ms. Sanchaita Datta
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Shareholding Pattern of BOXIPL is as under:

Sl.No.	Name of the Share holder	No. of equity shares of Rs.10/- each	% of Share Holding
1.	Dr.Ragula Bhaskar	60,000	50.00
2.	Ms. Sanchaita Datta	60,000	50.00
	Total	1,20,000	100.00

Audited Financial Highlights:

(Rs. in Lakhs)

Particulars	31.03.2007	31.03.2008	31.03.2009
Sales & Other Income	--	94.68	169.75
PAT	--	7.63	60.40
Equity Capital	1.00	1.00	1.00
Share advance	176.39	-	11.00
Reserves and Surplus	-	7.64	68.04
EPS [FV of Rs. 10/- each]	--	0.08	0.60
Book Value/share (NAV)*	1547.67	(93.99)	665.88

*NAV = (Equity capital + Share Advance + Reserves surplus) - Miscellaneous expenditure / Number of shares

BOXIPL has not made any capital issue during last three years. BOXIPL is not a Sick Industrial Company within the meaning of the SICA.

2. KVR HOLDINGS LLC (KVRH LLC):

KVR Holdings LLC (KVRH LLC) was registered by the Department of Corporations & Commercial Code, Department of Commerce, Utah on 10th June 2005 with a registration number 5933627-0160. The Registered Office of the Company is situated at 4540 S Jupiter Dr, Salt Lake City UT 84124. The company is engaged in the business of real estate holdings.

Board of Directors	1. Dr. Ragula Bhaskar 2. Ms. Sanchaita Datta
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Shareholding Pattern of KVRH LLC is as under:

Sl.No.	Name of the Share holder	No. of Shares of \$ 0.01each	% of Share Holding
1.	Dr.Ragula Bhaskar	14,00,000	88.61
2.	Ms. Sanchaita Datta	1,80,000	11.39
	TOTAL	15,80,000	100.00

KVRH LLC has started its operations since June 2008.

Financial Highlights as certified by management:

(in Lakhs)

Particulars	01.01.2008 to 31.12.2008		01.01.2009 to 31.03.2009	
	USD	Rs.	USD	Rs.
Sales & Other Income	0.46	22.29	0.22	11.21
PAT	(0.20)	(9.69)	0.04	2.04
Total Equity	0.59	28.59	0.89	45.35

* Reference rate for December 31, 2008 is considered to be Rs.48.45/USD

* Reference rate for March 31, 2009 is considered to be Rs.50.95/USD

KVRH LLC has not made any capital issue during last three years. KVRH LLC is not a Sick Industrial Company within the meaning of the SICA.

3. BACK OFFICE XTENSIONS INC (BOXINC):

Back Office Xtensions Inc was incorporated in Salt Lake City, Utah under the Utah Corporation Business Act as a corporation on December 24, 2002 with a perpetual life with registration number 5244103-0142. The Registered Office of the Company is situated at 4540 S Jupiter Dr, Salt Lake City UT 84124. The company is engaged in the business of software development and outsourcing.

Board of Directors	1. Dr. Ragula Bhaskar 2. Ms. Sanchaita Datta
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Shareholding Pattern of BOXINC is as under:

Sl.No.	Name of the Share holder	No. of Shares of \$ 0.01 each	% of Share Holding
1.	Dr. Ragula Bhaskar	490,000	49.00
2.	Ms. Sanchaita Datta	510,000	51.00
	TOTAL	10,00,000	100.00

Financial Highlights as certified by management:

(in Lakhs)

Particulars	01.01.2007 to 31.12.2007		01.01.2008 to 31.12.2008		01.01.2009 to 31.03.2009	
	USD	Rs.	USD	Rs.	USD	Rs.
Sales & Other Income	7.55	297.55	6.69	324.13	2.74	139.60
PAT	0.06	2.36	0.13	6.30	0.55	28.02
Total Equity	1.61	63.45	1.44	69.77	0.58	29.55

*Reference rate for March 31, 2009 is considered to be Rs.50.95/USD

*Reference rate for December 31, 2008 is considered to be Rs.48.45/USD

*Reference rate for December 31, 2007 is considered to be Rs.39.41/USD

(References rates are from the RBI website for a date nearest to the record date)

BOXINC has not made any capital issue during last three years. BOXINC is not a Sick Industrial Company within the meaning of the SICA.

4. ROCHESTER MOHAWK LABORATORIES PRIVATE LIMITED (RMLPL)

Rochester Mohawk Laboratories Private Limited was incorporated on 22nd February, 1993 with the main object to carry on the business of manufacture and trade of all types of chemicals related to food and drug industries with company Registration No. 18-024458 (CIN: U24231TN1993PTC024458). The Registered Office of the Company is situated at A1-143, 11th Main Road, Anna Nagar Chennai - 600040, Tamilnadu, India. The company has not commenced its operation since

Board of Directors	1. Mr. Ragula Ethiraj 2. Ms. Bhuvana Lakshmi 3. Dr. Ragula Bhaskar
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Shareholding Pattern of RMPL is as under:

Sl.No.	Name of the Share holder	No. of Equity shares of Rs.100 each	% of Share Holding
1.	Mr. Ragula Ethiraj	690	69.00
2.	Mr. Ragula Bhupathy	290	29.00
3.	Mr. Ragula Bhaskar	10	1.00
4.	Ms. R. Bhuvana Lakshmi	10	1.00
	TOTAL	1,000	100.00

Financial Highlights:

(Rs. in Lakhs)

Particulars	31.03.2007	31.03.2008	31.03.2009
Sales & Other Income	--	--	--
PAT	--	--	--
Equity Capital	1.00	1.00	1.00
Share Advance	0.02	0.02	0.02
EPS [FV of Rs. 10/- each]	--	--	--
Book Value/share (NAV)*	77.68	72.93	67.43

*NAV = (Equity capital + Share Advance + Reserves surplus) - Miscellaneous expenditure / Number of shares

RMPL has not made any capital issue during last three years. RMPL is not a Sick Industrial Company within the meaning of the SICA.

Common Pursuits

The promoters and directors do not have any interest in any venture that is involved in any activities similar to those conducted by the Company or any member of the promoter group. We shall adopt the necessary procedures and practices as permitted by law to address any conflict situations, as on when they may arise.

Defunct Promoter Group Companies

There are no defunct Promoter Group companies.

Business interest amongst group companies

The company has entered into agreement with Back Office Xtensions Inc. pursuant to which FNIL will support BoxInc in developing network related software or such other software. BOXInc will reimburse all the expenses incurred (including on assets) plus 10% on the total expenses to FNIL on monthly basis.

Interest of Promoters

All the Promoters who are on the Board of Company may be deemed to be interested to the extent of the sitting fees and other remuneration for the services rendered and the reimbursement of expenses, if any, payable to them under the articles. The Promoters may also be deemed to be interested to the extent of the shares, if any, held by them or by the relatives or by firms or companies of which any of them is a partner and a director/member respectively.

Except as mentioned above the promoters do not have any interest in the business of the company.

Payment or benefit to Promoters of the Issuer Company

Other than the salary and remuneration of the Promoter Directors, dividend, if any declared by the Company on shares held by them, there are no payment or benefit to promoters of the Company.

Related Party Transactions as per Financial Statements

The details of related party transactions please refer to page no.116 of this Red Herring Prospectus.

CURRENCY OF PRESENTATION

In this RHP, all references to "Rupees" "Rs." are to the legal currency of India and all references to "U.S. Dollars", and "US\$" are to the legal currency of the United States.

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 RHP, unless otherwise indicated, have been calculated on the basis of our financial statements prepared in accordance with Financial Statements prepared as per Indian GAAP.

For the convenience of the investors, as far as possible the reporting unit has been maintained as Rupees in Lacs.

DIVIDEND POLICY

The Board of Directors of the company may, at its discretion, recommend dividend to be paid to the members of the company. The factors that may be considered by the Board before making any recommendations for the dividend includes but not limited to profits/earnings during the financial year, liquidity of the company, need for reserving resources for future growth, applicable taxes including tax on dividend, as well as exemptions under tax laws available to various categories of investors from time to time etc.

Dividend will be declared and approved at the Annual General Meeting of the shareholders based on the recommendation by the Board. The Board may also from time to time pay to the members interim dividend if it considers justified by the profits generated by the company.

PART III
SECTION IV: FINANCIAL STATEMENTS
AUDITORS' REPORT

To
The Board of Directors,
Fatpipe Networks India Limited
3rd Floor, Northern Wing,
Greams Dugar, No.68 (old No.149),
Greams Road,
Chennai - 600 006.

Dear Sirs,

Re: Proposed Initial Public Issue of Equity Shares of Fatpipe Networks India Limited (formerly Fatpipe Networks India Private Limited)

We have examined the financial information of Fatpipe Networks India Limited (formerly Fatpipe Networks India Private Limited) ('the Company') annexed to this report for the purpose of inclusion in the Red Herring Prospectus (DRHP) / Red Herring Prospectus (RHP) / Prospectus and initialed by us for identification. The financial information has been prepared by the Company and approved by the Board of Directors which has been prepared in accordance with:

- a) paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');
- b) Securities and Exchange Board of India - (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time ('the Regulations') issued by the Securities and Exchange Board of India ('SEBI') pursuant to Section 11 of the Securities and Exchange Board of India Act, 1992; and related clarification;
- c) The terms of our engagement letter dated September 25th 2009 issued in connection with the offer document being issued by the Company in connection with its Proposed Initial Public Offer ('IPO') of Equity Shares.

Financial Information as per the Audited Financial Statements

1. We have examined the attached 'Statement of Assets and Liabilities' of the Company as at 31st March 2005, 2006, 2007, 2008, 2009 and 31st December 2009 (Annexure I), 'Statement of Profits and Losses' for each of the years ended 31st March 2005, 2006, 2007, 2008, 2009 and period ended 31st December 2009 (Annexure II) and 'Statement of Cash Flows' for each of the years ended 31st March 2005, 2006, 2007, 2008, 2009 and period ended 31st December 2009 (Annexure III), together referred to as 'Summary Statements'.
2. These Summary Statements have been extracted from the financial statements of each of the years ended 31st March 2005, 2006, 2007, 2008, 2009 and period ended 31st December 2009 adopted by the Board of Directors for those respective years/period.
3. Based on our examination of these Summary Statements, we state that:
 - a) The 'Summary Statements' have to be read in conjunction with the Notes to Accounts and Significant Accounting Policies given in **Annexure IV**.
 - b) The profits have been arrived at after charging all expenses including depreciation and after making such adjustment and regroupings as in our opinion are appropriate in the year/period to which they are related
 - c) The accounts as given in the enclosed statements do not require any restatement since:
 1. There have been no adjustments for the changes in accounting policies retrospectively in respective financial years.
 2. There have been no adjustments for the material amounts in the respective financial years to which they

- relate.
3. There are no extra ordinary items that need to be disclosed separately in the accounts and qualification requiring adjustments.
 4. The company has not paid any dividends on equity shares in any of the Years/Periods mentioned above.

Other Financial Information

5. We have examined the following information as at and for each of the years ended 31st March 2005, 2006, 2007, 2008, 2009 and period ended 31st December 2009 of the Company, proposed to be included in the DRHP / RHP / Prospectus, as approved by the Board of Directors and annexed to this report:
 - a) Annexure V contains details of Sundry Debtors
 - b) Annexure VI contains details of Loans and Advances
 - c) Annexure VII contains details of Secured and Unsecured Loans.
 - d) Annexure VIII contains statement of Accounting Ratios;
 - e) Annexure IX contains Statement of Tax Shelter
 - f) Annexure X contains Capitalisation Statement:
 - g) Annexure XI contains details of Other Income.
 - h) Annexure XII contains statement of Related Party disclosures.
 - i) Annexure XIII contains Change in Significant Accounting Policies in the last three years
6. In our opinion, the 'Financial Information as per Audited Financial Statements' and 'Other Financial Information' mentioned above read with significant accounting policies and notes on accounts appearing in Annexure IV as at and for each of the years ended 31st March 2005, 2006, 2007, 2008, 2009 and period ended 31st December 2009 have been prepared in accordance with Part II of schedule II of the Act, SEBI Regulations and Accounting Standards issued by ICAI and Indian GAAPs.
7. This report should, in any way, neither be construed as a reissuance nor redating of any of the previous audit reports by us nor should this be construed as a new opinion on any of the Financial Statements referred to herein.

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

For L. U. Krishnan & Co
CHARTERED ACCOUNTANTS

Sd/-

L. U. Krishnan Partner

M. No: 011288

Place: Chennai

Date:12.03.2010

Annexure I

STATEMENT OF ASSETS AND LIABILITIES

(Rs. In Lakhs)

	Particulars	31st Dec 2009 (9 months)	As at 31st March				
			2009	2008	2007	2006	2005
A.	Assets						
	Fixed Assetsgross block						
	Tangible assets	299.22	311.05	79.88	69.07	50.22	39.57
	Intangible Assets	2,275.94	2,187.65				
	Less: Depreciation/ Amortisation	395.84	241.13	48.29	34.64	22.72	11.96
	Net Block	2,179.31	2,257.57	31.59	34.43	27.50	27.62
	Net Block after adjustment for Revaluation Reserve	2,179.31	2,257.57	31.59	34.43	27.50	27.62
B.	Deferred Tax Asset	0.00	5.60	0.34			
C.	Current assets, loans and advances						
	Inventories	146.76	154.96				
	Receivables	1,356.36	1,133.03	72.98	32.38	26.37	11.57
	Cash and bank balances	502.00	380.49	16.53	14.48	2.70	12.35
	Loans and advances	88.01	95.57	21.16	28.97	9.79	5.22
	Other current assets						
	Total Current Assets	2,093.14	1,764.05	110.66	75.83	38.86	29.14
D.	Total assets	4,272.44	4,027.22	142.60	110.26	66.36	56.76
E.	Liabilities and provisions						
	Loan funds						
	Secured loans	68.71	92.73				
	Unsecured loans	0.00	49.19		0.97		
	Deferred Tax Liability	142.58	0.00				
	Current liabilities and provisions						
	Sundry liabilities	325.06	479.32	30.41	18.00	5.69	5.80
	Provisions	147.02	141.92	4.51	0.59	0.61	
	Total Liabilities and provisions	683.36	621.24	34.91	19.56	6.30	5.80
	Net worth (D - E)	3,589.08	3,405.99	107.68	90.70	60.06	50.96
F.	Net worth Represented by:						
	Shareholders funds						
1	Share capital	1,302.65	1,302.65	1.00	1.00	1.00	1.00
2	Share Advance			56.71	56.71	56.71	54.11
3	Reserves and surplus	2,286.43	2,103.34	49.97	32.98	2.40	(4.03)
	Less: Revaluation Reserve						
	Reserves(Net of Revaluation Reserve)	2,286.43	2,103.34	49.97	32.98	2.40	(4.03)
4	Less: miscellaneous expenditure not written off					0.06	0.12
	Total (1+2+3+4)	3,589.08	3,405.99	107.68	90.70	60.06	50.96

Annexure II

STATEMENT OF PROFITS AND LOSSES

(Rs. in Lakhs)

Particulars	31st Dec 2009 (9 months)	31st March				
		2009	2008	2007	2006	2005
Income						
Sales:						
Of Products manufactured by the Company	4,588.56	4,198.99	316.21	222.72	119.38	64.47
Other Income	2.82	30.61				
Total Income	4,591.38	4,229.60	316.21	222.72	119.38	64.47
Expenditure						
Raw materials & goods consumed	303.42	375.77				
Staff Costs	1,254.07	1,707.01	193.66	117.57	66.22	29.80
Other Direct expenses	469.19	57.72	3.52	1.28	0.40	1.79
Selling & distribution expenses	1,578.88	1,446.69	85.09	60.06	34.90	22.25
Interest	7.94	24.96		0.06		
Depreciation	172.78	192.84	13.65	11.92	10.76	6.60
Miscellaneous expenditure written off				0.06	0.06	0.06
Total expenditure	3,786.28	3,804.99	295.92	190.96	112.33	60.50
Net Profit before tax and extraordinary items	805.10	424.61	20.28	31.76	7.05	3.97
Provision for taxation	285.01	25.24	3.30	1.18	0.61	
Net Profit after tax & before extraordinary items	520.09	399.37	16.99	30.58	6.44	3.97
Extraordinary items (net of tax)						
Net Profit after extraordinary items	520.09	399.37	16.99	30.58	6.44	3.97
Appropriations						
Transfer to general reserve	520.09	399.37	16.99	30.58	6.44	3.97
Balance carried to Balance sheet	2,286.43	2,103.34	49.97	32.98	2.40	(4.03)

Annexure III

STATEMENT OF CASH FLOW

(Rs. in Lakhs)

	Particulars	31st Dec 2009 (9 months)	For the Year ended 31st March				
			2009	2008	2007	2006	2005
A	Cash From Operating Activities:						
	Net Profit Before Tax	805.10	424.61	20.28	31.76	7.05	3.97
	Adjustments for:						
	Depreciation	172.78	192.84	13.65	11.92	10.76	6.60
	Miscellaneous Expenses written off				0.06	0.06	0.06
	Interest Received	(1.55)	(4.87)				
	Interest Expenses	7.94	24.96		0.06		
	Operating Profit before Working Capital changes:	984.27	637.54	33.93	43.80	17.87	10.63
	Adjustments for changes in Working Capital:						
	(Increase)/Decrease in Sundry Debtors	(223.34)	10.71	(40.60)	(6.01)	(14.80)	(8.75)
	(Increase)/Decrease in other Receivables	7.56	(46.16)	7.81	(19.18)	(4.57)	0.14
	(Increase)/Decrease in stock	8.20	(70.03)				
	Increase/(Decrease) in trade and other payables	(106.10)	89.66	16.32	12.29	0.50	4.32
	Cash generated from Operations	670.60	621.72	17.46	30.91	(1.00)	6.33
	Direct Taxes	(16.51)	(3.63)	(3.64)	(1.18)	(0.61)	
	Net Cash flow from Operating Activities (A)	654.09	618.09	13.83	29.73	(1.61)	6.33
B	Cash Flow from Investing Activities						
	Purchase of Fixed Assets	(10.33)	(154.21)	(10.81)	(18.85)	(10.65)	(17.33)
	Intangible Assets	(308.76)	(475.78)				
	Net Cash flow from Investing Activities (B)	(319.09)	(629.98)	(10.81)	(18.85)	(10.65)	(17.33)
C	Cash Flow form Financing Activities						
	Issue of Share Warrant		147.44				
	Share Advance					2.60	9.22
	Proceeds from Long term Borrowings	(24.02)	(18.41)				
	Proceeds from Short term Borrowings	(49.19)	(52.40)	(0.97)	0.97		
	Interest paid	(7.94)	(24.96)		(0.06)		
	Interest Received	1.55	4.87				
	Net cash flow from Financing Activities (C)	(79.60)	56.54	(0.97)	0.91	2.60	9.22
	Exchange difference on Consolidation	(133.90)	132.77				
	Net Increase/(Decrease) in Cash & Cash equivalent (A+B+C)	121.51	44.65	2.05	11.75	(9.65)	(1.78)
	Opening Cash and cash equivalent	380.49	203.08	14.48	2.70	12.35	14.13
	Closing Cash and cash equivalent	502.00	380.49	16.53	14.48	2.70	12.35

Annexure IV

Summary of Notes to Accounts and Significant Accounting Policies**A. SIGNIFICANT ACCOUNTING POLICIES****1. Amalgamation (as per Audited accounts for the Financial Year 200809)**

Pursuant to the Scheme of amalgamation approved by the Honourable High Court of Madras, M/s Fatpipe Networks India Limited, (formerly Fatpipe Networks India Private Limited), transferee company, engaged in the business of Software development and M/s Ragula Systems Development Company, a company incorporated in the US, transferor company, engaged in the business of Computer Networking Products, have amalgamated with effect from 1st April 2008, which is the appointed date.

Method of accounting

In terms of the scheme as approved by the Court, the assets and liabilities of the transferor company are recorded in the books of the transferee company at their existing carrying amount. The Accumulated losses of the transferor company have been included in the books of Transferee Company in the same form in which they appeared in the financial statements of the transferor company.

The difference between the amount recorded as the share capital issued and the amount of share capital of the transferor company is adjusted in reserves in the financial statement of the transferee company.

Exchange Ratio

The stockholders of the transferor company were issued shares in the transferee company in the ratio of one equity shares of Rs. 10/(Rupees Ten only) each, credited as fully paid, in the Transferor company for every:

- (a) 1 Common stock held in the Transferor Company
- (b) 1 Series A Preferred Stock held in the Transferor Company
- (c) 1 Series B Preferred Stock held in the Transferor Company
- (d) 1 Series C Preferred Stock held in the Transferor Company

Allotment of Shares

The Stockholders of the transferor company were issued 1,24,49,288 numbers of equity shares of Rupees Ten each aggregating to Rs. 12,44,92,880/(Twelve Crores Forty Four Lakhs ninety two thousands eight hundred and eighty only) on the amalgamation becoming effective.

The difference between the amount recorded as the share capital issued by the transferee company and the amount of share capital of the transferor company is Rs.45, 22, 74,408/- (Forty Five Crores Twenty Two Lakhs seventy four thousands four hundred and eight only) and the same is recorded in the books of the transferee company as capital reserve in accordance with the Accounting Standard 14.

Consequent on the amalgamation become effective, the overseas establishment of the erstwhile transferor company have become branches of the transferee company with approval of Reserve Bank of India and are subject to compliance with various US Federal and state Laws.

2. **Basis of preparation**

The accounts have been prepared to comply in all material aspects with applicable accounting principles in India, Accounting Standards and the relevant provisions of the Companies Act, 1956. Revenue/Income and costs/expenditure are generally accounted on accrual basis, as they are earned or incurred.

3. **Principles of Consolidation**

The financial statements of the Head office and US Branches have been consolidated on a line by line basis by adding together the book value of like items of assets, liabilities, income, expenses, after eliminating intra - group transactions and any unrealized gain or loss on the balances remaining within the group.

4. **Revenue recognition**

The company derives its revenues primarily from Products and service agreement. Product revenue are recognised when the shipment is made. Service agreements are in the nature of maintenance contracts and are received in advance. Two third of the revenue from service agreements are recognized in the month of raising the invoice and the remaining part recognized over a period of eleven months thereafter.

5. **Fixed assets including Intangible assets**

Fixed assets are stated at cost, less accumulated depreciation. Cost includes cost of acquisition including material cost, freight, installation cost, duties and taxes, and other incidental expenses, incurred up to the installation stage, related to such acquisition. Fixed assets purchased in foreign currency are recorded in Rupees, converted at the then prevailing exchange rates. Intangible assets are stated at cost less accumulated amortisation.

6. **Depreciation & Amortisation**

Depreciation is provided on fixed assets on written down value basis, as per the rates and in the manner specified by schedule XIV of the Companies Act, 1956. Intangible assets are amortised over their individual estimated useful lives, on a straight-line basis.

7. **Inventories**

Raw materials, subassemblies and components are carried at the lower of cost and net realisable value. Cost is determined on a weighted average basis.

8. During the financial year ending 31/03/2009, shareholders of erstwhile Ragula Systems Development Company exercised their share warrants amounting to US dollars equivalent of Rs. 1,47,43,621/. Subsequently the same are converted as common stock of Fatpipe Networks India Ltd. as a part of amalgamation during October 2008.

9. Use of estimates

The preparation of the financial statements in conformity with Generally Accepted Accounting Principles requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and the reported amounts of income and expenses during the Year. Examples of such estimates include provisions for doubtful debts, income taxes, post sales customer support and the useful lives of fixed assets and intangible assets.

10. Foreign currency transactions

Revenues from overseas clients and collections are recorded at the exchange rate as of the date of respective transactions. Expenditure in foreign currency is accounted at the exchange rate prevalent when such expenditure is incurred. Exchange differences are recorded when the amount actually received on sales or actually paid when expenditure is incurred is converted into Indian Rupees. The exchange differences arising from the domestic operations on foreign currency transactions are recognized as income or expense in the Year in which they arise.

Balances Outstanding in the Unrealised Tax Benefits account in the US Branch is translated at the exchange rate that prevailed on 01.04.08, which is the appointed date as per the amalgamation Scheme approved by the honourable high court of Madras.

On consolidation, Indian Rupee equivalent of the US Dollar balance outstanding in the "Head Office Account" in the books of US Branch is taken as the amount outstanding in the "US Branch Account" in the books of the Head Office.

The operations of overseas branches are assumed as a Non integral foreign operation.

The financials of US operations are translated in accordance with the Accounting Standard 11 - "The effects of change in foreign exchange rates". Monetary and Non-monetary items denominated in foreign currency are translated at the exchange rate prevalent at the date of Balance Sheet, revenue items are translated at the average exchange rates and the resulting difference is shown under Foreign Currency Translation Reserve in the balance sheet.

11. Retirement and other benefits

Employees in India:

- a) *Provident Fund* : Eligible employees receive benefit from provident fund covered under the Provident Fund Act. Both the employee and the company make monthly contributions. The employer contribution is charged off to Profit & Loss Account as an expense.
- b) *Gratuity* : Provision for Gratuity has been made according to the actuarial valuation.
- c) *Leave encashment*: The leave encashment liability upon retirement would not arise as the accumulated leave is reimbursed every year and accounted at actual.

Employees in the overseas branches:

- a) *Social Security* : The Company pays an amount matching the federal taxes for the employees. . The social security taxes are contribution towards retirement income.
- b) *Medicare* : “The Medicare tax rate is for the employee and the employer. The Company withholds the employee’s share and pays a matching amount for Medicare tax.”
- c) *Federal Unemployment* : FUTA covers the costs of administering the unemployment insurance and job service programs in all states in USA. In addition, FUTA pays onehalf of the cost of extended unemployment benefits. The Company pays state and federal unemployment taxes.
- d) *State Unemployment*: In every state in the USA, employers are required to pay state unemployment taxes, commonly referred to as SUTA. SUTA tax rates and caps are usually different in each state and is charged according to the location of the employees. Costs are charged to Company.
- e) *Workmen compensation Insurance* : The workers compensation insurance covers any workplace related injuries and accidents.

12. Income Taxes

The company, is registered under the software Technology Park of India Scheme, is eligible for tax benefits under section 10B of the Income Tax Act. The company has two components of profits in its books namely profits from the Indian operations and profits from the overseas operations. As the profits from the Indian operations are eligible for benefit under section 10B, its is taxed at the rates applicable for the Minimum Alternate Tax (MAT) and the profits from the overseas operation are taxed at the maximum marginal rates as they do not qualify for the above tax benefit.

13. Research & Development

The company carries out research on various products at its overseas branch and incurs expenses on continuous basis. In the process, the company creates various Intellectual properties which are patentable. As a consequence, the company has been issued various patents by the US patent office.

NOTES ON ACCOUNTS

1. Estimated amount of contract remaining to be executed on capital account and not provided for Rs. Nil.
1. **As no Contingent Liabilities are acknowledged in the five year period,**
 - a. Claims not acknowledged as debt Rs. Nil.
 - b. Letter of credit outstanding Rs. Nil.
3. Foreign currency (USD) earned and expended

Does not include the revenue of branches in the US and as those revenues were not brought into India.

(Rs. in Lakhs)

Particulars	31st Dec 2009	As at 31st March				
		2009	2008	2007	2006	2005
a. Foreign currency (USD) earned						
Software development & services	299.34	411.59	316.21	222.72	119.38	64.47
On capital account	Nil	Nil	Nil	15.26	17.60	Nil
b. Foreign currency (USD) expended	Nil	Nil	Nil	Nil	Nil	Nil

4. There are no dues to Micro, Small and Medium Enterprises pending in the said period.
5. As required under Accounting Standard (AS) 18, the following are details of transactions during the respective years with the related parties of Fatpipe Networks India Limited .
- a. List of Related Parties and Relationships

I. Individuals having control with relatives and associates

			Relation			
	31.12.09	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
Dr. Ragula Bhaskar	Managing Director	Managing Director (Change in designation from 1.9.2008)	Director	Director	Director	Director
Mrs. Sanchaita Datta	Whole time Director	Whole time Director (Change in designation from 1.9.2008)	Director	Director	Director	Director
Mr. Ethiraj	Director / Relative	Director / Relative (Ceased to be a director from 01.11.2008)	Director	Director	Director	Director
Mrs.B.L.Pampari	Relative	Relative	Relative	Relative	Relative	Relative

II. Key Management Personnel

			Relation			
	31.12.09	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
Dr. Ragula Bhaskar	Managing Director	Managing Director (Change in designation 1.9.2008)	Director	Director	Director	Director
Mrs. Sanchaita Datta	Whole time Director	Whole time Director (Change in designation 1.9.2008)	Director	Director	Director	Director
Mr. Ethiraj	Director / Relative	Director / Relative (Ceased to be a director from 01.11.2008)	Director	Director	Director	Director

III. Entities owned or significantly influenced by Directors and/or key management personnel or their relatives and with whom Company has entered into transactions during the period under review.

Related Companies	Relation					
	31.12.09	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
Ragula Systems Development Company	-	-	Company under same management			
Back Office Xtensions India Pvt Ltd	Company under same management					
Back Office Xtensions Inc USA	Company under same management					

IV. Entities owned or significantly influenced by Directors and/or key management personnel or their relatives and with whom Company has not entered into Transactions during the Year under review - Nil

b. Transaction with Related Parties

I. Individuals having control with relatives and associates

(Rs. In Lakhs)

	31.12.09	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
Mr.Ethiraj Remuneration			4.20	3.15		1.55
Mrs. Sanchaita Datta - Remuneration	72.00	17.43			1.00	
Dr. Ragula BhaskarRemuneration	76.50	19.46				

II. Key Management Personnel

(Rs. In Lakhs)

	31.12.09	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
Mr.Ethiraj Remuneration			4.20	3.15		1.55
Mrs. Sanchaita Datta - Remuneration	72.00	17.43			1.00	
Dr. Ragula BhaskarRemuneration	76.50	19.46				

III. Entities owned or significantly influenced by Directors and/or key management personnel or their relatives and with whom Company has entered into transactions during the period under review.

(Rs. In Lakhs)

	31.12.09	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
Ragula Systems Development Company Operating Income			36.99	17.76	12.65	11.57
Ragula Systems Development Company Share Advance			56.71	56.71	56.71	54.11
Back Office Xtensions (India) Private Ltd Loans and Advance				14.16		
Back Office Xtensions INC- Operating Income	78.80	119.31	35.98	14.61	13.71	

IV. Entities owned or significantly influenced by Directors and/or key management personnel or their relatives and with whom Company has not entered into Transactions during the Year under review - Nil

C. Summary of Related Party Transactions

1. In Relation to I and II above

(Rs. In Lakhs)

	31.12.09	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
a) Remuneration paid	148.50	36.89	4.20	3.15	1.00	1.55

2. In Relation to III and IV above

(Rs. In Lakhs)

	31.12.09	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
a) Operating Income	78.80	119.37	72.97	32.37	26.36	11.57
b) Loans and advances			56.71	70.87	56.71	54.11

6. Reserves and surplus for the period ended 31st December 2009 includes:

Description	(Rs. In lakhs)
Capital Reserve	4,522.74
Foreign Exchange fluctuation Reserve	369.12
Unrealised US Tax Benefits	(3,574.87)
Profit & Loss A/c	969.44
Total	2,286.43

Unrealised Tax Benefits are the balances transferred from erstwhile Ragula Systems Development Limited on merger.

Reconciliation of Foreign Exchange fluctuation Reserve

(Rs. In Lakhs)

Description	31.12.2009	31.03.2009
Opening Balance as on 1st April 2009	706.12	-
Net Additions/(Deletions) during the period due to Foreign Exchange Fluctuations	(337.00)	706.12
Closing Balance at the end of the Period 31st December 2009	369.12	706.12

There were no Foreign Exchange fluctuation Reserve prior to 31st March 2009.

7. Cash flow Statement

- On consolidation of cash flows of the operations of India and overseas branches, the intra group transaction and the unrealised profits have been eliminated.
- Cash and cash equivalents at the end of the period include balances with Banks and cash on hand of Rs.4,95,92,809 /held by the branch which are not freely remissible to the company because of currency exchange restrictions.
- The components of cash and cash equivalent as shown in the cash flow statements are same as the amount in the Cash and Bank Schedule of the Balance sheet, hence no reconciliation, of the amounts in the cash flow statement with the equivalent item reported in balance sheet, is presented.

8. Pursuant to scheme of amalgamation approved by the Honourable high court of Madras, Secured and unsecured Loans of erstwhile Ragula Systems Development Company (the

transferor company) have been included in the books of the company. Since the transferor company is an entity registered outside India, this requires approval from Reserve Bank of India (RBI). Consequently the company has applied for the necessary approvals from Reserve Bank of India in this regard.

9. Exchange Difference

(Rs. in Lakhs)

	31.12.09	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
Exchange Difference Gain		25.07				
Exchange Difference Loss	19.34		3.42	0.95	0.31	0.63

10. Director's Remuneration Paid:

(Rs. in Lakhs)

	31.12.09	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
Mr. Ethiraj Remuneration			4.20	3.15		1.55
Mrs. Sanchaita Datta - Remuneration	72.00	17.43			1.00	
Dr. Ragula Bhaskar Remuneration	76.50	19.46				

11. Details of Audit Fees Paid

(Rs. in Lakhs)

	31.12.09	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
For Statutory Audit	1.10	1.50	0.45	0.28	0.17	0.17
For Tax Audit		0.50	0.11	0.06	0.06	0.06
For Company Law Matters		0.50	0.17	0.06	0.06	0.06
For Other Matters		4.79			1.74	1.65

12. Balances of Sundry debtors, Sundry Creditors and Loans and Advances are subject to confirmation and reconciliation/consequential adjustments if any.

13. Segmental Report

The company is engaged in the development and sales of Computer Networking Product. Majority of the revenue of the company are from the sales of these products and there are no other reportable business segments.

Hundred percent of the revenue of the company accrue in the US and consequently there are no other reportable geographical segments.

14. Patents

The company, at its overseas branch carries out development of new patents and incurs expenses on a continuous basis; the company has several patents issued by the United States Patents and Trademark Office. Since the cost cannot be exactly identified to each of the patents, the expenses incurred on Research and development, Legal expenses and the expenses incurred at the India operations are treated as cost of creating the Patent and the costs incurred each year are amortized over the useful life estimated by the management. T

Before merger, the ownership of the patents was in the name of Ragula Systems Development Company. Pursuant to the approved Amalgamation scheme the ownership of the patents has been assigned in the company's name.

15. Inventories The Company had inventories of Rs. 146.76 lakhs as at December 31, 2009 (Rs.154.96 lakhs as at March 31, 2009) as its US Branches. The Inventory constitutes raw materials, components and sub assemblies.

16. Employee Benefit

1. Incurred in India

- Provident Fund - The Company contributed Rs 2.73 lakhs for the period and Rs 8.69 lakhs in the previous year.
- Gratuity - The company has provided a sum of Rs.2.5 lakhs for the 9 months Period and the provisions made in the previous year are as given below:

(Rs. in Lakhs)

Expenses to be recognized in P/L Account	31st Dec 2009	31st March				
		2009	2008	2007	2006	2005
Interest Cost	0.05	0.07				
Current Service Cost	2.00	6.62	0.87			
Past Service Cost						
Expected Return on Plan Assets						
Curtailement Cost (Credit)						
Settlement Cost (Credit)						
Net Actuarial (gain) / loss		7.60				
Net Expenses to be recognized in P/L a/c	2.50	14.29	0.87			

Reconciliation	31st Dec 2009	31st March				
		2009	2008	2007	2006	2005
Net Liability as at the beginning of the period:	15.16	0.87				
Net Expenses in P/L a/c	2.50	14.29	0.87			
Benefits Paid						
Net Liability as at the end of the period:	17.66	15.16	0.87			

As per the latest amendment to the EPF scheme 1952 and EPS (employees pension scheme) 1995 to benefit foreigners who took up employment in the country, is not applicable to the company as there are no international workers in the company.

- The company has not paid any Leave encashment during the period and during the last year.

2. Incurred in US:

- i) Social Security - The company had incurred expenses in US Dollars equivalent of Rs. 62.77 lakhs during the period (Rs. 94.26 lakhs in previous year).

17. Details of Loans & Advances

(Rs. in Lakhs)

Particulars	31.12.09	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
Property Advance	17.90	17.90	6.31	6.31	5.01	3.82
Staff Advance	7.19	39.18	2.45	3.06	1.30	0.15
Other Advances	58.04	33.30	10.22	3.26	1.39	0.71
Back Office Xtensions Pvt. Ltd.	-	-	-	14.16	-	-
Prepaid Expenses	2.70	3.01	-	-	-	-
Other Deposits	2.18	2.18	2.18	2.18	2.09	0.54
TOTAL	88.01	95.57	21.16	28.97	9.79	5.22

18. Earnings Per Share

(Rs. in Lakhs)

Particulars	31st Dec 2009	As at 31st March				
		2009	2008	2007	2006	2005
Net Profit for the year- Amount available for Equity Shareholders	520.09	399.37	16.99	30.58	6.44	3.97
Weighted Average No. of Shares	13,026,464	6,179,428	10,000	10,000	10,000	10,000
Earnings per share basic and diluted (Rs.)	3.99*	6.46	169.86	305.81	64.37	39.68
Face Value per Equity Share (Rs.)	10	10	10	10	10	10

(* Unannualised)

19. Figures have been rounded off to the nearest rupee. Previous years' figures have been regrouped, recast wherever necessary to conform to this years' classification

Other Notes:

- We confirm that all the notes to the accounts, significant accounting policies and auditor's report and auditor's qualifications if any, have been incorporated.
- We confirm that there are no other material notes to the auditor's report which have financial bearing of the company.

Annexure V

Details of Sundry Debtors

(Rs. in Lakhs)

	31st Dec 2009	31st March				
		2009	2008	2007	2006	2005
Secured, Considered good						
-More than 6 months	-	-	-	-	-	-
-Less than 6 months	-	-	-	-	-	-
Unsecured, Considered good						
-More than 6 months	495.55	418.78	-	-	-	-
-Less than 6 months	860.81	714.25	72.98	32.38	26.37	11.57
TOTAL	1,356.36	1,133.03	72.98	32.38	26.37	11.57

Note : None of the beneficiaries of aforesaid Debtors are related to the Promoters/Directors of the Company

Annexure VI

Details of Loans & Advances

(Rs. in Lakhs)

Particulars	31st Dec 2009	31st March				
		2009	2008	2007	2006	2005
Property Advance	17.90	17.90	6.31	6.31	5.01	3.82
Staff Advance	7.19	39.18	2.45	3.06	1.30	0.15
Other Advance	58.04	33.30	10.22	3.26	1.39	0.71
Back Office Xtensions Pvt Ltd	-	-	-	14.17	-	-
Prepaid Expenses	2.70	3.01	-	-	-	-
Other deposits	2.18	2.18	2.18	2.18	2.09	0.54
TOTAL	88.01	95.57	21.16	28.97	9.79	5.22

Of Which

(Rs. in Lakhs)

Particulars	31st Dec 2009	31st March				
		2009	2008	2007	2006	2005
Receivable from						
a) Promoter Group	-	-	-	-	-	-
b) Group Companies / Associates / Directors	-	-	-	14.16	1.00	-
c) Others	88.01	95.57	21.16	14.81	8.79	5.22
TOTAL	88.01	95.57	21.16	28.97	9.79	5.22

Annexure VII

Details of Secured & Unsecured Loans

(Rs. In Lakhs)

As at	31st Dec 2009	31st March				
		2009	2008	2007	2006	2005
Secured Loan						
Utah Business Lending	68.71	92.73	-	-	-	-
Unsecured Loan						
Sanchaita Datta	-	-	-	0.97	-	-
UTFC Loan	0.00	49.19	-	-	-	-
TOTAL	68.71	141.92	-	0.97	-	-

Details of Secured and Unsecured Loans as at 3^{1st} December' 2009

(Rs. In Lakhs)

Sr.	Name of the bank	Type of Facility	Date of Sanction	Limit Sanctioned	O/S as of 31st Dec 2009	Interest Rate p.a	Repayment Schedule	Last Installment	Security
1	Utah Business Lending Corp.	Term Loan	1st June 2007	100.15	68.71	13%	In 60 Equated Monthly Installment including of monthly Interest	Jul-12	Secured by Debtor's inventory, equipment, furnishings, fixtures, computers and software.
2	UTFC Financing Solution, LLC	Term Loan	15th December 2004	80.12	0.00	12%	In 60 Equated Monthly Installment including of monthly Interest	Dec-09	NIL

We confirm that there are no re-scheduling, prepayment, penalty, default etc. on any of the above mentioned loans.

Annexure VIII

Statement of Accounting Ratios (Rs. in Lakhs)

Particulars	31st Dec 2009	As at 31st March				
		2009	2008	2007	2006	2005
Profit after Tax, as Restated	520.09	399.37	16.99	30.58	6.44	3.97
Net Worth	3,589.08	3,405.99	107.68	90.70	60.06	50.06
Weighted Average number of Shares	13,026,464	6,179,428	10,000	10,000	10,000	10,000
Earning per Share (EPS) (Weighted Average)	3.99*	6.46	169.86	305.81	64.37	39.68
Return on Net worth (%)	14.49	11.73	15.77	33.72	10.71	7.77
Net Asset Value per share (Rs)	27.55	57.50	1073.42	916.66	600.57	509.57

(*Unannualised)

1. Earnings per share (Rs):
$$\frac{\text{Net Profit restated, attributable to equity shareholders}}{\text{Weighted Number of equity shares outstanding during the year}}$$
2. Return on Net worth (%):
$$\frac{\text{Net Profit after Tax, as restated}}{\text{Net Worth at the end of the year}}$$
3. Net Assets Value per Equity share (Rs):
$$\frac{\text{Net worth as at the end of the year}}{\text{Weighted Number of equity shares outstanding during the year}}$$
4. Net worth means Equity Share Capital + Reserves and Surplus + Share Advance

ANNEXURE IX

Statement of Tax Shelter

(Rs. in Lakhs)

Particulars	31st Dec 2009	As at 31st March				
		2009	2008	2007	2006	2005
Net Profit/ (Loss) before current taxes, as restated	805.09	424.61	20.28	31.76	7.05	3.97
Income tax rate						
Basic rate	30.00	30.00	30.00			
Surcharge	3.00	3.00	3.00			
Education cess	0.99	0.99	0.99			
Total Rate	33.99	33.99	33.99			
Tax at notional rate (A)	123.40	29.40	2.09			
Adjustments:						
Permanent Differences						
Deduction under section 10A of the Income Tax Act, 1961						
Total (B)						
Timing Differences						
Difference between Book Depreciation and Tax Depreciation	435.82	0.79	0.16			
Total (C)	435.82	0.79	0.16			
Net Adjustment (D = B+C)	435.82	0.79	0.16			
Tax Saving thereon (E)	148.18					
Net tax impact (F = A+E)	285.00	29.40	2.09			
Tax under normal provisions of the Act (G)	123.40	22.40	7.03			
Tax under MAT (H)	136.82	6.55	2.09			
Notional current domestic tax provision for the year [Max of (G) & (H)]	136.82	22.40	7.03			
Provision for current domestic tax as per the books of account net of MAT credit	136.82	29.40	2.09			

The company, is registered under the software Technology Park of India Scheme, is eligible for tax benefits under section 10B of the Income Tax Act. The company has two components of profits in its books namely profits from the Indian operations and profits from the overseas operations. As the profits from the Indian operations are eligible for benefit under section 10B, its is taxed at the rates applicable for the Minimum Alternate Tax (MAT) and the profits from the overseas operation are taxed at the maximum marginal rates as they do not qualify for the above tax benefit.

ANNEXURE-X

Capitalization Statement as at December 31st, 2009

(Rs. in Lakhs)

Particulars	Pre Issue as at 31st December 2009	Post Issue#
Borrowing		
Short-term debt (A)	0.00	
Long-term debt (B)	68.71	
Total debt (C= A+B)	68.71	
Shareholders' funds		
Equity Share Capital	1,302.65	
Reserves & surplus, as restated	2313.00	
Total Shareholders' funds (D)	3,615.65	
Long-term debt/Shareholders' funds (B/D)	0.02:1	
Total debt/Shareholders' funds (C/D)	0.02:1	

#the figures of Post issue are not determinable at this stage pending the completion of the book building process, hence have not been furnished

ANNEXURE XI

Details of Other Income

(Rs in Lakhs)

Particulars	31st Dec 2009	31st March				
		2009	2008	2007	2006	2005
Other income, as per Statement of Unconsolidated restated Profits and Losses, (A)	2.81	30.61	-	-	-	-
Net Profit before tax, as per Statement of Unconsolidated restated Profits and Losses, (B)	805.09	424.61	-	-	-	-
Percentage (A/B)	0.35	7.21	-	-	-	-

Sources and Particulars of Other Income	Nature	Period ended 31.12.09	Year ended 31.03.09	Year ended 31.03.08	Year ended 31.03.07	Year ended 31.03.06	Year ended 31.03.05
Interest received on deposits with banks	Recurring	1.55	4.87	-	-	-	-
Exchange gain	Non-recurring	-	25.07	-	-	-	-
Miscellaneous income	Non-recurring	1.27	0.67	-	-	-	-
Other income as per unconsolidated restated profit and loss account (C)		2.82	30.61	-	-	-	-

The classification of "Other Income" as recurring and nonrecurring is based on the current operations and business activity of the company as determined by Management.

Annexure XII

Details of Transactions with Related Parties

As required under Accounting Standard (AS) 18, the following are details of transactions during the respective years with the related parties of Fatpipe Networks India Limited

A. List of Related Parties and Relationships

I Individual having control with relatives and associates

			Relation					
			31.12.09	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
a	Dr. Ragula Bhaskar	Managing Director	Managing Director(Change in designation from 1.9.2008)	Director	Director	Director	Director	
b	Mrs. Sanchaita Datta	Whole Time Director	Whole time Director (Change in designation from 1.9.2008)	Director	Director	Director	Director	
c	Mr. Ethiraj	Relative	Director/ Relative(Ceased be a Director from 01.11.2008)	Director	Director	Director	Director	
d	Mrs. B.L.Pampari	Relative	Relative	Relative	Relative	Relative	Relative	

II Key Managerial Personnel

		Relation					
		31.12.09	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
a	Dr. Ragula Bhaskar	Managing Director	Managing Director(Change in designation from 1.9.2008)	Director	Director	Director	Director
b	Mrs. Sanchaita Datta	Whole Time Director	Whole time Director (Change in designation from 1.9.2008)	Director	Director	Director	Director
c	Mr. Ethiraj	Relative	Director/ Relative(Ceased be a Director from 01.11.2008)	Director	Director	Director	Director

III Entities owned or significantly influenced by Directors and/or key management personnel or relatives and with whom Company has entered into transactions during the period under review

	Relation					
	31.12.09	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
Ragula Systems Development Company			Company under same management			
Back Office Xtensions India Pvt Ltd	Company under same management					
Back Office Xtensions IncUSA	Company under same management					

IV Entities owned or significantly influenced by Directors and or/key management personnel or their relatives and with whom Company has entered into transactions during the period under review.

NIL

B. Transaction with Related Parties

(Rs. in Lakhs)

I Individual having control with relatives and associates

		31.12.09	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
a	Mr. Ethiraj - Remuneration	-	-	4.20	3.15	-	1.55
b	Mrs. Sanchaita Datta Remuneration	72.00	17.43	-	-	1.00	-
c	Dr. Ragula Bhaskar - Remuneration	76.50	19.46	-	-	-	-

II Key Managerial Personnel

		31.12.09	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
a	Mr. Ethiraj - Remuneration	-	-	4.20	3.15	-	1.55
b	Mrs. Sanchaita Datta - Remuneration	72.00	17.43	-	-	1.00	-
c	Dr. Ragula Bhaskar - Remuneration	76.50	19.46	-	-	-	-

III Entities owned or significantly influenced by Directors and/or key management personnel or relatives and with whom Company has entered into transactions during the period under review

		31.12.09	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
a	Ragula Systems Development Company Operating Income	-	-	36.99	17.76	12.65	11.57
b	Ragula Systems Development Company Share Advance	-	-	56.71	56.71	56.71	54.11
c	Back Office Xtensions (India) Private Ltd - Loans and Advance	-	-	-	14.16	-	-
d	Back Office Xtensions INC Operating Income	78.80	119.31	35.98	14.61	13.71	-

IV Entities owned or significantly influenced by Directors and or/key management personnel or their relatives and with whom Company has entered into transactions during the period under review

NIL

C. Summary of Related Party Transactions

(Rs. in Lakhs)

Sr	Sr	Particulars	31.12.09	31.03.09	31.03.08	31.03.07	31.03.06	31.03.05
	1	In relation to I & II above						
	a	Remuneration Paid	148.50	36.89	4.20	3.15	1.00	1.55
	2	In relation to III & IV above						
	a	Operating Income	78.80	119.31	72.97	32.37	26.36	11.57
	b	Loans & Advances			56.71	70.87	56.71	54.11

Annexure XIII

Change in Significant Accounting Policies in the last three years

There has been no change in Significant Accounting Policies for the last three years.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis of Financial Condition and Results of Operations as Reflected in the Financial Statements

Overview

Fatpipe's core technology, router clustering, involves patented and patent-pending methods that provide the highest levels of optimization, reliability, security and acceleration of Wide Area Networks (WANs) and enable high-speed data transfer through multiple lines, multiple ISPs, and backbones over WANs with seamless re-assembly of data streams. Fatpipe technology affords companies, that run mission critical WAN applications over any type of infrastructure, automatic and dynamic failover of a downed data line due to a WAN component, line or service failure.

The Company's vision is to be the world leader in the technology that can be used for communication between head office and branch offices and provide reliable communication channels over widely available infrastructure. The Company's products enable its clients to obtain low cost, redundant and fast Internet access, allowing such corporations to implement Intranets, e-commerce strategies, highly redundant Virtual Private Networks (VPNs), highly redundant VOIP, site to site failover for business continuity over the Internet or Wide Area Network (WAN) connections that exceed 99.999988% uptime.

Fatpipe sells its products worldwide through a network of authorized distributors and resellers. Fatpipe is proposing to expand its operations to China, Singapore, South Africa, Kenya, Nigeria, Argentina, Belgium, Germany, France, Eastern Europe and Australia.

Significant developments after December 31, 2009 that may affect the future results of operations of the Company

In the Opinion of the Board Of Directors, there has not arisen, since the date of the last Financial Statements disclosed in this Red Herring Prospectus, any circumstance that materially or adversely affect or are likely to affect the profitability of the Company or the value of its Assets or its ability to pay its material liabilities within the next twelve months.

Factors that may affect Results of Operations

Except as otherwise stated in this Offer Document, the Risk Factors given in this Offer Document and the following important factors could cause actual results to differ materially from the expectations include, among others:

- **General economic and business conditions;**

As a company operating in India, it is affected by the general economic conditions in the country. The Indian economy has grown steadily over the past several years. This improved performance was propelled by the growth in industrial activity and robust services sector. The overall economic growth will therefore impact the results of its operations. The growth prospects of the business of the Company and its ability to implement the strategies will be influenced by macroeconomic growth.

- **Our ability to successfully implement strategy and growth and expansion plans;**

Our growth plans are considerable and would put significant demands on our management team and other resources. Any delay in implementation of its strategy and its growth and expansion plans could impact the Company's product roll out schedules and cause time over runs.

- **Factors affecting industrial activity;**

There are no factors affecting the industrial activity.

- **Increasing competition in the industry;**

The company has not faced competition for its MPVoIP, Symphony, MPVPN and IPVPN products, all of which are protected by patents. The company is not aware of specific future competition, but will remain focused on developed leading edge patentable products to ensure its lead in this market segment continues to hold.

For the Warp product, however, there are a few companies that copy and potentially infringe on our concept and intellectual property.

- **Cyclical or seasonal fluctuations in the operating results;**

There is no cyclical or seasonal fluctuations in the operating results.

- **Changes in laws and regulations that apply to the industry;**

There are some laws and regulations applicable to the industry in which we operate, which we have to comply/ follow. In case of a failure to comply with these laws and regulations or to obtain or renew the necessary permits and approvals our business may be affected.

- **Changes in fiscal, economic or political conditions in India;**

External factors such as potential terrorist attacks, acts of war or geopolitical and social turmoil in many parts of the world could constrain our ability to do business, increase the costs and negatively affect our financial performance.

- **Social or civil unrest or hostilities with neighboring countries or acts of international terrorism;**

Factors such as potential terrorist attacks, acts of war or geopolitical and social turmoil in many parts of the world could constrain our ability to do business, increase the costs and negatively affect our performance. These geopolitical, social and economic conditions could result in increased volatility in India and worldwide financial markets and economy, and such volatility could constrain our ability to do business.

- **Changes in the foreign exchange control regulations, interest rates and tax laws in India.**

Any change in the foreign exchange control regulation, mainly interest rates and tax laws pertaining to India affects the liquidity of cash in the market which in turn affects the purchasing power of the economy.

Notes:

- There are no sales or purchases between companies in the promoter group which exceed in value aggregating to 10% of the total sales or purchases of the company.
- The intangible assets are the value of the 7 US patents and 3 trademarks that the company currently holds. As on 31/03/09 the value of intangible assets was Rs. 2187.65 lacs and as on 31/12/09 was Rs. 2275.94 lacs. The patents were valued at cost incurred by the company in developing the technology and obtaining the patents. The accounting treatment and valuation of such intangible assets are in strict compliance with the applicable accounting standards.
- The present asset profile of the company is as mentioned below:

(Rs. in lacs)

PARTICULARS	Registered Office(India)As on 31.12.2009	% of Total	Branch Office(USA) As on 31.12.2009	% of Total	Total As on 31.12.2009	% of Total
Tangible Assets	99.34	3.86	199.86	7.76	29.92	11.62
Intangible Assets	-	-	2275.93	88.38	2275.93	88.38
Total	99.34	3.86	2475.80	96.14	2575.14	100.00

Discussion on results of operations of the Company

The following discussion of the financial condition and results of operations for the financial year ending March 31, 2009, 2008, 2007 & 2006 respectively

(Rs. In Lacs)

Particulars	Dec 31, 2009	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006
Total Income	4591.37	4229.60	316.21	222.72	119.38
Total expenses	3786.28	3804.98	295.92	190.95	112.33
Total Expenses as a % of Total Income	82.46	89.96	93.58	85.73	94.09
Depreciation	172.78	192.83	13.65	11.92	10.75
Depreciation as % of Total Income	3.76	4.55	4.31	5.35	9.00
Profit / (loss) before Tax	805.09	424.61	20.28	31.75	7.04
Profit / (loss) before Tax as % of Total Income	17.53	10.03	6.41	14.25	5.89
Profit / (loss) after tax and extra ordinary items	969.43	449.34	49.97	32.98	2.40
Profit / (loss) after tax as % of Total Income	21.11	10.62	632.79	14.80	2.01

Note: Figures have been regrouped wherever necessary to make the data comparable

Reasons for general increase/ decrease in the size of P&L items and the Balance Sheet items for the periods ended 31/03/2009 and 31/12/2009.

Total Income : Total Income for the nine months period FY 2009-10 is Rs. 4591.38 lacs as compared to Rs. 4229.60 lacs for the FY 2008-09 recording a growth of 33.58%. The said increase in the income is due to the substantial growth in sales and software development services by the company .

Profit After Tax : Profit After Tax for nine months period for FY 2009-10 is Rs. 520.09 lacs as compared to Rs. 399.37 lacs for the FY 2008-09 recording a growth of 52.63%. This is due to fact that there has been a substantial increase in the sales of the company.

Staff Costs: The decrease in staff costs for the period from April 09 through Dec '09 is due to the company has adopted certain cost control measures during the fiscal year starting 1st April 2009. This contributed to the company's financial growth in terms of profits, liquidity and net worth.

Depreciation: Depreciation for six months period from April '09 to Dec '09 amounted to Rs.172.78 lacs constituting 5.44% of the total income as compared to Rs. 192.84 lacs for the FY 2009. constituting 4.56% of the total income. This increase in depreciation is due to provision of full year depreciation on intangible assets.

Increase Gross Fixed Assets: The Gross Fixed Assets went up from Rs.2498.70 lakhs as on 31st March 2009 to Rs.2575.15 as of 31st December 2009, an increase of Rs. 76.45 lakhs. The assets included intangible assets (patent), computers, furniture & fixtures.

Decrease in Secured Loans: The outstanding balance in secured loan went down from Rs.92.73 lacs as of 31.03.2009 to Rs.68.71 lacs as on 31.12.2009, due to repayment of loan.

Decrease in Unsecured Loans: The unsecured loan outstanding balance of Rs.49.19 lacs as of 31.03.2009 was completely paid off and balance was nil as on 31.12.2009.

Increase in Receivables: Receivables increased from Rs.1133.03 lakhs for FY 2009 to Rs. 1356.36 lakhs for the nine months period of FY 2010, the increase due to growth in the sales and increase in the business of the company.

Comparison of Recent Financial Years / Periods with Previous Financial Years / Periods

Financial Performance as reported in the Balance Sheet and Profit and Loss Statement for FY 08-09 of the Company is not strictly comparable with that reported by the Company in the immediately preceding FY 07-08, as the year 08-09 witnessed amalgamation of Ragula Systems Development Company with Fatpipe Networks India Limited.

Comparison for the years ended March 2009 and March 2008

Total Income

Total Income for the FY 2009 is Rs. 4,229.60 lakhs as compared to Rs. 316.21 lakhs for the FY 2008 as the business of the transferor company was merged with the transferee company.

Staff Costs

Staff Costs for the FY 2009 amounted to Rs. 1,707.01 lakhs, constituting 40.36% of Total Income, as compared to Rs. 193.66 lakhs, constituting 61.24% of the Total Income, for the FY 2008 as pursuant to the scheme of amalgamation the employees of the transferor company were absorbed into the transferee company.

Selling & Distribution Expenses

Selling & Distribution Expenses for the FY 2009 amounted to Rs. 1,446.95 lakhs, constituting 34.21% of the Total Income, as compared to Rs. 85.09 lakhs, constituting 26.99% of the Total Income, for the FY 2008 recording an increase of 7.22% in terms of % of Total Income due to amalgamation and consolidation of the two entities.

Depreciation

Depreciation for the FY 2009 amounted to Rs.192.84 lakhs constituting 4.56% of the Total Income as compared to Rs. 13.65 lakhs for the FY 2008, constituting 4.32% of the Total Income as the assets like furnitures and fixtures alongwith the computers and other peripherals and intellectual property of the transferor company were consolidated into the books of transferee company.

Profit before Tax (PBT)

Profit before Tax (PBT) for the FY 2009 amounted to Rs. 424.61 lakhs, constituting 10.04% of the Total Income as compared to Rs. 20.28 lakhs for the FY 2008, constituting 6.41% of the Total Income resulting in an increase of 2,093.74% over previous year in terms of amount. This increase in income of the company is majorly due to the consolidation of the accounts pursuant to the Scheme of Amalgamation approved by Hon'ble High Court of Tamil Nadu, Chennai.

Profit after Tax (PAT)

Profit after Tax (PAT) for the FY 2009 amounted to Rs. 399.37 lakhs, constituting 9.44% of the Total Income as compared to Rs. 16.99 lakhs for the FY 2008, constituting 5.37% of the Total Income resulting in an increase of 2,350.62% over previous year in terms of amount. The results reflect the financials of the company for the first year after amalgamation.

Increase in Gross Fixed Assets

During the FY2009, Gross Fixed assets went up from Rs. 79.88 Lakhs as on 31st March 2008 to Rs. 2498.70 Lakhs as on 31st March 2009, an increase of Rs. 2,418.82 Lakhs. The assets included computers and peripherals.

Increase in Loans

During FY 2009, Unsecured Loans went up from NIL as on 31st March 2008 to Rs. 49.19 Lakhs as on 31st March 2009 due to inheritance of unsecured loan from UTFCC pursuant to amalgamation.

Similarly, there has been an increase in Secured Loans from NIL as on 31st March 2008 to Rs. 92.73 Lakhs as on 31st March 2009 as the secured loans from Utah Business Lending were inherited by the company.

Comparison for the years ended March 2008 and March 2007

Total Income

Total Income for the FY 2008 is Rs. 316.21 lakhs as compared to Rs. 222.72 lakhs for the FY 2007 recording a growth of 41.98%. The said increase in the income is due to the growth in sales of web design and software development services by the company.

Staff Costs

Staff Costs for the FY 2008 amounted to Rs. 193.66 lakhs, constituting 61.24% of Total Income, as compared to Rs. 117.57 lakhs, constituting 52.79% of the Total Income, for the FY 2007. This is attributed to the increase in staff costs required to meet the requirements of new projects.

Selling & Distribution Expenses

Selling & Distribution Expenses for the FY 2008 amounted to Rs. 85.09 lakhs, constituting 26.91% of the Total Income, as compared to Rs. 60.06 lakhs, constituting 26.97% of the Total Income, for the FY 2007 recording an increase of 41.67% in terms of % of Total Income. This increase is attributed to the increase in sales efforts to expand the customer base for the growth of the company.

Depreciation

Depreciation for the FY 2008 amounted to Rs.13.65 lakhs constituting 4.32% of the Total Income as compared to Rs. 11.92 lakhs for the FY 2007, constituting 5.35% of the Total Income. The increase in depreciation was due to purchase of computers, machinery and equipments and furniture and fixtures.

Profit before Tax (PBT)

Profit before Tax (PBT) for the FY 2008 amounted to Rs. 20.28 lakhs, constituting 6.41% of the Total Income as compared to Rs. 31.76 lakhs for the FY 2007, constituting 14.26% of the Total Income resulting in a decrease of 63.85% over previous year in terms of amount. The said decrease in PBT is attributable to the increase in employee costs for the year and the increase in legal and travel costs related to the amalgamation activities.

Profit after Tax (PAT)

Profit after Tax (PAT) for the FY 2008 amounted to Rs. 16.99 lakhs, constituting 5.37% of the Total Income as compared to Rs. 30.58 lakhs for the FY 2007, constituting 13.73% of the Total Income resulting in a decrease of 55.56% over previous year in terms of amount. The decrease is due to extraordinary expenses incurred on amalgamation and legal expenses incurred.

Increase in Gross Fixed Assets

During the FY2008, Gross Fixed assets went up from Rs. 69.07 Lakhs as on 31st March 2007 to Rs. 79.88 Lakhs as on 31st March 2008, an increase of Rs. 10.81 Lakhs. This is mainly due to acquisition of assets during the fiscal year for normal operation and growth of the company. The increase was due to purchase of computers, machinery and equipments and furniture and fixtures.

Decrease in Unsecured Loan

During FY 2009, Unsecured Loans went down from Rs. 0.97 Lakhs as on 31st March 2007 to NIL as on 31st March 2009. This is due to the repayment of loan to Ms. Sanchaita Datta.

Increase in Receivables

During FY2008, Receivables increased from Rs. 32.38 Lakhs as on 31st March 2007 to Rs. 72.98 Lakhs as on 31st March 2008. This increase is due to growth in the acquisitions of clients and increase in the business of the company.

Comparison for the years ended March 2007 and March 2006***Total Income***

Total Income for the FY 2007 is Rs. 222.72 lakhs as compared to Rs. 119.38 lakhs for the FY 2006 recording a growth of 86.56% over FY 2006. The said increase in the Total Income is attributed to the growth in sales of the company and acquisition of new customers for rendering engineering services.

Staff Costs

Staff Costs for the FY 2007 amounted to Rs. 117.57 lakhs as compared to Rs. 66.22 lakhs for the FY 2006, resulting in a decrease i.e. from 55.47% of Total Income during FY 2006 to 52.79% of Total Income during FY 2007. Reason for increase in the staff costs is due to the increase in the number of employees by about 20, needed to meet the requirements of new projects.

Selling & Distribution Expenses

Selling and Distribution Expenses for the FY 2007 amounted to Rs. 60.06 lakhs as compared to Rs. 34.90 lakhs for the FY 2006. In terms of % of Total Income, Selling and Distribution expenses decreased from 29.23% to 26.97% from FY 2006 to FY 2007. Nevertheless, the amount increased substantially on account of increased sales and marketing efforts implemented for the growth of the company.

Depreciation

Depreciation for the FY 2007 amounted to Rs. 11.92 lakhs constituting 5.35% of the Total Income as compared to Rs. 10.76 lakhs for the FY 2006, constituting 9.01% of the Total Income.

Profit before Tax (PBT)

Profit before Tax (PBT) for the FY 2007 amounted to Rs.31.76 lakhs, constituting 14.26% of the Total Income as compared to Rs. 7.05 lakhs for the FY 2006, constituting 5.91% of the Total Income resulting in an increase of 450.50% over previous year in terms of amount. This increase was due to acquisition of new customers, increase in sales and growth in the business of the company.

Profit after Tax (PAT)

Profit after Tax (PAT) for the FY 2007 amounted to Rs. 30.58 lakhs, constituting 13.73% of the Total Income as compared to Rs. 6.44 lakhs for the FY 2006, constituting 5.39% of the Total Income resulting in an increase of 474.84% over previous year in terms of amount. The said increase in PAT is attributable to the increase in the sales of the company.

Increase in Gross Fixed Assets

During the FY2007, Gross Fixed assets went up from Rs. 50.22 Lakhs as on 31st March 2006 to Rs. 69.07 Lakhs as on 31st March 2007, an increase of Rs. 18.85 Lakhs. The increase was due to purchase of computers, machinery and equipments and furniture and fixtures.

Increase in Unsecured Loan

During FY 2007, Unsecured Loans went up from NIL as on 31st March 2006 to Rs. 0.97 Lakhs as on 31st March 2007. This is due to a short term loan made to Ms. Sanchaita Datta as advance towards travel expenses.

Increase in Receivables

There is an increase in the Total Income of the Company from Rs. 119.38 Lakhs in the FY2006 to Rs. 222.72 Lakhs in the FY2007 resulting in corresponding increase in Receivables, which has increased from Rs. 26.37 Lakhs as on 31st March 2006 to Rs. 32.38 Lakhs as on 31st March 2007. This increase is due to growth of the company's operations with additional projects related to web development services.

An analysis of reasons for the changes in significant items of income and expenditure is given hereunder:

1. Unusual or infrequent events or transactions

To the best of our knowledge and other than as described in this Red Herring Prospectus, there have been no significant events which may be called "unusual" or "infrequent" in the context of, and that we expect to materially affect, the business of the Company.

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

Any slowdown in the growth of Indian and global economy could affect the business, including the future financial performance, shareholders' funds and ability to implement strategy and the price of the Equity Shares.

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

There are no known trends or uncertainties that have or had or are expected to have a material adverse impact on Total Income or income from continuing operations.

4. Future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known

Presently we are not aware of any adverse events such as factors relating to increase in labour or material costs or prices that will cause a material change.

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

There is no material increase in the net sales or revenues due to increased sales volume, introduction of new products or services or increased sales prices.

6. Total turnover of each major industry segment in which the Company operated

The Company derives its entire turnover from development and sales of computer networking products.

7. Status of any publicly announced new product

There are no new products announced publicly by our company.

8. The extent to which the business is Seasonal

Our business is not seasonal and no major cyclical trends are observed in this industry.

9. Competitive conditions

For a discussion of the competitive conditions that the Company faces please see the section entitled "Competition" on page 57 of this Red Herring Prospectus.

SECTION V - LEGAL AND REGULATORY INFORMATION

OUTSTANDING LITIGATION, MATERIAL DEVELOPMENTS AND OTHER DISCLOSURES

Except as detailed below, there are no outstanding or pending litigations, disputes, bargains and demands, investigations, Central / State Government claims or inquiries, proceedings or disputed tax liabilities, over-dues to banks/financial institutions, defaults against banks/ financial institutions, proceedings initiated for economic/civil/ criminal/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part I of Schedule XIII of the Companies Act) against the Company, Promoters, Directors or Group Companies or their promoters or directors. Other than as detailed below, there are no defaults of non-payment of statutory dues against the Company including under the excise, customs, sales tax, income tax and service tax, and no disciplinary action has been taken by SEBI or any stock exchanges against the Company.

A. Cases filed against the Company: NIL**B. Cases filed by the Company:**

- Civil Proceedings

Sl. No.	Details of the Case/Dispute		Brief Facts	Status
	Complaint/Case No. filed before:	Parties		
1.	C.S.No.31 of 2008 filed before the High Court of Judicature at Madras.	1. Sanchaita Datta, 2. Ragula Bhaskar, 3. Fatpipe Networks India (P) Limited (Plaintiffs) Vs 1. Mr. Kishorkumar Gokaldas. 2. M/s. Kishorkumar Gokaldas, Promoters and Developers. (Defendants)	(a) The Plaintiffs wished to buy a commercial flat situated at No. 6B, 6 th floor, KG 360 degrees at OMR, Perungudi, Chennai- 600 041 (flat admeasuring 14380 sq. ft) for office premises for a sale consideration of Rs.6,06,71,125/- (Rupees Six Crore Six Lakh Seventy One Thousand One Hundred and twenty Five only). The said building is promoted and constructed by the Defendants. In this regard the Plaintiffs made an advance payment Rs.10,00,000/- (Rupees Ten lakhs only) in favour of the Defendants. (b) The Defendants acknowledged the receipt of the said amount and provided a letter of allotment dated August 23, 2006 in favour of the Plaintiffs. However subsequently the Defendants sent an email to the Plaintiffs for cancellation of the allotment with immediate effect. The Plaintiffs sent a notice dated January 22, 2007 to the Defendants for refunding the advance amount but did not receive any reply. (g) The Plaintiffs approached the honorable court and prayed that the	The matter is pending before the court.

Details of the Case/Dispute			
			<p>Court:</p> <p>(i) direct the Defendants to pay Rs.10,00,000/- (Rupees Ten lakhs only) being the advance amount paid.</p> <p>(ii) direct the Defendants to pay Rs.20,00,000/- (Rupees Twenty lakhs only) being damages along with interest at the rate of 24% from the date of plaint till date of realization</p> <p>(iii) costs of suit and such other relief as the Court deems fit.</p>
2.	<p>Case No. 090921750 filed in the Third Judicial District Court, Salt Lake County, State of Utah.</p>	<p>Fatpipe Networks India Limited (Plaintiff)</p> <p>Vs</p> <p>Damon Baker (Defendant)</p>	<p>The Plaintiff has filed the following claims with respect to the alleged breaches by the Defendant</p> <ol style="list-style-type: none"> The Defendant was employed as a sales manager for the Plaintiff with the primary responsibility for international sales which included Europe, Australia and Africa. On May 14, 2007, Fatpipe Networks, a Utah corporation had entered into a Confidentiality, Assignment of Inventions and Non-Competition Agreement ("Agreement") with the Defendant. Fatpipe Networks has reorganized into Fatpipe Networks India Limited and thus has succeeded to all the rights and obligations of the Agreement. The Agreement imposed confidentiality obligations on the Defendant with respect to the Plaintiff's confidential information and assets and also provided for the protection of the confidential information of third parties. Paragraph 5 of the Agreement imposed non-compete and non-solicitation obligations on the Defendant. The Defendant voluntarily terminated his employment with the Plaintiff with effect from September 28, 2009.
			<p><i>The matter has been filed before the Third Judicial District Court on February 24th 2010.</i></p>

Details of the Case/Dispute			
			<p>6. The Defendant has breached the non-compete obligations by providing services competing with the business of the Plaintiff to Lee Steinlauf, a customer of the Plaintiff or to an entity owned by him called Freedom Networks.</p> <p>7. Further, the Defendant is the employment of Lee Steinlauf, he is in breach of his non-compete obligations under Paragraph 5.2.4 of the Agreement.</p> <p>8. The Defendant has breached the confidentiality obligations set out in the Agreement. The Defendant has taken without authorization the Plaintiff's confidential information and company assets and is using it in violation of paragraph 3.1 of the agreement to among other things contact the Plaintiff's customers and disclose the confidential information to others.</p> <p>9. Despite the demand that the Defendant return the confidential information belonging to the Plaintiff he refused to do so.</p> <p>10. Prayer for Relief</p> <p>i. On the first claim for relief for an award of damages in the amount not less than \$ 500,000 the exact amount to be proven at trial..</p> <p>ii. For injunctive relief enjoining and/or ordering the Defendant, his agents, servants, employees and attorneys and all other persons in active concert or participation with him as follows-</p> <p>a. From violating the non-competition covenants stated in the Agreement.</p> <p>b. From using directly or indirectly for his benefit or for the benefit of others, the intellectual property, company assets and or confidential information in violation of the Agreement.</p> <p>c. To return all Plaintiffs intellectual property, company assets,</p>

Details of the Case/Dispute				
			<p>confidential information and or other documents.</p> <p>iii. On the third claim for relief for an award of damages in the amount not less than \$ 500,000 the exact amount to be proven at trial.</p> <p>For an award of fees, costs and other such relief as the court deems just and proper</p>	
3.	<p>Case No. 090921751 filed in the Third Judicial District Court, Salt Lake County, State of Utah.</p>	<p>Fatpipe Networks India Limited (Plaintiff)</p> <p>Vs</p> <p>Luke Butterfield (Defendant)</p>	<p>The Plaintiff has filed the following claims with respect to the alleged breaches by the Defendant</p> <p>1. The Defendant was employed as a salesperson for the Plaintiff with the primary responsibility for government and military sales, as well as other domestic sales.</p> <p>2. On May 14, 2007, Fatpipe Networks, a Utah corporation had entered into a Confidentiality, Assignment of Inventions and Non-Competition Agreement ("Agreement") with the Defendant. Fatpipe Networks has reorganized into Fatpipe Networks India Limited and thus has succeeded to all the rights and obligations of the Agreement.</p> <p>3. The Agreement imposed confidentiality obligations on the Defendant with respect to the Plaintiff's confidential information and assets and also provided for the protection of the confidential information of third parties. Paragraph 7.6 of the Agreement further provides for injunctive relief to the Plaintiff in addition to any other remedy that the Plaintiff may pursue as a result of the breach of the confidentiality obligations of the Defendant.</p> <p>4. Paragraph 5 of the Agreement imposed non-compete and non-solicitation obligations on the Defendant.</p>	<p><i>The matter has been filed before the Third Judicial District Court on February 24th 2010 and is pending before the court .</i></p>

Details of the Case/Dispute			
			<p>5. The Defendant voluntarily terminated his employment with the Plaintiff with effect from July 31, 2009.</p> <p>6. The Defendant has breached the non-compete obligations by providing services competing with the business of the Plaintiff to Lee Steinlauf, a customer of the Plaintiff or to an entity owned by him called Freedom Networks. The services provided by the Defendant compete with the Plaintiff's business of developing, manufacturing and marketing technology and products. The services provided by the Defendant are in violation of 5.2.2. of the Agreement.</p> <p>7. Further, the Defendant is contacting other current and past customers of Plaintiff for the purposes of selling products or services similar to those currently being sold, or planned by the Plaintiff or conveying information that is detrimental to the Plaintiff's interest in violation of 5.2.1 of the Agreement.</p> <p>8. The Defendant has breached the confidentiality obligations set out in the Agreement. The Defendant maintained the Plaintiff's customer contacts on his personal laptop and even after repeated requests he did not transfer all the information to the Plaintiff and it is alleged by the Plaintiff that the Defendant has been contacting the contacts that he made on business trips during his employment with the Plaintiff since he left the Plaintiff.</p> <p>9. In addition the Defendant has bragged to people that he into the Plaintiff after hours and copied the Plaintiff's data bases.</p> <p>10. The Defendant has converted the Plaintiff's confidential information. Despite the demand that the Defendant return the confidential information belonging to the Plaintiff</p>

Details of the Case/Dispute			
		<p>he refused to do so.</p> <p>11. First Claim for Relief It is stated by the Plaintiff that due to breach of confidentiality and non-competition covenants and theft by conversion, the Plaintiff has been and is currently being damaged in amount to be proven at trial but not less than \$500,000.</p> <p>12. Second Claim for Relief The Plaintiff is entitled to preliminary and other injunctive relief which should include but shall not be limited to restraining the Defendant from rendering any services or performing any activity that would be in breach of the Agreement or from using directly or indirectly for his benefit or for the benefit of other the confidential information, company assets and intellectual property of the Plaintiff.</p> <p>The Plaintiff also seeks an order for specific relief ordering the Defendant to return to the Plaintiff all of the Plaintiff's intellectual property, company assets, confidential information and other documents /materials.</p> <p>13. Third Claim for Relief By knowingly copying and/or otherwise using directly or indirectly the confidential information belonging to the Plaintiff, the Defendant has converted the Plaintiff's property causing it damage. The Plaintiff has been damages in amount not less than \$500,000, the exact amount to be proven at trial.</p> <p>14. Prayer for Relief</p> <p>i. On the first claim for relief for an award of damages in the amount not less than \$ 500,000 the exact amount to be proven at trial.</p> <p>ii. For injunctive relief enjoining and/or ordering the Defendant, his</p>	

Details of the Case/Dispute			
			<p>agents, servants, employees and attorneys and all other persons in active concert or participation with him as follows-</p> <p>a. From violating the non-competition covenants stated in the Agreement.</p> <p>b. From using directly or indirectly for his benefit or for the benefit of others, the intellectual property, company assets and or confidential information in violation of the Agreement.</p> <p>c. To return all Plaintiffs intellectual property, company assets, confidential information and or other documents.</p> <p>iii. On the third claim for relief for an award of damages in the amount not less than \$ 500,000 the exact amount to be proven at trial. For an award of fees, cosrs and other such relief as the court deems just and proper</p>

Intellectual property issues

SL. No.	Details of the Case/Dispute		Brief Facts	Status
	Complaint/Case No. filed before:	Parties		
1	Case No:09cv00186 United States District Court for the District of Utah, Central Division	Fatpipe Networks India Limited (Plaintiff) Vs Xroads Networks Inc (Defendant)	<p>The Plaintiff has filed the following claims with respect to the alleged patent infringement by the Defendant</p> <p>First and Second Claim for Relief (Patent Infringement of the 143 Patent and the 506 Patent)</p> <p>1. The '143 patent is directed to combining routers to increase concurrency and redundancy in external network access. The '506 patent is directed to selective encryption with parallel networks.</p> <p>2. Both the '143 patent and the '506 patent were duly and validly issued by the United States Patent and Trademark Office after having been examined according to law.</p> <p>3. Defendant has imported into the United States and/or has made and/ or sold and/or offered to sell products falling within the scope of one or more of the claims of the '143 patent and the '506 patent without license in violation of 35 U.S.C. § 271(a) and/or (c)</p> <p>4. The Plaintiff has alleged that the Defendant has had and continues to have notice of the existence of the '143 patent and the '506 patent and despite such notice continues to willfully, wantonly and deliberately engage in acts of infringement as that term is defined in 35 United States Code § 271, without regard to the '143 patent and the '506 patent, and will continue to do so unless otherwise enjoined by the Court.</p>	The matter is pending adjudication before the court.

SL. No.	Details of the Case/Dispute		Brief Facts	Status
	Complaint/Case No. filed before:	Parties		
			<p>5. The Plaintiff has prayed that it has been and will continue to be damaged by the infringing conduct of the Defendant and that unless and until the Defendant is enjoined from future infringement, the Plaintiff will suffer irreparable harm.</p> <p>Third and Fourth Claim for Relief (Inducement to Infringe of the '143 Patent and '506 Patent)</p> <p>1. The Plaintiff has alleged that the Defendant has actively induced, and has been inducing, infringement of the '143 patent and the '506 patent in violation of 35 U.S.C. § 271(b).</p> <p>2. The Plaintiff has further alleged that the Defendant has derived, and continues to unlawfully derive, income and profits by inducing others to infringe the '143 patent and the '506 patent and that it has suffered, and continues to suffer, damages as a result of the Defendant's inducement to infringe the '143 patent and the '506 patent.</p> <p>3. The Plaintiff has prayed that it has suffered and will continue to suffer irreparable damage for which there is no adequate remedy at law as a direct result of the Defendant's inducing others to infringe the '143 Patent and the '506 patent unless the Defendant is enjoined from further acts of inducing infringement of the '143 patent and the '506 patent.</p>	

SL. No.	Details of the Case/Dispute		Brief Facts	Status
	Complaint/Case No. filed before:	Parties		
			<p>Prayer for relief</p> <p>The Plaintiff has prayed for judgment against the Defendant as follows:</p> <ol style="list-style-type: none"> 1. For judgment holding the Defendant liable for infringement of the '143 patent and the '506 patent. 2. For an award of damages adequate to compensate the Plaintiff for the infringement of the '143 Patent and the '506 patent by the Defendant 3. For injunctive relief enjoining the Defendant, its officers, agents, servants, employees and attorneys and all other persons in active concert or participation with its as follows: <ol style="list-style-type: none"> a. From manufacturing any products falling within the scope of the claims of the '143 patent or the '506 patent; b. From using any product or method falling within the scope of any of the claims of the '143 or the '506 patent; c. From selling or offering to sell any product or method falling within the scope of any the claims of the '143 patent or the '506 patent; d. From importing any product into the United States which falls within the scope of the '143 patent or the '506 patent; e. From actively inducing others to infringe any of the claims of the '143 patent or the '506 patent; f. From engaging in acts constituting contributory infringement of any of the claims of the '143 patent or the '506 patent; 	

SL. No.	Details of the Case/Dispute		Brief Facts	Status
	Complaint/Case No. filed before:	Parties		
			<p>g. From all others acts of infringement of any of the claims of the '143 patent or the '506 patent.</p> <p>4. That the claims against the Defendant with respect to the '143 patent and the '506 patent be declared an exceptional case and that the Plaintiff be awarded its attorneys' fees against the Defendant pursuant to 35 U.S.C. §285; and</p> <p>5. For such further relief as the Court deems just and proper</p>	

Arbitration proceedings

Sl. No.	Details of the Case/Dispute		Brief Facts	Status
	Complaint/Case No. filed before:	Parties		
1	Arbitral Dispute	M/S. Fatpipe Networks India (P) Ltd. and 1. B. Ramesh, 2. M. Bangaruswamy and Prasanna Patil	<p>The dispute pertains to the employment agreements executed by the Company with 1. B. Ramesh, 2. M. Bangaruswamy and Prasanna Patil (collectively referred as 'Respondents' and individually as Respondent 1, Respondent 2 and Respondent 3 respectively). The dispute has been referred to arbitration in order to recover from the Respondents jointly and severally a sum of Rs.2,97,000/- (Rupees Two Lakh Ninety Seven Thousand only) together with the interest @ 24% p.a. and costs of the claimant. The brief facts of the case are as follows:</p> <p>(a) Respondent 1 signed an employment agreement dated December 14, 2005 with the Company wherein Respondent 1 had agreed to render his services for a minimum tenure of 12 months from January 15, 2006. Respondent 2 and 3 have executed the said agreement as sureties.</p>	<p>The Sole Arbitrator has decided the matter on April 05, 2008 and passed the following order in favour of the Company:</p> <p>(a) Respondent 1 has breached the terms of the employment agreement which specifically provides that the Respondent 1 shall render service to the Company for a minimum period of 12 months and shall not undertake any employment during this period.</p> <p>(b) Respondent 2 and 3 are bound by the terms of the agreement as they have stood as the sureties to Respondent 1 to comply with the terms of the agreement.</p> <p>(c) The Respondents are directed to pay the amount of</p>

Details of the Case/Dispute			
		<p>(b) Respondent 1 was given an increment and promotion, laptop and other accessories and was also given access to various important and confidential files.</p> <p>(c) Respondent 1 however abstained himself from duty and further tendered his resignation with effect from July 31, 2006 without handing over the properties of the Company.</p>	<p>Rs.94,500/- (Rupees Ninety Four Thousand Five Hundred only) together with interest at 10% per annum from July 31, 2006 till realisation and costs of Rs.3,000/- (Rupees Three Thousand only) within 1 month.</p> <p>The Respondents have not appealed against the order of the arbitrator. However the respondents have not yet made the requisite payment and the Company is proposing to file execution proceedings in this regard.</p> <p><i>The Company and Mr. B. Ramesh have executed the Letter of Compromise dated April 22, 2010 which states that the Company has agreed to receive a sum of Rs. 31,500/- plus Rs. 3,000/- as full settlement towards compensation and Mr. B. Ramesh has agreed to pay the said amount. The Company has decided to treat the date of July 13, 2006 as the last working day for Mr. B. Ramesh.</i></p> <p><i>It is represented by the Company that as per the Letter of Compromise it has received the amount Rs. 31,500/- plus Rs. 3,000/- from Mr. B. Ramesh.</i></p>

Other than those disclosed above, the Company is not involved in:

1. Litigation involving criminal offences.
2. Litigation/Disputes involving securities related offences, including penalties imposed by SEBI or any other securities market regulator in India or abroad.
3. Litigation involving statutory and other offences, including penalties imposed by any regulatory authority in India or abroad (present or past).
4. Litigation involving civil and economic offences.

5. Litigation in the nature of winding up petitions/ liquidation/ bankruptcy / closure filed by / against the Company.

Non-payment of statutory dues or dues to Banks / Institutions: Nil

Overdue interest/ principal as on current date: Nil

Prosecution under Schedule XIII to the Companies Act, 1956: Nil

There have been no defaults and there are no over-dues in respect of bonds, debentures and fixed deposits (placed through public or private placement) and arrears in respect of cumulative preference shares or any other liabilities as on current date.

Further, there are no litigation/disputes/penalties or any proceedings known to be contemplated by government authorities.

The Company does not owe sum exceeding Rs. 1 lac outstanding for more than 30 days to small scale undertakings or any other creditors.

There are no litigations against any other company whose outcome could have materially adverse effect on the position of our Company.

C. Cases instituted by/against the Promoters and Promoter Group Entities

(a) Cases instituted against the Promoters/Promoter Group Entities

(i) Civil Proceedings

Sl. No.	Details of the Case/Dispute		Brief Facts	Status
	Complaint/Cas e No. filed before:	Parties		
1.	O.S. No. 3796 of 2007 filed before the XI Assistant, City Civil Court at Chennai.	<p>Barron Power Limited Rep. by its Managing Director, Mr. S. Arunagiri, No.1, Second Cross Street, Teynampet, Chennai- 600 018.(Plaintiff)</p> <p>Vs.</p> <p>1. S.Sridhar Pyrosystems (P)Limited Valimiki Nagar Thiruvanmiyur Chennai- 600 041.</p> <p>2. Back Office Extensions India(P) Limited Rep. by Director</p>	<p>1. The 1st Respondent purchased the suit premises from the Government of Tamil Nadu.</p> <p>2. The Plaintiff entered into a lease cum sale agreement relating to the suit premises, with the Respondent No. 1 and paid Rs. 20,00,000 in this regard to the Respondent No.1.</p> <p>3. The 2nd Respondent decided to acquire the suit premises from the 1st Respondent. The 1st Respondent informed the 2nd Respondent that the Plaintiff is a tenant of the plot and that the Plaintiff has undertaken to vacate the suit premises at the request of the 1st Respondent.</p> <p>4. The 2nd Respondent and the 1st Respondent entered into an</p>	<p>The Supreme Court has vide an order dated 30th April 2009 dismissed the SLP and declared that it found no merit in the same. The Supreme Court had further vide the said order directed the trial court to decide the suit preferably within a period of six months from the date of production of a copy of the order of the Supreme Court before it.</p> <p><i>The parties have filed the Memo of Compromise in the Small Causes Court at Madras in R.C.OP.No.1893 of 2009 and as per the terms of Memo of Compromise it is agreed that M/s. Barron Power Limited shall withdraw O. S. No. 3796/2007 filed before the XI Assistant,</i></p>

Details of the Case/Dispute				
		<p>Sanchaita Dutta 66/149, Greams Road, IV Floor, Grems Dugar Road, Chennai- 600 006</p> <p>Respondents</p>	<p>agreement for sale dated 6-01-2007 under which the 2nd Respondent agreed to purchase the suit premises for Rs. 5,00,00,000 (Rupees Five Crores) and paid Rs. 1,15,00,000 (Rupees One Crore Fifteen lakhs) to the 1st Respondent as advance. Under this agreement, the 1st Respondent agreed to give vacant possession of the suit premises to the 2nd Respondent.</p> <p>5. The Plaintiff was paid Rs. 30 lakhs by the 1st Respondent. The Plaintiff acknowledged the receipt of Rs. 30 lakhs from the 1st Respondent and undertook to vacate and hand over vacant possession of the suit premises on or before 15th June 2007. The Plaintiff however did not vacate the suit premises but filed a suit against the Respondents seeking permanent injunction.</p> <p>6. The Plaintiff has sought for</p> <ul style="list-style-type: none"> • permanent injunction from the Court; • costs of the suit; • Such other order as the court may deem fit <p>7. The Plaintiff has also filed an interim injunction application bearing no. 9940 of 2007 before the said court along with the affidavit for granting an order of temporary injunction.</p> <p>8. The City Civil Court at Chennai vide its order dated August 14, 2007 granted an interim injunction in favour of the Plaintiff. Under the said order, the Court held that the Respondents were refrained from interfering with the possess</p> <p>9. ion of the Petitioner of the suit premises except under the process of law is granted till the disposal of the suit.</p> <p>10. The Respondent No.2 filed a civil</p>	<p><i>City Civil Court at Chennai and C.S. No. 76/2008 filed on the file of Madras High Court as settled out of court. The Company is awaiting the decree copy in relation to the same.</i></p>

Details of the Case/Dispute			
			<p>miscellaneous application in the Civil Court at Chennai C.M.A No. 87 of 2007. The City Civil Court passed an order dated November 26, 2007 confirming the order passed in Case no. 3796/2007, I.A No 9940 of 2007 by the trial court and dismissed the application with no costs.</p> <p>11. The Respondent No.2 then filed a civil revision petition in the High Court of Madras on inter alia the ground that the judgment and decree dated November 26, 2007 passed in C.M.A. No. 87 of 2007) is erroneous in law and prayed that the Hon'ble Court be pleased to set aside the judgment and decree dated November 26, 2007 passed in C.M.A. No. 87 of 2007. The Hon'ble High Court of Madras by its order dated April 09, 2008 dismissed the civil revision petition and confirmed the orders passed by lower appellate court and the trial court.</p> <p>12. The Respondent No.2 then filed a special leave petition, Special Leave Petition(Civil) 11891 of 2008, in the Supreme Court against the order passed by the Hon'ble High Court of Madras in C.R.P. No. 905 of 2008.</p>

(b) Case filed by the Promoters/Promoter Group Entities**(i) Civil Proceedings**

NIL

Sl. No.	Details of the Case/Dispute		Brief Facts	Status
	Complaint/Case No. filed before:	Parties		
1.	RCOP No. 1893 of 2009 filed in the Small Causes Court at Madras.	<p>Back Office Extensions India Private Limited..... Petitioner</p> <p>Vs</p> <p>M/s. Baron Power Limited Respondent</p>	<ol style="list-style-type: none"> The Petitioner stated that it is the owner of the land measuring 9966 sq. ft. in Sy. No. 19/2, Block -I together with factory shed bearing No. II-16, situated within Dr. Vikram Sarabhai Instronics Estate, Thiruvanmiyur, Chennai ("Scheduled Property"). The Petitioner further stated that it is in possession of a portion of the Scheduled Property in the ground floor and first floor and entire second floor. The Respondent is in possession of portion of the ground floor and the entire mezzanine floor and a portion of the first floor in factory shed type II bearing Door No. 16, Dr. Vikram Sarabhai Instronics Estate, Thiruvanmiyur, Chennai. The Respondent is a tenant on a monthly rent of Rs. 10,000/-. The Petitioner stated that it had purchased the property which is near tidal park at the junction of the taramani signal in order to demolish the same and construct the new building thereon. However, the Respondent did not 	<i>The Hon'ble Court vide its decree dated March 17, 2010 ordered eviction of Baron Power from the suit premises by July 31, 2010 and declared that the memo of compromise shall form part the decree.</i>

Details of the Case/Dispute			
			<p>surrender possession of the Schedule Property to the Petitioner in spite of requests.</p> <p>5. The Respondent had filed a petition bearing RCOP No. 495/2008 in XIV Judge, Small Causes Court Madras and prayed that the rent was required to be deposited into court from July 2007 onwards and every month subsequently. The said petition was ordered ex-parte on November 25, 2008 permitting the Respondent to deposit the monthly rent of Rs. 10,000/- into court on or before 10th of every month.</p> <p>6. The Petitioner stated that the Respondent is in arrears of rent from July 2007 to July 2009 amounting to Rs. 2,50,000/- and hence the Respondent is liable to be evicted on the ground of willful default also.</p> <p>7. The Petitioner further stated that the Respondent has filed a civil suit bearing OS No. 3796/2007 before XI Assistant City Civil Court, Chennai restraining the Petitioner from interfering with Respondent physical possession and enjoyment property except by due process of law. The said suit is pending with an injunction.</p> <p>8. Prayer- Pass an order of eviction</p>

Details of the Case/Dispute			
			<p>against the Respondent directing it to deliver the vacant possession of the premises occupied by it.</p> <p>The parties have filed the Memo of Compromise in the Small Causes Court at Madras in R.C.OP.No.1893 of 2009.</p> <ol style="list-style-type: none"> 1. As per the memo of compromise Baron Power undertook to vacate and surrender the suit premises to Back Office on or before July 31, 2010 subject to the payment of Rs. 30,00,000 (Rupees Thirty Lakhs Only) as compensation for vacating the premises and the Back Office has issued post dated cheque for Rs. 30,00,000/- (Rupees Thirty Lakhs Only) in favour of Baron Power. In case Baron Power delivers vacant possession of the entire suit premises before July 31, 2010 Back Office shall substitute the post dated cheque for Rs. 30,00,000/- (Rupees Thirty Lakhs Only) with bankers pay order for the same amount. 2. It is also agreed that in the event of default by Back Office in honouring the cheque for Rs. 30,00,000/- (Rupees Thirty Lakhs Only), Baron Power shall continue to be in possession of the entire premises till the payment of the said sum by Back Office to Baron Power, upon which Baron Power shall deliver vacant and peaceful possession of the entire premises in its occupation to Back Office. 3. It is further agreed that the RCOP No. 1894/2009 which is the petition for fixing fair

Details of the Case/Dispute			
			<p>rent shall be withdrawn as settled. The C.S. No. 76/2008 filed by the Baron Power on the file of Madras High Court shall be dismissed as settled out of court. M/s. Baron Power Limited shall also withdraw O. S. No. 3796/2007 on the file of the 11th Asst, City Civil Court, Chennai as settled out of court. The Parties have agreed that they have no claims against each other whatsoever both in civil and criminal proceedings.</p>

Sl. No.	Details of the Case/Dispute		Brief Facts	Status
	Complaint/Cas e No. filed before:	Parties		
2.	RCOP No. 1894 of 2009 filed in the Small Causes Court at Madras	Bank Office Extensions India Private LimitedPetitioner Vs M/s. Baron Power LimitedRespondent	1. The Petitioner stated that it is the owner of the land measuring 9966 sq. ft. in Sy. No. 19/2, Block -I together with factory shed bearing No. II-16, situated within Dr. Vikram Sarabhai Instronics Estate, Thiruvanmiyur, Chennai ("Scheduled Property").	<p><i>The parties have filed the memo of compromise in the Small Causes Court at Madras in R.C.OP.No.1893 of 2009 and as per the terms of memo of compromise it is agreed that the RCOP No. 1894/2009 which is the petition for fixing fair rent shall be withdrawn as settled.</i></p> <p><i>The Hon'ble Court vide its decree dated March 17, 2010 in ROCP No. 1894 of 2009 dismissed the said petition.</i></p>

Sl. No.	Details of the Case/Dispute		Brief Facts	Status
	Complaint/Cas e No. filed before:	Parties		
			<p>2. The Petitioner further stated that it is in possession of a portion of the Scheduled Property in the ground floor and first floor and entire second floor. The Respondent is in possession of portion of the ground floor and the entire mezzanine floor and a portion of the first floor in factory shed type II bearing Door No. 16, Dr. Vikram Sarabhai Instronics Estate, Thiruvanmiyur, Chennai.</p> <p>3. The Respondent is a tenant on a monthly rent of Rs. 10,000/-.</p> <p>4. The Petitioner stated that the Scheduled Premises is situated less than a kilometer from important centers of Chennai. The Respondent is using the premises for non-residential purpose and therefore liable to pay 12% of the total cost of the land and building. The premises are not exempted from the provisions of the Tamil Nadu Building (Lease and Rent) Control Act, 18 of 1960 as amended by Act, 23 of 1973.</p>	

Sl. No.	Details of the Case/Dispute		Brief Facts	Status
	Complaint/Cas e No. filed before:	Parties		
			5. Prayer – Pass an order fixing the fair rent of Rs. 6,68,605/- p.m for the premises under occupation of the Respondent.	

Other than those disclosed above, there are no pending litigations in which the promoters are involved. No defaults have been made to the financial institutions/ banks, non-payment of statutory dues and dues towards instrument holders like debenture holders, fixed deposits, and arrears on cumulative preference shares by the Promoters and the companies/ firms promoted by the promoters.

Further, there are no cases of pending litigations, defaults, etc. in respect of companies/ firms/ ventures with which the Promoters were associated in the past but are no longer associated.

Further, there are no litigations against the Promoters involving violation of statutory regulations or alleging criminal offence.

There are no pending proceedings initiated for economic offences against the promoters, companies and firms promoted by the promoters.

There are no pending litigations, defaults, non payment of statutory dues, proceedings initiated for economic offences/ civil offences (including the past cases). Further, no disciplinary action was taken by the SEBI/ stock exchanges against the promoters and their other business ventures (irrespective of the fact whether they are companies under the same management with the Issuer Company as per section 370 (1B) of the Companies Act, 1956).

There are no past cases in which penalties were imposed by the concerned authorities on the Company's promoters.

D. Litigation instituted by the Company's Directors

Dr. Ragula Bhaskar and Ms. Sanchita Datta are Plaintiffs to the case filed against Mr. Kishor Kumar Gokaldas and M/s. Kishor Kumar Gokaldas, Promoters and Developers.

E. Litigation instituted against the Company's Directors

There is no outstanding litigation against the directors of the Company.

There are no pending litigations against the directors involving violation of statutory regulations or alleging criminal offence.

There are no pending proceedings initiated for economic offences against the directors.

There are no past cases in which penalties were imposed by the concerned authorities on the Company's directors.

There are no pending litigations, defaults, non payment of statutory dues, proceedings initiated for economic offences/ civil offences (including the past cases), any disciplinary action taken by the SEBI / stock exchanges against the Company's directors.

F. Notices issued by/ against the Company : NIL

G. Notices issued by/ against the Promoter entities: NIL

The Promoters, their relatives (as per Companies Act, 1956), issuer, group companies, associate companies are not detained as willful defaulters by RBI/ government authorities and there are no violations of securities laws committed by them in the past or pending against them.

Except the cases mentioned above there are no outstanding litigation, suits or criminal or civil prosecutions, proceedings or tax liabilities present or past by / against the Company, directors, Promoters and against the directors in their individual capacity that would have a material adverse effect on the Company and there are no defaults, non-payment or over dues of statutory dues, institutional/ bank dues that would have a material adverse effect on the Company.

The Company, Promoters, directors or any of the Company's associate or group companies or other ventures of the promoters and companies with which the directors of the Company are associated as directors or Promoters have not been prohibited from accessing the capital markets under any order or direction passed by SEBI and no penalty has been imposed at any time by any of the regulators in India or abroad.

Material developments since the last balance sheet

In the opinion of the Board, other than as disclosed in the notes to the financial statements on page 105 and in the section "Management's Discussion and Analysis" beginning on page 129 of this Red Herring Prospectus, there has not arisen, since the date of the last financial statements set out herein, any circumstance that materially or adversely affects the profitability or the value of the Company's assets or its ability to pay the material liabilities over the next 12 months.

GOVERNMENT/STATUTORY AND BUSINESS APPROVALS

On the basis of the indicative list of approvals below, we are permitted to carry on business activities and no further major approvals from any Government authorities or regulatory authority or any other entity are required by us to undertake the Issue or continue these business activities. It must be understood that, in granting these licenses, Government of India and/ or Reserve Bank of India does not take any responsibility for Company's financial soundness or for the correctness of any of the statements made or opinion expressed in this behalf.

(i) The list of approvals obtained by the Company is detailed in the table below:

A. Approvals From the Central Government

Sl. No	Act under which the license/approval is issued	Details of the Applicable Statute and Section	Issuing Authority	Details of the license / approval
A. Approvals from the Central Government				
1	The Companies Act, 1956		Registrar of Companies	Certificate of Incorporation No. U72200TN2002PTC050086 Dated: 24.12.2002
2.	The Companies Act, 1956	Under Section 269, 198/309 and 637AA of the Companies Act, 1956	Ministry of Company Affairs	Approval letter dated May 21, 2009 for appointment of Mr. Ragula Bhaskar as Managing Director of the Company for the period of three years from September 1, 2008 to August 30, 2011.
3.	The Companies Act, 1956	Under Section 269, 198/309 and 637AA of the Companies Act, 1956	Ministry of Company Affairs	Approval letter dated May 18, 2009 for the appointment of Mrs. Sanchaita Datta as Whole- time Director of the Company for the period of five years from September 1, 2008.
4.	Foreign Exchange Management Act, 1999	The Company is required to obtain an approval for the issue of shares to the shareholders of RS as contemplated in the scheme of amalgamation	Foreign Investment Promotion Board (FIPB)	The Company has obtained an approval from the FIPB on the 6 th February 2008 for the issue of shares to the shareholders of RS under a swap arrangement. By a letter dated 10 th March 2008 the FIPB amended its approval dated 6 th February so as to extend the approval to foreign equity participation in the Company by way of an amalgamation of RS and the Company.
5.	Foreign Exchange Management Act, 1999	The Company has to obtain the approval of the RBI for <ul style="list-style-type: none"> • the Merger • Converting RS into a branch of the 	Reserve Bank of India (RBI)	The RBI on 10 th September 2008 issued a letter to the Company confirming <ul style="list-style-type: none"> • that they have no objection from a FEMA angle to the issue of shares to the shareholders of RS pursuant to the Merger • that they have no objection from a FEMA angle to the Company setting up a branch office by utilizing the

Sl. No	Act under which the license/approval is issued	Details of the Applicable Statute and Section	Issuing Authority	Details of the license / approval
		<p>Company post merger</p> <ul style="list-style-type: none"> • Holding foreign currency accounts in the name of the branch post merger • The assets and employees of the foreign branch office to be insured by foreign insurers. 		<p>assets owned by RS and holding foreign currency accounts in the name of the branch post merger by transferring the foreign currency accounts operated by RS prior to the Merger.</p> <p>The RBI by a letter dated October 24th 2008 confirmed that they have no objection to the Company setting up two branch offices one in Utah and the other in Arizona.</p>
6.	Foreign Trade Policy 1994 -1999	The Company is required to obtain an IEC from the Joint Director General of Foreign Trade	Joint Director General of Foreign Trade	IEC Number 0402027086 Dated 29.01.2003
7	Tamil Nadu Urban Local Bodies Tax on Professions, Trades, Callings Employment Rules, 1998		Commissioner, Revenue Department, Corporation of Chennai	We have perused the Profession Tax Pass Book and we note that the PTNAN of the Company is 07-110-PE-1013
8.	Income Tax Act, 1961 - Section 139 A	The Company is required to complete the assessments for the respective financial years and duly file the returns with the Income Tax Authorities.	Chief Commissioner of Income-Tax	Permanent Account Number (PAN): AAACF6874C
9.	Income Tax Act, 1961 - Section 203	The Company is required to obtain Tax Deduction Account Number (TAN)	Income Tax Officer	TAN: CHEF03071F.

Sl. No	Act under which the license/approval is issued	Details of the Applicable Statute and Section	Issuing Authority	Details of the license / approval
		and pay the tax deducted at source to the Central Government within the prescribed time		
10.	Tamil Nadu Value Added Tax Act, 2006	All dealers purchasing and selling goods within the state of Tamil Nadu are required to obtain a VAT registration	Assistant Commissioner	TIN: 33140542002 Issued Dated: January 28, 2009 Effective: January 21, 2009
11.	Employees Provident Funds and Miscellaneous Provisions Funds Act, 1952	As per the provisions of the Employees Provident Fund and Miscellaneous Provisions Act 1952, the Company is required to provide and formulate a scheme for the provision of Provident Fund, Pension and an Employees Deposit Linked Life Assurance Scheme.	Regional Provident Fund Commissioner	Letter dated 05/07/2006, bearing No. CC-01(KVS)/TN/52015/Enf/Gr:42/Regl./2006 Code No. TN/52015

B. Labour Related Approvals

Sl. No.	Applicable Act	Applicable Provisions	Issuing Authority	License / Registration Details
1.	Employees Provident Funds and Miscellaneous Provisions Funds Act, 1952	As per the provisions of the Employees Provident Fund and Miscellaneous Provisions Act 1952, the Company is required to provide and formulate a scheme for the	Regional Provident Fund Commissioner	Letter dated 05/07/2006, bearing No. CC-01(KVS)/TN/52015/Enf/Gr:42/Regl./2006 Code No. TN/52015

Sl. No.	Applicable Act	Applicable Provisions	Issuing Authority	License / Registration Details
		provision of Provident Fund, Pension and an Employees Deposit Linked Life Assurance Scheme.		
2.	Employees State Insurance Act, 1948	As per the provisions of the Employees State Insurance Act 1948, the Company is required to provide and formulate a scheme for the benefit of its employees and to make contributions in terms of the said legislation and obtain the statutory registration.	E.S.I.C	The said act is not applicable to the Company
3.	Payment of Gratuity Act, 1972	Section 4: Gratuity payable on termination of employment having rendered continuous service of five years - fifteen days wages for every year of completed service but not to exceed Rs.3,50,000/-		The Company has made a provision for gratuity payments in its balance sheet for the financial year 2007-08.
4.	Payments of Bonus Act, 1965	Section 8: Every employer having worked not less than thirty days in that year eligible for bonus		The Company has made provision for bonus in its balance sheet for the financial year 2007-08.

C. Pending Approvals

PENDING APPROVALS

Sl. No	Nature of the license/approval is issued	Details of the Applicable Statute and Section	Issuing Authority	Details of the license / approval
1.	Approvals under the Foreign Exchange Management Act, 1999	The Company has to obtain the approval of the RBI for converting the loans availed of by RS into external commercial borrowings of the Company.	Reserve Bank of India (RBI)	We have reviewed a letter dated 4 th April 2009 by the Company to the RBI, Chennai and letter dated August 20, 2009, by the Company to RBI, Mumbai, where under the Company has sought the approval of the RBI for the continuation of term loans. The Company has received a reply letter dated July 10,

Sl. No	Nature of the license/approval is issued	Details of the Applicable Statute and Section	Issuing Authority	Details of the license / approval
				2009, to its letter dated April 04, 2009 filed with RBI Chennai, requiring the Company to report the details of the outstanding loan particulars in form ECB and take post-facto approval from its Central Office. The Company has also received the reminder from RBI Chennai vide its letter dated March 03, 2010 to expedite the reply to enable them to proceed in the said matter. Further, the Company has also received a reply letter dated October 1, 2009 to its letter dated August 20, 2009 filed with RBI Mumbai, to route the application through designated authorized dealer with their comments along with the copy of FIRC's for remittance. By a letter dated 23 rd March 2010, the Company has clarified that as the borrowings were inherited by the Company from RSDC as a result of a merger there was no authorized dealer in this case.

FILINGS MADE/APPROVALS OBTAINED/WITH RESPECT TO THE CONVERSION OF RSDC INTO BRANCH OFFICE OF THE COMPANY IN UTAH AND THE CONVERSION OF THE BRANCH OFFICE OF RSDC IN ARIZONA INTO A BRANCH OFFICE OF THE COMPANY

The documents filed by the Company in Utah for the conversion of RSDC into a branch office of the Company in Utah as well as the approvals obtained in relation to the same are as follows:

Sl. No.	Filing	Authority	Approval
1.	Articles of Conversion for converting RSDC into a foreign corporation under the name "Fatpipe Networks India Limited". Application for authority to conduct affairs for a foreign corporation Application for Owner Change Business Name Registration/ DBA	State of Utah Department of Commerce Division of Corporations and Commercial Code	Certificate of Registration of Corporation (- Foreign- Profit) dated November 20 th 1989 bearing registration number 1052641/0143 issued to the Company by Department of Commerce, Division of Corporations and Commercial Code, State of Utah

Sl. No.	Filing	Authority	Approval
	Application of "Fatpipe Networks Inc"		
2.	Application for Business Name Registration/ DBA as "Ragula Systems Development Company"	State of Utah Department of Commerce Division of Corporations and Commercial Code	Certificate of Registration (DBA) issued for "Ragula Systems Development Company" approved on January 14 th 2009 and bearing registration number 7240035/0151 issued by Department of Commerce, Division of Corporations and Commercial Code, State of Utah

The documents filed by the Company in Arizona for the conversion of the branch office in RSDC into a branch office of the Company in Arizona are as follows:

Sl. No.	Filing	Authority	Approval
1.	Application for new authority to transact business in Arizona dated June 26 th 2009	Arizona Corporation Commission	Approval dated July 15 th 2009 for authority to transact business in Arizona issued by the Arizona Corporation Commission.

Registration as a Software Technology Park (STP)

All units engaged in development of software (the definition of "software" includes back office processes) and undertaking to export their entire production of goods and services may be set up under the Software Technology Park (STP) Scheme. The said scheme is issued and formulated under the Export Import Policy of the Government of India and is to be read in conjunction with the provisions of the said policy, The Customs Act, 1962 and Customs Tariff Act, 1975. The software units registered under the above Scheme are registered as software technology parks, ("STP unit") and may undertake exports using data communication links in the form of physical including export of professional services.

A STP unit is recognized as a duty free custom bonded area under Section 65 of the Customs Act 1962. The normal procedure applicable for custom bonding is required to be followed. All the imports by STP units are duty free and no attached export obligations are usually imposed. Further, upon registration of the software technology park, the Company is also entitled to seek exemption from payment of income tax in respect of any income earned from export of software from such registered software technology park till financial year ended March 2009 as per present tax laws.

The Company has obtained the registration as a Software Technology Park (STPI) under the Software Technology Park Scheme and has bonded the premises as required under the Customs Act, 1962. The Company has been issued Green Card No. MIT/STPI-C/2003/4640 under the STP Scheme as a 100% EOU for Computer Software and is dated April 25, 2003. The Green Card was valid for 03 years from the date of issue. The Green Card has been renewed upto March 27, 2013 vide letter dated May 19, 2008 bearing Reference No. STPIC/G1055/2008-2009/191 issued by the Director, STPI to the Company.

The Company has obtained the permission under STP Scheme for establishment of an undertaking at 3rd Floor, Northern Wing, Greams Dugar, No. 68 (Old No. 149), Greams Road, Chennai - 600 006 vide letter dated March 28, 2003 bearing Ref. No.STPIC/IMSC/2002-03/1374 for 100% Export Orient unit for the manufacture of Computer software and IT Enabled Services. The said letter of permission was valid for 03 years from the date of issue within which the Company has to start commercial production. The Company has been accorded the renewal vide letter dated April 15, 2008 bearing reference No. STPIC/IMSC/2008-09/41 to March 27, 2013.

The Company has entered into an Agreement for Software Technology Park dated 17th May 2008 or a period of five (05) years with the Director, Software Technology Park of India, and Chennai.

The Company has been granted permission by the Assistant Commissioner of Customs (Bonds), Chennai under Section 65 of the Customs Act, 1962 for carrying on operations relating to manufacture and development of Computer Software/ITES under 100% EOU STP Scheme and export the same vide IN BOND MANUFACTURE SANCTION ORDER dated May 27, 2003 having License No. E343 and recorded in File No. S4/644/03 at its premises situated at # 68, (Old No. 149), Greams Road, 3rd Floor, North Wing, Greams Dugar, Chennai – 600 006 such permission was valid upto April 24, 2007. The IN BOND MANUFACTURE SANCTION ORDER was renewed upto March 27, 2008 and the same has been further renewed upto March 27, 2013.

Customs Act

Bonding of Premises

The Companies who opt for the 100% STP unit's scheme are entitled for duty free imports of Capital Goods as well as the inputs. For this purpose their premises are treated as PRIVATE BONDED WAREHOUSES and issued with a PRIVATE BONDED WAREHOUSE LICENCE under Section 58 of the Customs Act 1962 where their non-duty paid goods are allowed to be stored. These non duty paid inputs are in turn allowed to be used in the manufacture of exportable goods or provision of services for purpose of which they are issued IN-BOND MANUFACTURING SANCTION ORDER under section 65 of the Customs Act 1962.

Accordingly, the Company as per Section 58 Customs Act, has bonded the premises situated at 3rd Floor, North Wing Greams Dugar, Chennai -600006 vide Private Bonded Warehouse License No. E343 dated May 27, 2003 bearing Ref. No. S4/644/03-Bonds valid upto January 31, 2006. The said Private Bonded Warehouse License has been renewed upto March 27, 2013.

The Company had requested STPI for CGE for import of capital goods from Rs. 44,00,000/- to 84,00,000/- and STPI has approved the same vide letter dated December 21, 2006 bearing reference No. STPIC/G1055/2006-07/1279. Pursuant to such approval, the Company has submitted a list of capital goods to a tune of Rs. 20,00,000/- to STPI. Consequently, the Director of STPI vide letter bearing Ref. No. STPIC/G1055/2006-07/1280 dated December 21, 2006 addressed to the Assistant Commissioner of Customs (Bonds) attested that CGE stands at Rs. 64,00,000/-

The Company has received the Form B-17 (General Surety / Security) dated August 22, 2007 issued by the Deputy Commissioner of Customs, Chennai. The terms of the same are as follows:

- i. The Company has agreed to comply with all provisions of the Customs Act, 1962, Central Excise Act, 1944 and rules and regulations made there under in respect of the goods.
- ii. The Company shall not change the name and style under which the company is doing business or change the location of the manufacturing premises except with the written permission of the Assistant Commissioner of Customs/Central excise at Chennai.
- iii. The Government through the Commissioner of Customs/Central excise or any other office of Customs/ Central excise recover the sum due from the Company in the manner laid down in Section (1) of Section 142 of the Customs Act, 1962 or sub -section 11A of the Central excise Act, 1944. Provided always that the liability of the Company there under shall not be impaired or discharged by reason of any time being granted or any forbearance, act or omission of the Government (whether with or without the knowledge or consent of the Company) in respect of or in relation to the obligation or conditions to be performed by the Company nor shall it be necessary to sue the Company before suing the surety.

The Indian Overseas Bank, Egmore Chennai has executed an Deed of Guarantee dated August 24, 2007 in favour of the President of India, acting through the Commissioner of Customs, Chennai for an amount not exceeding Rs. 30,180 /- (Rupees Thirty Thousand One Hundred And Eighty Only) being 5% value of the B17 general bond at

the request of the Company. The guarantee shall remain in force for 24 months from the date of execution of this deed. The guarantee shall be valid up to August 24, 2009. We note that as per letter dated December 17, 2008 the Indian Overseas Bank, Egmore Chennai has extended the validity of the bank guarantee from August 24, 2009 to August 24, 2011. The letter also states that all other terms and conditions of the original guarantee dated August 24, 2007 remain unchanged.

C. INTELLECTUAL PROPERTY RELATED APPROVALS

1. Patents

The patents were assigned to the erstwhile RSDC by Dr. Ragula Bhaskar and Ms. Sanchaita Datta. For more information please refer to Chapter "About the Company"

2. Trademarks

The erstwhile RSDC has obtained the following trademark registrations:

Mark	Application Number	Filing Date	U.S. Patent No	Registered
FAT PIPE	75/241143	February 12, 1997	2236238	March 03, 1999
MPSEC	76/209447	February 13, 2001	2717874	May 20, 2003
MPVPN	78/063238	May 12, 2001	2696702	March 11, 2003
SPAM POLICE	78/412800	May 04, 2004	3568580	January 27, 2009

A trademark assignment agreement dated June 23rd 2009 has been executed by RSDC and the Company whereby RSDC has assigned to the Company (its successors and assigns) its entire right, title and interest in the trademarks specified above including the right to enforce in the US and throughout the world in the sole name of "Fatpipe-India" including the goodwill of the business symbolized by such marks.

The trademarks assigned also include the following unregistered trademarks:

- i. IPVPN
- ii. WARP
- iii. XTREME
- iv. KOMPRESSOR
- v. SmartDNS
- vi. RAIL

By the said assignment agreement the Company has also licensed to RSDC the right to use the trademarks, subject to the existing quality controls of the goods and services to which the said trademark pertains, any of which may be commercially reasonably modified from time to time in the course of business.

3. Copyrights

The Company does not own any registered copyrights.

4. Designs

The Company does not have any registered designs protected under the provisions of the Designs Act.

5. Domain Names

The Company has the following domain names:

www.fatpipeinc.com
www.fatpipe.com
www.fatpipe.co.in

These domain names are registered under the name of RSDC.

SECTION VII OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Board of Directors has, pursuant to a resolution passed at its meeting held on November 25, 2008, authorized the Issue subject to the approval by the shareholders of the Company under Section 81(1A) of the Companies Act, and such other authorities as may be necessary.

The shareholders of the Company have, pursuant to a resolution dated December 29, 2008 under Section 81(1A) of the Companies Act, authorized the Issue.

The Board has approved and authorized this Red Herring Prospectus pursuant to its resolution dated 11th December, 2009.

Prohibition by SEBI

Neither the Company, nor the Promoters, the directors, or any of the Promoter Group or entities with which the Directors are associated with as directors or promoters, have been prohibited from accessing or operating in the capital markets under any order or direction passed by SEBI. Neither the Company nor the directors, the Promoters, Promoter Group or relatives of Promoters have been detained as wilful defaulters by the RBI or government authorities and there are no proceedings relating to violations of securities laws pending against them and there are no violations of securities laws committed by them in the past. The promoters / issuer have not defaulted on any loan payments.

Compliance with SEBI Guidelines

The Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time. In this regard the Company has appointed Ms. Anita Jena, Company Secretary as Compliance Officer of the Company.

Eligibility for the Issue

The company is ineligible under Regulation 26(1) of the ICDR 2009 and hence is making an issue under Regulation 26(2)(a)(i) and b(i) of the (Issue of Capital and Disclosure Requirements)

26(2)(a)(i) "the issue is made through the book building process and the issuer undertakes to allot at least fifty per cent of the net offer to public to qualified institutional buyers and to refund full subscription monies if it fails to make allotment to the qualified institutional buyers"

26(2)(b)(i) "the minimum post-issue face value capital of the issuer is ten crore rupees"

The Company is doing a "compulsory book-building issue" wherein the Company shall allot at least 50% of the net public offer to QIBs and to refund full subscription monies if it fails to make allotment to the QIBs

The promoters, the company, directors of FNIL are not detained as willful defaulters by the RBI/ GOI authorities and there are no violations of securities laws committed by them in the past or pending against them other than those disclosed in this Offer Document.

No penalty has been imposed by SEBI and other regulatory bodies against the company, its directors, its promoters and companies promoted their directors.

FNIL undertakes that the number of allottees in the Issue shall be at least 1,000. Otherwise, the entire application money shall be refunded forthwith. In case of delay, if any, in refund, the Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

Disclaimer Clause of SEBI

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (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 OFFER DOCUMENT. THE LEAD MERCHANT BANKER, KEYNOTE CORPORATE SERVICES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKER KEYNOTE CORPORATE SERVICES LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED DECEMBER 14, 2009 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 MATERIAL 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 ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:**
 - (A) THE DRAFT RED HERRING PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
 - (B) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL 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 SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**
- (3) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID EXCEPT THAT OF HDFC BANK (Banker to the issue) WHOSE REGISTRATION HAS EXPIRED ON 31/01/2010 AND THE APPLICATION FOR RENEWAL HAS BEEN MADE VIDE THEIR LETTER DATED 24/10/2009 .**
- (4) WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.**

- (5) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.
- (6) WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.
- (7) WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL 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 ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. - NOT APPLICABLE
- (8) 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.
- (9) 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 SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.
- (10) WE CERTIFY THAT SINCE THE PROPOSED ISSUE SIZE IS MORE THAN RS.10 CRORES, THE PROVISION RELATING TO OPTION TO THE INVESTORS TO GET THE SHARES IN PHYSICAL MODE IS NOT APPLICABLE IN TERMS OF SECTION 68B OF THE COMPANIES ACT, 1956.
- (11) WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
- (12) WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS/ DRAFT PROSPECTUS/ DRAFT LETTER OF OFFER:
- (A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER 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.

- (13) WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.
- (14) WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE ,ETC.
- (15) WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

THE FILING OF THE OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MERCHANT BANKER ANY IRREGULARITIES OR LAPSES IN OFFER DOCUMENT."

The promoter / director of Fatpipe Networks India Limited, Dr. Ragula Bhaskar, Ms. Sanchaita Datta, Mr. RSSLN Bhaskarudu, Mr. Ravi Asusumalli and Mr. Naresh Narad confirms that no information/material likely to have a bearing on the decision of investors in respect of the shares offered in terms of this Red Herring Prospectus has been suppressed withheld and / or incorporated in the manner that would amount to mis-statement/misrepresentation and in the event of its transpiring at any point in time till allotment/refund, as the case may be, that any information/material has been suppressed/withheld and/ or amounts to a mis-statement/ misrepresentation, the promoters/directors undertake to refund the entire application monies to all subscribers within 7 days thereafter without prejudice to the provisions of section 63 of the companies act.

Disclaimer from the Company and BRLMs

The Company, the Directors, and the BRLM accept no responsibility for statements made otherwise than in this RHP or in the advertisements or any other material issued by or at instance of the above mentioned entities and anyone depending on any other source of information, including our website, www.fatpipeinc.com, would be doing so at his or her own risk.

The BRLM accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into among the BRLM and us dated 04 November, 2009 and the Underwriting Agreement to be entered into among the Underwriters and us.

All information shall be made available by us and 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 centres 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 authorised to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under the applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds}. This Prospectus does not, however, constitute an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Prospectus comes is required to inform him

or herself about and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Chennai, Tamil Nadu only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Prospectus has been filed with SEBI for observations. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

A) DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

Disclaimer Clause of Bombay Stock Exchange Limited (BSE):

“Bombay Stock Exchange Limited (“the Exchange”) has given vide its letter no. DCS/IPO/NP/IPO-IP/1270/2009-10 dated January 28, 2010 permission to the Company to use the Exchange’s name in this Prospectus as one of the stock exchanges on which this Company’s securities are proposed to be listed. The Exchange has scrutinized this Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- i. Warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; or
- ii. Warrant that this Company’s securities will be listed or will continue to be listed on the Exchange; or
- iii. Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this Prospectus has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever”.

Disclaimer Clause of the National Stock Exchange of India Ltd. (NSE):

As required, a copy of this Red Herring Prospectus has been submitted to National Stock Exchange of India Limited. NSE has given vide its letter Ref. No. NSE/LIST/132201-Q dated March 05, 2010 permission to the Issuer to use the Exchange’s name in this Red Herring Prospectus as one of the stock exchanges on which this Issuer’s securities are proposed to be listed subject to the Issuer fulfilling the various criteria for listing including the one related to paid up capital and market capitalisation (i.e. the paid up capital shall not be less than Rs. 10 crores and market capitalisation shall not be less than Rs. 25 crores at the time of listing). The Exchange has scrutinised this 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 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 this Red Herring Prospectus, nor does it warrant that this 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 this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Disclaimer Clause of IPO Grading Agency

Brickwork IPO Grading is neither an audit of the issuer by Brickwork nor a credit rating. IPO grading is a present assessment and research result of the analysis of fundamental of the equity issue in relation to other Indian Listed securities. Brickwork does not guarantee the completeness or accuracy of the information on which the grading is

based. The Brickwork IPO grading depends on the information provided by the issuer or obtained by the relevant sources by the Brickwork. Brickwork IPO grading is not a recommendation to buy/ sell or hold the graded instruments. It does not comment on the issue price, future market price, or relevance for a particular type of investor. Brickwork IPO Grading has a limited validity. BRICKWORK is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers/ users/ transmitters/ distributors of BRICKWORK IPO Grading.

FILING

A copy of the Red Herring Prospectus has been filed with SEBI at Securities and Exchange Board of India, D' Monte Building, 3rd Floor, 32 D' Monte Colony, TTK Road, Alwarpet, Chennai – 600018. BSE at Bombay Stock Exchange Limited, P. J. Towers, Dalal Street, Mumbai – 400 001 and NSE at The National Stock Exchange of India Ltd, Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051.

A copy of this Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, would be delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration with RoC situated at Tamil Nadu, Chennai.

LISTING

Applications will be made to NSE and BSE for permission to deal in and for an official quotation of the Equity Shares of the Company. BSE shall be the Designated Stock Exchange with which the basis of allocation will be finalised.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the Stock Exchanges mentioned above, the Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of this RHP. If such money is not repaid within eight days after the Company becomes liable to repay it from the date of refusal or within 70 days from the date of Bid/Issue Closing Date, whichever is earlier, then the Company, and every Director of the Company who is an officer in default shall, on and from 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.

The Company 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 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."**

CONSENTS

Consents in writing of the Directors, the Company Secretary and Compliance Officer, the Auditors, the Legal Advisor, Bankers to the Company, BRLM and the Registrar to the Issue to act in their respective capacities, have been obtained and will be filed along with a copy of the RHP 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 Prospectus for registration with the ROC.

M/s. L.U. Krishnan & Co., Auditors of the Company have also given their consent to the inclusion of their report as appearing hereinafter in the form and context in which appears in this RHP and also of the tax benefits accruing to the Company and to the members of the Company and such consent and report have not been withdrawn up to the time of signing this RHP.

EXPERT OPINION OBTAINED, IF ANY

Except as stated in “Statement of Tax Benefits”, the Company has not obtained any expert opinion.

EXPENSES OF THE ISSUE

The Management estimates an expense of Rs. 355.00 Lacs towards issue expense. The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated Issue expenses are as follows:

(Rs. In Lacs)

Activity	Expenses	% of the Issue Expenses	% of the Issue Size
Lead management, underwriting and selling commission	190.00	53.54	3.87
Advertising and Marketing expenses	65.00	18.30	1.33
Printing and stationery	50.00	14.08	1.02
Others (Registrar’s fee, legal fee, listing fee, etc.)	50.00	14.08	1.02
Total estimated Issue expenses	355.00	100.00	7.24

DETAILS OF FEE PAYABLE**Book Running Lead Manager to the Issue**

The total fees payable to the Book Running Lead Manager will be as per the Memorandum of Understanding signed with the Lead Manager, a copy of which is available for inspection at the Registered Office of the Company. The Lead Manager will be reimbursed for all relevant out-of-pocket expenses such as cost of travel, stationery, postage and communication expenses.

Fees Payable to the Registrar to the Issue

The fees payable by the Company 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 the Company dated 9th November, 2009.

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 by the Company to the Registrar to the Issue to enable them to send refund orders or Allotment advice by registered post/ speed post/ under certificate of posting.

UNDERWRITING COMMISSION, BROKERAGE AND SELLING COMMISSION

The underwriting commission and the selling commission for the Issue are as set out in the Syndicate Agreement amongst the Company, the BRLM and the Syndicate Member. The underwriting commission shall be paid as set out in the Syndicate Agreement based on the Issue price and the amount underwritten in the manner mentioned on page no. 12 of this RHP.

PREVIOUS PUBLIC OR RIGHTS ISSUE

The Company has not made any public or rights issue of shares either in India or abroad in the ten years preceding the date of this RHP.

PREVIOUS ISSUE OF SHARES OTHERWISE THAN FOR CASH

The Company has issued shares pursuant to the scheme of amalgamation approved by Hon’ble High Court of Madras.

COMMISSION AND BROKERAGE ON PREVIOUS ISSUES

Since this is the initial public offer of the Company, 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 the Equity Shares since inception of the Company.

CAPITAL ISSUE DURING THE LAST THREE YEARS

Fatpipe Networks India Limited and its group companies have not made any capital issue during the last three years.

PROMISE VIS-A-VIS PERFORMANCE

This is a first issue of the Company and none of its group companies are listed on any stock exchanges in India.

OUTSTANDING DEBENTURES OR BONDS AND REDEEMABLE PREFERENCE SHARES AND OTHER INSTRUMENTS

There are no outstanding debentures or bonds or redeemable preference shares and other instruments issued by the company as on the date of this RHP.

STOCK MARKET DATA

This being an initial public offering of the Company, the Equity Shares are not listed on any stock exchange.

INVESTOR GRIEVANCES AND REDRESSAL SYSTEM

The company has appointed the registrar to the issue, to handle the investor grievances in co-ordination with the Compliance Officer of the Company. All grievances relating to the present issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of equity shares applied for, amount paid on application and bank and branch. The Company would monitor the work of the registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

The Registrar to the issue, namely, Karvy Computershare Private Limited, will handle investor's grievances pertaining to the issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to the company. The Company would also be co-ordinating with the registrar to the issue in attending to the grievances to the investor. The Company assures that the Board of Directors in respect of the complaints, if any, to be received shall adhere to the following schedules:

Sr. No.	Nature of complaint	Time Table
1	Non-receipt of refund	Within 7 days of receipt of complaint subject to production of satisfactory evidence
2	Non Receipt of Share Certificate/Demat Credit	Within 7 days of receipt of complaint subject to production of satisfactory evidence
3	Any other complaint in relation to Public Issue	Within 7 days of receipt of complaint with all relevant details

Redressals of investors' grievance are given top priority by the Company. The Committee oversees redressal of complaints of shareholders/investors and other important investor related matters. The Company has adequate arrangements for redressal of investor complaints as follows:

Share transfer/ dematerialisation/ rematerialisation are handled by well equipped professionally managed Registrar and Transfer Agent, appointed by the Company in terms of SEBI's direction for appointment of Common Agency for physical as well as demat shares. The Registrars are constantly monitored and supported by qualified and experienced personnel of the Company.

We have appointed Ms. Anita Jena, Company Secretary as the Compliance Officer and she may be contacted in case of any pre-issue or post-issue problems. She can be contacted at the following address:

Ms. Anita Jena
 Company Secretary & Compliance Officer
Fatpipe Networks India Limited
 No.64 Greams Road,
 Floor III Greams Dugar,
 Chennai 600 006
Tel.: +91-044 2829 1265; **Fax :** +91-044 2829 1255
E-mail: ipo@fatpipeinc.com

CHANGES IN AUDITORS

There has been no change in the auditor of the Company since past three years.

CAPITALIZATION OF RESERVES OR PROFITS DURING LAST 5 YEARS

There has been no capitalisation of reserves or profits during the last 5 years.

REVALUATION OF ASSETS DURING THE LAST 5 YEARS

The company has not revalued its assets during the last 5 years.

SECTION VI - OFFERING INFORMATION

A) TERMS OF THE ISSUE

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

RANKING OF EQUITY SHARES

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

MODE OF PAYMENT OF DIVIDEND

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

FACE VALUE AND ISSUE PRICE

The face value of the Equity Shares is Rs. 10/- each and the Floor Price is Rs. 82/- and the Cap Price is Rs. 85/- per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares subject to the applicable laws.

RIGHTS OF THE EQUITY SHAREHOLDERS

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 annual reports and notices to members;
- 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, 1956 and the Memorandum and Articles of Association of the Company.

MARKET LOT

In terms of Section 68B of the Companies Act, 1956, the Equity Shares of the Company shall be allotted only in dematerialized form. In terms of existing SEBI Regulations, the trading in the Equity Shares of the Company shall only be in dematerialized form for all investors. Since trading of our Equity Shares will be in dematerialized mode, the tradable lot is one equity share. Allotment of Equity Shares through this Issue will be done only in electronic form in multiples of one Equity Share subject to a minimum Allotment of 70 Equity Shares.

NOMINATION FACILITY TO INVESTOR

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidder(s), may nominate any one person in whom, in the event of death of the sole Bidder or in case of joint

Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. A fresh nomination can be made only on the prescribed form available on request at the registered office of the Company or at the registrar and transfer agent of the Company.

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

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

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

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

MINIMUM SUBSCRIPTION

If we do not receive the minimum subscription of 90% of the Net Issue to the extent of the amount including devolvement of the members of the Syndicate, if any, within 60 days from the Bid/ Issue Closing Date, we shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after we become liable to pay the amount, we shall pay interest as per Section 73 of the Companies Act.

ARRANGEMENTS FOR DISPOSAL OF ODD LOTS

The Company has not made any arrangements for the disposal of odd lots.

RESTRICTIONS ON TRANSFER OF SHARES

There are no restrictions on transfers and transmission of shares/ debentures and on their consolidation/ splitting except as provided in the Articles. See "Main Provisions of Articles of Association" on page 213 of this Red Herring Prospectus.

ISSUE STRUCTURE

The present Issue of [●]Equity Shares of Rs. [●]/- each at a price of Rs. [●] for cash, aggregating Rs. 4900 lakhs is being made through the Book Building Process.

The Issue is being made through a 100% Book Building Process.

Particulars	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	At least [●]Equity Shares.	Up to [●] Equity Shares or Offer less allocation to QIB Bidders and Retail Individual Bidders.	Up to [●] Equity Shares or Offer less allocation to QIB Bidders and Non- Institutional Bidders.
Percentage of Issue size available for Allocation	At least 50% of the Issue. However, up to 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds only.	Up to 15% of the Issue or the Issue less allocation to QIB Bidders and Retail Individual Bidders.	Up to 35% of the Issue or the Issue less allocation to QIB Bidders and Non-Institutional Bidders.
Basis of Allocation if Respective Category is Oversubscribed	Proportionate as follows: (a) Equity Shares constituting 5% of the QIB portion shall be allocated on a proportionate basis to Mutual Funds (b) The balance Equity Shares shall be allocated 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 that the Bid Amount exceeds Rs. 100,000 and in multiples of 70 Equity Shares.	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of 70 Equity Shares.	Such number of Equity Shares and in multiples of 70 Equity Shares so that the Bid Amount is less than Rs. 100,000.
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 dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.
Bid/ Allotment lot	70 Equity Shares and in multiples on 70 Equity Shares	70 Equity Shares and in multiples on 70 Equity Shares	70 Equity Shares and in multiples on 70 Equity Shares
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply**	Public financial institution as defined in section 4A of the Companies Act, 1956,	Resident Indian individuals, NRIs, HUF (in the name of Karta),	Individuals, including NRIs and HUF (in the name of Karta), such that the Bid Amount does not

Particulars	QIBs	Non-Institutional Bidders	Retail Individual Bidders
	<p>scheduled commercial banks, mutual funds, foreign institutional investor registered with SEBI other than sub-account which is a foreign corporate or foreign individual, 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 (IRDA), provident funds with minimum corpus of Rs. 2,500 lacs, pension funds with minimum corpus of Rs. 2,500 lacs, National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India.</p>	<p>companies, bodies' corporate, scientific institutions societies and trusts.</p>	<p>exceed Rs. 100,000.</p>
<p>Terms of Payment***</p>	<p>Margin Amount applicable to QIB Bidders shall be payable at the time of submission of Bid cum Application Form to the members of the Syndicate or the Application Supported by Blocked Amount to SCSBs.</p>	<p>Margin Amount applicable to Non - Institutional Bidders shall be payable at the time of submission of Bid cum Application Form to the members of the Syndicate or the Application Supported by Blocked Amount to SCSBs.</p>	<p>Margin Amount applicable to Retail Individual Bidders shall be payable at the time of submission of Bid cum Application Form to the members of the Syndicate or the Application Supported by Blocked Amount to SCSBs.</p>
<p>Margin Amount</p>	<p>Full Bid Amount on bidding.</p>	<p>Full Bid Amount on bidding.</p>	<p>Full Bid Amount on bidding.</p>

* Subject to valid Bids being received at or above the Issue Price. The Issue is being made through a 100% Book Building Process wherein at least 50% of the Issue shall be allotted on a proportionate basis to QIBs. 5% of the Issue in the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds. The remainder shall be available for allotment on a proportionate basis to QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. If at

least 50% of the Issue cannot be allotted to QIBs, then the entire application money will be refunded. Further, up to 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 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. If the aggregate demand from Mutual Funds is less than [●] Equity Shares, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.

Under-subscription, if any, in the Non-institutional and Retail portion, would be allowed to be met with spill-over from any other category or combination at the sole discretion of the Company in consultation with the BRLMs.

- ** In case the Bid cum Application Form or the Application Supported by Blocked Amount is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form or the Application Supported by Blocked Amount.
- *** In case of ASBA bidders, the SCSB shall be authorised to block such funds in the bank account of the ASBA bidder that are specified in the Bid cum ASBA Form.

Withdrawal of the Issue

The Company, in consultation with the Book Runners, reserves the right not to proceed with the Issue at any time after the Bid/Issue Opening Date but before the Board meeting for Allotment, without assigning any reason there for. 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 acknowledgement of the Prospectus after it is filed with the RoC. Under the SEBI Guidelines, QIBs are not allowed to withdraw their Bids after the Bid/Issue Closing Date. If the Company does not receive minimum subscription of 90% of the Issue size, including devolvement of the members of the syndicate, the Company shall forthwith refund the entire subscription amount received. In case, the Company receives minimum subscription but wishes to withdraw the Issue after Issue Opening but before allotment, the Company will give public notice giving reasons for withdrawal of Issue. The Public Notice will appear in an English national newspaper, a Hindi national newspaper and one regional language newspaper with wide circulation.

Letters of Allotment or Refund Orders

The Company shall credit each beneficiary account with its depository participant within 11 days of the Bid/Issue Closing Date. Applicants those who are residents of the 68 cities notified by SEBI through its notification (Ref. No. SEBI/CFD/DILDIP/29/2008/01/02) dated February 1, 2008 will receive refunds through ECS only (subject to availability of all information for crediting the refund through ECS) except where the applicant is eligible to receive refunds through direct credit, NEFT or RTGS. In the case of other applicants, the Company shall ensure the dispatch of refund orders, if any, of value up to Rs.1,500 by "Under Certificate of Posting", and shall dispatch refund orders above Rs.1,500, if any, by registered post or speed post at the sole or First Bidder's, sole risk within 10 days of the Bid/Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter (refund advice) through ordinary post informing them about the mode of credit of refund, within 10 days of the Bid/Issue Closing Date.

Interest in case of delay in dispatch of Allotment Letters/Refund Orders

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, the Company undertakes that:

- Allotment shall be made only in dematerialized form within 9 days from the Bid/Issue Closing Date;

- Dispatch of refund orders shall be done within 10 days from the Bid/Issue Closing Date; and
- The Company shall pay interest at 15% per annum, if Allotment is not made, refund orders are not dispatched to the applicant or if, in a case where the refund or portion thereof is made in electronic mode/manner, the refund instructions have not been given to clearing members and/or demat credits are not made to investors within the 7 day time period prescribed above.

The Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar.

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, except where the refund or portion thereof is made in electronic mode/manner. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Bid/Issue Program

BID/ISSUE OPENS ON	Monday 07/06/ 2010
BID/ISSUE CLOSSES ON	Wednesday 09/06/2010

Bids and any revision in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form. On the Bid/Issue Closing Date, Bids (excluding the ASBA Bidders) shall be uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders and Non- Institutional Bidders where the Bid Amount is in excess of Rs. 100,000 and (ii) until 5.00 p.m. or such extended time as permitted by the NSE and the BSE, in case of Bids by Retail Individual Bidders where the Bid Amount is up to Rs. 100,000. It is clarified that Bids not uploaded in the book, would be rejected. Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the NSE and the BSE.

In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical Bid form, for a particular bidder, the details as per physical application form of that Bidder may be taken as the final data for the purpose of allotment. In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical or electronic Bid cum Application Form submitted through the ASBA process, for a particular ASBA Bidder, the Registrar to the Issue shall ask for rectified data from the SCSB.

Due to limitation of time available for uploading the Bids on the Bid/Issue Closing date, the bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than the times mentioned above on the Bid/Issue Closing Date. All times are Indian Standard Time. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such Bids are not uploaded, the Issuer, BRLMs and Syndicate members will not be responsible. Bids will be accepted only on Business Days, i.e., Monday to Friday (excluding any public holidays).

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

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

B. ISSUE PROCEDURE

BOOK BUILDING PROCEDURE

The Issue is being made through the 100% Book Building Process wherein atleast 50% of the Net Issue will be allocated on a proportionate basis to Qualified Institutional Buyers (“QIBs”), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Further, upto 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and upto 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.

Bidders are required to submit their Bids through the members of the Syndicate. ASBA investors intending to subscribe to the issue shall submit a complete ASBA form to the designated branch of the SCSB. We, in consultation with the BRLMs reserve the right to reject any QIB Bid procured 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 the Bid is communicated to the Bidder at the time of rejection of the Bid. In the cases of Non-Institutional Bidders and Retail Individual Bidders, the Company will have a right to reject the Bids only on technical grounds.

BID CUM APPLICATION FORM

Bidders shall only use the specified Bid cum Application Form, bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Red Herring Prospectus. The Bidders 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 allotment of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the ROC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorized our Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the ROC and as would be required by the ROC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form
Resident Indians, Eligible NRIs applying on a non-repatriation basis	White
Eligible NRIs and FIIs applying on a repatriation basis	Blue
ASBA Form	ASBA - White

Who can Bid?

- Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
- Indian nationals resident in India who are not minors 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;
- Eligible NRIs on a repatriation basis or on a non-repatriation basis, subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this issue;

- Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI and the SEBI Regulations and regulations, as applicable);
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or a foreign individual;
- FIIs registered with SEBI;
- Venture Capital Funds registered with SEBI;
- Foreign Venture Capital Investors registered with SEBI,
- Multilateral and Bilateral development financial institutions
- 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;
- Scientific and/or industrial research organizations authorized to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority, India;
- 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 a minimum corpus of Rs. 250 million and who are authorized under their constitution to hold and invest in equity shares; and
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India; and
- As per the existing regulations, OCBs cannot participate in this Issue.

Participation by associates of BRLM and Syndicate Members

The BRLM and Syndicate Members shall not be allowed 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, either in the QIB Portion and Non-Institutional Portion where the allotment is on a proportionate basis.

Bids by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Funds Portion. In the event that the demand is greater than [●] Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by 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 Funds Portion.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

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 capital carrying voting rights.

The above information is given for the benefit of the Bidders. Our Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the

date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

Bids by Eligible NRIs

Bid cum Application Forms have been made available for Eligible NRIs at the registered office of the Company and with members of the Syndicate and the Registrar to the Issue.

Eligible NRI applicants should note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for Allotment. The Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application Form meant for Resident Indians.

Bids by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue paid-up capital. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital of the Company or 5% of the total issued capital, in case such sub-account is a foreign corporate or an individual.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, an FII or its sub-account may issue, deal or hold, offshore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of “know your client” requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

Bids by Sebi Registered Venture Capital Funds And Foreign Venture Capital Investors

As per the current regulations, the following restrictions are applicable for Sebi registered venture capital funds and foreign venture capital investors:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI.

Accordingly, the holding by any individual venture capital fund registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund; a Foreign Venture Capital Investor can invest its entire funds committed for investments into India in one company. Further, Venture Capital Funds and Foreign Venture Capital Investors can invest only up to 33.33% of the funds available for investment by way of subscription to an initial public offer.

The above information is given for the benefit of the Bidders. The Company and the Book Runners are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Bids by ASBA Investor

For ASBA process, please refer section “ASBA Process” in this Red Herring Prospectus.

Maximum and Minimum Bid Size

a) **For Retail Individual Bidders:** The Bid must be for a minimum of 70 Equity Shares and in multiples of 70 Equity Shares thereafter, so as to ensure that the Bid Price payable by the Bidder does not exceed Rs.100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Price does not exceed Rs. 100,000. In case the Bid Price is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on

exercise of Cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders portion. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

b) For Other Bidders (Non-Institutional Bidders and QIBs): The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs.100,000 and in multiples of 70 Equity Shares thereafter. A Bid cannot be submitted for more than the Net Issue. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **Under the existing SEBI Regulations, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay 100% of the bid amount upon submission of the Bid.**

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allotment under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-Off'.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Red Herring Prospectus.

Information for the Bidders:

1. The Company will file the Red Herring Prospectus with the Designated Stock Exchange at least 3 (three) days before the Bid/Issue Opening Date.
2. The Company and the BRLMs shall declare the Bid/ Issue Opening Date, Bid/ Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with the Designated Stock Exchange and also publish the same in three widely circulated newspapers (one each in English, Hindi and Tamil). The Company may not disclose the floor price or price band in the Red Herring Prospectus if the same is disclosed at least two working days before the opening of the bid, by way of an announcement in all the newspapers in which the pre-issue advertisement was released by the Company or the BRLM.
3. The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.
4. Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/ or the Bid cum Application Form can obtain the same from our Head Office or from any of the members of the Syndicate and should approach any of the BRLM or Syndicate Members or their authorized agent(s) to register their bids.
5. The Members of the Syndicate shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.
6. 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.
7. For ASBA process, please refer section "ASBA Process" in the Red Herring Prospectus.
8. The Bidding/ Issue Period shall be for a minimum of 3 (three) working days and not exceeding 7 (seven) working days. In case the Price Band is revised, the revised Price Band and the Bidding/ Issue Period will be published in two weekly circulated national newspapers (one each in English and Hindi) and the Bidding/ Issue Period may be extended, if required, by an additional 3 (three) days, subject to the total Bidding/ Issue Period not exceeding 10 (ten) working days.
9. The Price Band has been fixed at Rs.82/- to Rs.85/- per Equity Share of Rs. 10 each, Rs. 82/- being the lower end of the Price Band and Rs. 85/- being the higher end of the Price Band. The Bidders can bid at any price with in the Price Band, in multiples of Re.1 (One)

10. The Company in consultation with the BRLM, reserve the right to revise the Price Band, during the Bidding/ Issue Period, in accordance with SEBI Regulations. 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.

11. In case of revision in the Price Band, the Bidding/ Issue Period will be extended for 3 (three) additional working 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 three widely circulated newspapers (one each in English and Hindi) with wide circulation, and also by indicating the change on the websites of the BRLM and at the terminals of the Syndicate Members.

12. The Company in consultation with the BRLM, can finalize the Issue Price within the Price Band without the prior approval of, or intimation, to the Bidders.

Method and Process of Bidding

1. Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph titled “Bids at Different Price Levels and Revision of Bids” on page 186 of this 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 Price, will become automatically invalid.

2. The Bidder cannot Bid on another Bid cum Application Form after Bid(s) on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph titled “Bids at Different Price Levels and Revision of Bids” on page 186 of this Red Herring Prospectus.

3. 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.

4. 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 this Red Herring Prospectus.

5. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled “Terms of Payment and Payment into the Escrow Accounts” on page 192 of this Red Herring Prospectus.

6. For ASBA Process, please refer section “ASBA Process” on page no. 204 of this Red Herring Prospectus. The ASBA bidders can revise their bids.

Bids at Different Price Levels and Revision of Bids

1. The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may bid at Cut-Off Price. However, bidding at Cut-Off Price is prohibited for QIB, Non-Institutional Bidders bidding in excess of Rs. 100,000 and such bids shall be rejected.

2. Retail Individual Bidders who bid at the Cut-Off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-Off Price shall deposit the Bid Price

based on the higher end of the Price Band in the Escrow Account. In the event the Bid Price is higher than the subscription amount payable by the Retail Individual Bidders who Bid at Cut off Price (i.e., the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders who Bid at Cut off Price, shall receive the refund of the excess amounts from the Escrow Account.

3. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders and Bidders who had Bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the higher end of the Revised Price Band (such that the total amount i.e., original Bid Price plus additional payment does not exceed Rs. 100,000 for Retail Individual Bidders, if the Bidder wants to continue to Bid at Cut-off Price), with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Price plus additional payment) exceeds Rs. 100,000 for Retail Individual Bidders the Bid will be considered for allocation under the Non- Institutional Portion in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the 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 such Bidder is deemed to have approved such revised Bid at Cut-off Price.

4. 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.

5. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain 70 Equity Shares irrespective of whether the Bid Price payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.

6. 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.

7. Revisions can be made in both the desired number of Equity Shares and the Bid price by using 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 complete all 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.

8. The Bidder can make this revision any number of times during the Bidding/ Issue 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 place the original Bid.

9. 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.

10. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Red Herring Prospectus. In case of the QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft or electronic transfer of funds through RTGS 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.

11. 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 revision of the original bid.**

Electronic Registration of Bids

1. The Members of the Syndicate will register the Bids using the on-line facilities of the BSE and the NSE. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.
2. The BSE and the NSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Members of the Syndicate and their authorized agents during the Bidding/Issue Period. The members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/Issue Closing Date, the Members of the Syndicate shall upload the Bids until such time as may be permitted by the Stock Exchanges.
3. The aggregate demand and price for Bids registered on the electronic facilities of the BSE and the NSE will be uploaded on a regular basis, consolidated and displayed on-line at all bidding centres and the website of BSE and NSE. A graphical representation of consolidated demand and price would be made available at the bidding centres during the Bidding/ Issue Period.
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
 - Investor category – Individual, Corporate, Eligible NRI, FII or Mutual Fund, QIBs, etc;
 - Numbers of Equity Shares bid for;
 - Bid price;
 - Bid cum Application Form number;
 - Whether Margin Amount has been paid upon submission of Bid cum Application Form
 - Depository Participant identification number and client identification number of the beneficiary account of the Bidder.
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/ Allotted either by the members of the Syndicate or our Company.
6. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
7. In case of QIB bidders, members of the syndicate also have the right to accept the bid or reject it. However, such rejection should be made at the time of receiving the bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders, Retail Individual Bidders, Bids would not be rejected except on the technical grounds mentioned on page 195 of this Red Herring Prospectus.
8. It is also to be distinctly understood that the approval given by the BSE and the NSE to use their network and software of the online IPO system should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that our Equity Shares will be listed or will continue to be listed on the BSE and NSE.
9. 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 BRLM based on the physical records of the Bid cum Application Forms shall be final and binding on all concerned.

Bids and revisions of Bids must be:

1. Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white colour for Resident Indians and blue colour for NRIs and FIIs applying on repatriation basis).

2. 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.
3. For Retail Individual Bidders, the Bid must be for a minimum of 70 Equity Shares and in multiples of 70 Equity Shares thereafter subject to a maximum Bid Amount of Rs. 100,000.
4. For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of 70 Equity Shares thereafter. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws and regulations.
5. Bids by NRIs for a Bid Price of up to Rs. 100,000 would be considered under the Retail Portion for the purpose of allocation and Bids for a Bid Price of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purpose of allocation.
6. Bids by other eligible Non Resident Bidders for a minimum of such number of Equity Shares and in multiples of 70 Equity Shares thereafter that the Bid Price exceeds Rs. 100,000.
7. Bids by Non Residents, NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI on a repatriation basis shall be in the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms and partnerships, foreign nationals (excluding NRIs) or their nominees.
8. In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
9. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

GENERAL INSTRUCTIONS

Do's:

- a. Check if you are eligible to apply;
- b. Read all the instructions carefully and complete the applicable Resident Bid cum Application Form (White in colour) or Non Resident Bid cum Application Form (Blue in colour);
- c. Ensure that the details about Depository Participant and beneficiary account are correct as Allotment of Equity Shares will be in the DEMATERIALIZED form only;
- d. Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;
- e. Ensure that have been given a TRS for all your Bid options;
- f. Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- g. Each of the Bidders, should mention his/ her Permanent Account Number (PAN) allotted under the IT Act;
- h. Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects; and
- i. Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.

Don'ts:

- a. Do not Bid for lower than the minimum Bid size;
- b. 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;
- c. Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
- d. Do not pay the Bid Price in cash, by money order or by postal order or by stockinvest;
- e. Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;
- f. Do not Bid at Cut-off Price (for QIB Bidders and Non-Institutional Bidders, for bid amount in excess of Rs. 100,000);
- g. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Issue size and/or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- h. Do not submit the Bid without the QIB Margin Amount, in case of a Bid by a QIB;
- i. Do not mention the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

Instructions for Completing the Bid cum Application Form

Bidders can obtain Bid cum Application Forms and/or Revision Forms from the members of the Syndicate. For ASBA process, please refer section "ASBA Process" in this Red Herring Prospectus.

Bidder's Depository Account and Bank Account Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as "Demographic Details"). Since the Issue is being made entirely in the dematerialized form, the Bank Account details used for giving refunds to the Bidders to whom an electronic refund is being made will also be taken from the data provided by such Bidder to the Depository Participant. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch/ credit of refunds to Bidders at the Bidders sole risk and neither the BRLM or the Registrar or the Escrow Collection Banks nor the Bank shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER, PAN AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/Allotment Advice and printing of Bank particulars on the refund orders. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Bid cum Application Form, the Bidder would have deemed to have authorized the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

In case of Bidders not receiving refunds through electronic transfer of funds, delivery of refund orders/ allocation advice/ CANs may get delayed if the same, once sent to the address obtained from the Depositories, are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Bank, the Registrar, Escrow Collection Bank(s) nor the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or pay any interest for such delay. In case of Bidders receiving refunds through electronic modes, Bidders may note that refunds may get delayed if Bank particulars obtained from the Depository Participant are incorrect.

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.

Our Company in their absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice/ refunds through electronic transfer of funds, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only at the prevailing exchange rate and net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum and Articles of Association and/or bye laws must be 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 therefore.

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. In case of Bids made by Mutual Funds, venture capital funds registered with SEBI and FVCIs, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of the 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, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of the 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, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

We, in our absolute discretion, reserves the right to relax the above condition of simultaneous submission of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that we and the BRLM may deem fit.

PAYMENT INSTRUCTIONS

Escrow Mechanism for Bidders other than ASBA Bidders

Our Company and the Syndicate shall open Escrow Account(s) 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 would be deposited in the Escrow Account.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Banks for and on behalf of the Bidders shall maintain the monies in the Escrow Account until the Designated Date. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by allocation of Equity Shares (other than ASBA funds with the SCSBs) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the 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 our Company, the Syndicate, the Escrow Collection Banks and the Registrar to facilitate collections from the Bidders.

Payment mechanism for ASBA Bidders

The ASBA Bidders shall specify the bank account number in the ASBA Bid cum Application Form and the SCSB shall block an amount equivalent to the Bid Amount in the bank account specified in the ASBA Bid cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal/rejection of the ASBA Bid or receipt of instructions from the Registrar to unblock the Bid Amount. In the event of withdrawal or rejection of the ASBA Bid cum Application Form or for unsuccessful ASBA Bid cum Application Forms, the Registrar shall give instructions to the SCSB to unblock the application money in the relevant bank account within one day of receipt of such instruction. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the ASBA Bid, as the case may be.

Terms of Payment and Payment into the Escrow Accounts

Each Bidder shall draw a cheque or demand draft or remit the funds electronically through the RTGS mechanism for the amount payable on the Bid and/or on allocation/Allotment as per the following terms:

1. All Bidders would be required to pay the full Bid Amount at the time of the submission of the Bid cum Application Form.
2. The Bidders 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 Syndicate. If the payment is not made favouring the Escrow Account along with the Bid cum Application Form, the Bid of the Bidder shall be rejected.
3. The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - a. In case of Resident QIB Bidders: Fatpipe – QIB - R

- b. In case of Non Resident QIB Bidders: Fatpipe – QIB - NR
- c. In case of Resident Retail and Non-Institutional Bidders: Fatpipe - R
- d. In case of Non Resident Retail and Non-Institutional Bidders: Fatpipe - NR

5. In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.

6. In case of Bids by NRIs applying on non-repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a Non-Resident Ordinary (NRO) Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.

7. In case of Bids by FIIs, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.

8. The monies deposited in the Escrow Account will be held for the benefit of the Bidders (other than ASBA Bidders) till the Designated Date.

9. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.

10. On the Designated Date and no later than 10 Working Days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders (other than ASBA Bidders) and also the excess amount paid on bidding, if any, after adjusting for allocation/Allotment to such Bidders.

11. Payments should be made by cheque, or a demand draft drawn on any bank (including a co operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ stockinvest/money orders/postal orders will not be accepted.

Submission of Bid cum Application Form

All Bid/cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid.

Separate receipts shall not be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection 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.

An ASBA investor shall submit an ASBA physically or electronically through the internet banking facility, to the SCBS with whom the bank account to be blocked, is maintained. For further details pertaining to ASBA process, please refer section "ASBA Process" in this Red Herring Prospectus.

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 refund payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communication will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications with the same name and age will be accumulated and taken to a separate process file which would serve as a multiple master.
2. In this master, a check will be carried out for the same PAN/GIR numbers. In cases where the PAN/GIR numbers are different, the same will be deleted from this master.
3. The Registrar to the Issue will obtain, from the depositories, details of the applicant's address based on the DP ID and Beneficiary Account Number provided in the Bid cum Application Form and create an address master.
4. The addresses of all these applications in the multiple master will be strung from the address master. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names. The applications with same name and same address will be treated as multiple applications.
5. The applications will be scanned for similar DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.
6. Subsequent to the aforesaid procedures, a print out of the multiple master will be taken and the applications physically verified to tally signatures as also father's/husband's names. On completion of this, applications will finally be identified as multiple applications.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual funds registered with SEBI and such Bids in respect of more than one scheme of the mutual funds will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

The Company, in consultation with the BRLM, reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number or PAN

Pursuant to the circular MRD/DoP/Circ-05/2007 dated April 27, 2007, SEBI has mandated Permanent Account Number (PAN) to be the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction with effect from July 2, 2007. Each of the Bidders, should mention

his/her PAN allotted under the IT Act. **Applications without this information will be considered incomplete and are liable to be rejected.** It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN, as the Bid is liable to be rejected on this ground.

Our Right to Reject Bids

In case of QIB Bidders, the Company 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, our Company has a right to reject Bids based on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

GROUNDINGS FOR TECHNICAL REJECTIONS

Bidders are advised to note that Bids are liable to be rejected inter alia on the following technical grounds:

- i. Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for;
- ii. Bank account details (for refund) are not given;
- iii. 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;
- iv. Bids by persons not competent to contract under the Indian Contract Act, 1872 including minors and insane persons;
- v. PAN not stated. See the section titled "Issue Procedure - PAN or GIR Number" beginning on page 194 of this Red Herring Prospectus;
- vi. GIR number furnished instead of PAN;
- vii. Bids for lower number of Equity Shares than specified for that category of investors;
- viii. Bids at a price less than lower end of the Price Band;
- ix. Bids at a price more than the higher end of the Price Band;
- x. Bids at Cut-off Price by Non-Institutional and QIB Bidders whose Bid Amount exceeds Rs.100,000;
- xi. Bids for number of Equity Shares, which are not in multiples of 70;
- xii. Category not ticked;
- xiii. Multiple Bids as defined in this Red Herring Prospectus;
- xiv. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- xv. Bids accompanied by Stockinvest/ money order/postal order/cash;
- xvi. Signature of sole and/or joint Bidders missing;
- xvii. Bid cum Application Form does not have the stamp of the BRLM or the Syndicate Members;
- xviii. Bid cum Application Form does not have the Bidder's depository account details;
- xix. Bid cum Application Form is not delivered by the Bidder 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 this Red Herring Prospectus and the Bid cum Application Forms;
- xx. 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;
- xxi. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- xxii. Bids by QIBs not submitted through members of the Syndicate;
- xxiii. Bids in respect where the Bid cum Application form do not reach the Registrar prior to the finalisation of the basis of allotment;
- xxiv. Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;

- xxv. Bids by OCBs;
- xxvi. Bids by U.S. persons, other than “qualified institutional buyers” as defined in Rule 144A under the Securities Act or other than in reliance on Regulation S under the Securities Act; and
- xxvii. Bids by persons outside India if not in compliance with applicable foreign and Indian laws or by any persons who are not eligible to acquire Equity Shares of our Company, in terms of all applicable laws, rules, regulations, guidelines and approvals.
- xxviii. Bids through ASBA process by Non-institutional Bidders

Price Discovery and Allocation

1. After the Bid/Issue Closing Date, the BRLM shall analyze the demand generated at various price levels and discuss pricing strategy with the Company.
2. Our Company in consultation with the BRLM, shall finalize the Issue Price, the number of Equity Shares to be allotted in each investor category.
3. The allocation to QIBs will be for atleast 50% of the Issue and the availability for allocation to Non-Institutional and Retail Individual Bidders will be upto 15% and 35% of the Issue respectively, and, would be on proportionate basis, in the manner specified in the SEBI Regulations and this Red Herring Prospectus, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
4. Under-subscription, if any, in any category would be met with spill over from any other category at the sole discretion of the Company in consultation with the BRLM. However, if the aggregate demand by Mutual Fund is less than [●] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allotted proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB Portion has been met, under subscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company and the Selling Shareholder, in consultation with the BRLM and the Designated Stock Exchange.

Under-subscription, if any, in any category, would be met with spill over from other categories at our sole discretion in consultation with the BRLM.

5. Allocation to Non-Residents, including Eligible NRI's, FIIs and FVCIs registered with SEBI, applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.
6. 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.
7. Our Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date without assigning any reasons whatsoever. In terms of the SEBI Regulations, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.
8. The allotment details shall be put on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and Filing with the Designated Stock Exchange

- (a) We, the BRLM and the Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price and allocation/ Allotment to the Bidders.
- (b) After signing the Underwriting Agreement, we would update and file the updated Red Herring Prospectus with the Designated Stock Exchange, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.

Filing of the Prospectus with the Registrar of Companies

We will file a copy of the Prospectus with the Registrar of Companies in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Announcement of pre-Issue Advertisement

Subject to Section 66 of the Companies Act, the Company shall after receiving final observations, if any, on the Red Herring prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI Regulations in three widely circulated newspapers (one each in English, Hindi & Tamil).

Advertisement regarding Issue Price and Prospectus

We will issue a statutory advertisement after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of the Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Designated Date and Allotment of Equity Shares

- (a) Our Company will ensure that the Allotment of Equity Shares is done within 9 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Accounts to the Issue Account on the Designated Date, we would ensure the credit to the successful Bidders depository account. Allotment of the Equity Shares to the successful Bidders depository account within 2 working days of the date of allotment.
- (b) In accordance with the SEBI Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialized form to the Allottees.
- (c) Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ Allotted to them pursuant to this Issue.

Equity Shares in Dematerialized Form with NSDL or CDSL

As per the provisions of Section 60B of the Companies Act, the Allotment of Equity Shares in this Issue shall be only in a dematerialized form (i.e., not in the form of physical certificates but the fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among the Company, the respective Depositories and the Registrar to the Issue:

- a) Agreement dated 27/04/2010 with NSDL, the Company and the Registrar to the Issue;
- b) Agreement dated 22/04/2010 with CDSL, the Company and the Registrar to the Issue.
- c) The ISIN no. allotted to the company is INE062L01019

All bidders can seek Allotment only in dematerialized mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

- a) A bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participant of either NSDL or CDSL prior to making the Bid.
- b) The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Bid-cum-Application Form or Revision Form.
- c) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
- d) Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.

- f) The Bidder is responsible for the correctness of his or her Demographic details given in the Bid-cum-Application Form vis-à-vis those with his or her Depository Participant.
- g) Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL or CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with NSDL and CDSL.
- h) The trading of the Equity Shares of the Company would be in dematerialized form only for all investors in the demat segment of the respective Stock Exchanges.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY

We shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) or instructions to Self Certified Syndicate Banks by the Registrar to the Issue, in Application Supported by Blocked Amount process and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within 10 working days of the Bid/ Issue Closing Date.

In case of applicants who receive refunds through ECS, direct credit, RTGS or through unblocking the relevant bank accounts, the refund instructions will be given to the clearing system within 10 days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the bidders receiving refunds through this mode within 10 days of Bid/ Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within seven working days of Allotment.

In accordance with the requirements of the Stock Exchanges and the SEBI Regulations, the Company further undertakes that:

- Allotment of Equity Shares shall be made only in DEMATERIALIZED form within 9 (nine) working days of the Bid/Issue Closing Date;
- Dispatch of refund orders or in case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 10 (ten) working days of the Bid/Issue Closing Date would be ensured; and
- The Company shall pay interest at 15% (fifteen) per annum for any delay beyond the 10 (ten) day time period as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/ or demat credits are not made to investors within the 10 (ten) days time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter no. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI ICDR Regulations.

Interest on refund of excess Bid Amount

The Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received if refund orders /instruction to Self Certified Syndicate Banks by the Registrar are not dispatched within 10 working days from the Bid/Issue Closing Date.

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 Net Issue size less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.
- If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of 70 Equity Shares. For the method of proportionate basis of Allotment, refer below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Net Issue size less Allotment to QIBs and Retail Portion shall be available for Allotment to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to [●] 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 [●] Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of 70 Equity Shares. 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 shall be undertaken in the following manner:
 - (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:
 - (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.
 - (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, then all Mutual Funds shall get full Allotment to the extent of valid bids received above the Issue Price.
 - (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below;
 - (b) In the second instance, Allotment to all QIBs shall be determined as follows:
 - (i) In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be Allotted Equity Shares on a proportionate basis for upto 95% of the QIB Portion.
 - (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
 - (iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.
- The aggregate Allotment to QIB Bidders shall be upto [●] Equity Shares.

Under-subscription, if any, in any of the above categories would be allowed to be met with spillover inter-se from any other categories, at the sole discretion of the Company and BRLM.

Method of Proportionate Basis of Allotment in the Issue

In the event the Issue is over-subscribed, the basis of Allotment shall be finalized by the Company 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 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 by them.
- (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:
 - 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 portion is equal to the number of Equity Shares calculated in accordance with (b) above; and
 - Each successful Bidder shall be allotted a minimum of 70 Equity Shares.
- (e) If the proportionate Allotment to a Bidder is a number that is more than [●] but is not a multiple of one (which is the market lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.
- (f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the Allotted shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

PAYMENT OF REFUND

Applicants should note that on the basis of name of the Applicant, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository the applicants bank account details including nine digit MICR code. Hence, Applicants are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to applicants at his/her sole risk and neither the Lead Manager to the Issue nor the Bank shall have any responsibility and undertake any liability for the same.

The payment of refund, if any, would be done through various modes in the following order of preference:

I. ECS - Payment of refund shall be undertaken through ECS for applicants having an account at any of the following 68 centers: Ahmedabad, Bangalore, Bhubaneswar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna, Thiruvananthapuram (managed by RBI); Baroda, Dehradun, Nashik, Panaji, Surat, Trichy, Trichur, Jodhpur, Gwalior, Jabalpur, Raipur, Calicut, Siliguri

(Non-MICR), Pondicherry, Hubli, Shimla (Non-MICR), Tirupur, Burdwan (Non-MICR), Durgapur (Non-MICR), Sholapur, Ranchi, Tirupati (Non-MICR), Dhanbad (Non-MICR), Nellore (Non-MICR) and Kakinada (Non-MICR) (managed by State Bank of India); Agra, Allahabad, Jalandhar, Lucknow, Ludhiana, Varanasi, Kolhapur, Aurangabad, Mysore, Erode, Udaipur, Gorakpur and Jammu (managed by Punjab National Bank); Indore (managed by State Bank of Indore); Pune, Salem and Jamshedpur (managed by Union Bank of India); Visakhapatnam (managed by Andhra Bank); Mangalore (managed by Corporation Bank); Coimbatore and Rajkot (managed by Bank of Baroda); Kochi/Ernakulum (managed by State Bank of Travancore); Bhopal (managed by Central Bank of India); Madurai (managed by Canara Bank); Amritsar (managed by Oriental Bank of Commerce); Haldia (Non-MICR) (managed by United Bank of India); Vijaywada (managed by State Bank of Hyderabad); and Bhilwara (managed by State Bank of Bikaner and Jaipur). This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. One of the methods for payment of refund is through ECS for applicants having a bank account at any of the abovementioned 68 centers.

II. Direct Credit - Applicants having bank accounts with the Refund Banker(s), as mentioned in the bid cum Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Bank.

III. RTGS - Applicants having a bank account at any of the above mentioned fifteen centers and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Bank. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

IV. NEFT (National Electronic Fund Transfer) - Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR, if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Whenever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency.

V. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched "Under Certificate of Posting" for value upto Rs. 1,500 and through Speed Post/Registered Post for refund orders of Rs. 1500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Letters of Allotment or Refund Orders

The Company shall give credit to the beneficiary account with depository participants within two working days from the date of the finalisation of basis of allotment. Applicants residing at fifteen centres where clearing houses are managed by the RBI, will get refunds through ECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS. Our Company shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500, by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder's sole risk within 10 days of the Bid/Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within fifteen days of closure of Bid / Issue.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI (ICDR) Regulations, 2009, our Company further undertakes that:

- Allotment of Equity Shares will be made only in dematerialised form within 10 days from the Bid/Issue Closing Date; and
- We shall pay interest at 15% per annum (for any delay beyond the 10 day time period as mentioned above), if Allotment is not made, refund orders are not dispatched and/or dematerialised credits are not made to investors within the 10 day time prescribed above.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by our Company as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Mode of making refunds for Applications Supported by Blocked Amount

Once the basis of allotment is finalized, the Registrar to the Issue shall send an appropriate request to the SCSB for unblocking the relevant bank accounts.

UNDERTAKINGS BY THE COMPANY

We undertake that:

- The complaints received in respect of the captioned Public Issue shall be attended to by the Company expeditiously and satisfactorily
- All steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the securities are to be listed are taken within seven working days of finalisation of basis of allotment
- The funds required for making refund to unsuccessful applicants as per the modes disclosed shall be made available to the registrar to the captioned Public Issue.
- Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of closure of the issue, giving details of the bank where refund shall be credited along with amount and expected date of electronic credit of refund.
- The promoters' contribution in full, wherever required, shall be brought in advance before the Issue opens for public subscription and the balance, if any, shall be brought in pro-rata basis before the calls are made on public.
- The certificates of the shares/ refund orders to the Non-Resident Indians shall be dispatched within the specified time.
- No further issue of securities shall be made till the shares offered through the prospectus are listed or till the application moneys are refunded on account of non-listing, undersubscription, etc
- That at any given time there shall be only one denomination for the shares of the company,
- That the company shall comply with such disclosure and accounting norms specified by the Board (SEBI) from time to time and
- That the adequate arrangements shall be made to collect all Applications Supported by Blocked Amount (ASBA) and to consider them similar to non-ASBA applications while finalizing the basis of allotment.

UTILISATION OF ISSUE PROCEEDS

Our Board of Directors certify that:

- (a) all monies received out of the issue to the public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act, 1956.
- (b) details of all monies utilised out of the issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies had been utilised, and

- (c) details of all unutilised monies out of the issue, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the form in which such unutilised monies have been invested.

The Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

The Board of Directors also certifies that:

- the utilization of monies received shall be disclosed under an appropriate head in the balance sheet of the issuer company, indicating the purpose for which such monies have been utilized and,
- the details of all monies out of the funds received shall be disclosed under a separate head in the balance sheet of the issuer company, indicating the form in which such monies have been invested.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy of the Government of India notified through press notes and press releases issued from time to time and FEMA and circulars and notifications issued there under. While the policy of the Government 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 of the Government, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures and reporting requirements for making such investment.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without prior RBI approval, so long as the price of equity shares to be issued is not less than the price at which equity shares are issued to residents. In the Company, as of date the aggregate FII holding cannot exceed 24% of the total post-Issue share capital.

Subscription by NRIs/ FIIs

It is to be distinctly understood that there is no reservation for Non-Residents, NRIs and FIIs and all Non-Resident, NRI and FII applicants will be treated on the same basis as other categories for the purpose of allotment.

As per the RBI regulations, OCBs cannot participate in this Issue.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

As per the current regulations, the following restrictions are applicable for investments by FIIs:

No single FII can hold more than 10% of the post-Issue paid-up capital of our Company. In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each subaccount shall not exceed 10% of our total issued capital or 5% of total issued capital of our Company in case such sub account is a foreign corporate or an individual. The aggregate FII holding should not exceed 24% of the total issued capital of our company.

The above information is given for the benefit of the Bidders. The Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

ISSUE PROCEDURE FOR ASBA BIDDERS

This section is for the information of investors proposing to subscribe to the Issue through the ASBA process. Our Company and the BRLMs are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this RHP. ASBA Bidders are advised to make their independent investigations and to ensure that the ASBA Form is correctly filled up, as described in this section.

The list of banks who have been notified by SEBI to act as SCSB for the ASBA Process are provided on www.sebi.gov.in. For details on designated branches of SCSB collecting the ASBA Form, please refer the above-mentioned SEBI website.

ASBA Process

An ASBA investor, intending to subscribe to a public issue, shall submit a completed ASBA form to a Self Certified Syndicate Bank (SCSB), with whom the bank account to be blocked, is maintained, through one of the following modes -

- i) Submit the form physically with the Designated Branches (DBs) of the SCSB ("Physical ASBA");
- or
- ii) Submit the form electronically through the internet banking facility offered by the SCSB ("Electronic ASBA").

The SCSB shall give an acknowledgement by giving the counter foil or specifying the application number to the ASBA investor, as a proof of having accepted his/ her ASBA, in a physical or electronic mode respectively.

If the bank account specified in the ASBA does not have sufficient credit balance to meet the application money, the ASBA shall be rejected by the SCSB.

- i) After accepting a Physical ASBA, the SCSB shall block funds available in the bank account specified in the Physical ASBA, to the extent of the application money specified in the ASBA. The SCSB shall then capture and upload the relevant details in the electronic bidding system as specified by the stock exchange(s) for a particular issue.
- ii) In case of an Electronic ASBA, the ASBA investor himself/ herself shall fill in all the relevant details, except the application number which shall be system generated. The SCSB shall thereafter upload all the details specified by the stock exchange(s).

The SCSB (Controlling Branch (CB) or DBs) shall provide Transaction Registration Slip(s)/ Order number(s), confirming upload of ASBA details in the electronic bidding system of the stock exchange. The Transaction Registration Slip(s)/ Order number(s) shall be provided to the ASBA investor as a proof of uploading the details of ASBA, only on demand.

In case an ASBA investor wants to withdraw his/ her ASBA during the bidding/ offer period, he/ she shall submit his/ her withdrawal request to the SCSB, which shall do the necessary, including deletion of details of the withdrawn ASBA from the electronic bidding system of the stock exchange(s) and unblocking of funds in the relevant bank account.

Stock exchange to allow SCSBs to undertake modification of selected fields in the bid details already uploaded Registrar to get the electronic bid details from the stock exchanges at the end of the day.

The SCSB shall send investor category-wise the following aggregate information as per the format specified by the Registrar to the issue, to the registrar:

- (i) Total number of ASBAs uploaded by the SCSB
- (ii) Total number of shares and total amount blocked against the uploaded ASBAs..

The Registrar shall reconcile the compiled data received from the stock exchange(s) and all SCSBs (hereinafter referred to as the “reconciled data”).

The registrar shall then match the reconciled data with the depositories’ database for correctness of DP ID, Client ID and PAN. In case any DP ID, Client ID or PAN mentioned in the bid file for ASBAs does not match with the one available in the depositories’ database, such ASBA shall be rejected by the registrar.

In case an ASBA investor wants to withdraw his/her ASBA after the bid closing date, he/she shall submit the withdrawal request to the registrar. The registrar shall delete the withdrawn bid from the bid file.

The registrar shall reject multiple ASBAs determined as such, based on common PAN.

The registrar shall finalise the basis of allotment and submit it to the Designated Stock Exchange for approval.

Once the basis of allotment is approved by the Designated Stock Exchange, the registrar shall provide the following details to the CB of each SCSB, along with instructions to unblock the relevant bank accounts and transfer the requisite money to the issuer’s account designated for this purpose, within the timelines specified in the ASBA facility:

- (i) Number of shares to be allotted against each valid ASBA
- (ii) Amount to be transferred from the relevant bank account to the issuer’s account designated for this purpose, for each valid ASBA
- (iii) The date by which the funds referred to in sub-para (ii) above, shall be transferred to the issuer’s account designated for this purpose.
- (iv) Details of rejected ASBAs, if any, along with reasons for rejection and details of withdrawn/ unsuccessful ASBAs, if any, to enable SCSBs to unblock the respective bank accounts.

SCSBs shall unblock the relevant bank accounts for:

- (i) Transfer of requisite money to the issuer’s account designated for this purpose against each valid ASBA.
- (ii) Withdrawn/ rejected/ unsuccessful ASBAs.

The CB of each SCSB shall confirm the transfer of requisite money against each successful ASBA to the Registrar to the Issue.

Who can Bid?

As per SEBI Circular no.CIR/CFD/DIL/2/2010 dated April 06, 2010 the reach of ASBA has now been extended to all categories of investors.

Maximum and Minimum Bid Size for ASBA Bidders

c) **For Retail Individual Bidders:** The Bid must be for a minimum of 70 Equity Shares and in multiples of 70 Equity Shares thereafter, so as to ensure that the Bid Price payable by the Bidder does not exceed Rs.100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Price does not exceed Rs. 100,000. In case the Bid Price is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders portion. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

d) **For Other Bidders (Non-Institutional Bidders and QIBs):** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs.100,000 and in multiples of 70Equity Shares thereafter. A Bid

cannot be submitted for more than the Net Issue. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **Under the existing SEBI Regulations, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay 100% of the bid amount upon submission of the Bid.**

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allotment under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-Off'.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Red Herring Prospectus.

Information for the ASBA Bidders:

- The BRLM shall ensure that adequate arrangements are made to circulate copies of the Red Herring Prospectus and ASBA form to the SCSB's and the SCSB's will then make available such copies to investors applying under the ASBA process. Additionally, the BRLM shall ensure that the SCSB's are provided with soft copies of the abridged prospectus and the ASBA form and that the same are made available on the websites of the SCSB's
- ASBA Bidders, under the ASBA process, who would like to obtain the Red Herring Prospectus and/or the ASBA form can obtain the same from the Designated Branches of the SCSB's, or the BRLMs. ASBA Bidders can also obtain a copy of the abridged prospectus and/or the ASBA form in electronic form on the websites of the SCSB's.
- The Bids should be submitted on the prescribed ASBA form if applied in physical mode. SCSB's may provide the electronic mode of bidding either through an internet enabled bidding and banking facility or such other secured, electronically enabled mechanism for bidding and blocking funds in the accounts of the respective eligible investors.
- ASBA forms should bear the stamp of the Syndicate Member and/or Designated Branch of the SCSB.
- ASBA Bidders shall correctly mention the bank account number in the ASBA form and ensure that funds equal to the Bid Amount are available in the bank account maintained with the SCSB before submitting the ASBA form to the respective Designated Branch.
- If the ASBA Account holder is different from the ASBA Bidder, the ASBA form should be signed by the account holder as provided in the ASBA form.
- ASBA Bidders shall correctly mention their DP ID and Client ID in the ASBA form. For the purpose of evaluating the validity of Bids, the demographic details of ASBA Bidders shall be derived from the DP ID and Client ID mentioned in the ASBA form.

Mode of Payment

Upon submission of an ASBA form with the SCSB, whether in physical or electronic mode, each ASBA Bidder shall be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount, in the bank account maintained with the SCSB. Bid Amounts paid in cash, by money order or by postal order or by stockinvest, or ASBA form accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the SCSB bank accounts, shall not be accepted. After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA form till the Designated Date. On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Bidders from the respective ASBA Account, in terms of the SEBI Regulations, into the ASBA Public Issue Account. The balance amount, if any against the said Bid in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue.

The entire Bid Amount, as per the Bid cum Application Form submitted by the respective ASBA Bidders, would be required to be blocked in the respective ASBA Accounts, whether in physical or electronic mode, until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount against allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Bid, as the case may be.

Electronic registration of Bids by SCSB's

Electronic Registration of Bids

(a) The Syndicate and the SCSBs will register the Bids using the on-line facilities of the Stock Exchanges.

(b) The Syndicate and the SCSBs will undertake modification of selected fields in the Bid details already uploaded within one Working Day from the Bid/Issue Closing Date.

(c) There will be at least one on-line connectivity facility in each city, where a stock exchange is located in India and where Bids are being accepted. The BRLMs, our Company and the Registrar are not responsible for any acts, mistakes or errors or omission and commissions in relation to,

- (i) the Bids accepted by the Syndicate Members and the SCSBs,
- (ii) the Bids uploaded by the Syndicate Members and the SCSBs,
- (iii) the Bids accepted but not uploaded by the Syndicate Members and the SCSBs or
- (iv) with respect to ASBA Bids, Bids accepted and uploaded without blocking funds in the ASBA Accounts.

However, the Syndicate and/or the SCSBs shall be responsible for any error in the Bid details uploaded by them. It shall be presumed that for Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant ASBA Account.

(d) The Stock Exchanges will offer an electronic facility for registering Bids for the Issue. This facility will be available with the Syndicate and their authorised agents and the SCSBs during the Bid/ Issue Period. The Syndicate Members and the Designated Branches of the SCSBs can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis. On the Bid/ Issue Closing Date, the Syndicate and the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the BRLMs on a regular basis.

(e) Based on the aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges would be made available at the Bidding centres during the Bid/Issue Period.

(f) At the time of registering each Bid other than ASBA Bids, the Syndicate shall enter the following details of the Bidders in the on-line system:

- Name of the Bidder:
- Bidders 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, Bidders 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, Mutual Fund, etc.
- Numbers of Equity Shares Bid for.
- Bid Amount.
- Cheque Details.
- Bid cum Application Form number.
- DP ID and client identification number of the beneficiary account of the Bidder.
- PAN.

With respect to ASBA Bids, at the time of registering each Bid, the Designated Branches of the SCSBs shall enter the following information pertaining to the Bidder into the online system:

- Name of the Bidder(s);

- Application Number;
- PAN (of First Bidder, in case of more than one Bidder);
- Investor Category and Sub-Category:

Retail	Non- Institutional	QIB
(No sub category)	<ul style="list-style-type: none"> • Individual • corporate • other 	<ul style="list-style-type: none"> • Mutual Funds • Financial Institutions • Insurance companies • Foreign Institutional Investors other than corporate and individual • sub-accounts

- Employee/shareholder (if reservation);
- DP ID and client identification number;
- Beneficiary account number of Equity Shares Bid for;
- Quantity;
- Bid Amount;
- Bank account number;

(g) 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 Syndicate or the Designated Branches of the SCSBs. The registration of the Bid by the member of the Syndicate or the Designated Branches of the SCSBs does not guarantee that the Equity Shares shall be allocated/ Allotted either by the Syndicate or our Company.

(h) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(i) In case of QIB Bidders, only the BRLMs and their Affiliate Syndicate Members have the right to accept the Bid or reject it. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders, Retail Individual Bidders and Eligible Employees, Bids will be rejected on technical grounds listed on page 195. The Members of the Syndicate may also reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect. The SCSBs shall have no right to reject Bids, except on technical grounds.

(j) The permission given by the Stock Exchanges to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the BRLMs are cleared or approved by the Stock Exchanges; 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 our Company, the Promoter, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

(k) Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/ Allotment. Members of the Syndicate will be given up to one day after the Bid/Issue Closing Date to verify the information uploaded in the online IPO system during the Bid/Issue Period after which the date will be sent to the Registrar for reconciliation and Allotment of Equity Shares. In case of any discrepancy of data between the BSE or the NSE and the Members of the Syndicate or the Designated Branches of the SCSBs, the decision of our Company, in consultation with the BRLMs and the Registrar, based on the physical records of Bid Cum Application Forms shall be final and binding on all concerned. If the Syndicate Member finds any discrepancy in the DP name, DP Id and the Client Id, the Syndicate Member will correct the same and send the data to the Registrar for reconciliation and Allotment of Equity Shares.

(l) Details of Bids in the Anchor Investor Portion will not be registered on the on-line facilities of the electronic facilities of the Stock Exchanges. However, Anchor Investors who use the ASBA facility will have to submit the ASBA Bid cum Application Form to the BRLMs along with a confirmation from the SCSBs that the Bid Amount has been blocked in their respective bank accounts in terms of the ASBA process. In the event such Bid Amount has not been blocked, the Anchor Investor's Bid shall be rejected.

Price Discovery and Allocation

After the Bid/Issue Closing Date, the Registrar to the Issue shall aggregate the demand generated under the ASBA process and which details are provided to them by the SCSBs with the Retail Individual Investor applied under the non ASBA process to determine the demand generated at different price levels.

Advertisement regarding Issue Price and Prospectus

After filing of the Prospectus with the RoC, a statutory advertisement will be issued by our Company in a widely circulated English national newspaper and a Hindi national newspaper of wide circulation and a regional language newspaper with wide circulation at the place where the registered office of the issuer is situated. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Unblocking of ASBA Account

On the basis of instructions from the Registrar to the Issue, the SCSB's shall transfer the requisite amount against each successful ASBA Bidder to the ASBA Public Issue Account and shall unblock excess amount, if any in the ASBA Account. However, the Bid Amount may be unblocked in the ASBA Account prior to receipt of intimation from the Registrar to the Issue by the Controlling Branch of the SCSB regarding finalisation of the Basis of Allotment in the Issue, in the event of withdrawal/failure of the Issue or rejection of the ASBA Bid, as the case may be.

Allotment of Equity Shares

- (a) Our Company will ensure that the Allotment of Equity Shares is done within 9 days of the Bid/Issue Closing Date. After the funds are transferred from the bank account of the ASBA Bidders to the ASBA Public Issue Account on the Designated Date, to the extent applicable, our Company would ensure the credit of the Allotted Equity Shares to the depository accounts of all successful ASBA Bidders' within two working days from the date of Allotment.
- (b) As per the SEBI Regulations, Equity Shares will be issued, transferred and allotted only in the dematerialised form to the allottees. Allottees will have the option to re-materialise the Equity Shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

GENERAL INSTRUCTIONS

Do's:

- a. Check if you are a eligible to Bid under ASBA process.
- b. Ensure that you use the ASBA form specified for the purposes of ASBA process.
- c. Read all the instructions carefully and complete the ASBA form .
- d. Ensure that the details of your Depository Participant and beneficiary account are correct and that your beneficiary account is activated, as Equity Shares will be allotted in dematerialised form only.
- e. Ensure that your Bid is submitted at a Designated Branch of an SCSB, with a branch of which the ASBA Bidder or a person whose bank account will be utilized by the ASBA Bidder for bidding has a bank account and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to the Company or Registrar or or BRLM.
- f. Ensure that the ASBA form is signed by the account holder in case the applicant is not the account holder
- g. Ensure that you have mentioned the correct bank account No. in the ASBA form.
- h. Ensure that you have funds equal to the number of Equity Shares Bid for at Cut-off Price available in ASBA account maintained with the SCSB before submitting the ASBA form to the respective Designated Branch of the SCSB.

- i. Ensure that you have correctly checked the authorisation box in the ASBA form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for the Designated Branch to block funds equivalent to the Bid Amount mentioned in the ASBA form in your ASBA Account maintained with a branch of the concerned SCSB.
- j. Ensure that you receive an acknowledgement from the Designated Branch of the concerned SCSB for the submission of your ASBA form.
- k. Ensure that you have mentioned your Permanent Account Number (PAN) allotted under the I.T. Act.
- l. Ensure that the name(s) and PAN given in the ASBA form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the ASBA Bid is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the ASBA form.
- m. Ensure that the Demographic Details are updated, true and correct, in all respects.

Don'ts:

- a. Do not Bid for lower than the minimum Bid size.
- b. Do not Bid on another ASBA or Non-ASBA form after you have submitted
- c. Submit the Bid to a Designated Branch of the SCSB.
- d. Payment of Bid Amounts in any mode other than blocked amounts in the bank accounts maintained by SCSB's, shall not be accepted under the ASBA process.
- e. Do not send your physical ASBA form by post; instead submit the same to Designated Branch of the SCSB only.
- f. Do not mention the GIR number instead of the PAN Number.
- g. Do not instruct your respective banks to release the funds blocked in the bank account under the ASBA process.

Bids by ASBA Bidders must be:

- Made only in the prescribed ASBA form, if submitted in physical mode, or electronic mode.
- In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the ASBA form.
- The Bids must be for a minimum of 70 Equity Shares and in multiples of 70 Equity Shares thereafter.
- Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

ASBA Bidders depository account and bank details

ALL ASBA BIDDERS SHALL RECEIVE THE EQUITY SHARES ALLOTTED TO THEM IN DEMATERIALIZED FORM. ALL ASBA BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANTS NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER AND PAN IN THE ASBA FORM. ASBA BIDDERS MUST ENSURE THAT THE NAME AND PAN GIVEN IN THE ASBA FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE ASBA 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 ASBA FORM.

ASBA Bidders should note that on the basis of name of the ASBA Bidders, PAN, Depository Participant's name and identification number and beneficiary account number provided by them in the ASBA form, the Registrar to the Issue will obtain from the Depository, demographic details of the ASBA Bidders including address, ("Demographic Details"). Hence, ASBA Bidders should carefully fill in their Depository Account details in the ASBA form.

As these Demographic Details would be used for all correspondence with the ASBA Bidders they are advised to update their Demographic Details as provided to their Depository Participants. By signing the ASBA form, the ASBA Bidder is deemed to have authorized the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records. CAN/Allocation advice and letters

intimating unblocking of bank account of the respective ASBA Bidder would be mailed at the address of the ASBA Bidder as per the Demographic Details received from the Depositories. ASBA Bidders may note that delivery of CAN/Allocation advice or letters intimating unblocking of bank account may be delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Note that any such delay shall be at the sole risk of the ASBA Bidders and neither of the Designated Branches of the SCSB's, the members of the Syndicate, or the Company shall be liable to compensate the ASBA Bidder for any losses caused to the ASBA Bidder due to any such delay or be 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 ASBA Bidders (including the order of names of joint holders), the DP ID and the beneficiary account number, then such Bids are liable to be rejected. ASBA Bidders are required to ensure that the beneficiary account is activated, as Equity Shares will be allotted in dematerialised form only.

Payment mechanism under ASBA

The ASBA Bidders shall specify the bank account number in the ASBA form and the SCSB shall block an amount equivalent to the application money in the bank account specified in the Bid cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal/rejection of the ASBA Bid or receipt of instructions from the Registrar to the Issue to unblock the Bid Amount.

In the event of withdrawal or rejection of Bid cum Application Form or for unsuccessful Bid cum Application Forms, the Registrar to the Issue shall give instructions to the Controlling Branch of the SCSB to unblock the application money in the relevant bank account. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Bid, as the case may be.

ASBA Bids under Power of Attorney

In case of ASBA Bids made pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the ASBA form. Failing this, our Company, in consultation with and BRLM, reserves the right to reject such ASBA Bids. Our Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the ASBA form, subject to such terms and conditions that we, in consultation with the BRLM may deem fit.

OTHER INSTRUCTIONS

Withdrawal of ASBA Bids

In case an ASBA Bidder wants to withdraw the ASBA form during the Bid/Issue Period, the ASBA Bidder shall submit the withdrawal request to the SCSB, which shall do the necessary, including deletion of details of the withdrawn ASBA from the electronic bidding system of the Stock Exchange(s) and unblocking of funds in the relevant bank account. In case an ASBA Bidder wants to withdraw the ASBA cum Application Form after the Bid Closing date, the ASBA Bidder shall submit the withdrawal request to the Registrar to the Issue before finalization of the Basis of Allotment. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file. The instruction for and unblocking of funds in the relevant bank account, in such withdrawals, shall be forwarded by the Registrar to the Issue to the SCSB on finalization of the Basis of Allotment.

Joint ASBA Bids

ASBA Bids may be made in single or joint names (not more than three). In case of joint ASBA Bids, all communication will be addressed to the first Bidder and will be dispatched to his address.

Right to Reject ASBA Bids

The Designated Branches of the SCSB's shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder's bank account, the respective Designated Branch ascertains that sufficient funds are not available in the Bidder's bank account maintained with the SCSB. Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company would have a right to reject the ASBA Bids only on technical grounds. Further, in case any DP ID, Client ID or PAN mentioned in the ASBA form does not match with one available in the depository's database, such ASBA Bid shall be rejected by the Registrar to the Issue

GROUNDINGS FOR TECHNICAL REJECTIONS UNDER THE ASBA PROCESS

1. In addition to the grounds listed under Grounds for Technical Rejection on page no.195 of this RHP, applications under the ASBA process are liable to be rejected on, *inter alia*, the following technical grounds:
2. Amount mentioned in the ASBA form does not tally with the amount payable for the value of Equity Shares Bid for;
3. Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors and persons of unsound mind;
4. PAN not stated, or GIR number furnished instead of PAN. See Issue Procedure - PAN or GIR Number on page no. 194;
5. Bids for number of Equity Shares, which are not in multiples of 70;
6. Authorisation for blocking funds in the ASBA Bidder's bank account not ticked or provided;
7. Multiple Bids as defined in the Red Herring Prospectus;
8. In case of Bid under power of attorney, relevant documents are not submitted;
9. Signature of sole and/or joint Bidders missing in case of ASBA forms submitted in physical mode;
10. ASBA form does not have the stamp of the SCSB and/or a member of the Syndicate;
11. ASBA form does not have the Bidder's depository account details;
12. ASBA form is not delivered, either in physical or electronic form, by the Bidder within the time prescribed and as per the instructions provided in the ASBA form and the Red Herring Prospectus;
13. Inadequate funds in the ASBA Account to block the Bid Amount specified in the ASBA form at the time of blocking such Bid Amount in the ASBA Account;
14. 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), PAN, the DP ID and the beneficiary account number; and
15. If the ASBA Bid in the Issue is revised. Bidders are advised that ASBA Bids not uploaded in the electronic book of the Stock Exchanges, due to any of the grounds mentioned above, would be rejected.

COMMUNICATIONS

All future communication in connection with ASBA Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First ASBA Bidder, ASBA form number, details of Depository Participant, number of Equity Shares applied for, date of ASBA form, name and address of the Designated Branch of the SCSB where the ASBA Bid was submitted and bank account number in which the amount equivalent to the Bid amount was blocked. The Registrar to the Issue shall obtain the required information from the SCSB's for addressing any clarifications or grievances. The SCSB shall be responsible for any damage or liability resulting from any errors, fraud or wilful negligence on the part of any employee of the concerned SCSB, including its Designated Branches and the branches where the ASBA Accounts are held. The Company, the BRLM, the Syndicate Members and the Registrar accept no responsibility for errors, omissions, commission or any acts of SCSB's including any defaults in complying with its obligations under applicable SEBI Regulations.

ASBA Investors can contact the Compliance Officer, the Designated Branch of the SCSB where the ASBA form was submitted, or the Registrar to the Issue in case of any pre- or post-Issue related problems such as non-receipt of credit of Allotted Equity Shares in the respective beneficiary accounts, unblocking of excess Bid Amount, etc.

Disposal of Investor Grievances

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked on application, bank account number and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidders.

Basis of Allotment

Bids received from ASBA Bidders will be considered at par with Bids received from non-ASBA Bidders. The basis of allocation to such valid ASBA and non-ASBA Bidders will be that applicable to Retail Individual Bidders. For details, see section **Issue Procedure- Basis of Allotment** on page no.198 of this RHP.

SECTION IX**MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION****SHARES**

4. a) Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons in such proportions and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provisions of section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the general Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.
- b) Save as herein otherwise provided the Company shall be entitled to treat the registered holders any shares as the absolute owner thereof and accordingly shall not (except as ordered by a court of competent jurisdiction or by statute required) be bound to recognise any equitable, contingent, future or partial interest, in the nature of a trust or otherwise in, or any other right in respect of such shares on the part of any other persons.
5. Debenture/ Debenture stock or loan / loan stock or other securities conferring the right to allotment or conversion into shares or the option of right to call for allotment of shares shall not be issued except with the sanction of the Company in General Meeting.

6. SHARE CERTIFICATES

- a. Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in the name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within one month from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every 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. If any share stands in the names of two or more persons all the joint holders of the share shall be severally as well as jointly liable for the payment of all deposits, installments, and calls due in respect of such shares, and for all incidents thereof according to the Company's regulations but the person first named in the Register shall, as regards service of notice, and all other matters connected with the Company, except the transfer of the share and any other matter by the said Act or herein otherwise provided, be deemed the sole holder thereof.
- b. If any certificate be worn out, defaced, mutilated, or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, and a new certificate in lieu

thereof shall be given to the party entitled to such lost or destroyed certificate, every certificates under the Article shall be issued without payment of fees.

- c. Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf. The provision of this Article shall mutatis mutandis apply to debentures of the Company.

DEMATERIALISATION OF SECURITIES

7. a) Definitions:

For the purpose of these Articles:

- (i) Beneficial owner: Means a person or persons whose name is recorded as such with a depository.
- (ii) SEBI means Securities & Exchange Board of India
- (iii) Depository: Means a Company formed and registered under the Companies Act, 1956 and which has been granted a Certificate of Registration to Act, as a depository under the Securities & Exchange Board of India Act, 1992.
- (iv) Security means such security as may be specified by SEBI from time to time.

b) Dematerialisation of Securities:

NOT WITHSTANDING anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialisation form pursuant to the Depositories Act, 1996

c) Options for Investors:

Every person subscribing to securities offered by the Company shall have the option to receive Security certificates to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company, shall in manner and within the time prescribed, issue to the beneficial owner the required certificate of Securities. If a person opts to hold his security with a depository, the Company shall intimate such depository the detail of allotment of the security.

d) Securities in depositories to be in fungible form:

All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Section 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 owner.

e) Rights of depositories and beneficial owners:

- (i) Notwithstanding anything to the contrary contained in the Act, or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership security on behalf of the beneficial owner.
- (ii) Save as otherwise provided in (i) above the Depository as the registered owner of the securities shall not have any holding rights or any other rights in respect of the securities held by It.

- (iii) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

f) Services of documents:

Notwithstanding anything in the Act; or these articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

g) Transfer of securities:

Nothing contained in Section 108 of the Act, or these articles shall apply to a transfer of Securities affected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

h) Allotment of securities dealt with in a depository:

Notwithstanding anything in the Act, or these articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

i) Distinctive numbers of Securities held in a depository:

Nothing contained in the Act, or these articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.

j) Register and index of beneficial owners:

The Registrar and Index of beneficial owners maintained by a depository under the depository act, 1996, shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles.

CAPITAL & FURTHER ISSUE

- 8A. a. The Company may, from time to time by passing an ordinary resolution increase the share capital by such sum to be divided into shares of such amount, as may be specified in the resolution. The Company may by ordinary resolution:

- i. Consolidate and divide all or any part of its share capital into shares of larger amount than the existing share;
- ii. Sub-divide its existing shares or any of them into shares of smaller amounts than is fixed by the memorandum subject nevertheless to the provisions of the Act;
- iii. Cancel any shares which at the date of passing of the resolution have not been taken or agreed to be taken by any person.

- b. Where at the time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares either out of the unissued capital or out of the increased share capital then:

- i. Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company, in proportion, as near as circumstances admit, to the capital paid up on those shares at the date.
 - ii. Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined.
 - iii. The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right. Provided that the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may, renounce the shares offered to him.
 - iv. After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person(s) as they may think in their sole discretion fit.
- c. Notwithstanding anything contained in sub-clause (b) thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (i) of sub-clause (b) hereof) in any manner whatsoever.
- i. If a special resolution to that effect is passed by the company in General Meeting, or
 - ii. Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the chairman) by the members who, being entitled to do so, vote in person, or, 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.
- d. Nothing in sub-clause (iii) of (b) hereof shall be deemed:
- i. To extend the time within which the offer should be accepted; or
- e. 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 Rules, if any, made by that Government in this behalf; and
- (b) In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been

approved by a special resolution passed by the company in General Meeting before the issue of the debentures or raising of the loans.

f. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and condition as to redemption, surrender, drawing, allotment of Directors and otherwise Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.

8B. The Company may issue Redeemable Preference Shares subject to the following provisions:-

- (a) No such shares shall be redeemed except out of profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of redemption.
- (b) No such shares shall be redeemed unless they are fully paid.
- (c) The premium, if any, payable on redemption shall have been provided for out of the profits of the Company or out of the Company's share premium account before the shares are redeemed.
- (d) Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of the profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "The Capital Redemption Reserve Account" a sum equal to the nominal amount of the shares redeemed and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act apply as if the Capital Redemption Reserve Account were paid up share capital of the Company.
- (e) Subject to the provisions of Section 80 of the Act, the redemption of Preference Shares hereunder may be effected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Directors may think fit.

9. The Company may subject to section 100 to 103 of the Companies Act, 1956, by special resolution reduce by any manner authorized by law its share capital.

Shares to be under the control of the Directors

9A. Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose 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 of shares shall not be given to any person or persons without the sanction of the company in the General Meeting.

- 9B. Every Member, or his heirs, executors, administrators, or legal representatives, shall pay to the Company the portion of the Capital represented by his share or shares which may, for the time being, remain unpaid thereon, in such amounts at such time or times, and in such manner as the Board shall, from time to time in accordance with the Company's regulations, require on date fixed for the payment thereof.

CALLS

10. The Board may from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment make such calls as it thinks fit upon the members in respect of all monies unpaid on the shares held by them respectively and each member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Board.
11. The Board may from time to time, at its discretion extend the time fixed for the payment of any call and may extend such time as to all or any of the members, whom by reason of their residing at a distance or other cause, the Board may deem fairly entitled to such extension but no member shall be entitled to such extension as a matter of right.
12. If a member fails to pay any call due from him on the day appointed for payment thereof or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof till the time of actual payment at such rate as shall from time to time be fixed by the Board, but nothing in this article shall render it compulsory for the Board to demand or recover any interest from any such member.
13. A call may be revoked at the discretion of the Board.
14. Any member willing to advance, may pay all or any part of the money due upon shares held by him beyond the sums actually called for, and upon the money so paid in advance or remitted thereto as from time to time exceeds the amount of calls may carry interest but shall not entitle the member thereof to dividend or to the participation in profits on the uncalled amount nor shall he be entitled to any voting rights in respect of the same until such amount would (but for such payment) become presently payable.
15. The Directors may, if they think fit, subject to the provisions thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advances has been made, the Company may pay interest at such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or divided. The Directors may at any time repay the amount so advanced.
16. The member shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.
17. The Provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.
18. The Directors may, if they think fit, subject to the provisions thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advances has been made, the Company may pay interest at such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or divided. The Directors may at any time repay the amount so advanced.

DIVIDENDS:**Division of profits:**

19. The profits of the Company, subject to the provisions of these Articles, shall be divisible among the members in proportion to the amount of capital paid upon the shares held by them respectively. Provided always that any capital paid up or credited as paid up on a share during the period in respect of which a dividend is declared shall, unless the terms of issue otherwise provide, only entitle the holder of such shares to an apportioned amount of such Dividend proportionate to the capital from time to time paid up during such period on such share.

Capital paid up in advance at interest not to earn dividend

20. Where capital is paid up in advance of calls up on the footing that the same shall carry interest, such capital shall not whilst carrying interest confer a right to dividend or to Participate in profits.

Dividends in proportion to amount paid up

21. The Company may pay dividends in proportion to the amount paid up or credited as paid up one each share.

The Company in general Meeting may declare a dividend

22. The Company in General meeting may, subject to the provisions of Section 205 of the act, declare dividend to be paid to the members according to their respective rights and interests in the profit and subject to the provisions of the Act, may fix the time for payment. When a dividend has been so declared, subject to the provisions of Section 207 of the Act, either the dividend shall be paid or the warrant in respect thereof shall be posted within 30 days of the date of the declaration to the shareholders entitled to the payment of the same.

Powers of General Meeting to limit dividend

23. No larger dividend shall be declared than is recommended by the Directors but the Company in General Meeting may declare a smaller dividend. No dividend shall be payable except out of the profits of the year or any other undistributed profits of the Company, or other wise than in accordance with the provisions of Section 205, 205A, 206 and 207 of the Act and no dividend shall carry interest as against the Company. The declaration of the Directors as to the amount of the net profits of the Company shall be conclusive.

Interim dividend

24. Subject to the provisions of the Act, the Directors may, from time to time, pay to the members such interim dividends as in their judgment the position of the Company justifies.

Right to dividend etc. pending registration of transfer

25. Wherein an instrument of transfer of shares of the Company has been delivered to the Company for the registration and the transfer of such shares has not been registered by the Company, it shall comply with the provisions of Section 206A of the Act in respect of the dividend right, shares and bonus share in relation to such shares.

No member to receive dividend whilst indebted to the Company and Company's right of reimbursement there out.

26. Subject to the provisions of the Act no member shall be entitled to receive payment of any interest or dividend in respect of his shares, whilst any money may be due or owing from him to the Company in respect of such shares or otherwise howsoever either alone or jointly with any other persons, and the Directors may deduct from the interest or dividend payable to any member all sums of money so due from him to the Company.

Right to dividend pending registration of transfer

27. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

Dividends how paid

28. Unless otherwise directed any dividend may be paid by cheque or warrant sent through post to the Registered address of the member or person entitled or in case of joint holders to that one of them first named in the Register in respect of the joint holding. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant lost in transmission or for any dividend lost to the member or other person entitled thereto by the forged endorsement of any cheque or warrant or the fraudulent or improper recovery, thereof by any other means.

Unpaid dividend remitted.

29. The Company shall duly comply with the provisions of Section 205-A of the Act in respect of a dividend declared by it but which has not been paid or the warrant in respect thereof has not been posted within thirty days from the day of the declaration to any shareholders entitled to the payment of the Dividend. Where the Company has declared a dividend but which has not been paid or the dividend warrant is in respect thereof has not been posted within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 30 days, open a special account in that behalf in any scheduled bank called "Unpaid Dividend Account of FATPIPE NETWORKS INDIA LIMITED" and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted. Any money transferred to Unpaid Dividend account of the Company in pursuance of Section 205A of the Act, which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred by the Company to the fund established under sub-section (1) of section 205C. No uncalled or paid dividend shall be forfeited by the Board.

Dividend and Call together

30. Any General Meeting declaring a dividend may on the recommendation of the Directors makes a call on the members for such amounts as the meeting fixes, but so that the call to each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend and the dividend may, if so warranted between the Company and the members be set off against the call.

FORFEITURE, SURRENDER, LIEN**If call or installment not paid notice may be given**

31. If any member fails to pay the whole or any part of any call installment or any money due in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same, the Directors may at any time thereafter, during such time as the call or installment or any part thereof or other money as aforesaid remain unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such member or on the person (if any) entitled to the shares by transmission; requiring him to pay such call or installment or such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all expenses (Legal or otherwise) that may have been incurred by the Company by reason of such non-payment.

TERMS OF NOTICE

32. The Notice shall name a day (not being less than 14 days from the date of the notice) on or before which and the place or places at which such call, installment or such part thereof and such other moneys as aforesaid and such interest and expenses as aforesaid are to be paid, and if payable to any person other than the Company, the person to whom such payment is to be made. The notice shall also state that in the event of non-payment at or before the time and (if payable to any person other than the Company) at the place appointed, the shares in respect of which the call was made or installment is payable will be liable to be forfeited.

SHARES TO BE FORFEITED IN DEFAULT OF PAYMENT

33. If the requirements of any such notice as aforesaid shall not be complied with, any of the shares in respect of which notice has been given may, at any time thereafter but before payment of all calls or installments interest and expenses and other moneys due in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.

ENTRY OF FORFEITURE IN REGISTER OF MEMBERS

34. When any shares shall have been so forfeited, an entry of the forfeiture, with the date thereof, shall be made in the Register of Members and notice of the forfeiture shall be given to the member in whose name they stood immediately prior to the forfeiture but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any entry as aforesaid.

FORFEITED SHARE TO BE PROPERTY OF THE COMPANY AND MAY BE SOLD ETC.

35. Any share so forfeited shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of upon such terms and in such manner as the Board shall think fit.

DIRECTORS MAY ANNUL FORFEITURE:

36. The Directors may, at any time before any, shares so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as they think fit.

SHAREHOLDER STILL LIABLE TO PAY MONEY OWING AT THE TIMES OF FORFEITURE AND INTEREST

37. Any person whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company all calls, installments interest, expenses and other moneys 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 rates the Directors may determine and the Directors may enforce tie payment of the whole or a portion thereof as if it were a new call made at the date of the forfeiture but shall not be under any obligation to do so.

EFFECT OF FORFEITURE

38. The forfeiture of a share shall involve the extinction, at the time of the forfeiture of all interest in and all claims and demands against the Company in respect of the shares forfeited and all other rights incidental to the share, except only such of those rights as by these presents are expressly saved.

SURRENDER OF SHARES

39. The Directors may, subject to the provisions of the Act, accept a surrender of any share from or by any member desirous of surrendering them on such terms as they think fit.

COMPANY'S LIEN ON SHARES

40. The Company shall have a first and paramount lien upon all the shares/ debentures (Other than fully paid-up shares/debentures) registered in the name of each member (Whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full lien. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.
41. For the purpose of enforcing such lien, the Board of Directors may sell the shares subject thereto in such manner as they shall think fit, but no sale shall be made unless the sum in respect of which the lien exists is presently payable and until notice in writing of the intention to sell shall have been served on such member, his executors or administrators or his committee, or other legal representatives as the case may be, and default shall have been made by him or them in the payment of the sum payable as aforesaid, the certificates in respect of the shares sold shall stand cancelled and become null and void and have no effect and the Directors shall be entitled to issue a new certificate(s) in lieu thereof to the purchaser or purchasers concerned.

APPLICATION OF PROCEEDS OF SALE

42. The net proceeds of any such sale, after payment of the costs of such sale, shall be applied towards the satisfaction of such debts, liabilities or engagements of such member and the residue, (if any) shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to such member or the person (if any) entitled by transmission to the shares so sold.

CERTIFICATES OF FORFEITURE

43. A certificate in writing under the hands of two Directors that the call in respect of a share was made by a resolution of the Directors to that effect shall be conclusive evidence of the facts stated there in as against all persons entitled to such share

TITLE OF PURCHASER AND ALLOTTEE OF FORFEITED SHARES OR SHARES SOLD IN EXERCISE OF LIEN.

44. Upon any sale after forfeiture or for enforcing lien in the exercise of the power herein before given, the Board may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the Register in respect of the shares sold and the Company may receive the consideration, if any, given for the share on any sale, re-allotment or other disposition thereof and the person to whom such share is sold, re-allotted or disposed off may be registered as the holder of the share and he shall not be bound to sell to the application of the consideration, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the share and after his name has been entered in the Register in respect of such shares, the validity of the sale shall not be impeached by any person.

CANCELLATION OF SHARE CERTIFICATES IN RESPECT OF FORFEITED SHARES

45. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relevant shares shall, on demand by the Company, have been previously surrendered to it by the defaulting member stand cancelled and become null and void and have no effect and the Directors shall be entitled to issue new certificates in respect of the said shares to the person or persons entitled there to.

MODIFICATION OF RIGHTS

RIGHTS ATTACHED TO ANY CLASS OF SHARES MAY BE VARIED

46. If at any time the share capital is divided into different classes, the rights attached to any calls of shares (unless otherwise provided by the terms of issue of the shares of the class) may, subject to the provision of sections 106 and 107 of the Act, be modified, commuted, affected, abrogated or varied (whether or not the Company is being wound up) with the consent in writing of the holders of not less than three-fourth of the issued shares of that class, or with meeting of the holders of that class of shares and all the provisions herein after contained as to General Meeting shall mutatis-mutandis apply to every such meeting.

UNDERWRITING AND BROKERAGE COMMISSION FOR PLACING SHARE, DEBENTURES ETC

47. The Company may, subject to the provision of Section 76 and other applicable provisions (if any) of the Act, at any time pay a commission to any person in consideration of his subscribing, whether absolutely or conditionally, for any shares in or debentures of the Company as per the rate prescribed in the Act if any. The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or debentures or partly in the one way and partly in the other. The Company may also on any issue of shares or debentures pay such brokerage as may be lawful.

TRANSFER AND TRANSMISSION OF SHARES:**48. Form of Transfer**

The instrument of transfer of any shares shall be in writing and all the provisions of Section 108 of the Act and of any statutory modifications thereof for the time being in force shall be duly complied with in respect of all transfers of shares and the registrations. Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities affected by a transferor and transferee both of who are entered as beneficial owners in the records of depository.

INSTRUMENTS OF TRANSFER TO BE EXECUTED BY THE TRANSFEROR AND TRANSFEREE

49. Every such instrument of transfer shall be signed by or on behalf of the transferor and by or on behalf of the transferee and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register of Members in respect thereof.
50. No fees shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document.

DIRECTORS MAY REFUSE TO REGISTER TRANSFER

51. Subject to the provisions of Section 111 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the Company has a lien on the shares. Transfer of shares / debentures in whatever lot shall not be refused.

Transfer not to be registered except on production of instrument of transfer

52. The Company shall not register a transfer of shares in the Company unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation, if any, of the transferee has been delivered to the Company with in the prescribed period along with the certificate relating to the shares, or if no such share certificate relating to the shares is in existence along with the letter of allotment of the shares. Provided that, on an application in writing made to the Company by the applicant bearing the stamp required for an instrument of transfer, it is proved to the satisfaction of the Board of Directors that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, the Company may register the transfer on such terms as to indemnify as the Board may think fit provided any power of the Company to register as shareholder any person to whom the right to any share in the Company has been transmitted by operation of law.

NOTICE OF REFUSAL TO BE GIVEN TO TRANSFEROR AND TRANSFEREE

53. If the Company refuses to register the transfer of any share or transmission of any right therein the Company shall, within one month from the date on which the instrument of transferor intimation of transmission was lodged with the Company, send notice of refusal to the transferee and

transferor or the person giving intimation of transmission as the case may be, and thereupon the provision of section 111 of the Act, or any statutory modification thereof for the time being in force shall apply.

TRANSFER BY LEGAL REPRESENTATIVE

54. A transfer of a share in the Company of a deceased member thereof made by his legal representative shall although the legal representative is not himself a member be valid as if he had been a member at the time of the execution of the instrument of transfer.

CUSTODY OF INSTRUMENT OF TRANSFER

55. The instrument of transfer after registration shall be retained by the Company and shall remain in its custody. The Directors may cause to be destroyed all transfer deeds lying with the Company for period of ten years or more.

CLOSURE OF TRANSFER BOOKS

56. The Directors shall have power, on giving not less than seven days previous notice by advertisement as required by section 154 of the Act, to close the transfer books of the Company, the Register of Members or the Register of Debentures holders at such time or times and for such period(s) of time(s) not exceeding 30 days at a time, as to them may seem fit.

TITLE OF SHARES OF DECEASED HOLDER

57. The executor or administrators or a holder of a succession certificate in respect of the estate of deceased member, not being one or two or more joint holders shall be the only persons recognised by the Company as having any title to the shares registered in the name of such deceased member and the Company shall not be bound to recognise such executors or administrators unless such executors or administrators shall have first obtained probate or letters of Administration as the case may be, from a duly constituted court in India, provided that in any case where the Directors in their absolute discretion think fit, the Directors may dispense with the production of probate or letters of Administration or Succession Certificate and register the name of any person who claims to be absolutely entitled to the shares standing in the name of deceased member, as member.

TRANSMISSION

58. Subject to the provisions contained in Article 57 hereof, any person becoming entitled to a share in consequence of the death, lunacy or insolvency of any member, upon producing proper evidence of the grant of probate or Letter of Administration or Succession Certificate or such other evidence that he sustains the character in respect of which he purports to act under this Article or of his title to the shares as the Board thinks sufficient may, with the consent of Board (which it shall not be under any obligation to give), be registered as member in respect of such shares, or may, subject to the regulations as to transfer herein before contained, transfer such shares. This Article is herein referred to as transmission Article.

REFUSAL TO REGISTER IN CASE OF TRANSMISSION

59. Subject to the provision of the Act and these Articles the Directors shall have the same right to refuse to register any such transmission until the same be so verified or until or unless as indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient.

PERSONS ENTITLED MAY RECEIVE DIVIDEND WITHOUT BEING REGISTERED AS MEMBER.

60. A person entitled to a share by transmission shall, subject to the right of the Directors to retain such dividends or moneys as hereinafter provided, be entitled to receive any dividends or other moneys payable in respect of the shares

NO FEE ON TRANSFER OR TRANSMISSION

61. No fee shall be charged for transfer and transmission of shares or for the registration of any Power of attorney, probate, letter of administration or any other similar documents. No fee shall also be charged for issue of new share certificates in replacement of those which are old, decrepit, and worn-out or where the cages on the reverse of the share certificates for recording transfers have been fully utilized.

COMPANY NOT LIABLE FOR DISREGARD OF A NOTICE PROHIBITING REGISTRATION OF TRANSFER

62. The Company shall incur no liability or responsibility whatsoever in consequence of their 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 such shares notwithstanding that the Company may have received a notice prohibiting registration of such transfer and may have entered such notices referred thereto in any book of the Company, and save as provided by Section 187-C of the Act, the Company shall not be bound or required to be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do though it may have been entered or referred to in some book of the Company but attend to any such notice and give effect thereto, if the Directors so think fit.

REGISTER OF TRANSFER

63. The Company shall keep a book called the "Register of Transfer" and therein shall be fairly and distinctly entered the particulars of every transfer, transmission of any share in the Company.

NOMINATION FACILITY TO SHAREHOLDERS / DEBENTURE HOLDERS**Option of the Nominee**

64. (a) Every shareholder or debenture holder of the Company, may at any time nominate a person when his shares or debentures shall vest in the event of his death in such manner as may be prescribed under the Act.
- (b) Where the shares debentures of the Company are held by more than one person jointly, joint holders may nominate a person to whom all the rights in the shares or debentures as the case may be shall vest in the event of death of all the joint holders in such manner as may be prescribed under the Act.
- (c) Notwithstanding anything contained in any other law for the time being in force or in any disposition whether testamentary or otherwise, where a right to vest the shares or debentures, the nominee shall, on the death of the shareholders or debenture holder, joint holder becoming entitled to all the rights in such shares or debenture or as the case may be, all the joint holders in relation to such shares or debentures, to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner, as may be prescribed under the Act.

- (d) Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures, to the nomination to appoint any person to become entitled to shares in or debentures of the Company in manner prescribed under the Act, in the event of his death, during the minority.
65. A nominee upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either.
- a) To register himself as holder of the share of debenture, as the case may be; or
 - b) (i) To make such transfer of the shares and/or debentures, as the deceased shareholder or debenture holder as the case may be, could have made
 - (ii) If the nominee elects to be registered as holder of the shares or debentures, himself as the case may be, he shall deliver or send to the Company a notice in writing signed by him stating that he so elected and such notice shall be accompanied with death certificate of the deceased shareholder or debenture holder, as the case may be.
 - (iii) A nominee shall be entitled to the share dividend/interest and other advantages to which he would be entitled if he were to be registered holder of the shares or debentures, provided that he shall not be registered as a member, be entitled to exercise any right conferred by membership in relation to meeting of the Company.

Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the shares or debentures and if the notice is not complied with in ninety days, the board may there after withhold payment of all the dividends, bonuses or other dues in respect of the shares or debentures until the requirements of the notice have been complied with.

EMPLOYEE STOCK OPTION

66. The Directors are hereby authorised to issue Equity shares or Debentures (whether or not convertible into equity shares) for offer and allotment to such of the officers, employees and workers of the Company as the Directors may select or the trustees of such trust as may be set up for the benefit of the Officers, Employees and workers in accordance with the terms and conditions of such scheme, plan or proposal as the Directors may formulate. Subject to the consent of the Stock Exchanges and of the Securities and Exchange Board of India, the Directors may impose the condition that the shares in or debentures of the Company so allotted shall not be transferable for a specified period.

BUY BACK OF SHARES

67. The Company shall have a power subject to and in accordance with all other applicable provisions of the Companies Act, 1956, to acquire/purchase any of its fully paid shares on such terms and conditions and upto such limits as may be prescribed by the law from time to time and may be determined by the Board from time to time and may make payment out of free Reserves and Surplus and/or Securities Premium Account and/or proceeds of any shares or other specified securities or such other funds as may be prescribed by the law in respect of such acquisition/purchase.

BORROWING POWERS

68. Subject to the provision of the Act and these Articles and without prejudice to the other powers conferred by these Articles the Directors shall have the power from time to time at their discretion, by a resolution passed at a meeting of the Board and not by circular Resolution, to accept deposits from members either in advance of calls or other wise and generally raise or

borrow from members either in advance of calls or otherwise and generally raise or borrower secure the payment of any sum or sums of moneys for the purposes of the Company provided that the total amount borrowed at any time together with the moneys already borrowed by the Company from banks and/or financial institutions (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) shall not, without the consent of the Company General Meeting, exceed the aggregate of the paid up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose. Such consent shall be obtained by an ordinary resolution, which shall provide for the total amount upto which, moneys may be borrowed by the Board. The expression Temporary loans in this Articles means loan repayable on demand or within six months from the date of the loans such as short term loans, cash credit arrangements, discounting of bills and the issue of other short-term loans of reasonable character but does not include loans raised for the purpose of financing expenditure of a capital nature.

Conditions on which moneys may be borrowed

69. Subject to the provisions of the Act and these Articles, the Director may, by a resolution passed at a meeting of the Board and not by circular resolution raise or secure the payment of such sum in such manner and upon such issue of bonds, perpetual or redeemable debentures or debentures-stock, or any mortgage or charge or other security on the undertaking of the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.

SHARE WARRANTS

Issue of Share Warrants

70. The Company may issue share warrants subject to, and in accordance with, the provisions of sections 114 and 115; and accordingly the Board may in its discretion, with respect to any share which is fully paid-up, on application in writing signed by the person registered as holder of the share, and authenticated by such evidence (if any) as the Board may, from time to time, require as to the identity of the person signing the application, and 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 requires to issue a share warrant
71. (a) The bearer of a share warrant may at any time deposit the warrant at the office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the Company, and of attending, and voting and exercising the other privileges of a member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the register of members as the holder of the shares included in the deposited warrant.
- (b) Not more than one person shall be recognised as depositor of the share warrant.
- (c) The Company shall, on two days' written notice, return the deposited share warrant to the depositor.
- (d) Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling a meeting of the Company, or attend, or vote or exercise any other privilege of a member at the meeting of the Company, or be entitled to receive any notices from the Company.

- (e) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the register of members as the holder of the shares included in the warrant, and he shall be a member of the Company.
- (f) The Board may, from time to time, make rules as to the terms on which (if it shall think fit) a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

RESERVES AND CAPITALISATION

Reserves

105. The Board may, before recommending any dividend set aside out of the profits of the Company such sums as it thinks proper as a reserve which shall at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied and pending such application may, at the like discretion, either be employed in the business of the Company or as may be permitted by the Act, applied for payment of dividend or be invested in such investments and in such manner or as may be permitted by the Act and as the Board may from time to time think fit.

Capitalisation

106. (a) Any general Meeting may resolve that any amounts standing to the credit of the Share Premium Account, the Capital Redemption Reserve Account or any moneys, investments or other assets forming part of the undivided profits (including profits or surplus moneys arising from the realization and where permitted by law, from the appreciation in value of any General Reserve, or any Reserve Fund or any other Fund of the Company or in the hands of the Company and available for dividend) be capitalised.
- (1) By the issue and distribution as fully paid up shares of the Company; or
 - (2) By crediting shares of the Company, which may have been issued to any shareholder are not fully paid up with the whole or any part of the remaining unpaid thereon. Provided that any amount standing to the credit of the Share Premium Account or the Capital Redemption Reserve Account shall be applied only in crediting the payment of capital on shares, of the Company to be issued to member (as herein provided) as fully paid bonus share
- (b) For the purpose of giving effect to any such capitalisation the Directors may settle any difficulty which may arise in regard to the distribution or payment as aforesaid as they think expedient and in particular they may issue fractional certificates and may fix the value for distribution of any specific assets and may determine that cash payments be made to any members on the footing of the value so fixed and may vest any such case or shares in trustees upon such trusts for the persons entitled thereto as may seem expedient to the Directors and generally may make such arrangements for the acceptance allotment and sale of such shares and fractional certificates or otherwise as they may think fit.
- (c) Subject to the provisions of the Act and these Articles, in cases where some of the shares of the Company are fully paid and others are partly paid only such capitalisation may be affected by the distribution of further shares in respect of the fully paid shares, and by crediting the partly paid shares with the whole or part of the unpaid liability thereon but so that as between the holders of the fully paid shares, and the partly paid shares, the sum so applied on the payment of such further shares and in the extinguishments or diminution of the liability on the partly paid shares shall be so applied pro-rata in

proportion to the amount then already paid or credited as paid on the existing fully paid shares respectively.

- (d) When deemed requisite, a proper contract shall be filed in accordance with the Act and the Board may appoint any person to sign such contract on behalf of the members entitled, as aforesaid and such appointment shall be effective.

MANAGING DIRECTOR/ WHOLE-TIME DIRECTOR

Power to appoint Managing Director and whole time Director

107. Subject to the provisions of the Companies Act, 1956 the Board may from time to time appoint one or more Directors to be Managing or Whole-time Director(s) of the Company on such terms as may be considered necessary. The Board may also remove such director and appoint someone else in the resultant vacancy subject to the provisions of the Companies Act, 1956; the Board may from time to time entrust to or confer upon the Managing Director(s) for the time being any of the powers exercisable under these presents by them with such restrictions as they think expedient.

Remuneration of Directors

108. The Remuneration of Directors shall be by way of sitting fee not exceeding as mentioned in the provisions of the Companies Act, 1956 read with rules thereunder per director for each meeting of the Board or Committee attended by them. In addition to the remuneration, the directors may be paid all travelling, hotel and other expenses properly incurred by them for attending the meetings or in connection with the business of the Company.

Subject to the provisions of the Companies Act, 1956, if any director appointed to advise as an expert or called upon to perform extra service, make special exertions for any of the purposes of the Company, the Board may pay to such director such special remuneration as may be considered reasonable.

SEAL

109. **Common Seal and Custody:** The Board shall provide a Common Seal of the Company and they shall have power from time to time to destroy the same and substitute a seal in lieu thereof and the Common Seal shall be kept at the Registered Office of the company and committed to the custody of the Directors.

RECONSTRUCTION/ WINDING UP

Reconstruction

110. On any sale of the under taking of the Company the Board or Liquidator on a winding up may, if authorized by a Special Resolution, accept fully paid or partly paid-up shares, debentures or securities of any other Company, whether incorporated in India or not, either then existing or to be formed for the purchase in whole or in part of the property of the Company, and the Board (if the profits of the Company permit) or the liquidator (in a winding up) may distribute such shares or securities or any other property of the Company amongst the members without realization, or vest the same in trustees for them, and any Special Resolution may provide for the distribution or appropriation of cash, shares or other securities, benefit or property otherwise than in accordance with the strict legal rights of the members or contributors of the Company and for the valuation of such manner as the meeting may approve and all holders of shares shall be bound to accept and shall be bound by any valuation or distribution so authorised, and waive all rights in relation thereto, save only in case the Company is proposed to be or is in the course of being wound up,

such statutory rights, if any, under section 494 of the Act as are incapable of being waived or excluded by these Articles.

Distribution of Assets

111. If the Company shall be wound up, and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the members in proportion to the capital paid-up or which ought to have been paid up at the commencement of the winding up on the shares held by them respectively. And if in a winding up the assets available for distribution among the members shall be more than sufficient to repay the whole of the Capital paid up at the commencement of the winding up, the excess shall be distributed among the members in proportion to the capital paid up at the commencement of the winding up or which ought to have been paid up on the shares held by them respectively. But this Article is to be without prejudice to rights of the holders of shares issued upon special terms and conditions.

Winding up and Distribution of assets in specie or kind

112. (a) If the Company shall be wound up, whether voluntarily or otherwise, the liquidators may, with the sanction of a special resolution but subject to the rights attached to any preference share capital, divide amongst the contributories, in specie or kind, any part of the assets of the Company and may, with the like sanction, sanction of a special resolution but subject to the rights attached to any preference shares capital, 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 liquidators, with the like sanction shall think fit.
- (b) 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 contributories (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 such division shall be determined, any contributory who would be prejudiced thereby shall have right to dissent and ancillary rights as if such determination were a special resolution passed pursuant to Section 494 of the Act.
- (c) 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, intimate to the liquidator to sell his proportion and pay him the net proceeds and the liquidator shall, if practicable, act accordingly.

Right of shareholders in case of the sale

113. A Special resolution sanctioning a sale to any other Company duly passed pursuant to Section 494 of the Act may, subject to the provisions of the Act, in like manner as aforesaid determined that any shares or other consideration receivable by the liquidator be distributed amongst the members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the members subject to the rights of dissent and consequential rights conferred by the said section.

INDEMNITY AND RESPONSIBILITY

Directors and others right to indemnity

114. (a) Subject to the provisions of Section 201 of the Act every Director of the Company or the Managing Director, Manager, Secretary and other officer or employee of the Company and the Trustee (if any) for the time being acting in relation to any of the affairs of the Company and every one of them 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, losses and expenses (including traveling expenses) which any such Director, Managing Director, Manager, Secretary or other officer or employee and the trustees (if any) for the Company may incur or become liable to by reason of any contract entered in to or any act, deed or thing done by him as such Director, officer, employee or trustees or in any way in the discharge of his duties.
- (b) Subject as aforesaid every Director, Managing Director, Manager, Secretary or other Officer or Employee of the Company or the Trustees (if any) for the time being acting in relation to any of the affairs of the Company and every one of them shall be indemnified against any liability incurred by him in defending any proceedings whether civil or criminal in which judgments 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 given to him by the Court.

Directors and others not responsible for acts of others

115. Subject to the provisions of section 201 of the Act no Director, the Managing Director or other officer of the Company shall be liable for the acts, omissions, neglects or defaults of any Director or officer or for joining in any omission or other act for conformity or for any loss or expenses suffered by the Company through insufficiency or deficiency, of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency, or tortuous act of any person Company or corporation, with whom any moneys, securities or effects shall be entrusted or deposited, or for any loss occasioned by any error of judgment or oversight on his part.

SECURITY CLAUSE

116. (a) Every director, manager, auditor, trustee, member of a committee, officer, servant agent, accountant or other person employed in the business of the Company I shall if so required by the Directors, before entering upon his duties, sign a declaration pledging himself observe strict secrecy respecting all transactions and affairs of the Company with individuals and in relation thereto, and shall by such declaration pledge himself not to reveal the discharge of his duties except when required so to do 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.
- (b) No member shall be entitled to visit or inspect the Company's works without the permission of the Directors or the Managing Director or to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade, or secret process, which may relate to the conduct of the business of the Company and which in the opinion of the Director or the Managing Director it will be inexpedient in the interest of the members of the Company to communicate it to the public.

SECTION X**MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or contracts entered into more than two years before the date of this Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by the Company. These contracts, copies of which have been attached to the copy of the Red Herring Prospectus have been delivered to the Registrar of Companies, Tamilnadu, Chennai, Andaman & Nicobar Islands for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of Fatpipe Networks India Limited from 11:00 am to 5:00 pm on all working days from the date of this Red Herring Prospectus until the Bid/Issue Closing date.

MATERIAL CONTRACTS

1. Memorandum of Understanding dated November 04, 2009 entered into between the Company and the Book Running Lead Manager.
2. Memorandum of Understanding dated November 09, 2009 entered into between Karvy Computershare Private Limited and the Company to act as the Registrar to the Issue.
3. Escrow Agreement dated [●] between the Company, BRLM(s), Registrars to the Issue and Escrow Bankers.
4. Syndicate Agreement dated [●] amongst the Company, BRLMs and the Syndicate Members.
5. Underwriting Agreement dated [●] between the Company and the Syndicate.
6. Tripartite agreement dated April 27, 2010 amongst the Company, Karvy Computershare Private Limited and NSDL, for offering depository services.
7. Tripartite agreement dated April 24, 2010 amongst the Company, Karvy Computershare Private Limited and CDSL, for offering depository services.

DOCUMENTS FOR INSPECTION

1. Certificate of Incorporation of the Company dated December 24, 2002 and fresh certificate of incorporation date September 06, 2008 consequent upon change of name on conversion into public limited company issued by the Registrar of Companies, Tamil Nadu and Andaman and Nicobar Islands, Chennai.
2. Memorandum and Articles of Association of the Company, as amended from time to time.
3. Copies of the Auditors reports of the company for the financial years ending on March 31, 2005, 2006, 2007, 2008 and 2009 alongwith the report for the 9 months period ending December 31, 2009.
4. Consents of Auditors, BRLM, Registrar to the issue, Legal Advisor to the issue, Directors of the company, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
5. Legal Due Diligence report dated April 29, 2010 by ALMT Legal, Advocates & Solicitors.
6. Due Diligence certificate dated December 14, 2009 to SEBI from Keynote Corporate Services Limited.

7. Copy of certificate dated December 11, 2009 by M/s. L.U. Krishnan & Co., Chartered Accountants and statutory auditors of the company in terms of Part II Schedule II of the Companies Act, 1956 including capitalization statement, taxation statement and accounting ratios.
8. Copy of certificate dated December 11, 2009 by M/s. L.U. Krishnan & Co., Chartered Accountants regarding tax benefits accruing to the company and its shareholders.
9. Copy of certificate dated May 10, 2010 by M/s. L.U. Krishnan & Co., Chartered Accountants and statutory auditors of the company regarding sources and deployment of funds.
10. Undertakings by the company.
11. Copy of the Scheme of Amalgamation between Fatpipe Networks Private Limited and Ragula Systems Development Company as sanctioned by Hon'ble High Court of Madras.
12. Foreign Investment Promotion Board (FIPB) letter# FC II: 21(2008)/364(2007) dated February 6, 2008, approving foreign equity participation through share swap between the shareholders of RSDC and Fatpipe Networks Private Limited. A second letter from FIPB dated March 10, 2008 providing an approval related to foreign equity participation through amalgamation of RSDC into the Company
13. High Court Order# COMP. PETN. No. 72 of 2008 dated April 13, 2008, approving the Amalgamation of Ragula Systems Development Company with Fatpipe Networks Private Limited.
14. Letter from Reserve Bank of India dated September 10, 2008 approving the Amalgamation of Ragula Systems Development Company with Fatpipe Networks Private Limited
15. In-principle listing approvals from BSE and NSE dated January 28, 2010 bearing reference no: DCS/IPO/NP/IPO-IP/1270/2009-10 and March 05, 2010 bearing reference no: NSE/LIST/132201-Q respectively.
16. Copy of contract dated May 21, 2009 for the appointment of Whole-time Director and Managing Director.
17. Agreement between the Company and Back Office Xtensions USA ("BOX Inc") dated September 11, 2008.
18. Software OEM License Agreement between RSDC and Blue Squirrel dated May 14, 2004.
19. Materials and Services Agreement between RSDC and AT&T Services Inc dated July 19, 2007.
20. Report of the IPO grading agency, Brickwork Ratings India Pvt. Ltd. dated March 04, 2010 furnishing the rationale for its grading, disclosed in this offer document.
21. SEBI Observation Letter No. SRO/CFD/DIL/IPO/2010/5908 dated March 10, 2010 issued by Securities and Exchange Board of India and copy of the compliance letter dated Fatpipe/Let/ComplLet/Sw(01) dated 05/05/2010 filed by Keynote Corporate Services Limited with Securities and Exchange Board of India.

B. DECLARATION

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the regulations issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made thereunder or regulations issued, as the case may be. We further certify that all statements in this Red Herring Prospectus are true and correct.

SIGNED BY:**Sd/-**

Ragula Bhaskar, Managing Director

Sd/-

Sanchaita Datta, Whole-time Director

Sd/-

RSSLN Bhaskarudu, Independent Director

Sd/-

Ravi Adusumalli, Independent Director

Sd/-

Naresh Narad, Independent Director

Sd/-

Madhusudan Nandagiri, Manager(Finance)

Place: Chennai

Date: 20/05/2010