

**DRAFT RED HERRING PROSPECTUS**

December 27, 2010

Please read Section 60B of the Companies Act, 1956  
(The Draft Red Herring Prospectus will be updated and  
become Red Herring Prospectus upon filing with ROC)  
100% Book Building Issue

**NetAlter Software Limited**

(The Company was originally incorporated on May 13, 2005 as a public limited company under the Companies Act, 1956 and obtained Certificate of Commencement of Business on June 1, 2005. The Corporate Identification Number of our Company is U72200MH2005PLC153295. For details of changes to our Registered Office, please refer to the chapter titled "History and Other Corporate Matters" beginning on page no. 97 of the Draft Red Herring Prospectus)

**Registered Office:** 813 & 814, Nirmal Corporate Center, L.B.S. Marg, Mulund (West), Mumbai – 400080, India.

**Tel. No:** + 91-22-2592 8553/2591 5994; **Fax No:** + 91-22-2591 0141

**Corporate Office:** 622 & 623, Nirmal Corporate Center, L.B.S. Marg, Mulund (West), Mumbai – 400080, India. **Tel. No:** + 91-22-2590 6982/83

**E-mail:** ipo@netalter.com; **Website:** www.netalter.com; **Contact Person:** Mrs. Anushka A. Matkar, Compliance Officer

**Promoters of our Company are :** Mr. Rajesh Chunilal Rathod, Mr. Yogesh Chunilal Rathod, Mr. Vijay Chunilal Rathod, Mr. Dhirajlal Lakhamshi Shah, Mr. Nitin Harakhchand Gada and Mrs. Vanita Dhirajlal Shah

**PUBLIC ISSUE OF 39,00,000 EQUITY SHARES OF RS.10/- EACH FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE (INCLUDING A PREMIUM OF RS. [●] PER EQUITY SHARE) AGGREGATING RS. [●] (THE "ISSUE"), BY NETALTER SOFTWARE LIMITED (THE "COMPANY" OR THE "ISSUER"). THE ISSUE WILL CONSTITUTE 27.24% OF THE FULLY DILUTED POST ISSUE PAIDUP CAPITAL OF OUR COMPANY.**

\* Our Company is considering a Pre-IPO Placement of up to 3,00,000 Equity Shares with some investors. The Pre-IPO Placement, if any, will be completed before the filing of the Red Herring Prospectus with the ROC. The number of Equity Shares in the Issue will be reduced to the extent of the Equity Shares proposed to be allotted in the Pre-IPO Placement, if any, subject to the Net Issue to the public being at least 25% of the fully diluted post-Issue paid up capital of our Company.

**Price Band:** Rs. [●] To Rs. [●] **Per Equity Share of Face Value of Rs. 10 Each.**

The Price Band and the minimum bid lot size will be decided by our Company, in consultation with the Book Running Lead Manager and advertised at least two working days prior to the bid/issue opening date.

**The Floor Price is [●] times of the Face Value and the Cap Price is [●] times of the Face Value**

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

The Issue is being made under sub-regulation (2) of Regulation 26 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and through a 100% Book Building Process wherein atleast 50% of the Issue will be allocated to Qualified Institutional Buyers (QIBs) on a proportionate basis, subject to valid bids being received at or above the Issue Price failing which the full subscription monies shall be refunded forthwith (In case of delay, if any, in refund, Netalter Software Limited shall pay interest on the application money at the rate of 15% per annum for the period of delay). For details, see "Issue Procedure" on page no. 167. Out of the portion available for allocation to the QIBs, 5% will be available for allocation to Mutual Funds only. Mutual Fund Bidders shall also be eligible for proportionate allocation under the balance available for the QIBs. Further, not more than 15% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not more than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received from them at or above the Issue Price. Any Bidder may participate in this Issue through the ASBA process by providing the details of the relevant bank accounts in which the corresponding Bid amounts will be blocked by Self Certified Syndicate Banks ("SCSBs"). For details, please refer Chapter on "Issue Procedure" beginning on page no. 167.

**RISKS IN RELATION TO THE FIRST ISSUE**

This being the first issue of Equity Shares of our Company, there has been no formal market for our Equity Shares. The face value of the Equity Shares is Rs.10/- and the Floor Price is [●] times of the Face Value and the Cap Price is [●] times of the Face Value. The price band (as determined and justified by the BRLM and the Issuer as stated under the chapter on "Basis for Issue Price" beginning on page no. 36 of the Draft Red Herring Prospectus) should not be taken to be indicative of the market price of our Equity Shares after our Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of our Company or regarding the price at which the Equity Shares will be traded after listing.

**GENERAL RISK**

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 Issuer and the Issue including the risks involved. The Equity Shares have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does the SEBI guarantee the accuracy or adequacy of this DRHP. Specific attention of the investors is invited to the statement of 'Risk Factors' beginning on page XIV of the Draft Red Herring Prospectus.

**ISSUER'S ABSOLUTE RESPONSIBILITY**

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

**IPO GRADING**

The Issue has been graded by [●] and has been assigned a grade of [●]/5 indicating [●] fundamentals. The IPO grading is assigned on a 5 point scale from 1 to 5 with an 'IPO Grade 5' indicating strong fundamentals and an 'IPO Grade 1' indicating poor fundamentals. For more information on IPO grading, please refer to page [●] of the Draft Red Herring Prospectus under the section 'General Information'.

**LISTING ARRANGEMENT**

The Equity Shares issued through the Draft Red Herring Prospectus are proposed to be listed on Bombay Stock Exchange Limited (BSE) and on The National Stock Exchange of India Limited (NSE). In-principle approvals have been received from BSE and NSE for the listing of the Equity Shares vide their letters dated [●] and [●] respectively. For the purposes of this Issue, [●] shall be the Designated Stock Exchange.

**BOOK RUNNING LEAD MANAGER**

**ARIHANT** capital markets Ltd.

SEBI Registration No: INM000011070

3rd Floor Krishna Bhavan, 67 Nehru Road,

Vile Parle (E), Mumbai – 400057.

Tel. : +91-22-42254800; Fax : +91-22-42254880

Website: www.arihantcapital.com

Email: amol.kshirsagar@arihantcapital.com

Investor Grievance Id: mbd@arihantcapital.com

Contact Person: Mr. Amol Kshirsagar

**REGISTRAR TO THE ISSUE**

**Link Intime India Pvt. Ltd.**

SEBI Registration No: INR000004058

C-13, Pannalal Silk Mills Compound,

L.B.S. Marg, Bhandup (West),

Mumbai – 400078.

Tel. : +91-22-25960320; Fax : +91-22-25960329

Website: www.linkintime.co.in

Email: nsl.ipo@linkintime.co.in

Contact Person: Mr. Chetan Shinde

**BID / ISSUE PROGRAMME**

**BID/ISSUE OPENS ON**

[●]

**BID/ISSUE CLOSES ON**

[●]

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## SECTION I - DEFINITIONS AND ABBREVIATIONS

### ISSUER RELATED TERMS

Term	Description
“NetAlter Software Limited”, “NetAlter”, “our Company”, “the Company”, “the Issuer Company”, “the Issuer” “we”, “us”, and “our”	Unless the context otherwise requires, refers to NetAlter Software Limited, a public limited company incorporated under the Companies Act, 1956.
Articles/Articles of Association	The Articles of Association of NetAlter Software Limited.
Auditors	The Statutory Auditors of our Company namely, M/s Rajendra & Co., Chartered Accountants.
Board/Board of Directors	The Board of Directors of NetAlter Software Limited unless otherwise specified or any committee constituted thereof.
Employee	Means, (a) a permanent employee of the Company working in India or out of India; or (b) a director of the Company, whether a whole time director, part time director or otherwise; or (c) an employee as defined in sub-clauses (a) and (b) of a subsidiary, in India or out of India or of a holding company of the Company.
Memorandum/ Memorandum of Association	The Memorandum of Association of NetAlter Software Limited.
Promoter(s)/Promoter Group	1. Mr. Rajesh Chunilal Rathod 2. Mr. Yogesh Chunilal Rathod 3. Mr. Vijay Chunilal Rathod 4. Mr. Dhirajlal Lakhamshi Shah 5. Mr. Nitin Harakhchand Gada 6. Ms. Vanita Dhirajlal Shah
Registered Office of our Company	813 & 814, Nirmal Corporate Center, L.B.S. Marg, Mulund (West), Mumbai – 400080, Maharashtra.
ROC	Registrar of Companies, Maharashtra, Mumbai situated at Everest, 5 <sup>th</sup> Floor, 100 Marine Drive, Mumbai – 400020.
NetAlter System	Means an artificial intelligence enabled Information Communication and Computation (ICC) framework



## CONVENTIONAL/GENERAL TERMS

Term	Description
Act/ Companies Act	The Companies Act, 1956, as amended from time to time.
Equity Shares	The Equity Shares of face value of ₹ 10 each of NetAlter Software Limited.
Indian GAAP	Generally Accepted Accounting Principles in India.
Key Management Personnel	The Personnel listed as Key Management Personnel in “Our Management” on page no. 101
Non Resident	A person resident outside India as defined under FEMA and includes a Non-Resident Indian.
NRI/ Non-Resident Indian	A person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
Quarter	A period of three continuous months.
RBI Act	The Reserve Bank of India Act, 1934.
SEBI	Securities and Exchange Board of India.
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended from time to time.
SEBI (ICDR) Regulations, 2009 / SEBI ICDR Regulations	Means the regulations for Issue of Capital and Disclosure Requirements issued by Securities and Exchange Board of India, constituted in exercise of powers conferred by Section 30 of the Securities and Exchange Board of India Act, 1992 (as amended), called Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended.
Stock Exchanges	Bombay Stock Exchange Limited (BSE) and The National Stock Exchange of India Limited (NSE), referred to as collectively.

## ISSUE RELATED TERMS

Term	Description
Allotment/ Allotment of Equity Shares	Unless the context otherwise requires, Allotment of Equity Shares to successful Bidders pursuant to this Issue.
Allottee	The successful Bidder to whom the Equity Shares are being/have been allotted.
Applications Supported by Blocked Amount (ASBA)	Application Supported by Blocked Amount means an application (whether physical or electronic) subscribing to an Issue containing an authorization to block the Bid Amount in their specified bank account with Self Certified Syndicate Bank.
ASBA Bidders/Investor	A Bidder / an Investor, who intends to apply through ASBA process.
ASBA Form / ASBA BCAF	The Bid-cum-Application Form, whether physical or electronic, used by an ASBA Bidder to make a Bid, which will be considered as the application for Allotment for the purpose of Red Herring Prospectus and Prospectus.
ASBA Bid Revision Form	The form used by ASBA 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).
Banker(s) to the Issue / Escrow Collection Banks	The banks which are clearing members and registered with SEBI as Banker to the Issue at which the Escrow Account for the Issue will be opened and in this case being [●].
Bid	An indication to make an offer made during the Bidding Period by a prospective investor, pursuant to submission of a Bid-cum-Application Form to subscribe to the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto. For the purposes of ASBA Bidders, it means an indication to make an offer during the Bidding Period by any Bidder pursuant to the submission of an ASBA Bid-cum-Application Form to subscribe to the Equity Shares.
Bid Lot/ Minimum bid lot	[●] Equity Shares.
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 (except for ASBA Investor).
Bid/ Issue Closing	The date after which the Syndicate will not accept any Bids for the Issue, which shall be



Term	Description
Date	notified in a widely circulated English and Hindi national newspapers and a Marathi newspaper, each with wide circulation.
Bid-cum-Application Form / Bid Form	The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares of our Company and which will be considered as the application for allotment in terms of the Red Herring Prospectus and the Prospectus including ASBA Form or ASBA BCAF, if applicable.
Bid/ Issue Opening Date	The date on which the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in widely circulated English and Hindi national newspapers and a Marathi language newspaper, each with wide circulation.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid-cum-Application Form, including an ASBA Bidder.
Bidding	The process of making a Bid.
Bidding Centre	A centre for acceptance of the Bid-cum-Application Form.
Bid/ Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids including any revisions thereof.
Book Building Process	Book Building Process as provided under Schedule XI of SEBI (ICDR) Regulations, 2009, as amended in terms of which this Issue is being made.
BRLM	Book Running Lead Manager to this Issue, in this case being Arihant Capital Markets Ltd
Brokers to this Issue	Brokers registered with any recognized Stock Exchange, appointed by the Members of the Syndicate.
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 the Issue Price in accordance with the Book Building Process, including any revisions thereof.
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted, including any revision thereof. In this case being ₹ [●].
Cut-off /Cut-off Price	Any price within the Price Band finalized by our Company in consultation with the BRLM. A bid submitted at the Cut-off Price is a valid Bid at all price levels within the Price Band. QIBs and Non-Institutional Bidders are not entitled to bid at the Cut-off Price.
Controlling Branches	Such branches of the SCSBs which co-ordinate Bids received under this Issue by the ASBA Bidders with the BRLM, the Registrar to the Issue and the Stock Exchange(s) and a list of which is available at <a href="http://www.sebi.gov.in">www.sebi.gov.in</a> .
Depository	A body corporate registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository Participant	A Depository Participant as defined under the Depositories Act, 1996.
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Bid cum Application Form used by ASBA Bidders and a list of which is available on <a href="http://www.sebi.gov.in/pmd/scsb.pdf">http://www.sebi.gov.in/pmd/scsb.pdf</a>
Designated Date	The date on which the Escrow Collection Banks transfer and the SCSBs issue, or by when have been issued, instructions for transfer, of the funds from the Escrow Accounts and ASBA Accounts, respectively to the Public Issue Account or the Refund Account, as appropriate, after the Prospectus is filed with the ROC, following which the Board of Directors shall allot Equity Shares to successful Bidders.
Designated Stock Exchange or DSE	[●]
Draft Red Herring Prospectus/ DRHP	The Draft Red Herring Prospectus which does not have complete particulars of the price at which the Equity Shares are offered and size of the Issue, which was filed with the SEBI and Stock Exchanges. It will become a Red Herring Prospectus issued in accordance with the provisions of Section 60B of the Companies Act after filing with the ROC at least three days before the opening of the Issue. It will become a Prospectus after filing with the ROC after determination of the Issue Price.
Electronic ASBA	Submission of ASBA Bid-cum-Application Form electronically, by an ASBA Investor,



Term	Description
Application / Bid	through the internet banking facility offered by the SCSBs.
Eligible NRI	NRI's from such jurisdiction outside India where it is not unlawful for our Company to make this Issue or an invitation under this Issue and in relation to whom the Draft Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares offered herein.
Equity Shares	The equity shares of our Company of face value of ₹ 10 each.
Escrow Account(s)	An Account opened with Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	Agreement entered into amongst our Company, the Registrar to this Issue, the Escrow Collection Banks, the BRLM and the Syndicate Member(s) in relation to the collection of the Bid Amounts and dispatch of the refunds (if any) of the amounts collected, to the Bidders (excluding ASBA Bidders).
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 in this case being ₹ [●].
Issue / The Issue / This Issue /Net Issue / Present Issue	Public Issue of 39,00,000 Equity Shares of ₹ 10 each at for cash a Price of ₹ [●] per Equity Share (including a premium of ₹ [●] per Equity Share) for cash aggregating ₹ [●], by NetAlter Software Limited. The Issue will constitute 27.24% of the fully diluted Post Issue Paid-up capital of our Company.
Issue Management Team	The team managing this Issue as set out in the chapter titled 'General Information' in the Draft Red Herring Prospectus.
Issue Price	The final price at which Equity Shares will be issued and allotted in term of the Red Herring Prospectus. The Issue Price will be decided by our Company in consultation with the BRLM on the Pricing Date.
Issue Proceeds	The proceeds of the Issue that will be available to our Company being upto ₹ [●] Lakhs.
Margin Amount	An amount up to 100% of the Bid Amount paid by Bidders or blocked in the ASBA Account, as the case may be, at the time of submission of the Bid cum Application Form or the ASBA Form, as applicable.
Mutual Funds	Mutual funds registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.
Mutual Fund Portion	That portion of the Issue, being 5% of the QIB Portion or [●] Equity Shares shall be available for allocation to Mutual Funds only, out of the QIB Portion on a proportionate basis to Mutual Funds only.
Net Proceeds	Net proceeds of the Issue after deducting the Issue related expenses from the Issue Proceeds.
Net QIB Portion	The portion of the QIB Portion being [●] Equity Shares to be allotted to QIB's on a proportionate basis.
Non Institutional Bidders	All Bidders that are neither Qualified Institutional Buyers nor Retail Individual Bidders and who have Bid for Equity Shares for an amount more than ₹ 2,00,000.
Non Institutional Portion	The portion of the Issue being not more than 15% of the Issue i.e. [●] Equity Shares of ₹ 10 each available for allocation to Non Institutional Bidders on a proportionate basis, subject to receipt of valid Bids at or above the Issue Price.
Overseas Corporate Body	A company, partnership firm, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 03, 2003 and immediately before such date had taken benefits under the general permission granted to Overseas Corporate Bodies under the Foreign Exchange Management Act, 1999 Overseas Corporate Bodies are not permitted to invest in this Issue.
Physical ASBA Application / Bid	ASBA Bid-cum-Application Forms submitted by an ASBA Investor physically with the designated branches of the SCSBs.
Pre-IPO Placement	A Pre-IPO Placement of up to 3,00,000 Equity Shares aggregating up to ₹ 450 lakhs with certain investors is being considered by our Company and will be completed prior to the filing of the Red Herring Prospectus with the ROC.





Term	Description
Price Band	Being the Price Band of a minimum price (Floor Price) of ₹ [●] and the maximum price (Cap Price) of ₹ [●] and includes revisions thereof. The Price Band and the minimum Bid Lot size for the Issue will be decided by our Company in consultation with the BRLMs and advertised, at least two working days prior to the Bid/ Issue Opening Date, in two national newspapers (one each in English and Hindi) and in one Marathi newspaper with wide circulation.
Pricing Date	The date on which our Company in consultation with the BRLM finalizes the Issue Price.
Prospectus	The prospectus to be filed with the ROC in terms of Section 60 of the Companies Act, containing, <i>inter alia</i> , Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information.
Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account(s) and accounts of ASBA Investors for this Issue on the Designated Date.
Qualified Institutional Buyers or QIBs	“Qualified Institutional Buyer” means a: (a) mutual fund, venture capital fund and foreign venture capital investor registered with SEBI; (b) foreign institutional investor and sub-account (other than a sub-account which is a foreign corporate or foreign individual), registered with the SEBI; (c) public financial institution as defined in Section 4A of the Companies Act, 1956; (d) scheduled commercial bank; (e) multilateral and bilateral development financial institution; (f) state industrial development corporation; (g) insurance company registered with the Insurance Regulatory and Development Authority; (h) provident fund with minimum corpus of ₹ 2500 Lakhs; (i) pension fund with minimum corpus of ₹ 2500 Lakhs; (j) 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; (k) Insurance funds set up and managed by Army, Navy or Air Force of the Union of India
QIB Portion	The portion of this Issue being not less than 50% of the Issue, i.e. [●] Equity Shares of ₹ 10 each available for allocation on proportionate basis to QIBs of which 5% shall be available for allocation on proportionate basis to Mutual Funds registered with SEBI, subject to valid bids being received at or above the Issue Price.
Refund Account	The no-lien account maintained by the Refund Bank(s) to which the surplus money shall be transferred on the Designated Date.
Refund Bank	The bank(s) which have been appointed / designated for the purpose of refunding the amount to investors (except ASBA Investors) either through the electronic mode as prescribed by SEBI and / or physical mode in accordance with the procedure contained in the Chapter titled “Issue Procedure” beginning on page no. 167 of the Draft Red Herring Prospectus.
Resident Retail Individual Investor /Resident Retail Individual Bidder	A Retail Individual Bidder who is a “person resident in India” (as defined in Foreign Exchange Management Act, 1999) and who has Bid for Equity Shares for an aggregate amount of not more than ₹ 2,00,000 in all of the bidding options in the Issue.
Retail Individual Bidders	Individual Bidders (including HUFs and NRIs) who have not Bid for an amount more than ₹ 2,00,000 in any of the bidding options in this Issue.
Retail Portion	The portion of this Issue being not more than 35% of Issue i.e. [●] Equity Shares of ₹ 10 each available for allocation to Retail Individual Bidder(s).
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid-cum-Application Forms or any previous Revision Form(s).
Red Herring Prospectus/ RHP	The Red Herring Prospectus to be issued in accordance with Section 60B of the Companies Act, which will not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. The Red Herring Prospectus will be filed with the ROC at least three days before the bid/ Issue Opening date and will become Prospectus after filing with the ROC after determination of the Issue Price.



Term	Description
Registrar to the Issue or Registrar	In this case being, Link Intime India Private Limited.
Self Certified Syndicate Bank (SCSB) / SCSB(s)	A Banker to an Issue registered under SEBI (Bankers to an Issue) Regulations, 1994 and which offers the service of ASBA, including blocking of bank account and a list of which is available on <a href="http://www.sebi.gov.in/pmd/scsb.pdf">http://www.sebi.gov.in/pmd/scsb.pdf</a> .
Syndicate	The BRLM and the Syndicate Member(s).
Syndicate Agreement	The agreement to be entered into between our Company, BRLM and the Syndicate Member(s), in relation to the collection of Bids (excluding Bids from the ASBA Bidders) in this Issue.
Syndicate Member(s)	Intermediaries registered with SEBI and eligible to act as underwriters. Syndicate Member(s) are appointed by the BRLM in this case being [●].
TRS or Transaction Registration Slip	The slip or document issued by the Syndicate Member(s) to the Bidder as proof of registration of the Bid on the online system of BSE/NSE.
Takeover Code	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997
Underwriters	The BRLM and the Syndicate Member(s).
Underwriting Agreement	The Agreement among the Underwriters and our Company to be entered into on or after the Pricing Date.
Working Days	All days excluding Sundays and bank holidays

#### INDUSTRY RELATED TERMS

.Net	The .NET framework is part of Windows and provides a controlled environment for developing and running applications.
.Netmobile	It is a .NET Application framework used to develop mobile application.
Bandwidth	The capacity of an electronic line, such as a communications network or computer channel, to transmit bits per second (bps)
Beta Version	A new software or hardware product, or one that is being updated, that is ready to be released to users for beta testing in real-world situations. Usually betas have most or all of the features and functionality implemented that the finished product is to have.
Bitmap	A representation, consisting of rows and columns of dots, of a graphics image in computer memory. The value of each dot (whether it is filled in or not) is stored in one or more bits of data. For simple monochrome images, one bit is sufficient to represent each dot, but for colors and shades of gray, each dot requires more than one bit of data
Blog	A blog is information that is instantly published to a Web site. Blog scripting allows someone to automatically post information to a Web site. The information first goes to a blogger Web site. Then the information is automatically inserted into a template tailored for your Web site
Browser	A software program that allows users to access the Internet
CGI (Common Gateway Interface script)	a specification for transferring information between a Web server and a CGI program, designed to receive and return data. The script can use a variety of languages such as C, Perl, Java, or Visual Basic. Many html pages that contain forms use a CGI program to process the data submitted by users/clients
Cloud Computing	It is an internet based computing whereby shared servers provide resources, software and data to computers and other devices on demand.
DBA	A database administrator (DBA) is similar to a database developer or designer except that the DBA's key responsibility is ensuring that a database is available to the users and programmes that need it.
Domain Name	A method of identifying computer addresses.
Framework	A framework is a collection of classes and applications, libraries of SDKs and APIs to help the different components all work together. Framework (in object-oriented programming) is a reusable basic design structure, consisting of abstract and concrete classes, which assists in building applications.
Grid Computing	Grid computing (or the use of a computational grid) is applying the resources of many computers in a network to a single problem at the same time - usually to a scientific or





	technical problem that requires a great number of computer processing cycles or access to large amounts of data.
HTTP	Hypertext Transfer Protocol is a protocol used to carry requests from a browser to a Web server and to transport pages from Web servers back to the requesting browser. Although HTTP is almost universally used on the Web, it is not an especially secure protocol.
HTTPS	Hypertext Transfer Protocol Secure is a variation of HTTP that provides for encryption and transmission through a secure port. HTTPS runs over a security mechanism known as SSL (Secure Sockets Layer).
IP Address	(Internet Protocol) The number or name of the computer from which you send and receive information on the Internet
IT	Information Technology
Module	A module (in programming) is a collection of routines and data structures that performs a particular task or implements a particular abstract data type. A module (in hardware) is a self-contained component that can provide a complete function to a system and can be interchanged with other modules that provide similar functions.
NetAlter Browser	Browser developed by NetAlter Software Limited.
NetAlter Search Engine	Search Engine developed by NetAlter Software Limited.
Network /	A group of computers and associated devices that are connected by communications facilities involving permanent connections, such as cables, or temporary connections made through telephone or other communication links. A network can be as small as a LAN (local area network) consisting of a few computers, printers, and other devices, or it can consist of many small and large computers distributed over a vast geographic area (WAN or wide area network).
Networking	Networking is the practice of linking two or more computing devices together for the purpose of sharing data. Networks are built with a mix of computer hardware and computer software.
Peer to Peer	P2P is an Internet-based networking option in which two or more computers connect directly to each other to communicate and share files without use of a central server.
Piracy	Piracy is the theft of a computer design or program and also includes unauthorized distribution and use of a computer program.
Platform	The foundation technology of a computer system is called a Platform. Because computers are layered devices composed of a chip-level hardware layer, a firmware and operating system layer, and an applications program layer, the bottommost layer of a machine is often called a platform.
Portal	A Web site "gateway" that provides multiple services, which could include Web searching capability, news, free-email, discussion groups, online shopping, references and other services.
SaaS	Software that is deployed over the internet to run behind a firewall on a local area network or personal computer.
Search Engine	Specialized software, such as Google, AltaVista and Yahoo, that lets WWW browser users search for information on the Web by using keywords, phrases, and boolean logic. Different search engines have different ways of categorizing and indexing information. Search engines are accessed by typing in the URL of that engine or using a browser's compilation of search engines in its Internet search function.
Service Providers	A service provider is an entity that provides services to other entities. Usually this refers to a business that provides subscription or web service to other businesses or individuals. Examples of these services include Internet access, Mobile phone operator, and web application hosting.
Sites	A site is a location on the World Wide Web that stores files. Each site is owned and managed by an individual, company or organization.
Spam	Spam is an unsolicited e-mail message sent to many recipients at one time. Spam is the electronic equivalent of junk mail.
SQL	Structured Query Language - Pronounced "S-Q-L" or "see-quill," is a standard interactive and programming language used to interrogate and process data in a relational database.
System	Any collection of component elements that work together to perform a task. Examples



	are a hardware system consisting of a microprocessor, its allied chips and circuitry, input and output devices, and peripheral devices; an operating system consisting of a set of programs and data files; or a database management system used to process specific kinds of information.
Virus	A virus is a software program designed to infect, destroy or interfere with a computer or software program and can be transmitted between computers via networks (especially the Internet) or removable storage such as CDs, USB drives, floppy disks, etc., generally without the knowledge or consent of the recipient.
www	World Wide Web
Website	A website is a collection of related web pages, images, videos or other digital assets that are addressed relative to a common Uniform Resource Locator (URL), often consisting of only the domain name, or the IP address, and the root path ("/") in an Internet Protocol-based network. It is a set of web pages designed, presented, and linked together to form a logical information resource and/or transaction initiation function.

## ABBREVIATIONS

Abbreviation	Full Form
AGM	Annual General Meeting
AI	Artificial Intelligence
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
ASBA	Applications Supported by Blocked Amount
BRLM	Book Running Lead Manager
BSE	Bombay Stock Exchange Limited
CAN	Confirmation of Allocation Note
CB	Controlling Branch
CDSL	Central Depository Services (India) Limited
CENVAT	Central Value Added Tax
CIN	Corporate Identification Number
DB	Designated Branch
DIN	Director's Identification Number
DP	Depository Participant
DP ID	Depository Participant's Identification Number
ECS	Electronic Clearing System
EGM	Extraordinary General Meeting of the shareholders
EPO	European Patent Office
EPS	Earnings per Equity Share
FCNR Account	Foreign Currency Non Resident Account
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the rules and regulations issued thereunder
FBT	Fringe Benefit Tax
FDI	Foreign Direct Investment
FII	Foreign Institutional Investor [as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time] registered with SEBI under applicable laws in India
FIPB	Foreign Investment Promotion Board
FIs	Financial Institutions
FVCI	Foreign Venture Capital Investors registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000
FY	Financial Year
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
GIDC	Gujarat Industrial Development Corporation
GIR Number	General Index Registry Number



Abbreviation	Full Form
GoI / Government	Government of India
HNI	High Net Worth Individual
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
ICC	Information Communication and Computation
INR/Rs./ ₹	Indian National Rupee
IPO	Initial Public Offering
IT Act	Income-tax Act, 1961, as amended
Ltd.	Limited
MAPIN	Market Participant and Investor Database
Merchant Banker	Merchant banker as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulation, 1992
NAV	Net Asset Value
NEFT	National Electronic Fund Transfer
NR	Non-Resident
NRE Account	Non Resident (External) Account
NRI	Non-Resident Indian
NRO Account	Non Resident (Ordinary) Account
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB	Overseas Corporate Body
P2P	Peer to Peer
P/E Ratio	Price / Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
RBI	The Reserve Bank of India
RoNW	Return on Net Worth
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SCSB	Self Certified Syndicate Bank
SPV	Special Purpose Vehicle
TAN	Tax Deduction Account Number
TIN	Taxpayers Identification Number
TRS	Transaction Registration Slip
UoI	Union of India
WDV	Written Down Value
w.e.f	With effect from
WIPO	World Intellectual Property Organisation
WVSL	White Vision Software Limited
WVSPL	White Vision Software Private Limited



## **SECTION II - GENERAL**

### **PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA**

#### **Financial Data**

Unless stated otherwise, the financial information used in the Draft Red Herring Prospectus is derived from our Company's restated financial statements for the financial year ended 2006, 2007, 2008, 2009 and 2010 and for the quarter ended June 30, 2010 prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with SEBI (ICDR) Regulations, 2009, as stated in the report of our Auditors, M/s Rajendra & Co, Chartered Accountants, under Section "Financial Information" beginning on Page No. 117 of the Draft Red Herring Prospectus.

Our Financial Year commences on April 1 and ends on March 31 of the ensuing calendar year. Unless stated otherwise, references herein to a Financial Year (e.g., Financial Year 2010), are to the Financial Year ended March 31 of that particular year.

In the Draft Red Herring Prospectus, any discrepancies in any table between the total and the sum of the amounts listed are due to rounding-off.

There are significant differences between Indian GAAP and U.S. GAAP; accordingly, the degree to which the Indian GAAP financial statements included in the Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices, Indian GAAP, Companies Act and SEBI (ICDR) Regulations, 2009. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in the Draft Red Herring Prospectus should accordingly be limited. Our Company has not attempted to explain these differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on financial data.

#### **Market and Industry Data**

Unless stated otherwise, industry data used throughout the Draft Red Herring Prospectus has been obtained or derived from industry publications and/or publicly available government documents. Industry publications or publicly available government documents generally state that the information contained therein has been obtained from sources believed to be reliable but that their accuracy and completeness is not guaranteed and their reliability cannot be assured. Accordingly, no investment decisions should be made based on such information. Although our Company believes that industry data used in the Draft Red Herring Prospectus is reliable, it has not been verified by us or any other person connected with the Issue.

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

#### **Currency and Units of Presentation**

All reference to "Rupees" or "Rs." or "₹" are to Indian Rupees, the official currency of the Republic of India. All reference to US\$ / USD are to United States Dollars, the official currency of the United States of America.



## FORWARD LOOKING STATEMENTS

We have included statements in the Draft 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”. These forward looking statements can generally be identified by the fact that they do not relate to any historical or current facts.

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 our expectations include but are not limited to:

1. Any failure or significant delay on our part in successfully developing the NetAlter System and putting it to commercial use will have material effect on our business and financial results.
2. The NetAlter system is being developed as an alternative to the world wide web and as such, its revenue potential is unproven.
3. The patent for NetAlter system is pending to be granted in USA and several other countries.
4. We are entitled to 40% of the proceeds of any assignment of NetAlter patent to third party and balance 60% is payable equally to the inventors, Mr. Yogesh Rathod and Mr. Rajesh Rathod who are also Promoters of our Company.
5. Our objects of the Issue have not been appraised by any bank or financial institution and are based on estimates of the management.
6. The deployment of proceeds of Issue is not subject to monitoring by any independent agency and will be subject to the discretion of management.

For a further discussion of factors that could cause our actual results to differ, please refer Section titled “Risk Factors” beginning on page no. XIV of the Draft Red Herring Prospectus, and Chapters titled “Business Overview” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on page nos. 63 and 141, respectively of the Draft Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company nor the BRLM, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the BRLM will ensure that investors in India are informed of material developments until the time of grant of listing and trading permissions by the Stock Exchanges.



### SECTION III - RISK FACTORS

*An investment in equity shares involves a high degree of risk. The risks and uncertainties described below together with the other information contained in this Draft Red Herring Prospectus should be carefully considered before making an investment decision in our Equity Shares. The risk factors set forth below do not purport to be complete or comprehensive in terms of all the risk factors that may arise in connection with our business or any decision to purpose, own or dispose of the Equity Shares. The section addresses general risks associated with the industry in which we operate and specific risks associated with our company. Any of the following risks, as well as the other risks and uncertainties discussed in the Draft Red Herring Prospectus, could have a material adverse effect on our business and could cause the trading price of our Equity Shares to decline and you may lose all or part of your investment. In addition, the risks set out in the Draft Red Herring Prospectus are not exhaustive. Additional risks and uncertainties, whether known or unknown, may in the future have material adverse effect on our business, financial condition and results of operations, or which we currently deem immaterial may arise or become material in the future. Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other risks mentioned herein.*

*This Draft Red Herring Prospectus also contains forward-looking statements that involve risks and uncertainties. Our Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus. See "Forward-Looking Statements" on page no. XIII.*

*Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein. In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of the Issue, including merits and risks involved.*

*To obtain a better understanding of our business, you should read this chapter in conjunction with other chapters of the Draft Red Herring Prospectus, including the chapters titled "**Business Overview**", "**Management's Discussion and Analysis on Financial Condition and Results of Operations**" and "**Auditors Report and Financial Information of our Company**" on page nos 63, 141 and 117 respectively, of the Draft Red Herring Prospectus, together with all other financial information contained in the Draft Red Herring Prospectus. Unless otherwise stated, the financial data in this chapter is derived from our audited restated financial statements prepared in accordance with Indian GAAP and restated in accordance with SEBI (ICDR) Regulations.*

*The numbering of the risk factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk over another.*

#### **Materiality**

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

1. Some risks may not be material individually but may be material when considered collectively.
2. Some risks may have an impact which is qualitative though not quantitative.
3. Some risks may not be material at present but may have a material impact in the future.

#### **Internal risks**

1. ***We are developing the NetAlter System as an alternative framework to the existing world wide web (www). The income potential of this product under development is unproven. Our success will be substantially dependent upon our ability to successfully develop this product and also commercially put it to use for generating revenues.***

We are in the process of developing the NetAlter system as an alternative framework to the existing world wide web. At present we have conceptualized the process and patented the same in India and applied for patent in USA and other countries. Actual development of the applications based on NetAlter System is under way and our main business operations would be significantly dependent upon our ability to successfully develop the





product and put it to commercial use. Commercial success depends on many factors, including innovativeness, customer support, and effective distribution and marketing. If customers do not perceive our NetAlter System as providing significant new functionality or other value, they may not purchase or use it which would unfavourably impact our revenue. As a result, the demand for the product and its income potential remains unproven. We may not achieve significant revenue from it and may not be able to service the investments for a number of years, if at all. Moreover, the product may not be profitable, and even if profitable, operating margin may not be high. In addition, because the market for such product is new, we have limited insight into trends that may emerge and affect our business. We may make errors in predicting and reacting to relevant business trends, which could harm our business. Further, any delay or failure on our part to develop the product in time or at all, and thereafter successfully put it to commercial use, will seriously affect our business operations and financial results.

2. ***We have financed and propose to finance the entire cost of developing the NetAlter System, applications based on NetAlter system and other software products by issue of equity shares.***

We are presently engaged in the development of applications based on the NetAlter System and certain other software products. We have so far financed the costs in this regard through equity issue and propose to finance further fund requirement for development of applications based on NetAlter System through the present issue of equity shares.

3. ***Development of the NetAlter System is estimated to be completed by end of FY 2013. Till such time that NetAlter application is developed and deployed commercially, we may generate revenues from our other software products, which may not be sufficient enough to meet our various requirements.***

The NetAlter System is expected to become operational by end of FY 2013. Till such time, we may generate revenues from our other software products, but we cannot assure you that we will be able to generate sufficient revenues to meet our various requirements. We also cannot assure you that we will be able to raise any additional funds that may be so required.

4. ***We have a limited operating history. Our commercial operations commenced only in FY2009. We registered gross income of ₹ 25.59 lakhs and ₹ 60.12 lakhs respectively in FY 2009 and FY 2010. Corresponding Net Profit is ₹ 1.26 lakhs and ₹ 6.92 lakhs.***

Although our company was incorporated in the year 2005, we have commenced commercial operations only during FY 2009 when we achieved a gross income of ₹ 25.59 lakhs followed by ₹ 60.12 lakhs in FY2010. As our commercial utilization of the NetAlter System is expected to commence in FY2013, our revenues and results of operations are not likely to be significant.

5. ***In the event of assignment of entire rights in respect of the NetAlter patent to third party, we are entitled to 40% of the proceeds and balance 60% is payable equally to the inventors, Mr. Yogesh Rathod and Mr. Rajesh Rathod who are also Promoters of our Company.***

We have obtained registration for Patent in respect of NetAlter System, which is titled 'An Information Communication and Computation System', with the Patent Office, Government of India. According to the Patent Licensing Agreement dated June 6, 2005 as amended vide Deeds of Rectification dated July 12, 2005 and April 1, 2009, in the event of assignment of all rights in respect of the patent to any third party, the proceeds of the assignment shall be shared between the Company and Mr. Rajesh Rathod and Mr. Yogesh Rathod as the inventors, in the ratio of 40:30:30 percent, respectively. Moreover, in case of commercial utilisation of the patent, the aforementioned Promoters as the inventors are each entitled to receive, annually, a sum of ₹ 3,00,000 (Rupees Three Lakh only) or 1% of revenue generated from the said Patent No. 212954, directly or indirectly, whichever is higher, from the Company. However, all costs relating to development and commercialization of the NetAlter system shall be borne by our company.

6. ***Failure on our part to comply with the requirements of Patent Licensing Agreement dated June 6, 2005 and subsequent amendments thereto, may result in the termination of the said agreement which will render our investments towards development and functioning of the NetAlter System as futile.***



There is no assurance that we will be able to comply with the requirements as may be contained in the agreement. Any non-compliance by us in relation to the terms of the agreement may result in the termination of the agreement which will render our investments towards development and functioning of the NetAlter System as futile. We also cannot assure you that in case of any noncompliance by us, our Promoters, Mr. Rajesh Rathod and Mr. Yogesh Rathod, will not terminate the agreement, which would have a material adverse effect on conducting our business and our operations.

7. ***Although our patented NetAlter System has been valued at USD 400 million, the value may not be sustainable / achievable if we fail to implement the project in time or at all.***

BNP Paribas Business Assets Valuation Limited has issued a valuation report for the aforesaid Patent in November 2010 indicating the value of the Patent to be in the order of USD 400 million. However in the event of our being unable to implement the project in time or at all, we may not be able sustain / achieve the said valuation of the Patent

8. ***Some of our Promoters have interests in the Company beyond the Equity shares held by them.***

Our Promoters, Mr. Rajesh Chunilal Rathod and Mr. Yogesh Chunilal Rathod are the co-inventors of our registered patent "NetAlter System". As per the Patent License Agreement, each of them is entitled to receipt of a sum of ₹ 300,000 (Rupees Three Lakh only) or 1% of revenue generated from the said Patent No. 212954, directly or indirectly, whichever is higher, from the Company annually. Subsequent to the Agreement, each of them have received from the Company a sum of ₹ 300,000 (Rupees Three Lakh only) as minimum guaranteed royalty payment as contemplated in the said Agreement for the year 2010 and the Company will have to pay the same till actual commercial utilization of the said Patent and thereafter @ 1% of the revenue generated from the said Patent subject to minimum of ₹ 3,00,000/- p.a. Non-payment of the aforementioned amount to them would amount to non-compliance of the Patent License Agreement and may entitle them to terminate the said license. In such event our business and results of operations may be adversely affected.

For further details please refer to "Related Party Disclosures" forming part of the Section titled "Financial Information" and chapter titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page nos 117 and 141 respectively, of this Draft Red Herring Prospectus.

9. ***Some of our Promoters have outstanding undisputed Income Tax liability in respect of certain past financial years.***

Our promoters, Mr. Vijay Rathod, Mr. Rajesh Rathod and Mr. Yogesh Rathod have outstanding undisputed income tax liability of ₹ 5,76,910/- ₹ 21,60,380/- and ₹ 5,20,820/-, respectively in respect of past financial years. For further details, please refer to Chapter "Outstanding Litigations and Material Developments" beginning on page no. 146 of this Draft Red Herring Prospectus.

10. ***Our Promoters, presently do not have a proven track record of commercial implementation of projects of similar magnitude.***

NetAlter System is one of the niche products of our Company, which is to be introduced in the market. The successful introduction of NetAlter System is expected to revolutionise the manner in which internet users will interact with each other online. The main object of this Issue and utilisation of the funds of this Issue are for the purpose of development and commercial launch of the NetAlter System. Our Promoters, Mr. Rajesh Rathod and Mr. Yogesh Rathod, are also the co-inventors of the patented NetAlter System. Though they have requisite technical knowledge and experience in software / IT industry and strategy to commercially exploit the NetAlter System, as of now they do not have proven track record of having implemented projects of similar magnitude, due to which they may face unforeseen difficulties and complications. Hence, the commercial success of the NetAlter System cannot be certain or guaranteed.



11. ***We may face competition for employees in our market. Our success depends in large part upon our ability to attract and retain skilled professionals.***

Our ability to successfully complete the development of NetAlter applications and other software products depends largely on our ability to attract, train, motivate and retain highly skilled software professionals, including managers and other mid-level professionals. The attrition rates in the industry in which we operate have been high due to a highly competitive skilled labour market in India. We require IT professionals who are proficient in programming on P2P technology. This technology is being used scarcely by any other enterprises for development of their software products. Hence, we may be required to invest in training the professionals that we hire so as to make them proficient in the development of our software products and the services we provide. These professionals are often targeted by the lateral recruitment efforts of other players in IT industry. If we cannot hire and retain additional qualified personnel, our ability to develop NetAlter applications and other software products may be impaired and our financial results could be adversely affected. In addition, we may not be able to implement our business plan effectively. We believe that there is significant worldwide competition among employers to attract software professionals with the skills necessary to perform the services we offer, including from non-Indian, international software service providers. Additionally, we may have difficulty in redeploying and retraining our software professionals to keep pace with continuing changes in technology, evolving standards and changing consumer preferences. The delay in recruiting, training, deploying the professionals may cause a delay in successful implementation of our project and have a negative impact on the business of the Company.

12. ***Our results of operations depend heavily on maintaining good relations with our workforce.***

Our success depends upon maintaining good relations with our workforce. We believe that our relations with our employees are satisfactory. Any work stoppages or strikes could adversely affect our ability to operate our business. There can be no assurance that any increase in personnel costs would not have a material adverse effect on our business, results of operations, financial condition and prospects.

13. ***Our success depends in large part upon our senior management and key personnel and on our ability to attract and retain them.***

We are highly dependent on our senior management and key managerial personnel for setting our strategic direction and managing our business, and our future performance will be dependent upon the continued service of these persons. We do not maintain key man life insurance for any of the senior members of our management team or other key personnel. Competition for senior management and experienced personnel in our industry is intense, and we may not be able to retain such senior management personnel or attract and retain new senior management personnel in the future. The loss of any of the members of our senior management or other key personnel may adversely affect our business.

14. ***We may face a potential conflict of interest as a group company has main object of carrying on business in the IT Industry.***

Two of our Promoters, Mr. Yogesh Chunilal Rathod and Mr. Vijay Chunilal Rathod are also Promoters and Directors of Kootol Software Limited. Kootol Software Limited has been incorporated mainly for the purpose of Software development. Although Kootol Software Limited is yet to commence any business operations, there may be a potential conflict of interest in future when it commences operation as its objects and business activities are materially similar to that of our Company.

15. ***Project Costs may vary with change in time of implementation***

We are actively engaged in development of applications based on our NetAlter System. We are also engaged in developing and marketing social and business networking software products and its related tools and utilities. Our products comprise of Community Hotline, Community Online, Matrimonial Hotline, Matrimonial Online, Family Connect, Friend Connect, Contact Manager and Bhav2bahv. Our tools and utilities comprise of CD Wizard, CD Viewer, Email Manager and Web Manger.



Some of our products and applications are in the development or testing stages. Presently we have estimated certain costs for implementing the same. However, the estimated project costs may differ from the actual costs at the time of implementation.

We plan to outsource certain modules and utilities of our patent “NetAlter System” to maintain cost effectiveness. Delay in the completion of the modules by the outsourced agency(ies) may lead to further escalation in the project costs. Changes in the project costs may have a material adverse effect on our revenues, cost of services, operating costs and net income, which may in turn have a negative impact on our business, operating results and financial condition.

**16. *One of the main objects for which the Issue is proposed relate to development of applications based on NetAlter System – an area of business that has not contributed to our revenues in the last three Fiscal years.***

One of the areas in which we intend to use the proceeds of the Issue as described more fully in the chapter titled "Objects of the Issue" beginning on page no. 27 of this Draft Red Herring Prospectus is the development of applications based on NetAlter System and commercialisation of NetAlter System, which has not contributed to our revenues in the last three Fiscal years. The development and commercialisation of NetAlter System and other software products, would involve outlay of funds in the form of pre-operative expenses towards human resources, office rent and maintenance expenses, professional and legal fees, patent fees etc. These expenses being in the nature of product development expenditure, whose benefit will accrue to our Company over the useful life-period of the products, are proposed to be capitalized as asset of the Company. All of these are new ventures or industry segments for us and have not contributed or contributed to less than 25% of our revenues in the last three Fiscal years.

**17. *We operate in a competitive environment and this competitive pressure on our business is likely to continue.***

The NetAlter System is based on the P2P and client/server based system and currently there are no players in the market offering similar applications based on P2P technology. However, going forward similar or more advanced technologies and products having more acceptability may be developed, which may pose a competition to the NetAlter System. Some of the applications based on NetAlter System viz. NetAlter Browser, NetAlter Search Engine, etc. may also face competition from other established conventional internet based solutions.

We face competition for some other products we offer. There are a number of players involved and invested in the development of new social networking software and technologies, which may perform functions similar to the applications developed by us. The Company may face competition to its products from such software and applications.

**18. *Our business will suffer if we fail to keep pace with the rapid changes in technology in the IT industry.***

The software and information technology market is characterized by rapid technological changes, evolving industry standards, changing consumer preferences and new product and service introductions. Our future success will depend on our ability to anticipate these advances and develop new product/service offerings to meet consumers' needs. We may not be successful in anticipating or responding to these advances on a timely basis or, if we do respond, the services or technologies we develop may not be successful in the marketplace. Furthermore, services or technologies that are developed by our competitors may render our services uncompetitive or obsolete.

**19. *A significant portion of our proposed investment is towards new software development facilities and physical infrastructure and our profitability would depend upon our ability to productively utilize these facilities and grow our business.***



We expect to invest approximately ₹ 2374.13 lakhs and ₹ 2441.97 lakhs in Fiscal 2012 and Fiscal 2013 respectively towards Office premises, Software Development & Infrastructure and Computing Equipment and Software that we believe will give us a platform to implement our business plans. The investment is being made in order to develop applications and commercialize NetAlter System and other software products. In the event of our failure to productively use the facilities and infrastructure as proposed, our financial results may be adversely affected.

**20. *We face the risk of potential liabilities from lawsuits or claims by consumers and end-users.***

We face the risk of legal proceedings and claims being brought against us by various entities including consumers and end users of our software products for various reasons including for defective products sold or services rendered. Responding to complaints and dealing with claims takes time and can divert management's attention away from our operations. If some or all of these lawsuits or claims succeed it could adversely affect our business and financial performance. This may result in liabilities and/or financial claims against us as well as loss of business and reputation.

**21. *Our consumers and end-users' proprietary rights may be misappropriated by our employees or sub-contractors in violation of applicable confidentiality agreements.***

We propose to have our employees and sub-contractors enter into invention assignment and confidentiality and non-disclosure arrangements to limit access to and distribution of our consumers and end-users' intellectual property and other confidential information as well as our own. We can give no assurance that the steps proposed to be taken by us in this regard will be adequate to enforce our consumers and end-users' intellectual property rights. If our consumers and end-users' proprietary rights are misappropriated by our employees or our sub-contractors or their employees, in violation of any applicable confidentiality agreements or otherwise, our consumers and end-users consumers and end-users may consider us liable for that act and seek damages and compensation from us.

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

Although there are currently no material pending or threatened intellectual property claims against us, infringement claims may be asserted against us in the future. There has been a substantial amount of litigation in the software industry regarding intellectual property rights. It is possible that in the future, third parties may claim that our current or potential future softwares infringe their intellectual property. We expect that software product developers will increasingly be subject to infringement claims as the number of products and competitors in our industry segment grow and the functionality of products in different industry segments overlap. In addition, we may find it necessary to initiate claims or litigation against third parties for infringement of our proprietary rights or to protect our trade secrets. Although we may disclaim certain intellectual property representations to our customers, these disclaimers may not be sufficient to fully protect us against such claims.

Any claims, with or without merit, could be time consuming, result in costly litigation or require us to enter into royalty or license agreements. Royalty or licensing agreements, if required, may not be available on terms acceptable to us or at all, which could have a material adverse effect on our business, operating results and financial condition. If we become liable to third parties for infringing their intellectual property rights we could be required to pay a substantial damage award and be forced to develop non-infringing technology, obtain a license, or cease selling the applications or products that contain the infringing technology. We may be unable to develop non-infringing technology or to obtain a license on commercially reasonable terms, or at all. We may also be required to change our methodologies so as not to use the infringed intellectual property, which may not be technically or commercially feasible and may cause us to expend significant resources. Any claims or litigation in this area, irrespective of the outcome, could be time-consuming and costly and/or injure our reputation.

**23. *We have a limited ability to protect our intellectual property rights and unauthorized parties could infringe upon or misappropriate our intellectual property.***



We rely on a combination of copyright, trademark and patent laws, confidentiality procedures and contractual provisions to protect our intellectual property. We have been granted patent in respect of our NetAlter system in India and have also filed for the same in USA, Europe, Malaysia, New Zealand, China, Canada, Australia, Mexico and Brazil. Our patent has also been published by the PCT. Nonetheless, our efforts to protect our intellectual property may not be adequate and we may not be able to detect unauthorised use or take appropriate and timely steps to enforce our intellectual property rights.

Our competitors may independently develop proprietary methodologies similar to ours or duplicate our products or services. Unauthorized parties may infringe upon or misappropriate our services or proprietary information. The misappropriation or duplication of our intellectual property could disrupt our business, distract our management and employees, reduce our revenues and increase our expenses. We may need to litigate to enforce our intellectual property rights or to determine the validity and scope of the proprietary rights of others. Any such litigation could be time consuming and costly and the outcome of any such litigation cannot be guaranteed.

For more information regarding our intellectual property, see Chapter “Business Overview” beginning on page no. 63.

24. ***We have applied for patent in respect of NetAlter System, which is pending in various Patent offices across the world. If any of our applications for patents are not granted or if any order against us is passed in the oppositions filed, we may lose the statutory protection available to us for our invention in such jurisdiction.***

We are engaged in Research and Development of our NetAlter System. It comprises of a system, methods, computer program, standards, infrastructure, search algorithm and a business method for an AI enabled Information Communication and Computation (ICC) framework operated by NetAlter Service Browser to devise an alternative to the present cyberspace by engaging universally distributed grid, supercomputing and peer to peer framework. NetAlter System would also facilitate migration of existing client-server solutions to secured P2P platform with GRID computing.

We have filed for the Patent of NetAlter System in USA, EPO, Malaysia, New Zealand, China, Canada, Australia, Mexico, and Brazil. The Company’s patent has been published by the Patent Co-operation Treaty (“PCT”). While in EPO and USA, the patent is under examination, in other countries the examination has not yet started but patent is published and request for examination is already filed.

There can be no assurance that all of our patent claims will be accepted and the patent will be granted. Further, our applications for the patent may be opposed by third parties and we may have to incur significant cost and spend time in proceedings/litigations in relation to these oppositions. In the event we are not able to obtain the patent for our invention, we may not be able to avail the legal protection and legal remedies (in case of infringement) available as the owner of the patent. In the event we are not able to successfully defend third party claims opposing the grant of patent and claiming right on the technology of NetAlter System, we may not be able to commercially utilize the NetAlter System in the relevant jurisdiction.

For further details regarding the same, please refer chapter titled “Business Overview” beginning on page no. 63 of this Draft Red Herring Prospectus.

25. ***Significant security breaches in our computer systems and network infrastructure and fraud could adversely impact our business.***

We seek to protect our computer systems and network infrastructure from physical break-ins as well as security breaches and other disruptive problems. Computer break-ins and power disruptions could affect the security of information stored in and transmitted through these computer systems and networks. To address these issues and to minimise the risk of security breaches we employ security systems, including firewalls and intrusion detection systems, conduct periodic penetration testing for identification and assessment of potential vulnerabilities and, use encryption technology for transmitting and storing critical data such as passwords. However, these systems may not guarantee prevention of hacks, unauthorized breaches, break-ins, damages and system failures. A significant failure in security measures could have an adverse effect on our business.





**26. *System failures and calamities could adversely impact our business.***

We presently have onsite server backup facility for protection of sensitive data. We plan to have disaster recovery sites for systems at our business premises and periodic intra-day back- up of data on the disaster recovery site with offsite server backup facility for protection of sensitive data. Any failure in our systems, particularly those utilised for software development and services, or the occurrence of calamities such as earthquakes, tsunamis and cyclones that affect areas in which we may have a significant presence, could affect our operations and the quality of our customer service.

**27. *Our insurance coverage may be inadequate to fully protect us from all losses.***

We presently maintain such insurance coverage as we believe is adequate for our company considering our present level of operations and we propose to maintain the insurance coverage in accordance with customary practices prevailing in the IT industry. Our insurance policies, however, may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. We possess Standard Fire and Special Perils policy along with money insurance policy. However, we cannot assure you that the terms of our insurance policies will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim. In particular, if our development center is damaged resulting in our operations being interrupted or we otherwise suffer an interruption to our business, we would suffer loss of revenues, and our results of operations may be adversely affected. A successful assertion of one or more large claims against us that exceeds our available insurance coverage or changes in our insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect our business, financial condition and results of operations.

For more information regarding our insurance cover, see Chapter “Business Overview” beginning on page no. 63.

**28. *The deployment of the issue proceeds is entirely at the discretion of the Issuer and is not subject to any monitoring by any independent agency. Further, we have not entered into any definitive agreements to use the net proceeds of the Issue, nor has our intended use of proceeds from the Issue been appraised by any bank or financial institution.***

The deployment of proceeds of the Issue would be at the discretion of the Company and there is no agency to monitor the same. The net proceeds from this Issue are expected to be used as set forth under Chapter “Objects of the Issue” on page no. 27.

Except as disclosed, we have not entered into any definitive agreements to utilise a substantial portion of the net proceeds of the Issue. No orders have been placed for procurement of 100% of the equipments aggregating to ₹ 493. 97 lakhs proposed for the project.

The proposed objects for which the proceeds are to be utilized have not been appraised by any bank or financial institution and the requirements are based on our management’s estimates. Accordingly, investors in this Issue will need to rely upon the judgment of our management with respect to the use of proceeds.

**29. *We are likely to be controlled by our Promoters and Promoter Group so long as they control a significant percentage of our Equity Shares.***

After the completion of the Issue, subject to full subscription of the Issue, our Promoters and Promoter Group will control, directly or indirectly, approximately [●] % of our outstanding Equity Shares. As a result, our Promoters and Promoter Group will have the ability to exercise significant control over us and all matters requiring shareholder approval, including election of directors, our business strategy, and policies and approval of significant corporate transactions such as mergers and business combinations. The extent of their shareholding in us may also delay, prevent or deter a change in control, even if such a transaction is beneficial to our other shareholders. The interests of our Promoters and Promoter Group as our controlling shareholders



could also conflict with our interest or the interests of our other shareholders. We cannot assure prospective investors that our Promoters and Promoter Group will act to resolve any conflicts of interest in our favour. For further details of Promoters interest in shares, see Chapter “Capital Structure” on page no. 17.

**30. *There could be changes in the implementation schedule of our project.***

Our estimated fund requirements are based on our current business plan and strategy to develop applications based on NetAlter System. However, we operate in a highly competitive and dynamic industry, and as such, we may have to revise our business and capital outlay plans. Accordingly, investors in this Issue will need to rely upon the judgment of our management with respect to the use of proceeds.

**31. *We require certain approvals or licenses in the ordinary course of business.***

We require certain approvals, licenses, registrations, and permissions to operate our business. If we fail to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, our business may be adversely affected.

Furthermore, depending upon the laws and statutes prevailing in the relevant jurisdictions, we may be required to obtain certain permissions, government approvals and licenses which may be subject to onerous conditions and may require us to incur substantial expenditure. If we fail to comply, or a regulator claims we have not complied, with these conditions, our business, financial condition and results of operations would be materially adversely affected.

For more information, see the Chapter titled “Government and other Statutory Approvals” on page no. 148.

**32. *Our Company does not own the premises from which we operate. Any dispute in relation to the leave and license of our premises would have a material adverse effect on our business and results of operations.***

The premises of the Company’s offices located in Mumbai are not owned by the Company and are taken on a leave and license basis for a period of 36 months. There is no assurance that we will be able to comply with the requirements as may be contained in the agreement. Any non-compliance by us with the terms of the agreement may result in the termination of the agreement which will render our investments towards setting up and operating such premises as futile. We also cannot assure you that the Licensors will not terminate the agreement which would have a material adverse effect on our conducting our business and our operations.

**33. *Unforeseen escalation in local property rates is likely to affect present estimate of funds to be allocated for purchasing office premises out of proceeds of the issue.***

The lease period of our registered office and corporate office is due to expire in October 2011. We propose to acquire about 5000 Sq. feet of office space in or around Mulund, Mumbai and propose to finance the purchase out of the present issue of shares. We have estimated a sum of ₹ 600 lakhs towards the office premises and ₹ 90 lakhs towards furnishing of the same. These are our estimates and are calculated by providing for some margin of increase over presently prevailing rates in and around the said locality. Since the estimates are based on rates prevailing as on the date of this DRHP, any unforeseen escalation in local property rates is likely to affect these estimates, resulting in increase in expenditure by the Company and thereby altering the allocation of funds in the objects of the present issue of shares.



**34. Our Company had negative cash flows in recent fiscals.**

Our Company had negative cash flows in FY 2008, FY 2009 and Quarter ended June 30, 2010 as under:

(₹ in lakhs)

Particulars	2008	2009	2010	Quarter Ended June, 2010
Net Increase /(Decrease) in Cash and Cash Equivalents	(18.03)	(0.67)	6.53	(4.53)

For further details please refer to “Annexure IV – Statement of Cash Flows, as restated” forming part of the chapter titled “Financial Information” and chapter titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on page nos 117 and 141 respectively, of this Draft Red Herring Prospectus.

**35. We are vulnerable to liability for fraudulent postings on our websites.**

In the past social networking websites have had profile information uploaded for persons without their consent. There is a risk that similar posting may be made on our social networking applications. Such postings damage our reputation and also make us vulnerable to claims from persons whose information is so posted on our applications. Although we may monitor the content on a random basis and take necessary precautions to remove objectionable content, yet, due to the nature of the medium, it may not be feasible to check/verify entire content before each upload.

**36. Within the last twelve months a certain number of shares have been issued to our Promoters and other shareholders at a price lower than issue price.**

We have issued 8,33,55,200 Equity Shares in the ratio of 1:4, i.e. 4 Bonus Shares for every share held on the record date by way of bonus issue within a period of twelve months prior to the date hereof. The Bonus Shares were issued by utilising Securities Premium. For details of such issuance please refer Chapter titled “Capital Structure” beginning on page no. 17 of this Draft Red Herring Prospectus.

**37. Changes in the laws relating to the use of the internet may have an adverse impact on our business.**

Changes in the laws relating to the use of the internet that place restrictions either on the software products or the social networking tools that we may develop and provide to our customers or on the use of the internet by our potential customers could have an adverse impact on our business.

**38. We are dependent on internet and PC penetration and the adoption by our potential customers of internet based, technology-driven solutions for the success of our business.**

We are dependent on an increase in the use of the internet and PCs for the success of our business and also on the option by our potential customers of internet-based, technology driven solutions for the growth of our business. Though the PC and Internet penetration is steadily increasing in India and other parts of the world, a stagnation of this trend could affect our growth.

**39. We have in the past entered into related party transactions and may continue to do so in the future.**

We have, in the course of our business, entered into transactions with related parties that include entities forming part of our Promoter Group Key Management Personnel. The cumulative figure of related party transactions for the last three financial years ended March 31, 2008, 2009, 2010 and for the quarter ended June 30, 2010 is as follows:

(₹ in lakhs)



Nature of Transaction	2008	2009	2010	Quarter Ended June, 2010
Remuneration and allowances to Directors/ KMPs	18.00	-	0.76	1.76
Loans and advances- repaid	29.40	31.63	130.49	-
Loan from Key Management Personnel	29.07	129.68	31.66	-
Interest on loan from Key Management Personnel	1.00	5.93	7.71	-

While we believe that all such transactions have been conducted on an arms-length basis and contain commercial terms, there can be no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we will continue to enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations.

For further details please refer to “Related Party Disclosures” forming part of the chapter titled “Financial Information” beginning on page no. 117 of this Draft Red Herring Prospectus.

Further, our business is expected to involve transactions with such related parties in the future.

#### **Risk Factors related to the Equity Shares**

40. *Any further issuance of equity shares by our Company or sales of equity shares by any significant shareholders may adversely affect the trading price of the Equity Shares.*

Any future issuance of equity shares by our Company could dilute your shareholding. Any such future issuance of equity shares or sales of equity shares by any of our significant shareholders may also adversely affect the trading price of the Equity Shares, and could impact our ability to raise capital through an offering of our securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares.

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

Under the ICDR Regulations, we are permitted to allot equity shares within 12 working days of the Bid/Issue Closing Date. Consequently, the Equity Shares you purchase in the Issue may not be credited to your demat account with Depository Participants until approximately 12 days after the Bid/Issue Closing Date. You can start trading in the Equity Shares only after they have been credited to your demat account and final listing and trading approvals are received from NSE and BSE. There can be no assurance that final listing and trading approvals will be obtained from NSE or BSE on time. Further, there can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence within the specified time periods.

42. *There is no existing market for the Equity Shares and the price of the Equity Shares may be volatile and fluctuate significantly in response to various factors.*

Prior to this Issue, there has been no public market for our Equity Shares. The trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, volatility in the Indian and global securities markets, the performance of the Indian and global economy, significant developments in India’s fiscal regime and other factors. There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Issue, or that the price at which our Equity Shares are initially offered will correspond to the prices at which they will trade in the market subsequent to this Issue.

43. *Conditions in the Indian securities market may affect the price or liquidity of the Equity Shares.*



The Indian securities markets are smaller than securities markets in more developed economies. Further, the regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in the US and Europe. In the past, Indian stock exchanges have experienced temporary exchange closures, broker defaults and settlement delays which, if continuing or recurring, could affect the market price and liquidity of the securities of Indian companies, including the Equity Shares. A closure of, or trading stoppage on, the stock exchanges could adversely affect the trading price of the Equity Shares. In the past, the stock exchanges have experienced substantial fluctuations in the prices of listed securities. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Further, from time to time, disputes have occurred between listed companies and the stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. Similar problems could occur in the future and, if they do, they could harm the market price and liquidity of the Equity Shares.

**44. *Valuations in software or information technology industries may not be sustained in future and current valuations may not be reflective of future valuations for such industries.***

There is no standard valuation methodology for companies in businesses similar to ours. The valuations in related sectors such as software and the IT industries may not be sustained in the future. Additionally, current valuations may not be reflective of future valuations within these industries or our industry.

**External risks**

**45. *Changes in Government policies and changes in economic scenario in India may affect our company***

We are incorporated in India and all of our assets and our employees are presently located in India. Consequently, our financial performance and the market price of our Equity Shares will be affected by changes in exchange rates and controls, interest rates, Government of India policies, including taxation policies, as well as political, social and economic developments affecting India.

**46. *Third party statistical and financial data in this Draft Red Herring Prospectus may be incomplete or unreliable***

We have not independently verified data from industry publications and other sources and therefore cannot assure you that they are complete or reliable. Discussions of matters relating to India, its economy or the IT industry in the DRHP are subject to the caveat that the statistical and other data upon which such discussions are based may be incomplete or unreliable.

**47. *Wage pressures in India may prevent us from sustaining our competitive advantage and may reduce our profit margins.***

Wage costs in India have historically been significantly lower than wage costs in the United States and Europe for comparably skilled professionals, which has been one of the competitive strengths for the industry in which we operate. However, wage increases in India may prevent us from sustaining this competitive advantage and may negatively affect our profit margins. Wages in India are increasing at a faster rate than in the United States or Europe, which could result in increased costs for software professionals, particularly project managers and other mid-level professionals. We may need to continue to increase the levels of our employee compensation to remain competitive and manage attrition.

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

Any disruption in basic infrastructure, including the supply of power, could negatively impact our ability to continue with our operations. We rely on a number of telecommunications service and other infrastructure providers to maintain communication and connectivity in the form of Internet and other facilities. The Network connectivity is necessary for software development and product testing along with transfer of data for various purposes. Telecommunications networks are subject to failures and periods of service disruption, which can



adversely affect our ability to maintain active voice and data communications among our operation facilities. Such disruptions may cause harm to our business. We do not maintain business interruption insurance and may not be covered for any claims or damages if the supply of power, IT infrastructure or telecommunications lines is disrupted. This could disrupt our business process or subject us to additional costs.

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

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing may be available. This could have an adverse effect on our business and future financial performance, our ability to obtain financing for capital expenditures and the trading price of our Equity Shares.

**50. *Terrorist attacks and other acts of violence or war involving India or South Asia could adversely affect the financial markets and adversely affect our business, financial condition and results of operations.***

Any major hostilities involving India or other acts of violence, including civil unrest or similar events that are beyond our control, could have a material adverse effect on India's economy and our business. Incidents of terrorist attacks, and other acts of violence may adversely affect the Indian stock markets where our Equity Shares will trade as well the global equity markets generally. Such acts could negatively impact business sentiment as well as trade between countries, which could adversely affect our Company's business and profitability. Military activity or terrorist attacks could adversely affect the Indian economy by, for example, disrupting communications and making travel more difficult. Such events could also create a perception that investments in Indian companies involve a higher degree of risk. This, in turn, could adversely affect investor confidence in India, which could have an adverse impact on the economies of India and other countries, on the markets for our products and services and on our business. Additionally, such events could have a material adverse effect on the market for securities of Indian companies, including the Equity Shares.

**51. *Political instability or changes in the Government of India could adversely affect economic conditions in India generally and our business in particular.***

The Government of India has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Our business, and the market price and liquidity of our shares, may be affected by interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. Since 1991, successive Indian governments have pursued policies of economic liberalisation and financial sector reforms. The Government of India has announced its general intention to continue India's current economic and financial sector liberalisation and deregulation policies. However, there can be no assurance that such policies will be continued and a significant change in the Government of India's policies in the future could affect business and economic conditions in India and could also adversely affect our business, prospects, financial condition, results of operations and prospects and the price of our Equity Shares. Any changes to Government policy or to law may affect our business and financial condition. The rate of economic liberalisation could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well. A significant change in India's economic liberalisation and deregulation policies could disrupt business and economic conditions in India generally and our business in particular.

**52. *Our business could be adversely impacted by economic, political and social developments in India.***

Our performance and growth are dependent on the health of the Indian economy. The Indian economy could be adversely affected by various factors, such as political and regulatory action, including adverse changes in liberalization policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any slowdown in the Indian economy, or prolonged continuation of the downturn that has affected the global economy since August 2007, could adversely impact our business, our results of operations and our financial condition.





**53. *Natural calamities could have a negative impact on the Indian economy and cause our business to suffer.***

Our operations, including our distribution network, may be damaged or disrupted as a result of natural calamities such as earthquakes, a tsunami, floods, heavy rainfall, epidemics, drought and other events such as protests, riots and labour unrest in the past few years. Such events may lead to the disruption of transportation systems and telecommunication services for sustained periods. Damage or destruction that interrupts our provision of services could adversely affect our reputation, our senior management team's ability to administer and supervise our business or it may cause us to incur substantial additional expenditure to repair or replace damaged infrastructure. Natural calamities could have a negative impact on the Indian economy and may cause suspension, delays or damage to our current projects and operations, which may adversely affect our business and our results of operations.

**54. *An outbreak of an infectious disease or any other serious public health concerns in Asia or elsewhere could adversely affect our business.***

The outbreak of an infectious disease in Asia or elsewhere or any other serious public health concern, such as swine influenza, could have a negative impact on the global economy, financial markets and business activities worldwide, which could adversely affect our business. Although, we have not been adversely affected by such outbreaks in the past, we can give you no assurance that a future outbreak of an infectious disease or any other serious public health concern will not have a material adverse effect on our business.

**55. *Foreign Investors may have difficulty enforcing foreign judgments against us or our management.***

We are a limited liability company incorporated under the laws of India. Our directors and executive officers are residents of India and all of our assets and those of such persons are located in India. As a result, it may not be possible for investors to effect service of process upon us or such persons in jurisdictions outside India, or to enforce against us or such parties judgments obtained in courts outside India based upon the liability provisions of foreign countries, including the civil liability provisions of the federal securities laws of the United States. India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Instead, recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of The Code of Civil Procedure, 1908 of India (as amended) (the "Civil Code"). Section 13 of the Civil Code provides that a foreign judgment shall be conclusive as to any matter directly adjudicated upon except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognize the law of India in cases in which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and (vi) where the judgment sustains a claim founded on a breach of any law in force in India. Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court in any country or territory outside India which the Central Government has by notification declared to be in a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty. Only the United Kingdom, Singapore and Hong Kong have been declared by the Central Government to be reciprocating territories. Accordingly, a judgment of a court in the United States or another jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce a foreign judgment if it viewed the amount of damages awarded as excessive or inconsistent with public policy. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to execute such a judgment or to repatriate outside India any amount recovered.



## PROMINENT NOTES

- Any clarification or information relating to the Issue shall be made available by the BRLM and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever. Investors may contact the BRLM who have submitted the due diligence certificate to SEBI for any complaints pertaining to the Issue.
- The networth of our Company was ₹ 1050.96 lakhs as at March 31, 2010 and ₹ 1054.16 lakhs for the quarter ended June 30, 2010, as per the restated financial statements of our Company prepared in accordance with Indian GAAP and restated in accordance with the ICDR Regulations
- Public issue of 39,00,000 Equity Shares of ₹ 10/- each for cash at a price of ₹ [●] per Equity Shares including a premium of ₹ [●] per Equity Share aggregating ₹ [●]
- The Book Value per Equity Share of ₹ 10/- each was ₹ 10.087 as at March 31, 2010 and ₹ 10.117 for the quarter ended June 30, 2010, respectively, as per the restated financial statements prepared in accordance with Indian GAAP and restated in accordance with the ICDR Regulations

- The average cost of acquisition per Equity Shares by our Promoters is:

Sr. No	Name of Promoter	No of Equity Shares held	Weighted Average cost per share of ₹ 10/- each
1	Mr. Rajesh C Rathod	17,52,350	0.91
2	Mr. Yogesh C Rathod	28,25,975	1.34
3	Mr. Vijay C Rathod	10,29,500	1.17
4	Mr. Dhirajlal L Shah	6,18,700	0.50
5	Mr. Nitin H Gada	2,82,200	0.54
6	Ms. Vanita D Shah	4,12,500	1.27

- Our Group entity has no business interest in our company.
- See “Related Party Disclosures” on page no. 124 for details of transactions by our Company with related parties
- Except as otherwise stated in this Draft Red Herring Prospectus, our Company has not entered into any transaction with any group or subsidiary companies in the past.
- There are no financing arrangements whereby the Promoter Group, our Directors or their relatives have financed the purchase by any other person of securities of the issuer other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of filing this Draft Red Herring Prospectus.



## SECTION IV – INTRODUCTION

### SUMMARY OF INDUSTRY

#### Global IT Market

The IT services market requires collaboration of various vendors and service providers and share their resources of technology, people and processes to provide competitive solutions for end users. *As per NASSCOM*, global software and services market touched USD 967 billion in 2008, an above average growth of 6.3% over past year. Worldwide technology products and related services spend had estimated to cross USD 1.6 trillion in 2008, a growth of 5.6 per cent over 2007. The global technology related spending is expected to reduce for the first 2-3 quarters of 2009 on account of the downturn but is expected to pick up in 2010. The global services and software segments are estimated to cross USD 1.2 trillion by 2012. This is more than the 5.2 per cent growth expected in the total IT spending.

As per *NASSCOM, Indian IT – BPO Industry Factsheet, October 2010*, worldwide technology products and services related spend was estimated to reach USD 1.5 trillion in 2009, a decline of 2.9 per cent over 2008. The industry was estimated to aggregate revenues of USD 73.1 billion in FY2010, with the IT software and services industry accounting for USD 63.7 billion of revenues.

#### Global Internet Industry Overview

In the *Press Release on March 06, 2007, at London, U.K.*, comScore, Inc. had presented the growth rates in worldwide internet users as compare to 2006. It also stated the countries that stood the highest in the internet usage. comScore, Inc released worldwide internet audience has grown 10 percent in last year, According to comScore Networks India, China and Russia experience highest audience growth rates year-over-year where as Canada, Israel, and Korea log the most time online.

comScore Networks, a leader in measuring the digital age announced that 747 million people, age 15+, used the Internet worldwide in January 2007, a 10-percent increase versus January 2006. Among the top 15 countries (ranked by penetration), Internet audiences in India, the Russian Federation and China increased the most in 2006, growing 33, 21 and 20 percent, respectively. China now represents the second-largest Internet population in the world, with 86.8 million users, after the U.S., which rose 2 percent year-over-year to 153.4 million users age 15 or older in January 2007.

#### Top 15 countries by Internet penetration Unique Visitors Age 15+\* (January 2007 v/s January 2006)

Description	Jan-06 (000)	Jan-07 (000)	Percentage Change
<b>Worldwide</b>	676,878	746,934	10%
United States	150,897	153,447	2%
China	72,408	86,757	20%
Japan	51,450	53,670	4%
Germany	31,209	32,192	3%
United Kingdom	29,773	30,072	1%
South Korea	24,297	26,350	8%
France	23,712	24,560	4%
India	15,867	21,107	33%
Canada	18,332	20,392	11%
Italy	15,987	18,106	13%
Brazil	12,845	14,964	16%
Spain	12,206	12,710	4%
Russian Federation	10,471	12,707	21%
Netherlands	10,772	11,077	3%
Mexico	8,624	10,149	18%

\* Excludes traffic from public computers such as Internet cafes or access from mobile phones or PDAs.

Source: comScore World Metrix



**Top 10 countries by average monthly hours online per unique visitor Broadband v/s narrow band among visitors age 15+\* (January 2007 )**

Description	Unique Visitors Rank	Average Monthly Hours Online		
		Among All Users	Among Broadband Users	Among Narrowband Users
Canada	9	39.6	41.3	14.2
Israel	28	37.4	38.8	10.9
South Korea	6	34.0	36.1	N/A**
United States	1	31.6	37.2	13.5
United Kingdom	5	31.2	35.6	7.5
Chile	20	30.9	38.6	12.6
Brazil	11	30.2	38.5	17.0
Finland	30	28.7	34.2	N/A**
Spain	12	27.9	33.4	9.1
Sweden	21	27.5	31.4	9.7

\* Excludes traffic from public computers such as Internet cafes or access from mobile phones or PDAs.

\*\* Level of narrowband penetration extremely low, therefore an accurate reportable estimate is not available.

Source: comScore World Metrix

## SUMMARY OF BUSINESS

We are software development Company. We are a five year old company having been incorporated in 13<sup>th</sup> May 2005, with an objective of developing solutions for the social, commercial and collaborative sphere.

We presently operate from our office admeasuring about 4170 Sq. feet acquired on leave and licence basis located at Nirmal Corporate Centre, L. B. S. Marg, Mulund a prominent eastern suburb of Mumbai.

We are presently actively involved in research and development of NetAlter System by deploying the intellectual and knowledge innovations at our disposal. The NetAlter System comprises of a system, methods, computer program, standards, infrastructure, search algorithm and a business method for an AI enabled Information Communication and Computation (ICC) framework operated by NetAlter Browser to device substitute to the present cyberspace by engaging client/server as well peer to peer framework. NetAlter System is also determined to facilitate migration of existing client-server solutions to secured Peer to Peer platform. For "NetAlter System", we have obtained registration for the Patent in respect of 'An Information Communication and Computation System' with the Patent Office, Government of India. We have also filed for Patent in PCT, USA, Europe (EPO), Malaysia, New Zealand, China, Canada, Australia, Mexico, and Brazil for 'A method and system for institution of information communication and computation framework'.

We are also engaged in developing and marketing social and business networking software products and its related tools and utilities. Our products comprises of Community Hotline, Community Online, Matrimonial Hotline, Matrimonial Online, Family Connect, Friend Connect, Contact Manager and Bhav2bahv. Our tools and utilities comprise of CD Wizard, CD Viewer, Email Manager and Web Manger.

### Our Goal & Vision

We are a software development company determined to bridge over the needs of the social and business networking community through more reliable, intellectual and knowledge innovative solutions. We believe that the value potential of information technology as a force multiplier is best achieved by developing innovative solutions.

### We have set ourselves the following goals:

- To be pioneer in alternative to cyberspace.

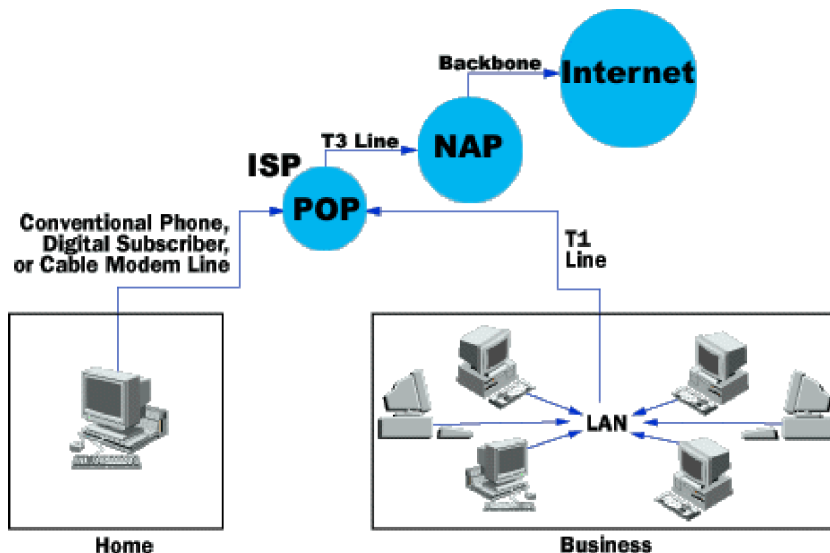


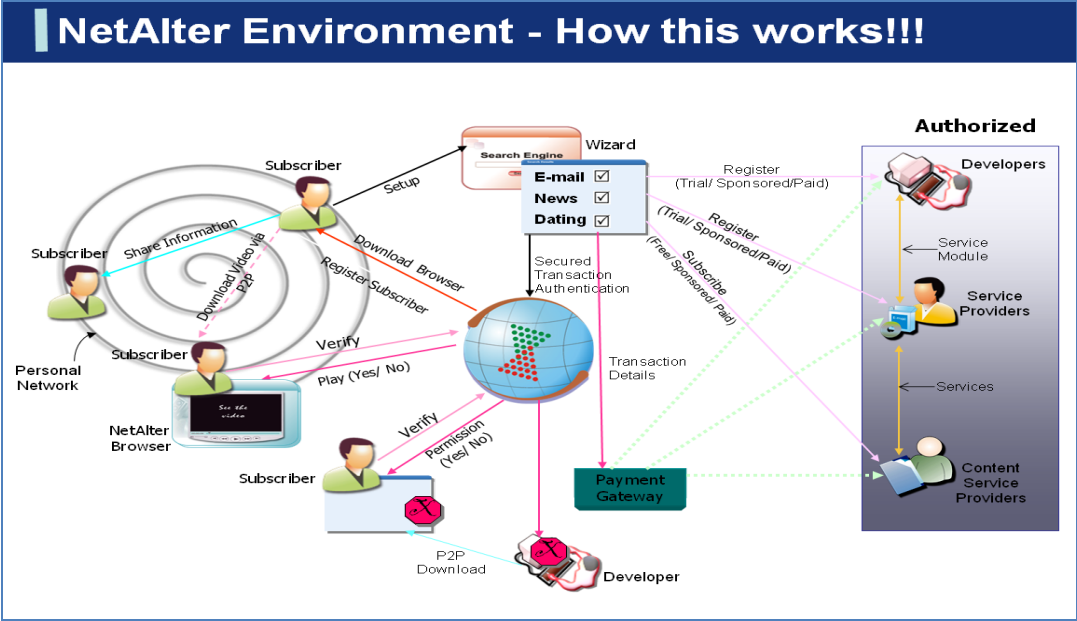
- Become a powerhouse of innovations.
- Influence knowledge and information in developing software solutions which will become a hallmark in their respective fields.
- Undertake continued research into the latest software, application and services technology.
- Form a consortium of developers and service providers who would like to capitalize on the innovative capabilities of NetAlter System and become our business partners.
- Make Information Technology easy to deploy and thus reduce the cost of access to information, communication and computing resources.

### **NetAlter System**

The NetAlter System is being developed as a P2P and client/server based system which would emerge as a secure and trusted alternative to the World Wide Web. Once fully developed, this new system will be called “NetAlter” and will offer a more secure, trusted, spam and virus-free software and network for businesses and end-users. The present internet system offers little privacy and security. Businesses are concerned about safety of intellectual property, piracy issues, bandwidth wastage, and commercial costs. NetAlter is being designed to offer an alternative framework to the existing Internet system by providing the most comprehensive system and environment for preventing, piracy and spread of malicious content and robust protection for intellectual property rights.

### **Present system of Internet**









## SUMMARY OF FINANCIAL INFORMATION

### STATEMENT OF ASSETS AND LIABILITIES (AS RESTATED)

(₹ in Lacs)

Sr. No	Particulars	As at March 31,					Quarter Ended June 2010
		2006	2007	2008	2009	2010	
<b>A.</b>	<b>Fixed Assets</b>						
	Gross Block	220.79	225.75	830.56	1,023.35	1,044.33	1,060.68
	Less : Depreciation	-	0.86	31.74	65.56	118.69	131.26
	<b>Net Block</b>	<b>220.79</b>	<b>224.89</b>	<b>798.81</b>	<b>957.79</b>	<b>925.64</b>	<b>929.42</b>
	Less : Revaluation Reserve	-	-	(170.00)	(170.00)	(170.00)	(170.00)
	Net Block after adjustment for Revaluation Reserve	220.79	224.89	628.81	787.79	755.64	759.42
	Capital Work In Progress	51.84	233.60	27.41	46.54	191.47	216.75
	<b>TOTAL</b>	<b>272.63</b>	<b>458.49</b>	<b>656.22</b>	<b>834.33</b>	<b>947.11</b>	<b>976.17</b>
<b>B.</b>	<b>Investments</b>	-	-	-	-	-	-
<b>C.</b>	<b>Current Assets, Loans &amp; Advances</b>						
	Inventories	-	-	0.86	0.86	0.86	0.86
	Sundry Debtors	-	-	-	26.00	57.40	44.20
	Cash and Bank Balance	19.16	27.54	9.51	8.84	15.38	10.84
	Loans & Advances	28.57	68.62	88.47	57.69	42.31	51.08
	<b>TOTAL</b>	<b>47.73</b>	<b>96.16</b>	<b>98.84</b>	<b>93.40</b>	<b>115.95</b>	<b>106.98</b>
<b>D.</b>	<b>Liabilities &amp; Provisions</b>						
	Secured Loans	-	-	-	-	-	-
	Unsecured Loans	23.07	25.56	22.39	128.06	-	-
	Deferred Tax Liability	-	-	1.94	1.94	-	-
	Current Liabilities & Provisions	6.75	62.14	6.05	35.18	12.10	28.99
	<b>TOTAL</b>	<b>29.82</b>	<b>87.70</b>	<b>30.38</b>	<b>165.18</b>	<b>12.10</b>	<b>28.99</b>
<b>E.</b>	<b>Net Worth (A+B+C-D=E)</b>	<b>290.54</b>	<b>466.95</b>	<b>724.68</b>	<b>762.55</b>	<b>1,050.96</b>	<b>1,054.16</b>
<b>F.</b>	<b>Represented by</b>						
	Share Capital	100.30	101.13	174.30	204.39	1,041.94	1,041.94
	Share Application Money	35.85	46.55	7.30	-	-	-
	Reserves & Surplus	158.70	323.82	720.53	734.12	183.49	186.31
	Less : Revaluation Reserve	-	-	(170.00)	(170.00)	(170.00)	(170.00)
	Reserves (Net of Revaluation Reserve)	-	-	550.53	564.12	13.49	16.31
	Miscellaneous Expenditure (To the extent not W/off)	(4.31)	(4.55)	(7.45)	(5.96)	(4.47)	(4.09)
	<b>Net Worth</b>	<b>290.54</b>	<b>466.95</b>	<b>724.68</b>	<b>762.55</b>	<b>1,050.96</b>	<b>1,054.16</b>



**STATEMENT OF PROFIT AND LOSS ACCOUNT (AS RESTATED)**

(₹ in Lacs)

Sr. No.	Particulars	As at March 31,					Quarter Ended June 2010
		2006	2007	2008	2009	2010	
<b>A.</b>	<b>Income</b>						
I.	<b>Sales :</b>						
	a. Software Products (Net of VAT)	-	-	-	25.59	60.05	16.00
II.	Other Income	-	-	-	-	0.07	-
III.	(Increase)/Decrease in Stock	-	-	-	-	-	-
	<b>Total Income (I+II+III)</b>	-	-	-	<b>25.59</b>	<b>60.12</b>	<b>16.00</b>
<b>B.</b>	<b>Expenditure</b>						
I.	Personnel Expenses	-	-	-	3.77	5.88	1.79
II.	Administration and Other Expenses	-	-	-	15.16	17.72	3.22
	<b>Total Expenditure (I+II)</b>	-	-	-	<b>18.93</b>	<b>23.60</b>	<b>5.01</b>
<b>C.</b>	<b>Net Profit before Interest Depreciation ,Tax and Extraordinary Items (EBITDA)</b>	-	-	-	<b>6.66</b>	<b>36.52</b>	<b>10.99</b>
	Financial Expenses	-	-	-	-	-	-
	Depreciation & Amortisation	-	-	-	4.24	30.54	7.56
	<b>Profit Before Tax</b>	-	-	-	<b>2.42</b>	<b>5.98</b>	<b>3.43</b>
	Provision for Taxation:						
	Current Tax	-	-	-	0.83	1.00	0.60
	Deferred Tax	-	-	-	-	(1.94)	-
	Fringe Benefit Tax	-	-	-	0.33	-	-
<b>D.</b>	<b>Net Profit after Tax But before Extra Ordinary Items</b>	-	-	-	<b>1.26</b>	<b>6.92</b>	<b>2.83</b>
	Add/(Less) : Excess Income Tax	-	-	-	-	-	-
	Provision Made in Last Years	-	-	-	-	-	-
	<b>Net Profit as per restated Profit and Loss Account</b>	-	-	-	<b>1.26</b>	<b>6.92</b>	<b>2.83</b>



## **THE ISSUE**

The following table summarises the details of the Issue:

<b>Equity Shares offered:</b>	
Issue by our Company	39,00,000 Equity Shares
<i>of which:</i>	
A) Qualified Institutional Buyers (QIB) portion	Not less than [●] Equity Shares
<i>of which:</i>	
• Mutual Funds Portion	Upto [●] Equity Shares
• Balance for all QIBs including Mutual Funds	Upto [●] Equity Shares
B) Non-Institutional Portion	Not more than [●] Equity Shares
C) Retail Portion	Not more than [●] Equity Shares
Equity Shares outstanding prior to the Issue	1,04,19,400 Equity Shares
Equity Shares outstanding after the Issue	1,43,19,400 Equity Shares
Use of Net Proceeds	See “Objects of the Issue” on page no. 27

*Allocation to all categories will be made on a proportionate basis.*

*Our Company is considering a pre-IPO placement of upto 3,00,000 Equity Shares aggregating to ₹ 450 lakhs with some investors. The pre-IPO placement, if any, will be completed before the filing of the Red Herring Prospectus with the ROC*

*Subject to valid bids being received at or above the Issue Price, under-subscription, if any, in the Retail or Non Institutional Portion, would be allowed to be met with spill-over from other categories or a combination of categories, at the discretion of our Company in consultation with the BRLM..*



## **GENERAL INFORMATION**

Our Company was incorporated as NetAlter Software Limited (NSL) on May 13, 2005 under the Companies Act, 1956 as a Public Limited Company and obtained the Certificate of Commencement of Business on June 1, 2005 from ROC, Maharashtra, Mumbai.

### **Registered Office of our Company**

NetAlter Software Limited,  
813 & 814, Nirmal Corporate Centre,  
Nirmal Lifestyle,  
LBS Marg, Mulund (W),  
Mumbai – 400 080  
Maharashtra, India.  
Tel: (91-022) 25928553, 25915994  
Fax: (91-022) 25910141  
Website: [www.netalter.com](http://www.netalter.com)  
Email: [info@netalter.com](mailto:info@netalter.com)  
Corporate Identity Number: U72200MH2005PLC153295

### **Corporate Office of our Company**

NetAlter Software Limited,  
622 & 623, Nirmal Corporate Centre,  
Nirmal Life Style,  
L.B.S. Marg, Mulund (West),  
Mumbai – 400080,  
Maharashtra, India  
Tel: (91-022) 25928553, 25915994  
Fax: (91-022) 25910141  
Website: [www.netalter.com](http://www.netalter.com)  
Email: [info@netalter.com](mailto:info@netalter.com)

For details in changes in our registered office, please refer to Chapter titled 'History and other Corporate Matters' on page no. 97 of the Draft Red Herring Prospectus.

### **Address of the Registrar of Companies**

Our Company is registered with the Registrar of Companies, in the city of Mumbai in the State of Maharashtra, located at the following address:

The Registrar of Companies  
Ministry of Corporate Affairs  
Everest 5<sup>th</sup> Floor, 100 Marine Drive,  
Mumbai-400002  
Tel: 022-22812639  
Fax: 022-22811977  
Email: [roc.mumbai@mca.gov.in](mailto:roc.mumbai@mca.gov.in)



### Board of Directors of our Company

The Board of Directors comprises the following:

Sr. No.	Name and Address of the Director	Designation	DIN	Nationality	Age of Director
1	Dr. Hitesh Issrani <b>Address:</b> A/1202, Runwal Heights, L. B. S. Marg, Opposite Nirmal Life Style, Mulund (W), Mumbai – 400080, Maharashtra, India.	Chairman & Whole Time Director	02041449	Indian	31
2	Mr. Rajesh Rathod <b>Address:</b> 1502/A, Mahavir Residency, Near Balrajeshwar Mandir, L.B.S.Road, Mulund (W), Mumbai 400080, Maharashtra, India.	Managing Director	00236164	Indian	39
3	Mr. Nitin Gada <b>Address:</b> 2/7, Harisai Dham CHS, Plot No. 153, Gandhi Nagar Dombivli(E) 421204, Maharashtra, India.	Executive Director	00236048	Indian	49
4	Mr. Kirit Nagda <b>Address:</b> B-11, Chitralekha Sane Guruji Nagar, Mulund (E), Mumbai - 400081, Maharashtra, India.	Independent Director	00458008	Indian	39
5	Mrs. Neha Gada <b>Address:</b> A/704, Satguru Sharan 2, Sant Ramdas Marg, Mulund (E) Mumbai-400081, Maharashtra, India.	Independent Director	01642373	Indian	34
6	Mr. Dinesh Patel <b>Address:</b> 1/5, Hingraj Bhavan, BPX Road No. 1, Mulund (W), Mumbai - 400080, Maharashtra, India.	Independent Director	03104495	Indian	43

For further details of the Directors, please refer to the Chapter titled “Our Management” on page no. 101

### Company Secretary and Compliance Officer

**Mrs. Anushka Matkar** is the Company Secretary and the Compliance Officer and her contact details are as follows:

**Mrs. Anushka Matkar**

813 & 814, Nirmal Corporate Centre,  
Nirmal Lifestyle, LBS Marg, Mulund (W),  
Mumbai – 400 080  
Maharashtra, India.  
Tel: (91-022) 25928553, 25915994  
Fax: (91-022) 25910141  
Email : anushka@netalter.com

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



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, ASBA account number and the Designated Branches.

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**Book Running Lead Manager****Arihant Capital Markets Ltd.**

67 Nehru Road, 3rd Floor Krishna Bhavan,

Vile Parle (E), Mumbai – 400057.

Tel. :+91- (0) 22-42254800; Fax. :+91- (0) 22- 42254880

Website: [www.arihantcapital.com](http://www.arihantcapital.com)

Email: [amol.kshirsagar@arihantcapital.com](mailto:amol.kshirsagar@arihantcapital.com)

Investor Grievance Email: [mbd@arihantcapital.com](mailto:mbd@arihantcapital.com)

Contact Person: Mr. Amol Kshirsagar

SEBI Registration No.: INM000011070

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**Syndicate Members**

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**Self Certified Syndicate Banks**

The list of banks that have been notified by SEBI to act as SCSB for the ASBA Process are available on SEBI's website at [www.sebi.gov.in/pmd/scsb.pdf](http://www.sebi.gov.in/pmd/scsb.pdf). Investors are requested to refer the SEBI website for updated list of SCSBs and their designated branches.

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**Legal Advisors to the Issue****M/s Kanga and Co.****Advocates & Solicitors,**

Readymoney Mansion

43, Veer Nariman Road

Mumbai 400 001,

Maharashtra, India

Ph: (91 22) 6623 0000 ; Fax: (91 22) 6633 9656

Contact Person : Mr. Chetan S. Thakkar

Email: [netalter.ipo@kangacompany.com](mailto:nalter.ipo@kangacompany.com)

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**Registrar to the Issue****Link Intime India Private Limited**

C-13, Pannalal Silk Mills Compound,

L. B. S. Marg, Bhandup (West),

Mumbai 400 078, Maharashtra, India

Ph: (91 22) 25963838;

Fax: (91 22) 25962691

Website: [www.linkintime.co.in](http://www.linkintime.co.in)

Email: [mumbai@linkintime.co.in](mailto:mumbai@linkintime.co.in)

Investor Grievance Email: [nsi.ipo@linkintime.co.in](mailto:nsi.ipo@linkintime.co.in)

Contact Person: Mr. Chetan Shinde

SEBI Registration No.: INR000004058

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## **Bankers to the Issue and Escrow Collection Banks**

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### **Bankers to the Issue**

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### **Bankers to our Company**

#### **Bank of Baroda**

B-13, Shrikrishna dham, Veena Nagar,  
L. B. S. Marg, Mulund (W),  
Mumbai – 400 080  
Tel : (91 22) 25905130 / 25905131 / 25931393;  
Fax : (91 22) 25905130  
e-mail : veebom@bankofbaroda.com

#### **HDFC Bank Limited**

Shankardhan Plaza, Near Mehul Cinema  
Junction of M M Road & Nahur Road  
Mulund (W), Mumbai – 400080  
Tel : 022-25925973; Fax : 022-25901089

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### **Refund Banker to the issue**

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### **Statutory Auditors to our Company**

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#### **M/s Rajendra & Co.**

Chartered Accountants,  
Address: 1311, Dalamal Tower, 211, Nariman Point,  
Mumbai – 400 021 Maharashtra, India  
Tel: 22855770 / 22834266  
Fax: 022-22834243  
E-mail : auditrco@hathway.com

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### Statement of Responsibilities of the BRLM for the Issue

The BRLM shall be solely responsible for the following activities in relation to the issue.

Sr. No.	Activities
1.	Capital structuring with relative components and formalities
2.	Drafting and approval of all statutory advertisements
3.	Due diligence of the Company including its operations/management/ business/plans/legal, etc. Drafting and design of the DRHP, RHP and the Prospectus and of statutory advertisements including a memorandum containing salient features of the Prospectus. The BRLM shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, the ROC and SEBI including finalisation of the Prospectus and ROC filing under SEBI ICDR Regulations, the Companies Act, 1956 and other applicable rules and regulations.
4.	Drafting and approval of all publicity material other than statutory advertisements as mentioned above, including corporate advertising, brochures, etc.
5.	Appointment of other intermediaries including Registrar to the Issue, printers, advertising agency and Bankers to the Issue
6.	Marketing & road show presentation
7.	Non-institutional and Retail marketing of the Issue, which will cover, inter alia: <ul style="list-style-type: none"> <li>Finalising media, marketing and public relations strategy;</li> <li>Finalising centre for holding conferences for brokers, etc.;</li> <li>Follow-up on distribution of publicity and Issue material including forms, the Prospectus and deciding on the quantum of Issue material; and finalising collection centres.</li> </ul>
8.	Domestic institutional marketing of the Issue, which will cover, inter alia: Finalising the list and division of investors for one to one meetings, institutional allocation. Coordination for all domestic road show logistics
9.	International institutional marketing of the Issue, which will cover, inter alia: International Institutional marketing strategy Finalising the list and division of investors for one-to-one meetings, institutional allocation. Coordination of all international road show logistics Preparation of road show marketing presentation and FAQ
10.	Pricing, managing the book, co-ordination with the Stock Exchanges and allocation to QIB Bidders.
11.	Post-Bidding activities including management of escrow accounts, co coordinating underwriting, co-ordination of non-institutional allocation, announcement of allocation and dispatch of refunds to Bidders, etc. The post-Issue activities will involve essential follow up steps, including the finalisation of trading, dealing of instruments, and demat of delivery of shares with the various agencies connected with the work such as the Registrars to the Issue, the Bankers to the Issue, the bank handling refund business and SCSBs. The BRLM shall be responsible for ensuring that these agencies fulfill their functions and discharge this responsibility through suitable agreements with the Company.*

*\* In case of under-subscription in the Issue, the BRLM is responsible for underwriting arrangements and shall also be responsible for invoking underwriting obligations and ensuring that the notice for devolvement containing the obligations of the underwriters is issued in terms of these regulations and as agreed to in the underwriting agreement.*



Even if any of these activities are handled by other intermediaries, the BRLM shall be responsible for ensuring that such intermediaries fulfill their functions and shall enable them to discharge these responsibilities through suitable agreements with our Company.

### **Credit Rating**

As this is an Issue of Equity Shares, there is no credit rating for this Issue.

### **IPO Grading**

This Issue being has been graded by [●] as IPO Grade [●] out of 5, indicating fundamentals [●], pursuant to the SEBI ICDR Regulations. The rationale furnished by the grading agency for its grading will be updated at the time of filing of the Red Herring Prospectus with the ROC.

### **Trustee**

As this is an Issue of Equity Shares, the appointment of a trustee is not required.

### **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 which will be decided by our Company in consultation with the Book Running Lead Managers and advertised at least two (2) days prior to the Bid/Issue Opening Date. The Issue Price is finalised after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

1. Our Company;
2. The BRLM
3. 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 BRLM;
4. Registrar to the Issue;
5. Escrow Collection Bank [●]; and
6. SCSBs.

This Issue is being made through the 100% Book Building Process wherein at least 50% of the Net Issue will be allocated on a proportionate basis to QIBs. Further, 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. If at least 50% of the Net Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, not less than 15% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

This Issue is being made in compliance with Rule 19(2)(b) of SCRR wherein not less than 25% of the Post Issue Paid up Capital shall be offered for subscription to the public through Red Herring Prospectus.

**In accordance with the SEBI ICDR Regulations, QIBs bidding in the Net QIB Portion are not allowed to withdraw their Bid(s) after the Bid Closing Date.** In addition, QIBs bidding in the Net QIB Portion are required to pay 100% of the Bid Amount upon submission of the Bid cum Application Form during the Bidding Period and allocation to such QIBs will be on a proportionate basis. For further details, see Chapter "Issue Structure" on page no. 164.

Our Company shall comply with regulations issued by SEBI from time to time for this Issue. In this regard, our Company has appointed Arihant Capital Markets Ltd. as the BRLM to manage the Issue and to 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 judgement about investment through this process prior to making a Bid or application in the Issue.**

**Illustration of Book Building and Price Discovery Process** *(Investors should note that this example is solely for illustrative purposes and is not specific to the Issue)*

Bidders can bid at any price within the price band. For instance, assume a price band of ₹ 20 to ₹ 24 per share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centers during the bidding period. The illustrative book below shows the demand for the shares of the issuer company at various prices and is collated from bids received from various investors.

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

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

#### **Steps to be taken by the Bidders for Bidding**

1. Check eligibility for making a Bid. For further details see “Issue Procedure” beginning on page no. 167.
2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form or the ASBA Bid cum Application Form, as may be applicable.
3. Except for Bids on behalf of the Central or State Government and the officials appointed by the courts, for Bids of all values ensure that you have mentioned your PAN allotted under the I.T. Act in the Bid cum Application Form or the ASBA Bid cum Application Form, as may be applicable (see “Issue Procedure” beginning on page 167.)
4. Ensure that the Bid cum Application Form or the ASBA Bid cum Application Form, as may be applicable, is duly completed as per instructions given in this Draft Red Herring Prospectus and in the Bid cum Application Form or the ASBA Bid cum Application Form, as may be applicable.
5. Ensure the correctness of your Demographic Details (as defined in the “Issue Procedure” beginning on page no. 167) given in the Bid cum Application Form or the ASBA Bid cum Application Form, as may be applicable, with the details recorded with your Depository Participant.
6. Bids by QIBs will have to be submitted to the BRLM.
7. Bids by ASBA Bidders will have to be submitted to the Designated Branches. ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSB to ensure that the ASBA Bid cum Application Form is not rejected.

**Bid/Issue Programme**

<b>BID/ISSUE OPENS ON</b>	
<b>BID/ISSUE CLOSES ON</b>	

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 5 p.m.** (Indian Standard Time) during the Bidding/ Issue Period as mentioned above at the bidding centers mentioned on the Bid cum Application Form. Standardised cut-off time for uploading of bids on the bid/issue closing date is as under:

1. A standard cut-off time of 3.00 pm for acceptance of bids
2. A standard cut-off time of 4.00 pm for uploading of bids received from non retail applicants i.e. QIBs and HNIs.
3. A standard cut-off time of 5.00 pm for uploading of bids received from retail applicants, where the Bid Amount is up to ₹ 2,00,000 which may be extended up to such time as deemed fit by Stock Exchanges. Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the NSE and BSE. It is clarified that the Bids not uploaded in the book would be rejected

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 the physical form of the Bidder maybe 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, 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, not later than the times mentioned above on the Bid/ Issue Closing Date. All times mentioned in the Draft Red Herring Prospectus is 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, our company, the BRLM and the Syndicate Member shall not be responsible. Bids will be accepted only on Business Days, i.e., Monday to Friday (excluding any public holiday).

On the Bid/ Issue Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids received by Retail Individual Bidders after taking into account the total number of Bids received up to the closure of time period for acceptance of Bid cum Application Forms as stated herein and reported by the BRLM to the Stock Exchange within half an hour of such closure.

**Investors please note that as per letter no. List/smd/sm/2006 dated July 3, 2006 and letter no. NSE/IPO/25101-6 dated July 6, 2006 issued by BSE and NSE respectively, bids and any revision in Bids shall not be accepted on Saturdays and holidays as declared by the Exchanges.**

Our Company, in consultation with the BRLM reserves the right to revise the Price Band during the Bidding/ Issue Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e. the floor price can move up or down to the extent of 20% of the floor price disclosed at least two (2) days prior to the Bid/ Issue Opening Date and the Cap Price will be revised accordingly.

In case of revision in the Price Band, the Bidding Period will be extended for three (3) additional Business Days after revision of Price Band subject to the Bidding Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the web site of the BRLM and at the terminals of the members of the Syndicate and to the SCSBs.



## Underwriting Agreement

After the determination of the Issue Price and allocation of the Equity Shares, but prior to the filing of the Prospectus with the ROC, our Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfil their underwriting obligations. The Underwriting Agreement is dated [●]. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions specified therein.

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

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

(₹ in Lakhs)		
Name and Address of the Underwriter	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten
[●]	[●]	[●]
[●]	[●]	[●]

The abovementioned is indicative underwriting and this would be finalised after the pricing and actual allocation.

In the opinion of our Board of Directors (based on a certificate given by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The abovementioned Underwriters are registered with SEBI under Section 12 (1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our Board of Directors, at its meeting held on [●] has accepted and entered into the Underwriting Agreement with the Underwriters.

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





## CAPITAL STRUCTURE

Our Equity Share capital before the Issue and after giving effect to the Issue, as at the date of this Draft Red Herring Prospectus, is set forth below:

Sr. No.	Particulars	Aggregate Nominal Value (₹)	Aggregate Value at Issue Price (₹)
<b>A</b>	<b>Authorised Share Capital</b>		
	1,60,00,000 Equity Shares of ₹ 10 each	16,00,00,000	
<b>B</b>	<b>Issued, subscribed &amp; paid up share capital before the Issue</b>		
	1,04,19,400 fully paid up Equity Shares of ₹ 10 each	10,41,94,000	
<b>C</b>	<b>Present Issue in terms of this Draft Red Herring Prospectus</b>		
	39,00,000 Equity Shares of ₹ 10 each	3,90,00,000	[●]
	Out of which		
	(a) QIB portion of not less than [●] Equity Shares shall be available for allocation	[●]	[●]
	(b) Non-Institutional portion of not more than [●] Equity Shares shall be available for allocation	[●]	[●]
	(c) Retail portion of not more than [●] Equity Shares shall be available for allocation	[●]	[●]
<b>D</b>	<b>Equity Capital after the Issue</b>		
	1,43,19,400 Equity Shares of ₹ 10 each	14,31,94,000	
	<b>Share premium account</b>		
	Before the Issue	5,30,750	
	After the Issue	[●]	

- The Issue has been authorised by a resolution of the Board dated June 22, 2010 . The shareholders have authorised the Issue by a special resolution passed pursuant to Section 81(1A) of the Companies Act at the Annual General Meeting of our Company held on July 29, 2010.
- Our Company is considering a pre-IPO placement of upto 3,00,000 Equity Shares aggregating to ₹ 450 lakhs with some investors. The pre-IPO placement, if any, will be completed before the filing of the Red Herring Prospectus with the ROC. The Equity Shares allotted under the pre-IPO placement, if completed, shall be subject to a lock-in period of one year from the date of allotment pursuant to the said public issue.
- Under-subscription, if any, in the non-institutional portion and retail portion would be allowed to be met with spill over from other categories, at the sole discretion of the Company and BRLM.
- The Share Premium Account post issue will be determined after Book Building Process.

### Changes in the Authorised Share Capital of our Company since Incorporation:

- The authorised share capital of ₹ 1,00,00,000 consisting of 1,00,00,000 equity shares of ₹ 1 each was increased to ₹ 4,50,00,000 divided into 1,50,00,000 Equity Shares of ₹ 1 each and 300,000, 12% Cumulative Redeemable Preference Shares of ₹ 100 each by a resolution of our shareholders dated June 30, 2005.
- The authorised share capital of ₹ 4,50,00,000 divided into 1,50,00,000 Equity Shares of ₹ 1 each and 300,000, 12% Cumulative Redeemable Preference Shares of ₹ 100 each was re-classified into 4,50,00,000 Equity Shares of ₹ 1 each by a resolution of our shareholders dated June 25, 2007.
- The authorised share capital of ₹ 4,50,00,000 consisting of 4,50,00,000 Equity Shares of ₹ 1 each was increased to ₹ 16,00,00,000 divided into 16,00,00,000 Equity Shares of ₹ 1 each by a resolution of our shareholders dated December 24, 2009.
- The face value of the Equity Shares of ₹ 1 each was consolidated to ₹ 10 each by a resolution of our shareholders dated April 9, 2010.



## Notes to Capital Structure:

### 1. Share capital history of our Company

#### (a) Equity share capital history

Date of allotment	No of Equity Shares	Face Value (₹)	Issue Price (₹)	Consideration	Nature of allotment	Cumulative Equity Share Capital(₹)
13/05/2005	5,00,000	1.00	1.00	Cash	Subscribers to Memorandum	5,00,000
21/06/2005	94,00,000	1.00	1.00	Cash	Preferential Allotment	99,00,000
03/07/2005	52,850	1.00	100.00	Cash	Preferential Allotment	99,52,850
05/07/2005	47,150	1.00	100.00	Cash	Preferential Allotment	1,00,00,000
06/01/2006	30,000	1.00	200.00	Cash	Preferential Allotment	1,00,30,000
28/07/2006	22,125	1.00	200.00	Cash	Preferential Allotment	1,00,52,125
20/11/2006	16,450	1.00	200.00	Cash	Preferential Allotment	1,00,68,575
12/02/2007	44,400	1.00	200.00	Cash	Preferential Allotment	1,01,12,975
28/05/2007	29,025	1.00	200.00	Cash	Preferential Allotment	1,01,42,000
04/06/2007	13,275	1.00	200.00	Cash	Preferential Allotment	1,01,55,275
16/01/2008	71,625	1.00	200.00	Cash	Preferential Allotment	1,02,26,900
11/03/2008	80,00,000	1.00	1.00	N.A.	Issued Against the Scheme of Merger	1,82,26,900
11/03/2008	(7,96,500)	1.00	1.00	N.A.	Cancelled Against the Scheme of Merger	1,74,30,400
26/06/2008	5,025	1.00	200.00	Cash	Preferential Allotment	1,74,35,425
28/07/2008	20,00,000	1.00	1.00	Cash	Preferential Allotment	1,94,35,425
06/03/2009	10,00,000	1.00	1.00	Cash	Preferential Allotment	2,04,35,425
13/03/2009	3,375	1.00	70.00	Cash	Preferential Allotment	2,04,38,800
16/11/2009	4,00,000	1.00	70.00	Cash	Preferential Allotment	2,08,38,800
04/02/2010	8,33,55,200	1.00	1.00	N.A.	Bonus	10,41,94,000
26/04/2010	Nil	10.00	10.00	N.A.	Consolidation	1,04,19,400

#### (b) Issue of Equity Shares in the last one year

Date of allotment of Shares	No. of Shares	Face Value (₹)	Issue Price (₹)	Consideration	Reasons for allotment
04/02/2010	8,33,55,200	1.00	-	Bonus (1:4)	Bonus Issue

#### (c) Shares allotted for consideration other than cash

Date of allotment of Shares	No. of Shares	Face Value (₹)	Issue Price (₹)	Consideration	Reasons for allotment
11/03/2008	80,00,000	1.00	-	Other than Cash	Allotment pursuant to a Scheme of Amalgamation approved by our shareholders resolution 18/08/2007
04/02/2010	8,33,55,200	1.00	-	Bonus (1:4)	Bonus Issue

Except as disclosed above, no benefits have accrued to our Company out of the above allotments.

(d) A scheme of Amalgamation was approved by the Hon'ble Bombay High Court for Amalgamation of White Vision Software Limited (WVSL) (Transferor Co.) with our Company (Transferee Co.) from the appointed date (i.e. April 1, 2007). In accordance with the approval of Hon'ble Bombay High Court to the scheme of Amalgamation the said transferor company has been deemed to have carried on the business after appointed date, on behalf of Company and profits earned or losses incurred on behalf of Company and also that all assets and liabilities of the said transferor Company rest with the Company (Transferee Co.) from the appointed date. In consideration of transfer and vesting of the undertaking of Transferor Company in terms of scheme of Amalgamation the company (Transferee Co.) has issued 40 Equity Shares of ₹ 1/- each against 1 Equity Share of ₹ 10/- each of Transferor Company to the shareholders of Transferor Company For further details on Scheme of Amalgamation, please refer Chapter "History and Other Corporate Matters" beginning on page 97 of this DRHP

## 2. Promoters' Contribution and Lock-in

All Equity Shares, which are being locked-in, are eligible for computation of Promoters' contribution under Regulation 33 of the SEBI ICDR Regulations.

### (a) History of the Share Capital held by the Promoters

Promoter	Date of allotment	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Consideration (₹)
Mr. Rajesh Chunilal Rathod	13/05/2005	1,50,000	1.00	1.00	1,50,000
	21/06/2005	27,00,950	1.00	1.00	27,00,950
	11/03/2008	24,00,000	1.00	NA	Issued against Merger
	28/07/2008	10,00,000	1.00	1.00	10,00,000
	06/03/2009	5,00,000	1.00	1.00	5,00,000
	04/02/2010	1,59,24,800	1.00	NA	Bonus
	<b>Sub-Total</b>	<b>2,26,75,750</b>			
Inter-se sale		58,84,750			
		7,32,500			
<b>Total</b>		<b>1,75,23,500</b>			
<b>Post-consolidation</b>		<b>17,52,350</b>	<b>10.00</b>	<b>N.A.</b>	<b>Consolidation</b>
Mr. Yogesh Chunilal Rathod	13/05/2005	1,50,000	1.00	1.00	1,50,000
	21/06/2005	25,99,750	1.00	1.00	25,99,750
	11/03/2008	24,00,000	1.00	NA	Issued against Merger
	28/07/2008	10,00,000	1.00	1.00	10,00,000
	06/03/2009	5,00,000	1.00	1.00	5,00,000
	04/02/2010	2,26,63,000	1.00	NA	Bonus
	<b>Sub-Total</b>	<b>2,93,12,750</b>			
Inter-se sale		10,53,000			
<b>Total</b>		<b>2,82,59,750</b>			
<b>Post-consolidation</b>		<b>28,25,975</b>	<b>10.00</b>	<b>N.A.</b>	<b>Consolidation</b>
Mr. Vijay Chunilal Rathod	13/05/2005	25,000	1.00	1.00	25,000
	21/06/2005	4,00,000	1.00	1.00	4,00,000
	11/03/2008	4,00,000	1.00	NA	Issued against Merger
	04/02/2010	82,36,000	1.00	NA	Bonus
	<b>Sub-Total</b>	<b>90,61,000</b>			
Inter-se sale		87,000			
		13,21,000			
<b>Total</b>		<b>1,02,95,000</b>			
<b>Post-consolidation</b>		<b>10,29,500</b>	<b>10.00</b>	<b>N.A.</b>	<b>Consolidation</b>
Mr. Dhirajlal Lakhamshi Shah	13/05/2005	1,00,000	1.00	1.00	1,00,000
	21/06/2005	16,00,000	1.00	1.00	16,00,000
	11/03/2008	16,00,000	1.00	NA	Issued against Merger
	04/02/2010	49,49,600	1.00	NA	Bonus
	<b>Sub-Total</b>	<b>82,49,600</b>			
Inter-se sale		20,62,600			
<b>Total</b>		<b>61,87,000</b>			



Promoter	Date of allotment	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Consideration (₹)
<b>Post-consolidation</b>		<b>6,18,700</b>	<b>10.00</b>	<b>N.A.</b>	<b>Consolidation</b>
Mr. Nitin Harakhchand Gada	13/05/2005	25,000	1.00	1.00	25,000
	21/06/2005	3,99,300	1.00	1.00	3,99,300
	11/03/2008	4,00,000	1.00	NA	Issued against Merger Bonus
	04/02/2010	23,69,600	1.00	NA	
<b>Sub-Total</b>		<b>31,93,900</b>			
Inter-se sale		3,72,400			
Inter-se Purchase		500			
<b>Total</b>		<b>28,22,000</b>			
<b>Post-consolidation</b>		<b>2,82,200</b>	<b>10.00</b>	<b>N.A.</b>	<b>Consolidation</b>
Mrs. Vanita Dhirajlal Shah	13/05/2005	25,000	1.00	1.00	25,000
	21/06/2005	4,00,000	1.00	1.00	4,00,000
	11/03/2008	4,00,000	1.00	NA	Issued against Merger Bonus
	04/02/2010	33,00,000	1.00	NA	
<b>Total</b>		<b>41,25,000</b>			
<b>Post-consolidation</b>		<b>4,12,500</b>	<b>10.00</b>	<b>N.A.</b>	<b>Consolidation</b>

(b) Details of Promoter's Contribution locked-in for three years

Pursuant to Regulations 32 and 36 of the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post-Issue capital of our Company held by the Promoters shall be locked in for a period of three years from the date of Allotment.

The details of such lock-in are given below:

Name of the Promoter	Date of Allotment/ Transfer	Date when made fully Paid-up	Conside-ration	Pre-consolidation		Post consolidation		% of Post-Issue Paid-up Capital
				No. of Equity Shares	Face Value (₹)	No. of Equity Shares	Face Value (₹)	
Mr. Rajesh Chunilal Rathod	04/02/2010	04/02/2010	Bonus	85,91,700	1.00	8,59,170	10.00	6.00
Mr. Yogesh Chunilal Rathod	04/02/2010	04/02/2010	Bonus	85,91,700	1.00	8,59,170	10.00	6.00
Mr. Vijay Chunilal Rathod	04/02/2010	04/02/2010	Bonus	28,63,800	1.00	2,86,380	10.00	2.00
Mr. Dhirajlal Lakhamshi Shah	04/02/2010	04/02/2010	Bonus	35,79,850	1.00	3,57,985	10.00	2.50
Mr. Nitin Harakhchand Gada	04/02/2010	04/02/2010	Bonus	14,31,900	1.00	1,43,190	10.00	1.00
Ms. Vanita Dhirajlal Shah	11/03/2008	11/03/2008	Issued against merger	2,79,850	1.00	27,985	10.00	
	04/02/2010	04/02/2010	Bonus	33,00,000	1.00	3,30,000	10.00	
				35,79,850		3,57,985		2.50
<b>Total</b>				<b>2,86,38,800</b>		<b>28,63,880</b>		<b>20.00</b>



**The Number of Shares held by the Promoters locked in for a period of one year from the date of Allotment are given below:**

Name of the Promoter	Date of Allotment/ Transfer	Date when made fully Paid-up	Consideration (Cash, bonus, kind, etc.)	No. of Equity Shares	Face Value (₹)	Issue/ Acquisition Price (₹)	% of Post-Issue Paid-up Capital
Mr. Rajesh C. Rathod	28/07/2008	28/07/2008	Cash	3,66,200	1.00	1.00	
	06/03/2009	06/03/2009	Cash	5,00,000	1.00	1.00	
	17/12/2009	17/12/2009	Cash	6,00,000	1.00	1.00	
	28/01/2010	28/01/2010	Cash	7,500	1.00	1.00	
	04/02/2010	04/02/2010	Bonus	73,33,100	1.00	--	
	26/02/2010	26/02/2010	Cash	1,25,000	1.00	1.00	
				<b>89,31,800</b> <b>8,93,180</b>	10.00		6.24
Mr. Yogesh C. Rathod	21/06/2005	21/06/2005	Cash	16,96,750	1.00	1.00	
	11/03/2008	11/03/2008	Issued against merger	24,00,000	1.00	--	
	28/07/2008	28/07/2008	Cash	10,00,000	1.00	1.00	
	06/03/2009	06/03/2009	Cash	5,00,000	1.00	1.00	
	04/02/2010	04/02/2010	Bonus	1,40,71,300	1.00	--	
				<b>1,96,68,050</b> <b>19,66,805</b>	10.00		13.74
Mr. Vijay C. Rathod	21/06/2005	21/06/2005	Cash	3,38,000	1.00	1.00	
	11/03/2008	11/03/2008	Issued against merger	4,00,000	1.00	--	
	19/09/2008	19/09/2008	Cash	5,00,000	1.00	1.00	
	21/12/2009	21/12/2009	Cash	8,21,000	1.00	1.00	
	04/02/2010	04/02/2010	Bonus	53,72,200	1.00	--	
				<b>74,31,200</b> <b>7,43,120</b>	10.00		5.19
Mr. Dhirajlal L. Shah	11/03/2008	11/03/2008	Issued against merger	12,37,400	1.00	--	
	04/02/2010	04/02/2010	Bonus	13,69,750	1.00	--	
				<b>26,07,150</b> <b>2,60,715</b>	10.00		1.82
Mr. Nitin H. Gada	21/06/2005	21/06/2005	Cash	51,900	1.00	1.00	
	06/02/2008	06/02/2008	Cash	500	1.00	1.00	
	11/03/2008	11/03/2008	Issued against merger	4,00,000	1.00	--	
	04/02/2010	04/02/2010	Bonus	9,37,700	1.00	--	
				<b>13,90,100</b> <b>1,39,010</b>	10.00		0.97
Ms. Vanita D. Shah	13/05/2005	13/05/2005	Cash	25,000	1.00	1.00	
	21/06/2005	21/06/2005	Cash	4,00,000	1.00	1.00	
	11/03/2008	11/03/2008	Issued against merger	1,20,150	1.00	--	
				<b>5,45,150</b> <b>54,515</b>	10.00		0.38
<b>GRAND TOTAL Post Consolidation</b>				<b>4,05,73,450</b> <b>40,57,345</b>			28.33



### Summary of Promoters holding and their lock-in period

Name of Promoter	Shares lock-in for 3 years	Shares lock-in for 1 year	Total Shares	% to pre-issue	% to post-issue
Mr. Rajesh C. Rathod	8,59,170	8,93,180	17,52,350	16.82	12.24
Mr. Yogesh C. Rathod	8,59,170	19,66,805	28,25,975	27.12	19.74
Mr. Vijay C. Rathod	2,86,380	7,43,120	10,29,500	9.88	7.19
Mr. Dhirajlal L. Shah	3,57,985	2,60,715	6,18,700	5.94	4.32
Mr. Nitin H. Gada	1,43,190	1,39,010	2,82,200	2.71	1.97
Ms. Vanita D. Shah	3,57,985	54,515	4,12,500	3.96	2.88
<b>Total</b>	<b>28,63,880</b>	<b>40,57,345</b>	<b>69,21,225</b>	<b>66.43</b>	<b>48.34</b>

- (a) The Promoters' contribution has been brought in to the extent of not less than the specified minimum lot and from the persons defined as Promoters under the SEBI ICDR Regulations.
- (b) The Equity Shares that are being locked-in are not ineligible for computation of Promoters' contribution under Regulation 33 of the SEBI ICDR Regulations. In this connection, as per Regulation 33 of the SEBI ICDR Regulations, our Company confirms that the Equity Shares locked-in do not consist of:
  - i. Equity Shares acquired during the preceding three years for consideration other than cash and revaluation of assets or capitalisation of intangible assets or bonus shares out of revaluation reserves or unrealised profits or bonus shares or shares which are otherwise ineligible for computation of Promoters' contribution;
  - ii. Equity Shares acquired during the preceding one year at a price lower than the price at which the Equity Shares are being offered to the Public in the Issue;
  - iii. Equity Shares issued to the Promoters upon conversion of a partnership firm;
  - iv. Equity Shares held by the Promoters that are subject to any pledge; and
  - v. Equity Shares for which specific written consent has not been obtained from the respective shareholders for inclusion of their subscription in the Promoters' contribution subject to lock-in
- (c) In terms of Regulation 37 of the SEBI ICDR Regulations, our entire pre-Issue Equity Share capital held by persons other than our Promoters will be locked in for a period of one year from the date of Allotment in this Issue.
- (d) In terms of Regulation 40 of the SEBI ICDR Regulations:
  - (i) the Equity Shares held by persons other than the Promoters prior to the Issue may be transferred to any other person holding the Equity Shares of our Company which are locked-in as per Regulation 37 of the SEBI ICDR Regulations, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Code, as applicable.
  - (ii) the Equity Shares held by the Promoters may be transferred to another Promoter and among the Promoter Group or to a new Promoter or persons in control of our Company which are locked-in as per Regulation 36 of the SEBI ICDR Regulations, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Code, as applicable.
- (e) Locked-in Equity Shares of our Company held by the Promoters can be pledged with scheduled commercial banks or public financial institutions as collateral security for loans granted by such banks or financial institutions provided that the Equity Shares are locked-in in terms of clause 36 (b) and the pledge of the Equity Shares is one of the terms of the sanction of the loan. Further, the Equity Shares constituting 20% of the fully diluted post-Issue capital of our Company held by the Promoters that are locked in for a period of three years from the date of Allotment, may be pledged only if, such shares are locked-in in terms of Clause 36 (a) and the loan has been granted by the banks or financial institutions for the purpose of financing one or more objects of the Issue.





### 3. *The shareholding pattern of our Company*

The table below presents the shareholding pattern of our Company before the proposed Issue and as adjusted for the Issue:

Category	Pre-Issue		Post-Issue	
	No of Equity Shares	%	No of Equity Shares	%
<b>(A) Promoters</b>				
Rajesh Chunilal Rathod	17,52,350	16.82	17,52,350	12.24
Yogesh Chunilal Rathod	28,25,975	27.12	28,25,975	19.74
Vijay Chunilal Rathod	10,29,500	9.88	10,29,500	7.19
Dhirajlal Lakhamshi Shah	6,18,700	5.94	6,18,700	4.32
Nitin Harakhchand Gada	2,82,200	2.71	2,82,200	1.97
Vanita Dhirajlal Shah	4,12,500	3.96	4,12,500	2.88
<b>Sub Total (A)</b>	<b>69,21,225</b>	<b>66.43</b>	<b>69,21,225</b>	<b>48.33</b>
<b>(B) Promoter Group</b>				
Pradeep Lakhamshi Shah	1,75,450	1.68	1,75,450	1.22
Laxmichand Vasanji Shah	52,500	0.50	52,500	0.37
Jaya Jitesh Gala	22,500	0.22	22,500	0.16
Lata Hiralal Vora	21,500	0.21	21,500	0.15
Sarla Khushal Gada	2,250	0.02	2,250	0.02
Hansa Rakesh Dedhia	1,875	0.02	1,875	0.01
Anil Chunilal Rathod	1,500	0.01	1,500	0.01
Shardaben Chunilal Rathod	1,500	0.01	1,500	0.01
Kalpana Bharat Sangoi	1,100	0.01	1,100	0.01
<b>Sub Total (B)</b>	<b>2,80,175</b>	<b>2.68</b>	<b>2,80,175</b>	<b>1.96</b>
<b>(C) Total Promoter Holding (A)+(B)</b>	<b>72,01,400</b>	<b>69.11</b>	<b>72,01,400</b>	<b>50.29</b>
<b>(D) Others</b>				
Individuals	31,97,500	30.69	31,97,500	22.33
Body Corporates	20,500	0.20	20,500	0.14
<b>Sub Total (D)</b>	<b>32,18,000</b>	<b>30.89</b>	<b>32,18,000</b>	<b>22.47</b>
<b>(E) Public pursuant to the Issue</b>	-	-	39,00,000	27.24
<b>TOTAL (C)+(D)+(E)</b>	<b>1,04,19,400</b>	<b>100.00</b>	<b>1,43,19,400</b>	<b>100.00</b>

For further details on Equity Shares held by Promoters and Promoter Group, refer to 'Note 2' of Notes to 'Capital Structure'.

### 4. *List of top 10 Shareholders of our Company and the number of Equity Shares held by them*

Shareholding of as on December 27, 2010

S. No.	Shareholder	No. of Equity	Percentage (%)
1.	Mr. Yogesh Chunilal Rathod	28,25,975	27.12%
2.	Mr. Rajesh Chunilal Rathod	17,52,350	16.82%
3.	Mr. Vijay Chunilal Rathod	10,29,500	9.88%
4.	Mr. Dhirajlal Lakhamshi Shah	6,18,700	5.93%
5.	Mr. Nirav Amrutlal Chheda	450,000	4.32%
6.	Mrs. Vanita Dhirajlal Shah	4,12,500	3.96%
7.	Mr. Nitin Harakhchand Gada	2,82,200	2.71%
8.	Mr. Deepak Gosar	254,000	2.44%
9.	Mrs. Bhavna Kirti Nagda	222,750	2.14%
10.	Mr. Pradeep Lakhamshi Shah	1,75,450	1.68%
	<b>Total</b>	<b>80,23,425</b>	<b>77.00%</b>



(b) As on ten days prior to the date of filing this Draft Red Herring Prospectus with SEBI:

S. No.	Shareholder	No. of Equity Shares held	Percentage (%)
1.	Mr. Yogesh Chunilal Rathod	28,25,975	27.12%
2.	Mr. Rajesh Chunilal Rathod	17,52,350	16.82%
3.	Mr. Vijay Chunilal Rathod	10,29,500	9.88%
4.	Mr. Dhirajlal Lakhamshi Shah	6,18,700	5.93%
5.	Mr. Nirav Amrutlal Chheda	4,50,000	4.32%
6.	Mrs. Vanita Dhirajlal Shah	4,12,500	3.96%
7.	Mr. Nitin Harakhchand Gada	2,82,200	2.71%
8.	Mr. Deepak Gosar	2,54,000	2.44%
9.	Mrs. Bhavna Kirti Nagda	2,22,750	2.14%
10.	Mr. Pradeep Lakhamshi Shah	1,75,450	1.68%
	<b>Total</b>	<b>80,23,425</b>	<b>77.00%</b>

(c) Two years prior to the date of filing this Draft Red Herring Prospectus with SEBI:

S. No.	Shareholder	No. of Equity	Percentage (%)
1.	Mr. Yogesh Chunilal Rathod	57,68,250	29.68%
2.	Mr. Rajesh Chunilal Rathod	53,13,300	27.34%
3.	Mr. Dhirajlal Lakhamshi Shah	29,16,500	15.01%
4.	Mr. Vijay Chunilal Rathod	12,90,000	6.64%
5.	Mrs. Vanita Dhirajlal Shah	8,25,000	4.24%
6.	Mrs. Panna Vijay Rathod	8,21,000	4.22%
7.	Mr. Nitin Harakhchand Gada	7,81,450	4.02%
8.	Mrs. Damayanti Ravji Nagda	1,44,500	0.74%
9.	M/s. N K Seksaria Family Trust,	75,000	0.39%
10.	Mr. Pradeep Lakhamshi Shah	70,300	0.36%
	<b>Total</b>	<b>1,80,05,300</b>	<b>92.64%</b>

**5. Details of transactions in Equity Shares by our Promoters, Promoter Group, Directors, relatives of Directors and Group Entities for last six months:**

Date	Transferor	Transferee	Nature of Transaction	No. of Equity Shares	Acquisition/ transfer price per Equity Share (₹)
25/06/2010	Nitin Harakhchand Gada	Meeta Dedhia	Transfer	2,000	20,000
25/06/2010		Chhaya Dedhia	Transfer	2,000	20,000
25/06/2010		Heena Dedhia	Transfer	2,000	20,000
25/06/2010		Ramesh Khimji Dedhia (HUF)	Transfer	2,000	20,000
25/06/2010		Bharat Khimji Dedhia (HUF)	Transfer	2,000	20,000
25/06/2010		Atul Khimji Dedhia (HUF)	Transfer	2,000	20,000
25/06/2010		Rasila Doshi	Transfer	1,000	10,000
TOTAL				13,000	1,30,000

6. There are no financing arrangements whereby the Promoter, [the Promoter Group], the Directors of the Issuer or their relatives have financed the purchase by any other person of securities of the issuer other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of filing the Draft Red Herring Prospectus with SEBI.

- Neither our Company, our Promoters, Directors nor the BRLM have entered into any buy-back, safety net and/or standby arrangements for the purchase of Equity Shares from any person.



- Our Company has not raised any bridge loans against the proceeds of the Issue.
  - Except as disclosed in this DRHP, there has been no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus with SEBI until the Equity Shares to be issued pursuant to the Issue have been listed.
  - There are no outstanding warrants, options or other financial instruments or rights that may entitle any person to receive any Equity Shares of our Company.
  - We have not issued any Equity Shares out of revaluation reserves. Further, except as disclosed in this Draft Red Herring Prospectus, we have not issued any Equity Shares for consideration other than cash.
  - The Equity Shares held by our Promoters are currently not subject to any pledge.
  - Our Company does not have any Employee Stock Option Scheme /Employee Stock Purchase Plan for our employees and we do not intend to allot any shares to our employees under Employee Stock Option Scheme / Employee Stock Purchase Plan from the proposed issue.
  - The Issue is being made through the 100% Book Building Process wherein at least 50% of the Net Issue shall be allotted on a proportionate basis to QIBs. 5% of the QIB Portion shall be available for allocation to Mutual Funds only and the remaining QIB Portion shall be available for allocation to all the QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. If at least 50% of the Net Issue cannot be allotted to QIBs, then the entire application money will be refunded forthwith. Further, not more than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not more than 35% of the Net 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.
  - Subject to valid bids being received at or above the Issue Price, under-subscription, if any, in the Retail or Non Institutional Portion, would be allowed to be met with spill-over from other categories or a combination of categories, at the discretion of our Company in consultation with the BRLM.
  - Over-subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off while finalising the basis of Allotment.
7. A Bidder cannot make a Bid for more than the number of Equity Shares offered in this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
  8. Our Promoters and members of our Promoter Group will not participate in the Issue.
  9. We do not presently intend or propose to alter our capital structure for a period of six months from the Bid / Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise. Additionally, if we enter into acquisitions or joint ventures, we may, subject to necessary approvals, consider using our Equity Shares as currency for acquisitions or participation in such joint ventures we may enter into and/or we may raise additional capital to fund accelerated growth.
  10. There will be only one denomination of Equity Shares unless otherwise permitted by law and our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
  11. The Equity Shares will be fully paid up at the time of allotment failing which the Equity Shares may be forfeited for non-payment of calls within twelve months from the date of allotment of securities.



12. Our Company, Directors, Promoters or Promoter Group shall not make any payments direct or indirect, discounts, commissions, allowances or otherwise under this Issue except as disclosed in this Draft Red Herring Prospectus.
13. For details of our related party transactions, see “Related Party Disclosures” on page no. 124
14. Except as disclosed above, the Directors, the Promoters or the Promoter Group have not purchased or sold any securities of our Company, during a period of six months preceding the date of filing this Draft Red Herring Prospectus with SEBI.
15. The Issuer has 592 shareholders as on date of this Draft Red Herring Prospectus.



## SECTION V – OBJECTS OF THE ISSUE

### OBJECTS OF THE ISSUE

We are in the business of developing, marketing and distributing computer software and technology. We are presently developing social networking products and are also engaged in research and development of applications based on NetAlter System.

Having completed the basic research and having initiated steps to safeguard the proprietary rights in the form of patenting of the invention globally, we are now in the process of developing the concept into physical application.

We have financed our product development activities as well as the cost of research and patenting of the NetAlter System from equity contribution of our Promoters and other investors. We need further funds for our project to develop and commercially deploy our NetAlter System as well as our other software products.

Accordingly, the objects of the present issue of shares are:

- to meet the fund requirements for our project to develop and commercialize the NetAlter System and other software products;
- to meet the expenses of the present issue;
- to finance expenditure for general corporate purposes; and
- to seek listing on the Stock Exchanges.

The current Issue comprises of fresh issue of shares only and there is no offer for sale by any of the existing shareholders.

The main objects clause of our Memorandum of Association enables us to undertake our existing activities and the activities for which the funds are being raised by us through this Issue. Further, we confirm that the activities we have been carrying out until now are in accordance with the objects clause of our Memorandum of Association.

We intend to utilize the Issue Proceeds, after deducting the issue management fees, selling / underwriting commissions and other expenses associated with the Issue (the “**Net Proceeds**”) as per the table below:

(₹ In Lakhs)

Particulars	Total fund requirement	Estimated Amount to be utilized from the Net Proceeds	FY 2011-12	FY 2012-13	Total
Project to develop and commercialize NetAlter System and other software products.	4,816.10	4,816.10	2,374.13	2,441.97	4,816.10
General Corporate Purposes	[•]*	[•]*	[•]*	[•]*	[•]*
Total	[•]	[•]	[•]	[•]	[•]

\* To be finalized upon determination of the Issue Price.

Our assessment of the fund requirements and deployment is based on management estimates. Our business, by its nature, is dynamic and competitive, which may necessitate changes in our estimates at our management’s discretion, including availing of new opportunities, meeting competitive threats or other changes that we may not anticipate. The actual costs may vary from the above estimates, and we may need to reschedule or revise (including increase or decrease) our planned requirements and deployment of funds.

### **Means of Finance:**

The entire cost of the project is proposed to be financed from the Net Proceeds of the proposed IPO.



### **Detailed utilization of the Net Proceeds from the Issue:**

We propose to utilize the Net Proceeds towards our project as under:

Project to develop and commercialize NetAlter System and other software products;

(₹ in lakhs)

Description	Total fund requirement	Estimated Amount to be utilized from the Net Proceeds	FY 2011-12	FY 2012-13	Total
Office Premises	690.00	690.00	690.00	-	690.00
Development/ Infrastructure Expenses	3,632.13	3,632.13	1,270.82	2,361.31	3,632.13
Hardware / Software	493.97	493.97	413.31	80.66	493.97
Total	4,816.10	4,816.10	2,374.13	2,441.97	4,816.10

### **OFFICE PREMISES**

Presently our Registered Office is located at Office Nos. 813 and 814, Nirmal Corporate Center, Nirmal Life Style, L.B.S. Marg, Mulund (West), Mumbai – 400080 admeasuring 1050 sq. ft. and our Corporate Office is situated at Office Nos. 622 and 623, Nirmal Corporate Center, Nirmal Life Style, L.B.S. Marg, Mulund (West), Mumbai – 400080 admeasuring 3120 Sq. ft. These premises are taken on leave and licence basis, for a period of 36 months commencing from October 15, 2008 to October 14, 2011. We propose to acquire premises of similar area in or around the same locality for housing our Registered Office and Corporate Office. The cost of the same including cost of registration etc. and any additional furniture and fixtures is estimated at ₹ 690 lakhs.

### **DEVELOPMENT / INFRASTRUCTURE EXPENSES**

The development of applications based on NetAlter System and commercialization of NetAlter System and other software products, would involve outlay of funds in the form of pre-operative expenses towards human resources, office rent and maintenance expenses, professional and legal fees, patent fees etc. These expenses being in the nature of product development expenditure, whose benefit will accrue to our company over the useful life-period of the products, are proposed to be capitalized as asset of the company.

The break-up of the cost is arrived as under:

(₹ in lakhs)

	FY 2011-12	FY 2012-13	Total
Human Resources	1,072.65	2,174.81	3,247.46
Office maintenance & expenses	88.20	107.30	195.50
Office Rent	18.97	-	18.97
Professional & Legal fees	16.00	19.20	35.20
Patent fees	75.00	60.00	135.00
Total	1,270.82	2,361.31	3,632.13





Detailed break-up of the above cost-estimates are as under:

(a) Human Resources

(₹ in lakhs)

	FY 2011-12	FY 2012-13	Total
Management (Sr. / middle level)	104.00	130.00	234.00
Development (Programmers)	189.60	237.00	426.60
Testing	46.80	58.50	105.30
Design (Designers)	14.00	17.50	31.50
DBA (Administrator)	30.00	37.50	67.50
Hardware (Engineers)	17.60	22.00	39.60
Content & Communication	9.45	11.81	21.26
Sales & Marketing	42.30	52.88	95.18
Customer Care & after sales	14.10	17.62	31.72
HR and Administration	4.80	6.00	10.80
Outsourcing	600.00	1,584.00	2,184.00
<b>Total</b>	<b>1,072.65</b>	<b>2,174.81</b>	<b>3,247.46</b>

Management (senior / middle level) - We would be employing 3 officials in the senior management category, including CEO and 4 other officials in the middle level management.

Development (Programmers) - We intend to hire 28 programmers for the development of .Net and .Netmobile. The programmers would be on full time basis for various applications related to Net and Netmobile.

Testing - We would require 7 specialist engineers for testing and implementation of .Net and .Netmobile applications. The average cost per engineer is assumed at around ₹ 6.69 lakhs

Design (Designers) - Designers are required for developing and maintaining internet and intranet web sites and also creating and designing logos, icons, presentations, Brochures, Reports, Demo Slides, and CD Covers etc. We would be requiring 1 senior designer and 3 other designers.

DBA (Administrator) - Provision for 2 administrators are made with an annual salary of ₹ 15 lakhs per person. Administrators are required for managing SQL Servers, Oracle, My SQL and DB2 platforms.

Network Engineers - An Administrator and 4 Engineers are proposed for the maintenance of the system and network support. They would be responsible for the smooth functioning of the entire system and ensure continuous upgradation depending upon the requirements.

Content & Communication - For creating awareness, we propose to employ 3 executives for various public relations and technical write-ups on the functioning of the company..

Sales & Marketing - We intend to employ about 21 executives in various levels for product marketing and market research including for international market.

Customer Care & after sales - For after sales service and client relationship, we propose to have 7 executives including for global market. Their prime responsibility would be to ensure client satisfaction and be available on call.

HR and Administration - A senior executive is proposed for managing the HR and Administration of our Company.

Outsourcing - All the modules and utilities which we plan to outsource are such modules and utilities that we can maintain ourselves at later stage. If we were to develop them in-house, we would require large development space, more manpower besides being time- consuming to recruit and train the manpower. Further,



we will have to maintain such infrastructure at later stage too i.e. after the product development, cost of which may be prohibitive.

The modules that are proposed to be outsourced would be of one- time development in nature. For this, setting up a large infrastructure including manpower etc. would not be prudent and hence, outsourcing would be an ideal option which would not only be cost effective, but also would save us from the hassles of supervision of such module development, if it were to be done internally. Further, post development of the modules, we may find it extremely difficult to service the infrastructure created.

The time required for development of outsourced module will vary from module to module ranging between 3 to 15 months. The average time required is therefore, assumed at 8 months.

(b) Office maintenances & expenses

(₹ in lakhs)

	FY 2011-12	FY 2012-13	Total
Office consumables	13.60	23.40	37.00
Travel Expenses	8.00	12.00	20.00
Repairs & Maintenance	9.60	14.40	24.00
Electricity & Electricals	24.00	36.00	60.00
Telephone & Communication	5.00	7.50	12.50
Recruitment Expenses	28.00	14.00	42.00
<b>Total</b>	<b>88.20</b>	<b>107.30</b>	<b>195.50</b>

(c) Office Rent

We are presently operating from rented premises admeasuring 4,170 sq.ft. The license fee payable for the FY 2011-12 till expiry of current license period in October 2011 is @ ₹ 100/- per sq. ft. per month. Based on the above, the license fee for the FY 2011-12 works out to ₹ 27.11 lakhs (upto 14<sup>th</sup> October 2011). 70% of the cost towards license fee being ₹ 18.97 lakhs is proposed to be capitalised and is accordingly provided in the cost of the project, to be incurred in FY 2011-12.

(d) Professional & Legal Fees

The fees payable to professionals mainly in fields of law and finance are considered under this head. The majority of the fees is expected in relation to our plans of commercialising the NetAlter System. The fee estimated is ₹ 20 lakhs during FY 2011-12 and ₹ 24 lakhs during FY 2012-13. We propose to capitalize 80% of the cost in each of the years.

(e) Patent Fees

We have been granted Patent in respect of NetAlter System, which is defined as ‘An Information Communication and Computation System’, by the Patent Office, Government of India.

We have also filed applications for Patent in USA, EPO, Malaysia, New Zealand, China, Canada, Australia Mexico, and Brazil for our NetAlter System defined as ‘A method and system for institution of information communication and computation framework’. Our patent has also been published by the Patent Co-operation Treaty (“PCT”).

While in EPO and USA, the patent is under examination, in other countries the examination has not yet started but patent is published and request for examination is already filed.

Upon commencement of the examination, the approximate fees payable to attorneys to attend to matters relating to our patent application is on an average about ₹ 15 lakhs per country. Therefore, for the nine countries / regions where our patent examinations are under process, the patent fees/expenses would about ₹ 135 lakhs. Of this amount, ₹ 75 lakhs is expected to be incurred during FY 2011-12 and balance during FY 2012-13.



## **HARDWARE / SOFTWARE**

Our product development process both for NetAlter System as well as other software products would require hardware and software, besides other miscellaneous fixed assets. The estimated cost of such hardware and software requirements and Miscellaneous Fixed Assets is given in table below:

	FY 2011-12	FY 2012-13	(₹ in lakhs) Total
NetAlter Infrastructure	177.61	35.52	213.13
Extension of existing product line			
- Hardware	89.09	17.82	106.91
- Software	136.61	27.32	163.93
Miscellaneous Fixed Assets	10.00	-	10.00
	<b>413.31</b>	<b>80.66</b>	<b>493.97</b>

### *(a) NetAlter Infrastructure*

As explained earlier, we have been engaged in development of NetAlter System.

The details of the infrastructure required for further development of the NetAlter System are:

- Internet and Leased Line
- Networking Components
- Server Hardware
- Server Software
- Other Software

### Internet and Leased Line

Particulars	(₹ in lakhs) Amount *
Server Space at ISP Data centre (per annum)	11.03
2 Mbps base burstable upto 20Mbps (per annum)	1.32
	<b>12.35</b>

\* inclusive of tax @ 10.30%

### Networking components

Particulars	Quantity	Rate	(₹ in lakhs) Amount *
Router – Cisco 3925 Integrated Services	2 nos	3.50	7.35
Firewall Fortigate 310B Enterprise Firewall in a cluster	2 nos	8.50	17.85
Switch – Cisco Catalyst 2960	7 nos	0.40	2.94
Cables and Other Accessories			3.99
			<b>32.13</b>

\* inclusive of tax @ 5%



#### Server Hardware

(₹ in lakhs)

Particulars	Quantity	Rate	Amount *
Online Servers –HP ProLiant BL680c G5#7458 2.40 GHz Six Core 2P Blade Server (517409-B21) Online Server	1 no.	14.00	16.91
SQL Server – HP ProLiant BL680c G5#7458 2.40 GHz Six Core 2P Blade Server (517409-B21) Backend Server	1 no.	14.00	16.91
Primary Domain Controller – HP ProLiant BL490c G6 X5650 1P 6GB-R Int SATA Non-hot Plug 2 SFF SSD Server (595825-B21)	1 no.	3.80	4.59
Addl Domain Controller – HP ProLiant BL490c G6 X5650 1P 6GB-R Int SATA Non-hot Plug 2 SFF SSD Server (595825-B21)	1 no.	3.80	4.59
Backup Server – HP ProLiant BL680c G5 E7458 2.40 GHz Six Core 2P Blade Server (517409-B21)	1 no.	14.00	16.91
Backup Library & Media – HP StorageWorks P4300 G2 7.2TB SAS Starter SAN Solution (BK716A)	1 no.	28.00	33.83
Blade Enclosure – HP BladeSystem c7000 Enclosure	1 no.	10.00	12.08
			<b>105.82</b>

\* inclusive of tax @ 20.80%

#### Server Software

(₹ in lakhs)

Particulars	Quantity	Rate	Amount *
MS Windows Server 2008 R2 Enterprises Edition – Server Licensing	8 nos	0.99	9.56
MS Windows Server 2008 R2 Client with SA – Client Licensing	10 nos	0.05	0.60
MS SQL Server 2008 R2 Enterprise Edition – Server Licensing	2 nos	3.60	8.69
			<b>18.85</b>

\* inclusive of tax @ 20.80%

#### Other Software

(₹ in lakhs)

Particulars	Quantity	Rate	Amount
Data Centre Software – MS SQL 2005 Enterprise Edition – Server Licensing	1 no.	3.50	4.23
Veritas Backup Exec 2010 R2 – includes Backup Agent for SQL Server and Windows Server – Server Licensing	1 no.	3.50	4.23
			<b>8.46</b>

\* inclusive of tax @ 20.80%

A sum of ₹ 80.66 lakhs has been provided for FY 2012-13 towards service, maintenance and upgradation of the various hardware and software proposed to be acquired as above.



(b) Extension of existing product line

The hardware and software requirements for development of additional software products are as under:

Hardware

(₹ in lakhs)

Particulars	Quantity	Rate	Amount *
<b>Servers</b>			
Fortigate 200B – Firewall	1	4.50	4.72
Exchange 2010 Mailbox, Hub & CAS - HP Proliant DL 165 G6	1	1.50	1.57
Exchange 2010 Edge - HP Proliant DL 120 G6	1	1.20	1.26
SQL 2008 - HP Proliant DL 165 G6	1	1.50	1.58
OCS 2007 R2 Standard Server - HP Proliant DL 165 G6	1	1.50	1.58
OCS 2007 R2 Edge Server - HP Proliant DL 120 G6	1	1.20	1.26
TMG – HP Proliant DL 120 G6	1	1.20	1.26
Symantec 11 AntiVirus – HP Proliant DL 120 G6	1	1.20	1.26
DPM2010 or Veritas Backup Exec-HP Proliant DL120 G6	1	1.20	1.26
SCE 2010 - HP Proliant DL 120 G6	1	1.20	1.26
Surveillance Server - HP Proliant DL 120 G6	1	1.20	1.26
1 to 2 TB NAS Box – HP Storage	1	3.00	3.15
Backup Server - HP Proliant DL 120 G6	1	1.20	1.26
			<b>22.68</b>
<b>Computers</b>			
Desktop PC – Intel Core i7 Processor Based PC	100	0.55	57.75
Laptop – Business Class	5	0.75	3.94
Staff Laptop	5	0.40	2.10
Printers – HP	2	1.25	2.62
			<b>66.41</b>
<b>Total Hardware</b>			<b>89.09</b>

\* inclusive of tax @ 5%

Software

(₹ in lakhs)

Particulars	Quantity	Rate	Amount
<b>Operating System *</b>			
MS Operating System - Windows 7 Prof Edition	100	0.070	8.46
MS Operating System - Win2K8 R2 Std Ed	11	0.275	3.65
MS Operating System - Win2K8 R2 Std Ed Cal License	100	0.013	1.57
			<b>13.68</b>
<b>Development *</b>			
MS Development - Visual Studio 2010 Professional Edition	40	0.215	10.39
MS Development - VS .NET 2010 Team Suite with MSDN	2	4.750	11.48
MS Development - VS .NET 2010 Foundation Server	2	1.680	4.06
MS Development - VS .NET 2010 Team Ed. For Arcitect	2	0.840	2.03
MS Development - VS .NET 2010 Team Ed. For Developers	10	0.675	8.15
MS Development - VS .NET 2010 Team Ed. For Testers	5	0.560	3.38
			<b>39.49</b>
<b>Server *</b>			
Mail Server - Exchange Server 2010	2	0.280	0.67
Mail Server - Exchange Server Clients	100	0.025	3.02
Database Server - SQL 2008 R2 Std Ed	1	0.340	0.41
Database Server - SQL 2008 R2 Std Ed Cal License	40	0.068	3.29
Office Communication Server 2007 - Office Communication Server 2007	2	0.290	0.70
Office Communication Server 2007 - Office Communication Server 2007 Cal License	100	0.013	1.57
SCE - System Center Essential 2010 Server +Cal License	1	4.400	5.31
			<b>14.97</b>



<b>Office *</b>			
MS Office - Office 2010 professional ed.	100	0.198	23.92
AntiVirus - Symantec Corporate AntiVirus	100	0.015	1.81
AntiVirus - Veritas Backup Exec 2010 R2	1	3.50	4.23
			<b>29.96</b>
<b>Graphics &amp; Design *</b>			
Design - Corel Draw	5	0.260	1.57
Design - Macromedia Studio 8	2	0.560	1.35
Graphics - Adobe Photoshop	5	0.325	1.97
Graphics - Expresion Blend 3.0	5	0.300	1.81
Content Creation - Acrobat Writer	1	0.190	0.23
			<b>6.93</b>
<b>Others</b>			
TMG – Forefront Threat Management Gateway Server – 1 Processor License **	1	2.50	2.63
Rack – 42U Rack **	1	0.55	0.58
UPS - 10KVA UPS with 30 Mins Backup Time ***	2	12.50	28.37
			<b>31.58</b>
<b>Total Software</b>			<b>136.61</b>

\*Total amount inclusive of tax @ 20.80%

\*\*Total amount inclusive of tax @ 5.00%

\*\*\*Total amount inclusive of tax @ 13.50%

#### (c) Miscellaneous Fixed Assets

Miscellaneous furnitures and fixtures towards EDP enclosures, Stabilizer / UPS stands, etc. are estimated to be around ₹ 10 lakhs and the same is provided in the cost of the project for the first phase.

#### **GENERAL CORPORATE PURPOSES**

We intend to deploy the balance Net Proceeds aggregating ₹ [•] Lakhs for general corporate purposes, including but not restricted to initial development costs towards our new products/utilities apart from NetAlter System, marketing and brand-building initiatives, strengthening our business development and marketing capabilities, meeting contingencies of our project or other exigencies, which our Company in the ordinary course of business may face, or for such other purposes as approved by our Board.

Our management, in accordance with the policies set up by our Board, will have the flexibility in utilizing the sum earmarked for general corporate purposes.

#### **ISSUE RELATED EXPENSES**

The expenses of this Issue include, among others, underwriting and management fees, printing and distribution expenses, legal fees, advertisement expenses and listing fees. The estimated Issue expenses are as follows:

The break-up of the total expenses towards the IPO are as under:

Sl. No.	Particulars	Amount (₹ in lakhs)	% of total estimated issue expenditure	% of issue size
1.	Fees of the Lead Manager, underwriting, brokerage and selling commission	[•]	[•]	[•]
2.	Advertising & Marketing expenses, printing & stationery, distribution, postage etc.	[•]	[•]	[•]
3.	Registrar to the Issue	[•]	[•]	[•]
4.	Other expenses (Legal Advisors, Auditors, Grading Agency, other Advisors, Bankers to the Issue, Fees of SEBI, Stock Exchange etc.)	[•]	[•]	[•]
5.		[•]	[•]	[•]
	<b>Total</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>



### **Working capital requirement**

The Net Proceeds of this Issue will not be used to meet our working capital requirements as we expect sufficient internal accruals and availability of working capital facilities to meet our working capital requirements. However, in the event that there is surplus of funds after deployment from the Net Proceeds of the Issue, the funds may be utilized towards reducing our reliance on working capital facilities.

### **Schedule of Implementation**

Activity	Schedule
Placement of orders for Hardware / Softwares	June 2011
Installation of equipments	July - August 2011
Recruitment of various professionals / outsourcing etc.	August - October 2011
Acquisition of premises	September – October 2011
Training of employees	October – December 2011
Development and Testing of applications (In-house & Outsourced)	October 2011 – March 2013
Launching of products and applications	June 2012 – December 2012
Launching of NetAlter System	March 2013

### **Appraisal**

The objects of the issue and means of finance are not appraised by any bank or financial institution and are based on management estimates.

### **Interim Use of Net Proceeds**

Pending utilization for the purposes described above, we intend to temporarily invest the funds from the Issue in interest bearing liquid instruments including deposits with banks and other fixed and variable return instruments.

### **Monitoring of Utilization of Funds**

We have not appointed a monitoring agency to monitor the utilization of the proceeds of the Issue. We will disclose the utilization of the proceeds of the Issue under a separate head along with details, for all such proceeds of the Issue that have not been utilized. We will indicate investments, if any, of unutilized proceeds of the Issue in our Balance Sheet for the relevant Financial Years subsequent to our listing.

Pursuant to clause 49 of the Listing Agreement, our Company shall on a quarterly basis disclose to the Audit Committee the uses and applications of the proceeds of the Issue. On an annual basis, our Company shall prepare a statement of funds utilized for purposes other than those stated in this Draft Red Herring Prospectus and place it before the Audit Committee. Such disclosure shall be made only until such time that all the proceeds of the Issue have been utilized in full. The statement will be certified by the statutory auditors of our Company.

Our Company shall be required to inform material deviations in the utilization of the Net Proceeds of the Issue to the Stock Exchanges and shall also be required to simultaneously make the material deviations/adverse comments of the Audit Committee public through advertisement in newspapers.

No part of the proceeds from the Issue will be paid by us as consideration to our Promoters, Directors, Group Companies or Key Managerial Personnel, except in the normal course of our business.

For risks associated with our proposed utilization of the Net Proceeds of the Issue, see “Risk Factors” on page no. XIV.





## BASIS FOR ISSUE PRICE

The Issue Price will be determined by our Company in consultation with the BRLM on the basis of assessment of market demand for the Equity Shares offered by way of book building process. The face value of the equity shares is ₹ 10/- and the Issue Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band.

### **Qualitative Factors**

- Two of our Promoters Mr. Yogesh C. Rathod and Mr. Rajesh C. Rathod are inventors of the patented NetAlter System and have good knowledge and experience of software/IT industry.
- The NetAlter system, is a unique product being developed by us which we expect, will emerge as an alternative to the present world wide web (www).
- We have been granted patent for the NetAlter System in India and have applied for patent in U.S., Europe and several other countries, which are in various stages of processing.
- BNP Paribas Business Assets Valuation Limited has vide its Valuation Report dated November 15, 2010 estimated the value of the IPR in respect of the patented NetAlter System to be of the order of US. \$400 million.
- By virtue of the Patent Licensing Agreement dated June 6, 2005 and amended vide Deed of Rectification dated July 12, 2005 and April 1, 2009, we are entitled to receive 40% of proceeds of assignment of patent rights to any third party.
- We have already launched a few other software products, such as Matrimonial Online, Matrimonial Hotline, Community Online and Community Hotline;
- Besides the NetAlter System Patent, we own 22 Registered Trademarks and 4 Copyrights. We also have applied for 2 Trademarks
- We were conferred the Red Herring 100 Global Award for 2007 and Red Herring 100 Asia Award for 2007 which is a testimony to our technological competence.
- Our business forms part of the IT Industry which has been witnessing consistent growth over last several years.

For more information, please refer to the Chapter “*Business Overview*” beginning on page no. 63 of this Draft Red Herring Prospectus.

### **Quantitative Factors**

Information presented in this section is derived from our audited restated standalone financial statements prepared in accordance with Indian GAAP.

Some of the quantitative factors which form the basis for computing the Issue Price are as follows :

#### **Weighted Average Earnings Per Share (EPS)**

Period	EPS (₹)	Weights
Year ended March 31, 2008	-	1
Year ended March 31, 2009	0.01	2
Year ended March 31, 2010	0.07	3
<b>Weighted Average EPS</b>	<b>0.04</b>	

Notes:

1. EPS calculations are done in accordance with Accounting Standard 20 “Earnings per Share” issued by the Institute of Chartered Accountants of India
2. EPS is calculated as Net Profit/(loss) after tax and minority interest as restated after excluding extraordinary income attributable to equity shareholders divided by weighted average number of shares outstanding during the year/period



3. Weighted Average number of equity shares is the number of equity shares outstanding at the beginning of the year/period adjusted by the number of equity shares issued during the year/period multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year

**Price/Earning Ratio (P/E) in relation to Issue Price of ₹ [●] per share of ₹ 10/- each**

Particulars	P/E at the lower end of the price band (₹ [●])	P/E at the higher end of the price band (₹ [●])
Based on 2009-10 EPS of ₹		
Based on weighted average EPS of ₹		

We have given above, the PE ratio of the IT industry. However, although our business forms part of the IT industry, since our major business focus will be on development of the NetAlter system which we expect will emerge as an alternative to the world-wide web, we feel our business profile will not strictly be comparable with any of the existing listed companies in the IT industry in India.

**Return on Net Worth**

Period	RONW (%)	Weights
Year ended March 31, 2009	0.17	1
Year ended March 31, 2010	0.69	2
<b>Weighted Average RONW</b>	<b>0.52</b>	

**Minimum Return on increased Net Worth needed after the Issue to maintain pre-Issue EPS**

At the lower end of the price band [●]

At the higher end of the price band [●]

**Net Asset Value (₹)**

Particulars	At the lower end of the price band (₹ [●])	At the higher end of the price band (₹ [●])
As on March 31, 2009	[●]	[●]
As on March 31, 2010	[●]	[●]
After Issue	[●]	[●]
Issue Price	[●]	

**Comparison with Peer Group Companies**

*Our company is engaged in research and development of the NetAlter System which we believe will emerge as an alternative to the world-wide-web. There are no companies in the universe of Indian listed companies whose business profile is strictly comparable with ours and as such comparison with peer group companies is not possible.*

The face value of our Equity Shares is ₹10 per share and the Issue Price of ₹ [●] is [●] times of the face value of our Equity Shares. The final price would be determined on the basis of the demand from the investors.

The BRLM believes that the Issue Price of ₹ [●] per Equity Shares is justified in view of the above parameters. The investors may also want to peruse the risk factors and our financials as set out in the Auditors Report in the Draft Red Herring Prospectus to have a more informed view about the investment proposition.



## STATEMENT OF TAX BENEFITS

To,  
**The Board of Directors,**  
NetAlter Software Limited  
813 & 814, Nirmal Corporate Centre,  
Nirmal Lifestyle, LBS Marg, Mulund (W),  
Mumbai – 400 080. Maharashtra, India.

Dear Sirs,

**Sub: Statement of Possible Tax Benefits available to the company and its shareholders**

We refer to the proposed Initial Public Offer of NetAlter Software Limited (the “Company”) and hereby enclose as an annexure, the possible tax benefits that may be available to the Company and to the shareholders of the Company under the provisions of the Income-tax Act, 1961, Wealth Tax Act, 1957 presently in force in India as of date.

Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws and their interpretations. Hence, the ability of the Company or its shareholders to derive tax benefits is dependent upon fulfilling such conditions, which is based on business imperatives the Company faces in the future, the Company may or may not choose to fulfil. The benefits discussed in the enclosed statement are not exhaustive nor are they conclusive. The preparation of the contents stated is the responsibility of the Company’s management. This statement is only intended to provide general information and to guide the investors and is neither designed nor intended to be a substitute for professional tax advice. A shareholder is advised to consult his/ her/ their own tax consultant with respect to the tax implications of an investment in the equity shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

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

The Company or its shareholders will continue to be eligible for these benefits in future; or

The conditions prescribed for availing the benefits have been / would be met with;

The revenue authorities / courts will concur with the views expressed herein.

Our views are based on the existing provisions of law and its interpretations, which are subject to change from time to time. We do not assume responsibility to up-date the views of such changes. 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. While all reasonable care has been taken in the preparation of this statement, we accept no responsibility for any errors or omissions therein or for any loss sustained by any person who relies on it. This report is intended solely for information and for the inclusion in the offer Document in connection with the proposed initial public offer of the equity shares of the Company to the public and is not to be used, referred to or distributed for any other purpose without our prior written consent.

**For Rajendra & Co**  
**Chartered Accountants**  
Firm Registration No: 108355W

**Akshay R. Shah**  
**Partner**  
Membership No. 103316  
Mumbai, Dated December 6, 2010



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

### **Under the Income-tax Act, 1961 (“the IT Act”):**

#### **A) SPECIAL TAX BENEFITS:**

As per the existing provisions of the IT Act and other laws as applicable for the time being in force, the Company and its shareholders will not be entitled to any special Tax Benefit under any law.

#### **B) GENERAL TAX BENEFITS:**

##### **To the Company:**

##### **1. Tax Rates**

The corporate tax rate shall be 30% (plus applicable surcharge, education cess and secondary and higher education cess).

##### **2. Tax under Section 115JB:**

The Company is liable to pay income tax at the rate of 18% (plus applicable surcharge, education cess and secondary and higher education cess) on the Book Profit as per the provisions of Section 115JB if the total tax payable as computed under the normal provisions of IT Act is less than 18% of its Book Profit as computed under the said Section.

##### **3. Credit of Minimum Alternate Tax (‘MAT’) under Section 115JAA (1A):**

Under Section 115JAA (1A) credit shall be allowed of any MAT paid under Section 115JB of the I.T. Act. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the IT. Act. However, no interest shall be payable on the tax credit under this subsection. Such MAT credit shall be available for set-off up to 10 years succeeding the year in which the MAT credit initially arose.

##### **4. Dividend Income:**

Dividend income (interim or final) received from a domestic company is exempt from tax in the hands of the resident shareholders. Thus the dividend income received by the Company from investments made in any domestic company will be exempt in its hands [section 10(34) of the Act read with section 115O].

##### **5. Depreciation**

Under Section 32 of the Act, the company can claim depreciation allowance at the prescribed rates on tangible assets such as building, plant and machinery, furniture and fixtures, etc. and intangible assets such as patent, trademark, copyright, know-how, licenses etc.

##### **6. Capital Gains:**

##### **6.1 Exemption under Section 10(38):**

If the Company invests in the equity shares of another company, as per the provisions of Section 10 (38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income if the transaction is chargeable to securities transaction tax. However the profit on sale of such assets included in book profit is liable to a Minimum Alternate Tax U/s 115JB.



## 6.2 Exemption under Section 54EC:

As per the provisions of section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (which are not exempt under section 10(38) of the Act) would not be chargeable to tax to the extent such capital gains are invested up to ₹ 50 lakhs during any financial year in certain notified bonds within 6 months from the date of transfer. The investment in such bonds would need to be retained for a period of 3 years from the date of acquisition.

## 6.3. Tax Rate under Section 111A:

Short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 15 percent (plus applicable surcharge, education cess and secondary and higher education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax. Short-term capital gains arising from transfer of shares in a Company, other than those covered by Section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.

## 6.4. Tax Rate under Section 112:

In accordance with Section 112, the tax on capital gains on transfer of listed shares, where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be the lower of:

- a) 20 percent (plus applicable surcharge, education cess and secondary and higher education cess) of the capital gains as computed after indexation of the cost.; OR
- b) 10 percent (plus applicable surcharge, education cess and secondary and higher education cess) of the capital gains as computed without indexation.

## 7. Carry forward of unabsorbed business loss and unabsorbed depreciation:

Any unabsorbed business loss is allowed to be carried forward for a period of eight assessment years; and under Section 32(2) any unabsorbed depreciation is allowed to be carried forward indefinitely.

## To Resident Shareholders:

### 1. Dividend Income:

Any income by way of dividends (whether interim or final) referred to in Section 115-O received on the shares of the Company is exempt from income tax in the hands of shareholders.

### 2. Capital Gains

#### 2.1 Exemption under Section 10(38):

Any income arising from transfer of a long term capital asset being an equity share in a Company is not includible in the total income, if the transaction is subjected to levy of securities transaction tax.

#### 2.2 Computation of Capital Gains under Section 48:

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



### 2.3 Exemption under Section 54EC:

As per the provisions of section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (which are not exempt under section 10(38) of the Act) would not be chargeable to tax to the extent such capital gains are invested up to ₹ 50 lakhs during any financial year in certain notified bonds within 6 months from the date of transfer. The investment in such bonds would need to be retained for a period of 3 years from the date of acquisition.

### 2.4 Exemption under Section 54F:

Subject to the conditions specified in Section 54F, long-term capital gains (other than those exempt from tax under Section 10(38) of the IT Act) arising to an individual or a Hindu Undivided Family ('HUF') on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares is used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer. If only part of the net consideration is so reinvested, the exemption available shall be in the same proportion as the cost of the new asset bears to the net consideration. If new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the residential house is transferred.

### 2.5 Tax Rate under Section 111A:

Short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 15 percent (plus applicable surcharge, education cess and secondary and higher education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax. Short-term capital gains arising from transfer of shares in a Company, other than those covered by Section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.

### 2.6 Tax Rate under Section 112:

In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be the lower of:

- a) 20 percent (plus applicable surcharge, education cess and secondary and higher education cess) of the capital gains as computed after indexation of the cost; OR
- b) 10 percent (plus applicable surcharge, education cess and secondary and higher education cess) of the capital gains as computed without indexation.

### 3. Set off of losses under Section 74:

Short term capital loss for the year is allowed to be set-off against short-term as well as long term capital gain of the same year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long term capital gains. Long term capital loss for the year is allowed to be set-off against long term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long term capital gains.



4. Securities Transaction Tax (STT) allowed as deductible expenditure:

In computing the business income, an amount equal to STT paid in respect of taxable securities transactions entered into in the course of business will be allowed as a deductible expense, if the income arising from such taxable securities transactions is included in the income computed under the head 'Profits and Gains of Business or Profession' (section 36 (xv) of the Act)

**To Non Resident Indian Shareholders:**

1. Dividend Income:

Any income by way of dividends (whether interim or final) referred to in Section 115-O received on the shares of the Company is exempt from income tax in India in the hands of shareholders.

2. Capital Gains

2.1 Under Section 48:

Cost indexation benefits will not be available in such a case. The capital gains/ loss in such a case is computed by first calculating the capital gains in the foreign currency used to acquire the shares by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilized in the purchase of the shares and thereafter by reconvertng the said capital gains into Indian currency.

2.2 Exemption under Section 54EC:

As per the provisions of section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (which are not exempt under section 10(38) of the Act) would not be chargeable to tax to the extent such capital gains are invested up to ₹ 50 lakhs during any financial year in certain notified bonds within 6 months from the date of transfer. The investment in such bonds would need to be retained for a period of 3 years from the date of acquisition.

2.3 Exemption under Section 54F:

Subject to the conditions specified in Section 54F, long-term capital gains (other than those exempt from tax under Section 10(38) of the IT Act) arising to an individual or a Hindu Undivided Family ('HUF') on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares is used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer. If only part of the net consideration is so reinvested, the exemption available shall be in the same proportion as the cost of the new asset bears to the net consideration. If new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the residential house is transferred.

2.4 Exemption under Section 10(38):

Any income arising from transfer of a long term capital asset being an equity share in a Company is not includible in the total income, if the transaction is chargeable to securities transaction tax.





## 2.5 Tax Rate under Section 111A:

Short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 15 percent (plus applicable surcharge, education cess and secondary and higher education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax. Short-term capital gains arising from transfer of shares in a Company, other than those covered by Section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.

## 2.6 Tax Rate under Section 112:

In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be the lower of:

- a) 20 percent (plus applicable surcharge, education cess and secondary and higher education cess) of the capital gains as computed after indexation of the cost; OR
- b) 10 percent (plus applicable surcharge, education cess and secondary and higher education cess) of the capital gains as computed without indexation.

However, as per second proviso of Section 48, benefit of indexation is not available to Non Residents.

## 3. Set off of losses under Section 74:

Short term capital loss suffered during the year is allowed to be set-off against short-term as well as long term capital gain of the said year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' short-term as well as long term capital gains. Long term capital loss suffered during the year is allowed to be set-off against long term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' Long term capital gains.

## 4. Benefit under Section 90(2):

The Non Resident Indian shareholder has an option to be governed by the provisions of the tax treaty, if they were beneficial than the domestic law wherever India has entered into Double Taxation Avoidance Agreement (DTAA) with the relevant country.

## 5. STT as deductible expenditure:

In computing the business income, an amount equal to STT paid in respect of taxable securities transactions entered into in the course of business will be allowed as a deductible expense, if the income arising from such taxable securities transactions is included in the income computed under the head 'Profits and Gains of Business or Profession' (section 36 (xv) of the Act).

## 6. A Non Resident Indian has the option to be governed by the provisions of Chapter XII – A of the IT Act, according to which:

### A. Under Section 115E:

Where the total income of a non-resident Indian includes any income from investment or income from capital gains of an asset other than a specified asset, such income shall be taxed at a concessional rate of 20 per cent (plus applicable surcharge, education cess and secondary and higher education cess). Also, where shares in the Company are subscribed for in convertible foreign exchange by a Non-Resident India, long term capital gains arising to the non-resident Indian shall be taxed at a concessional rate of 10 percent (plus applicable surcharge, education cess and secondary and higher education cess). The benefit of indexation of cost and the protection against risk of foreign exchange fluctuation would not be available.



**B. Under Section 115 H:**

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 IT Act, declaring therein that the provisions of Chapter XII – A shall continue to apply to him in relation to such investment income derived from the specified assets for the year and subsequent assessment years until such assets are converted into money.

**C. Under Section 115-I:**

A non-resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income under Section 139 of the IT Act declaring therein that the provisions of this Chapter shall not apply to him for that assessment year and if he does so the provisions of this Chapter shall not apply to him, instead the other provisions of the IT Act shall apply.

**To Other Non Resident Shareholders:**

**1. Dividend Income:**

Any income by way of dividends (whether interim or final) referred to in Section 115-O received on the shares of the Company is exempt from income tax in the hands of shareholders.

**2. Capital Gains:**

**2.1 Under Section 48:**

Capital Gains arising out of transfer of capital asset being shares in the company, and such transaction is not chargeable to securities transaction tax, shall be computed by converting the cost of acquisition, expenditure in connection with such transfer and the full value of the consideration received or accruing as a result of the transfer into the same foreign currency as was initially utilized in the purchase of the shares and the capital gains computed in such foreign currency shall be reconverted into Indian currency, such that the aforesaid manner of computation of capital gain shall be applicable in respect of capital gains accruing / arising from every reinvestment thereafter and sale of shares or debentures of an Indian company including the Company.

**2.2 Exemption under Section 54EC:**

As per the provisions of section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (which are not exempt under section 10(38) of the Act) would not be chargeable to tax to the extent such capital gains are invested up to ₹ 50 lakhs during any financial year in certain notified bonds within 6 months from the date of transfer. The investment in such bonds would need to be retained for a period of 3 years from the date of acquisition.

**2.3 Exemption under Section 54F:**

Subject to the conditions specified under Section 54F, long-term capital gains (other than those exempt from tax under Section 10(38) of the IT Act) arising to an individual or a Hindu Undivided Family ('HUF') on transfer of shares of the Company will be exempt from capital gains tax subject to certain conditions, if the net consideration from transfer of such shares are used for purchase of residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of residential house property within a period of 3 years after the date of such transfer. If only part of the capital gain is so reinvested, the exemption available shall be in the same proportion as the cost of the new asset bears to the net consideration. However, in case the new asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted (earlier) shall be chargeable to tax during the year such transfer or conversion.



#### 2.4 Exemption under Section 10(38):

Any income arising from the transfer of a long term capital asset being an equity share in a Company is not includible in the total income, if the transaction is chargeable to securities transaction tax.

#### 2.5 Tax Rate under Section 111A:

Short-term capital gains (i.e., if shares are held for a period not exceeding 12 months) arising on transfer of equity share in the Company would be taxable at a rate of 15 percent (plus applicable surcharge, education cess and secondary and higher education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to securities transaction tax. Short-term capital gains arising from transfer of shares in a Company, other than those covered by Section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.

#### 2.6 Tax Rate under Section 112:

In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be the lower of:

- a) 20 percent (plus applicable surcharge, education cess and secondary and higher education cess) of the capital gains as computed after indexation of the cost; OR
- b) 10 percent (plus applicable surcharge, education cess and secondary and higher education cess) of the capital gains as computed without indexation. However, as per second proviso of Section 48, benefit of indexation is not available to Non Residents.

#### 3. Benefit under Section 90(2):

Provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the Non Resident would prevail over the provisions of the IT Act to the extent they are more beneficial to the Non Resident.

#### 4. STT as deductible expenditure:

In computing the business income, an amount equal to STT paid in respect of taxable securities transactions entered into in the course of business will be allowed as a deductible expense, if the income arising from such taxable securities transactions is included in the income computed under the head 'Profits and Gains of Business or Profession' (section 36 (xv) of the Act).

### **To Mutual funds**

#### Benefit under Section 10(23D):

Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or regulations made there under or Mutual Funds set up by Public Sector Banks or Public Financial Institutions or authorized by the Reserve Bank of India and subject to the conditions specified therein, would be eligible for exemption from income tax on their income.

### **To Foreign institutional investors ('FIIs')**

#### 1. Dividend Income:

Any income by way of dividends (whether interim or final) referred to in Section 115-O received on the shares of the Company is exempt from income tax in the hands of shareholders.



## 2. Capital Gains:

### 2.1 Exemption under Section 54EC:

As per the provisions of section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (which are not exempt under section 10(38) of the Act) would not be chargeable to tax to the extent such capital gains are invested up to ₹ 50 lakhs during any financial year in certain notified bonds within 6 months from the date of transfer. The investment in such bonds would need to be retained for a period of 3 years from the date of acquisition.

### 2.2 Short-term capital gains from transfer of equity shares are taxed at the rate 15% (plus applicable surcharge and education cess) provided the transaction for sale of such equity shares is subject to STT [section 111A of the Act].

### 2.3 Long term Capital gains arising from transfer of shares [other than those covered by section 10(38)], are taxed at the rate of 10% (plus applicable surcharge and education cess). The benefits of indexation and foreign currency fluctuation protection as provided under section 48 of the Act are not available to FIIs. [section 115AD of the Act]

### 2.4 Exemption under Section 10(38):

Any income arising from the transfer of a long term capital asset being an equity share in a Company is not includible in the total income, if the transaction is chargeable to securities transaction tax.

## 3. Benefit under Section 90(2):

Provisions of the Double Taxation Avoidance Agreement between India and the country of residence of the FII would prevail over the provisions of the IT Act to the extent they are more beneficial to the FII.

## 4. STT as deductible expenditure:

In computing the business income, an amount equal to STT paid in respect of taxable securities transactions entered into in the course of business will be allowed as a deductible expense, if the income arising from such taxable securities transactions is included in the income computed under the head 'Profits and Gains of Business or Profession' (section 36 (xv) of the Act).

## **To venture capital companies/ funds**

### Exemption under Section 10(23FB):

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

## **Under The Wealth Tax Act, 1957:**

Asset as defined under Section 2(ea) of the Wealth tax Act, 1957 does not include shares in companies and hence, shares of the Company held by the shareholders would not be liable to wealth tax.

Notes:



- *The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase ,ownership and disposal of equity shares;*
- *The above Statement of Possible Direct Tax Benefits sets out the possible tax benefits available to the Company and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws, including as laid down by the circular 4/2007 dated 15th June 2007 issued by CBDT concerning capital gain, for availing concessions in relation to capital gains tax*
- *This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue;*
- *In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile; and*
- *The stated benefits will be available only to the sole/first named holder in case the shares are held by joint share holders.*



## SECTION VI – ABOUT US

### INDUSTRY OVERVIEW

*Information provided in this section is derived from publicly available publications. However, such information may include inaccuracies, errors or omissions. Neither we, nor any other person connected with the issue has verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information.*

#### Global IT Market

The IT services market requires collaboration of various vendors and service providers and share their resources of technology, people and processes to provide competitive solutions for end users. *As per NASSCOM*, global software and services market touched USD 967 billion in 2008, an above average growth of 6.3% over past year. Worldwide technology products and related services spend had estimated to cross USD 1.6 trillion in 2008, a growth of 5.6 per cent over 2007. The global technology related spending is expected to reduce for the first 2-3 quarters of 2009 on account of the downturn but is expected to pick up in 2010. The global services and software segments are estimated to cross USD 1.2 trillion by 2012. This is more than the 5.2 per cent growth expected in the total IT spending.

As per *NASSCOM, Indian IT – BPO Industry Factsheet, October 2010*, worldwide technology products and services related spend was estimated to reach USD 1.5 trillion in 2009, a decline of 2.9 per cent over 2008. The industry was estimated to aggregate revenues of USD 73.1 billion in FY2010, with the IT software and services industry accounting for USD 63.7 billion of revenues.

#### Global Internet Industry Overview

In the *Press Release on March 06, 2007, at London, U.K.*, comScore, Inc. had presented the growth rates in worldwide internet users as compare to 2006. It also stated the countries that stood the highest in the internet usage. comScore, Inc released worldwide internet audience has grown 10 percent in last year, According to comScore Networks India, China and Russia experience highest audience growth rates year-over-year where as Canada, Israel, and Korea log the most time online.

comScore Networks, a leader in measuring the digital age announced that 747 million people, age 15+, used the Internet worldwide in January 2007, a 10-percent increase versus January 2006. Among the top 15 countries (ranked by penetration), Internet audiences in India, the Russian Federation and China increased the most in 2006, growing 33, 21 and 20 percent, respectively. China now represents the second-largest Internet population in the world, with 86.8 million users, after the U.S., which rose 2 percent year-over-year to 153.4 million users age 15 or older in January 2007.

Internet users outside the U.S. now account for 80 percent of the world's online population, with rapidly developing countries experiencing double-digit growth rates year-over-year.

#### Canada, Israel, and South Korea Lead the World in Online Engagement

As a measure of engagement, comScore also analyzed the top 10 countries ranked by average hours online per visitor for January 2007. Canada led the list, with the average user spending 39.6 hours (and 41.3 hours/ month among broadband users) online during the month. Rounding out the top 5 were Israel, South Korea, the U.S. and the U.K. – all countries with high broadband penetration. In fact, in each of the top 10 countries, the time spent online by users with a broadband connection was substantially greater than the time spent by users with a narrowband connection.



**Top 15 Countries by Internet Penetration Unique Visitors Age 15+\*January 2007 vs. January 2006**

Total Worldwide – All Locations

Source: comScore World Metrix

Description	Jan-06 (000)	Jan-07 (000)	Percentage Change
<b>Worldwide</b>	676,878	746,934	10%
United States	150,897	153,447	2%
China	72,408	86,757	20%
Japan	51,450	53,670	4%
Germany	31,209	32,192	3%
United Kingdom	29,773	30,072	1%
South Korea	24,297	26,350	8%
France	23,712	24,560	4%
India	15,867	21,107	33%
Canada	18,332	20,392	11%
Italy	15,987	18,106	13%
Brazil	12,845	14,964	16%
Spain	12,206	12,710	4%
Russian Federation	10,471	12,707	21%
Netherlands	10,772	11,077	3%
Mexico	8,624	10,149	18%

\* Excludes traffic from public computers such as Internet cafes or access from mobile phones or PDAs.

**Top 10 Countries by Average Monthly Hours Online per Unique Visitor Broadband vs. Narrowband Among Visitors Age 15+\*January 2007**

Total Worldwide – All Locations

Source: comScore World Metrix

		Average Monthly Hours Online		
Description	Unique Visitors Rank	Among All Users	Among Broadband Users	Among Narrowband Users
Canada	9	39.6	41.3	14.2
Israel	28	37.4	38.8	10.9
South Korea	6	34.0	36.1	N/A**
United States	1	31.6	37.2	13.5
United Kingdom	5	31.2	35.6	7.5
Chile	20	30.9	38.6	12.6
Brazil	11	30.2	38.5	17.0
Finland	30	28.7	34.2	N/A**
Spain	12	27.9	33.4	9.1
Sweden	21	27.5	31.4	9.7

\* Excludes traffic from public computers such as Internet cafes or access from mobile phones or PDAs.

\*\* Level of narrowband penetration extremely low, therefore an accurate reportable estimate is not available.





## Top Global Properties

comScore also reported the top worldwide Web properties for January 2007, ranked by unique visitors. Microsoft Sites topped the list with 510.3 million worldwide visitors, followed by Google Sites with 502.5 million worldwide visitors, and Yahoo! Sites with 467.8 million worldwide visitors.

<b>Top 15 Online Properties Worldwide, Among Visitors Age 15+* January 2007</b> Total Worldwide – All Locations Source: comScore World Metrix	
Description	Unique Visitors
<b>Worldwide Total</b>	<b>746,934</b>
Microsoft Sites	510,320
Google Sites	502,464
Yahoo! Sites	467,832
Time Warner Network	262,413
eBay	248,854
Wikipedia Sites	189,003
Amazon Sites	149,817
Fox Interactive Media	139,821
CNET Networks	118,717
Apple Computer, Inc.	116,520
Ask Network	108,870
Adobe Sites	101,810
Lycos, Inc.	90,208
Viacom Digital	76,389
New York Times Digital	72,180

\* Excludes traffic from public computers such as internet cafes or access from mobile phones or PDAs.

In January 2008, the Asia Pacific region had more than 300 million Internet users at least 15 years of age accessing the Internet from work and home computers. This represents an increase of 14 percent versus year ago and makes Asia Pacific the largest of the five worldwide regions. Latin America and Middle East-Africa have also experienced above average audience growth during the past year, while North America and Europe have grown at more modest rates.

<b>Worldwide Internet Audience (000) January 2008 vs. January 2007</b> Total Worldwide, Age 15+ – Home and Work Locations* Source: comScore World Metrix			
Region	Jan-07	Jan-08	Percent Change
<b>Worldwide</b>	<b>746,934</b>	<b>824,435</b>	<b>10.4%</b>
Asia Pacific	271,192	308,817	13.9%
Europe	218,063	232,866	6.8%
North America	173,839	183,823	5.7%
Latin America	50,641	59,025	16.6%
Middle East - Africa	33,199	39,904	20.2%

\* Excludes traffic from public computers such as Internet cafes or access from mobile phones or PDAs.



The “Digital World” report covers a broad array of topics illustrating the key global trends that underlie how the Internet is used around the world today. Some of the key findings include:

- The U.S. now accounts for 21 percent of Internet users worldwide. While growth in the number of Internet users in the U.S. has slowed, several Asian and Eastern European countries continue to add new users at a rapid rate.
- Google is the dominant search brand in most countries, including most of Europe and Latin America, with a few significant exceptions — countries where Chinese, Korean, and Russian languages dominate.
- Chinese language search engine Baidu currently ranks #3 in worldwide search market share, behind Google and Yahoo!
- The number of worldwide visitors to social networking sites has grown 34 percent in the past year to 530 million, representing approximately 2 out of every 3 Internet users. MySpace and Facebook are in a tight battle for the global leadership position, each attracting more than 100 million visitors per month.
- Online video has become the dominant online entertainment format, led by the global popularity of YouTube with more than 250 million visitors in January.
- The Internet has become an important source of news for most Web users. The top 10 global news brands show great diversity between country of origin, including the U.S., U.K., China and South Korea.

According to comScore, global internet audience surpasses 1 billion visitors. comScore further stated that Asia-Pacific region accounts for 41 percent of internet users and China ranks as largest internet population in the world. comScore, Inc. had reported that total global Internet audience (age 15 and older from home and work computers) has surpassed 1 billion visitors in December 2008, based on data from the comScore World Metrix audience measurement service.

The Asia-Pacific region accounted for the highest share of global Internet users at 41 percent, followed by Europe (28 percent share), North America (18 percent share), Latin-America (7 percent share), and the Middle East & Africa (5 percent share).

<b>Total Worldwide Internet Audience: Regional Breakdown Ranked by Total Unique Visitors (000)* December 2008</b> Age 15+, Home & Work Locations Source: comScore World Metrix		
Region	Total Unique Visitors (000)	Share of Total Worldwide Internet Audience (%)
Worldwide	1,007,730	100.0%
Asia Pacific	416,281	41.3%
Europe	282,651	28.0%
North America	185,109	18.4%
Latin America	74,906	7.4%
Middle East & Africa	48,783	4.8%

\* Excludes traffic from public computers such as Internet cafes or access from mobile phones or PDAs.

#### Chinese Internet Audience Outranks U.S.

China represented the largest online audience in the world in December 2008 with 180 million Internet users, representing nearly 18 percent of the total worldwide Internet audience, followed by the U.S. (16.2 percent share), Japan (6.0 percent share), Germany (3.7 percent share) and the U.K. (3.6 percent share).



<b>Top 15 Countries by Internet Audience Ranked by Total Unique Visitors (000)* December 2008</b> Age 15+, Home & Work Locations Source: comScore World Metrix		
Country	Total Unique Visitors (000)	Share of Total Worldwide Internet Audience (%)
Worldwide	1,007,730	100.0%
China	179,710	17.8%
United States	163,300	16.2%
Japan	59,993	6.0%
Germany	36,992	3.7%
United Kingdom	36,664	3.6%
France	34,010	3.4%
India	32,099	3.2%
Russia	28,998	2.9%
Brazil	27,688	2.7%
South Korea	27,254	2.7%
Canada	21,809	2.2%
Italy	20,780	2.1%
Spain	17,893	1.8%
Mexico	12,486	1.2%
Netherlands	11,812	1.2%

\* Excludes traffic from public computers such as Internet cafes or access from mobile phones or PDAs.

#### Google Sites Ranks as Top Internet Property Worldwide

The most popular property in the world in December 2008 was Google Sites, with 777.9 million visitors, followed by Microsoft Sites (647.9 million visitors), Yahoo! Sites (562.6 million visitors). Facebook.com, which has grown a dramatic 127-percent in the past year to 222 million visitors, now ranks as the top social networking site worldwide and the seventh most popular property in the world.

<b>Top 15 Worldwide Properties Ranked by Total Worldwide Unique Visitors (000)* December 2008</b> Age 15+, Home & Work Locations Source: comScore World Metrix		
Property	Total Unique Visitors (000)	% Reach of Total Worldwide Internet Audience
Total Worldwide Internet Audience	1,007,730	100.0%
Google Sites	775,980	77.0%
Microsoft Sites	646,915	64.2%
Yahoo! Sites	562,571	55.8%
AOL LLC	273,020	27.1%
Wikimedia Foundation Sites	272,998	27.1%
eBay	240,947	23.9%
Facebook.COM	221,791	22.0%
Amazon Sites	187,354	18.6%
CBS Corporation	178,844	17.7%
Fox Interactive Media	172,841	17.2%
Ask Network	164,513	16.3%
Apple Inc.	161,500	16.0%
Tencent Inc.	158,617	15.7%
Baidu.com Inc.	152,447	15.1%
Adobe Sites	123,623	12.3%

\* Excludes traffic from public computers such as Internet cafes or access from mobile phones or PDAs.



## Global Social Networking Industry Overview

Use of Internet and its application is rising at a faster pace around the globe. Internet penetration by larger enterprises among developed nations is reaching almost 100 percent.

Major social networking sites substantially expanded their global visitor base during past year. Social networking behemoth MySpace.com attracted more than 114 million global visitors age 15 and older in June 2007, representing a 72-percent increase versus year ago. Facebook.com experienced even stronger growth during that same time frame, jumping 270 percent to 52.2 million visitors. Bebo.com (up 172 percent to 18.2 million visitors) and Tagged.com (up 774 percent to 13.2 million visitors) also increased by orders of magnitude.

Worldwide Growth of Selected* Social Networking Sites June 2007 vs. June 2006			
Total	Worldwide	Home/Work	Locations
Among	Internet	Users	Age 15+
Source: comScore World Metrix			
Social Networking Site	Total Unique Visitors (000)		
	Jun-06	Jun-07	% Change
MySpace	66,401	114,147	72
Facebook	14,083	52,167	270
Hi5	18,098	28,174	56
Friendster	14,917	24,675	65
Orkut	13,588	24,120	78
Bebo	6,694	18,200	172
Tagged	1,506	13,167	774

*\*Sites selected from among those with at least 10 million visitors worldwide, 50 percent growth during the past year, and of particular significance to the North American region; future studies will focus on sites that are popular in other worldwide regions; the sites included do not constitute a ranking of the top social networking sites.*

Worldwide Daily Visitation of Selected Social Networking Sites June 2007 vs. June 2006			
Total	Worldwide	Home/Work	Locations
Among	Internet	Users	Age 15+
Source: comScore World Metrix			
Social Networking Site	Average Daily Visitors (000)		
	Jun-06	Jun-07	% Change
MySpace	16,764	28,786	72
Facebook	3,742	14,917	299
Hi5	2,873	4,727	65
Friendster	3,037	5,966	96
Orkut	5,488	9,628	75
Bebo	1,188	4,833	307
Tagged	202	983	386

### MySpace, Facebook Strong in North America; Bebo Grabs Hold in Europe

While attracting global users, specific social networks have a tendency to skew in popularity in different regions. For example, both MySpace.com (62 percent) and Facebook.com (68 percent) attract approximately two-thirds of their respective audiences from North America. That said, each has already amassed a large international visitor base and both appear poised to continue their global expansion. Bebo.com has a particularly strong grasp on Europe, attracting nearly 63 percent of its visitors from that region, while Orkut is firmly entrenched in Latin America (49 percent) and Asia-Pacific (43 percent). Friendster also attracts a significant proportion of its visitors (89 percent) from the Asia-Pacific region. Both Hi5.com and Tagged.com exhibit more balance in their respective visitor bases, drawing at least 8 percent from each of the five worldwide regions.



<b>Visitation to Selected Social Networking Sites by Worldwide Region June 2007</b>						
Total Worldwide Home/Work Locations Among Internet Users Age 15+						
Source: comScore World Metrix						
Social Networking Site	Share (%) of Unique Visitors					
	Worldwide	North America	Latin America	Europe	Middle East-Africa	Asia Pacific
MySpace	100.0%	62.1%	3.8%	24.7%	1.3%	8.1%
Facebook	100.0%	68.4%	2.0%	16.8%	5.7%	7.1%
Hi5	100.0%	15.3%	24.1%	31.0%	8.7%	20.8%
Friendster	100.0%	7.7%	0.4%	2.5%	0.8%	88.7%
Orkut	100.0%	2.9%	48.9%	4.6%	0.6%	43.0%
Bebo	100.0%	21.8%	0.5%	62.5%	1.3%	13.9%
Tagged	100.0%	22.7%	14.6%	23.4%	10.0%	29.2%

Facebook and Hi5 had more than double global visitor bases during past year. While the growth in new users in North America is beginning to level off, it is burgeoning in other regions around the world. During the past year, the total North American audience of social networkers has grown 9 percent compared to a much larger 25 percent growth for the world at large. The Middle East-Africa region (up 66 percent), Europe (up 35 percent), and Latin America (up 33 percent) have each grown at well-above average rates.

<b>Social Networking Growth by Worldwide Region June 2008 vs. June 2007</b>			
Total Worldwide Audience, Age 15+ - Home and Work Locations			
Source: comScore World Metrix			
	Unique Visitors (000)		
	Jun-07	Jun-08	Percent Change
<b>Worldwide</b>	<b>464,437</b>	<b>580,510</b>	<b>25%</b>
Asia Pacific	162,738	200,555	23%
Europe	122,527	165,256	35%
North America	120,848	131,255	9%
Latin America	40,098	53,248	33%
Middle East - Africa	18,226	30,197	66%

### Facebook and Hi5 Lead Global Growth among Top Social Networking Sites

During the past year, many of the top social networking sites have demonstrated rapid growth in their global user bases. Facebook.com, which took over the global lead among social networking sites in April 2008, has made a concerted effort to become more culturally relevant in markets outside the U.S. Its introduction of natural language interfaces in several markets has helped propel the site to 153-percent growth during the past year. Meanwhile, the emphasis Hi5.com has put on its full-scale localization strategy has helped the site double its visitor base to more than 56 million. Other social networking sites, including Friendster.com (up 50 percent), Orkut (up 41 percent), and Bebo.com (up 32 percent) have demonstrated particularly strong growth on a global basis.



<b>Worldwide Growth among Selected Social Networking Sites June 2008 vs. June 2007</b>			
Total Worldwide Audience, Age 15+ Home and Work Locations			
Source: comScore World Metrix			
	Total Unique Visitors (000)		
	Jun-2007	Jun-2008	% Change
<b>Total Internet : Total Audience</b>	<b>778,310</b>	<b>860,514</b>	<b>11%</b>
<b>Social Networking</b>	<b>464,437</b>	<b>580,510</b>	<b>25%</b>
FACEBOOK.COM	52,167	132,105	153%
MYSACE.COM	114,147	117,582	3%
HI5.COM	28,174	56,367	100%
FRIENDSTER.COM	24,675	37,080	50%
Orkut	24,120	34,028	41%
BEBO.COM	18,200	24,017	32%
Skyrock Network	17,638	21,041	19%

#### Facebook Gains Traction in Europe and Other Regions

Facebook's recent ascension to become the top global social networking site has been spurred by its substantial growth across worldwide regions. Though its largest visitor base is still in North America (49 million), Facebook's growth in the region is a relatively modest 38-percent. In every other worldwide region, Facebook's audience has more than quadrupled. Europe is quickly catching up with North America as Facebook's largest visitor base with 35 million visitors in June, a 303-percent increase and a net addition of nearly 27 million monthly visitors versus year ago. Other worldwide regions have seen even more dramatic growth on a percentage basis.

<b>Worldwide Growth for Facebook.com June 2008 vs. June 2007</b>			
Total Worldwide Audience, Age 15+ Home and Work Locations			
Source: comScore World Metrix			
	Total Unique Visitors (000)		
	Jun-2007	Jun-2008	% Change
<b>FACEBOOK.COM</b>	<b>52,167</b>	<b>132,105</b>	<b>153%</b>
North America	35,698	49,248	38%
Europe	8,751	35,263	303%
Asia Pacific	3,712	20,712	458%
Middle East – Africa	2,974	14,951	403%
Latin America	1,033	11,931	1055%



## India IT Market

### Sector structure/Market size

As per *NASSCOM Indian IT – BPO Industry Factsheet, October 2010*, the year 2009 witnessed the emergence of and thrust on the industry's core themes for the next decade – Diversification, Specialisation, Transformation, Innovation and ICT for inclusive growth. The industry targeted new growth engines beyond its core offerings, invested in developing innovative solutions for overseas and domestic end-customers, focused on end-to-end capabilities in selected core areas, strengthened internal capabilities by upgrading talent and making knowledge investments. The sector aggregated revenues of USD 73.1 billion in FY2010, a growth of 5.4 per cent over FY2009, and generated direct employment for 2.3 million people.

Domestic IT services was expected to grow by 12 per cent in FY2010. Availability of quality talent at cost effective rates, rapidly developing infrastructure, an enabling innovation environment, supportive regulatory policies, and a positive overall business environment — are all central pillars of India's value proposition. The industry has been extremely quality focused, with India based centres accounting for the largest number of quality certifications achieved by any country. The industry has also set standards in the establishment and maintenance of best practices in corporate governance, and leads in customer satisfaction.

The industry has been at the forefront of creating an enabling environment for innovation, with a 29 fold increase in patents over FY2005-FY2008, and average R&D spend of ~1 per cent of revenues.

As per NASSCOM overview on Domestic IT Market Initiative, 2008, the domestic IT market in India is not homogenous and instead represents an aggregation of discrete and heterogeneous segments. Sustainable linkages and collaborations between the various segments are essential for the growth of the domestic IT market. India's domestic market has also become a force to reckon with, as the existing IT infrastructure evolves both in terms of technology and depth of penetration. India, rated No 10 in Asia Pacific, has an overall score of 29.1, and stands at No. 46 globally in the overall comparison of competitiveness.

The Indian Information Technology (IT) industry has played a key role in putting India on the global map. According to the National Association of Software and Service Companies (NASSCOM), the apex body for software services in India, the revenue of the information technology sector has risen from 1.2 per cent of the gross domestic product (GDP) in FY 1997-98 to an estimated 5.8 per cent in FY 2008-09. According to NASSCOM, domestic IT market (including hardware) reached US\$ 24.3 billion in FY 2008-09 as against US\$ 23.1 billion in FY 2007-08, a growth of 5.3 per cent. Further, the industry body expects the sector to grow between 4 per cent and 7 per cent during 2009-10 and return to over 10 per cent growth next year. The engineering, R&D, and software products exports segment is expected to grow by 14.4 per cent in the current fiscal, to touch USD 7.3 billion, which highlights the strong impetus and renewed focus on improving IP driven service capabilities in India. Furthermore, Domestic IT market grew at 22.4% in 2007 and in 2008, IT and ITeS industry is expected to grow at 20%, with the domestic market growing at 22.4%. The market is expected to grow exponentially driven by an increasing number of start-up software product businesses as well as a rapid growth of existing businesses.

According to the National Association of Software and Service Companies (NASSCOM) Newslines (Issue No. 93), The Indian Software Products Industry and Intellectual Property (IP) development, currently in a nascent stage, is expected to emerge as an important driver and the third wave of growth for the country's IT industry. Today, India's Software Product Industry stands at USD 2.5 billion. It is slated to grow to over USD 11 billion by 2015. As expected, the majority of the revenues of the Software Products Industry come from the top few players. In FY2008, the Top 5 companies (Oracle/i-Flex Technologies, TCS, Infosys Technologies, 3i Infotech, Subex) accounted for nearly 66 per cent of the total of India-based software product business revenue. The Top 10 companies contributed 84 per cent of the total revenue and the Top 20 companies, for around 93 per cent of the total revenues.





### India IT/ ITeS Industry Size (In ₹ Crore), 2007-12

Industry Component	2007	2008	2009	2010	2011	2012	CAGR 07-12
Domestic Hardware & Others	48,940	57,410	66,831	76,734	86,550	96,558	14.6%
Domestic IT Services	20,920	25,330	30,519	36,691	43,834	51,973	20.0%
Domestic Packaged Software	8,184	10,081	12,319	14,870	17,790	21,129	20.9%
Domestic ITeS	11,970	17,357	23,431	29,758	34,817	40,039	27.3%
Domestic IT/ITeS Market	90,014	110,177	133,100	158,053	182,991	209,698	18.4%
IT/ITeS Exports Revenue	156,594	186,142	218,107	250,087	284,666	320,278	15.4%
India IT/ITeS Industry Size	246,609	296,319	351,207	408,139	467,657	529,976	16.5%

Source: IDC India Limited, 2008

Furthermore, software companies continued to constitute the fastest growing firms in the Deloitte Technology Fast 50 India 2009 programme. In 2009, the composition of software companies amounted to as much as 80 per cent. Despite the slowdown and challenges for growth, the report stated that the average growth rate of the top ten winners increased significantly to 1,003 per cent, compared with 845 per cent in the previous year.

### India Internet Industry Overview

During the past year, the Asia-Pacific Internet audience (at home and work locations among users age 15 and older) grew 14 percent to 319 million visitors in April 2008, outpacing the growth of all other worldwide regions. The strongest growth occurred in India, which surged 27 percent to more than 28 million Internet users, followed by China which grew 14 percent to more than 102 million visitors. Taiwan, Malaysia and New Zealand also achieved double-digit growth. Meanwhile, more developed Internet markets such as Japan (3 percent) and Singapore (4 percent) experienced modest gains.

Internet Audience Growth in the Asia-Pacific Region April 2008 vs. April 2007			
Total Asia-Pacific - Age 15+, Home and Work Locations*			
Source: comScore World Metrix			
	Total Unique Visitors (000)		
	Apr-07	Apr-08	% Change
Asia Pacific	280,418	318,623	14
China	90,274	102,848	14
Japan	53,685	55,260	3
India	22,395	28,375	27
South Korea	26,323	25,652	-3
Australia	10,048	10,904	9
Taiwan	9,245	10,388	12
Malaysia	7,462	8,327	12
Hong Kong	3,525	3,718	5
Singapore	2,216	2,298	4
New Zealand	1,937	2,161	12

\* Excludes traffic from public computers such as Internet cafes or access from mobile phones or PDAs.



Key insights on recent trends in Asia and other international markets inter-alia are the following :

- Though each of the top 10 global properties is based in the United States, each one sources the majority of its audience from outside the U.S.
- Half of the top 20 properties in the Asia-Pacific region are locally-owned entities.
- Although Google Sites and Yahoo! Sites combined to capture the majority of search share in the Asia-Pacific region, five of the top 10 search properties are regional engines, including China's Baidu.com and Korea's NHN Corporation (Naver.com).
- Internet users in Hong Kong, South Korea, Singapore, Taiwan and Australia spend the most time online in the region, but still spend less time than the worldwide average.
- While Facebook.com is the leading social networking site worldwide, Friendster.com is the top social networking site in the Asia-Pacific region.

The Asia-Pacific region has seen significant growth in 2008, increasing 22 percent to nearly half a billion visitors to Internet sites, with most individual countries in the region experiencing double-digit growth rates.

#### China, Japan and India Fuel Growth in the Region

In September 2009, the Internet population in the Asia-Pacific region reached 484 million visitors age 15+ that accessed the Internet from a home or work location, an increase of 22 percent from the previous year. With nearly half a billion people online, the region now accounts for 41 percent of the total 1.2 billion person global Internet audience. China, home to the largest Internet population in the world, experienced a 31-percent increase to 220.8 million, making it the fastest-growing Internet country in the region. Japan saw its online population surge 18 percent to 68.3 million, while India climbed 17 percent to 35.8 million users.

#### Asia Pacific Region and Individual Country Growth by Unique Visitors September 2009 vs. September 2008

Total Asia Pacific Internet Audience\*, Age 15+ - Home & Work Locations

Source: comScore World Metrix

	Total Unique Visitors (000)		
	Sep-2008	Sep-2009	% Change
<b>Asia Pacific</b>	<b>396,000</b>	<b>484,245</b>	<b>22</b>
China	168,258	220,834	31
Japan	57,933	68,319	18
India	30,719	35,810	17
South Korea	26,656	29,197	10
Australia	11,369	12,746	12
Taiwan	10,619	12,060	14
Malaysia	8,680	9,401	8
Hong Kong	3,762	3,939	5
Singapore	2,388	2,725	14
New Zealand	2,277	2,618	15

*\*Excludes visitation from public computers such as Internet cafes or access from mobile phones or PDAs.*



## India Social Networking Industry

comScore, Inc. had released a study report stating the popularity of Social Networking in India in 2008 according to which Orkut ranks as the most visited Social Networking site in India, followed by Facebook. comScore, Inc. released a report on the top social networking sites in India, finding that visitation to the site category increased 51 percent from the previous year to more than 19 million visitors in December 2008. The study also found that global social networking brands continued to gain prominence in India during the year, with Orkut, Facebook, hi5, LinkedIn and MySpace each witnessing significant increases in visitation.

### Orkut Tops List of Social Networking Sites in India

Orkut reigned as the most visited social networking site in December 2008 with more than 12.8 million visitors, an increase of 81 percent from the previous year. Orkut's audience was three times the size of its nearest competitor in the category. Facebook.com captured the #2 position with 4 million visitors, up 150 percent versus year ago, followed by local social networking site Bharatstudent.com with 3.3 million visitors (up 88 percent) and hi5.com with 2 million visitors (up 182 percent).

<b>Top Social Networking Sites in India by Unique Visitors December 2008 vs. December 2007</b>			
Total India – Age 15+, Home/Work Locations*			
Source: comScore World Metrix			
	Total Unique Visitors (000)		
	Dec-07	Dec-08	% Change
<b>Total Internet : Total Audience</b>	<b>26,240</b>	<b>32,099</b>	<b>22</b>
<b>Social Networking</b>	<b>12,795</b>	<b>19,369</b>	<b>51</b>
Orkut	7,123	12,869	81
Facebook.com	1,619	4,044	150
Bharatstudent.com	1,736	3,269	88
hi5.com	714	2,012	182
ibibo.Com	1,970	990	-50
MySpace Sites	352	741	110
LinkedIn.com	293	513	75
PerfSpot.com	2,106	433	-79
BIGADDA.com	515	385	-25
Fropper.com	256	248	-3

\*Excludes visits from public computers such as Internet cafes and access from mobile phones or PDAs.



<b>Social Networking Reach and Engagement in Asia Pacific Markets February 2010</b>			
Total Internet Audience*, Age 15+ - Home & Work Locations			
Source: comScore World Metrix			
	Social Networking		
	% Reach	Average Minutes per Visitor	Average Visits per Visitor
<b>Asia Pacific</b>	<b>50.8</b>	<b>148.9</b>	<b>15.1</b>
Philippines	90.3	332.2	26.3
Australia	89.6	228.0	20.9
Indonesia	88.6	324.4	22.6
Malaysia	84.7	226.0	22.3
Singapore	83.7	220.9	22.1
New Zealand	81.2	217.5	20.3
Taiwan	75.9	131.3	18.3
Hong Kong	75.4	223.3	25.4
India	68.5	130.1	13.0
South Korea	63.5	131.4	16.0
Vietnam	46.1	49.5	7.2
Japan	42.3	120.5	14.0

*\*Excludes visitation from public computers such as Internet cafes or access from mobile phones or PDAs.*

#### **Facebook Assumes Top Position in Majority of Asia Pacific Markets**

An analysis of top social networks in each of the Asia-Pacific markets included in this report revealed various brand preferences across markets. Facebook.com was the social networking leader in eight of the markets – Philippines, Australia, Indonesia, Malaysia, Singapore, New Zealand, Hong Kong and Vietnam – while in other countries competing brands captured the top position. Local players led in Japan (Mixi.jp) and South Korea (CyWorld), while Google-owned Orkut ranked as the top social networking site in India and Yahoo!'s Wretch.cc led in Taiwan.

<b>Top Social Network in Individual Asia Pacific Markets by Percent Reach of Web Population February 2010</b>		
Total Internet Audience*, Age 15+ - Home & Work Locations		
Source: comScore World Metrix		
	Top Social Network in Market	% Reach of Web Population
<b>Asia Pacific</b>	<b>Facebook.com</b>	<b>14.9%</b>
Philippines	Facebook.com	84.5%
Australia	Facebook.com	69.4%
Indonesia	Facebook.com	84.9%
Malaysia	Facebook.com	77.5%
Singapore	Facebook.com	72.1%
New Zealand	Facebook.com	63.6%
Taiwan	Wretch.cc	62.5%
Hong Kong	Facebook.com	62.6%
India	Orkut	46.8%
South Korea	CyWorld	54.2%
Vietnam	Facebook.com	18.4%
Japan	Mixi.jp	18.9%

*\*Excludes visitation from public computers such as Internet cafes or access from mobile phones or PDAs.*



comScore, Inc. had released a report stating the popularity of Social Networking in India in 2009. As per the report in August 2010 by **ComScore** on the latest statistics on the growth of social networking market, India and respective shares of players in the Indian market. It revealed that Facebook.com grabbed the number one ranking in the category for the first time in July with 20.9 million visitors, up 179 percent versus year ago.

More than 33 million Internet users age 15 and older in India visited social networking sites in July, representing 84 percent of the total Internet audience. India now ranks as the seventh largest market worldwide for social networking, after the U.S., China, Germany, Russian Federation, Brazil and the U.K. The total Indian social networking audience grew 43 percent in the past year, more than tripling the rate of growth of the total Internet audience in India.

#### Top findings from the report;

- More than 33 million Internet users who form 84% of the total Internet audience, visited social networking sites in July 2009
- The total Indian social networking audience grew 43 percent in the past year, more than tripling the rate of growth of the total Internet audience in India
- India now ranks as the seventh largest market worldwide for social networking

#### Top Social Networking platforms in India

- Facebook.com captured number one ranking in the category for the first time in July 2010 with 20.9 million visitors
- Facebook grew rapidly at 179% as against its closest competitor Orkut that grew at a sluggish 16% in India between the period July 09-10
- India is the fourth fastest growing market for Facebook witnessing a 43% increase since July 2009 (Russian Federation – 74%, South Korea – 57%, Germany and Brazil – 47% are the top 3)
- Twitter.com had the highest rate of growth among the top five social networking sites, increasing 239 percent to 3.3 million visitors (data for LinkedIn not available)

Some of the other figures given in the report indicate an overall increase of 51% in the number of unique visitors to the social networking sites in India. The number stands at 19 million visitors as of December 2008 an extraordinary 60% of the total Indian internet traffic.

Top Social Networking Sites in India July 2010 vs. July 2009			
Total India – Age 15+, Home/Work Locations			
*Source: comScore World Metrix			
	Total Unique Visitors (000)		
	Jul-09	Jul-10	% Change
Total Internet : Total Audience	35,028	39,562	13
Social Networking	23,255	33,158	43
Facebook.com	7,472	20,873	179
Orkut	17,069	19,871	16
Bharatstudent.com	4,292	4,432	3
Yahoo! Pulse	N/A	3,507	N/A
Twitter.com	984	3,341	239
LinkedIn.com	N/A	3,267	N/A
Zedge.net	1,767	3,206	81
lbibo.com	1,562	2,960	89
Yahoo! Buzz	542	1,807	233
Shtyle.fm	407	1,550	281

*\*Excludes visits from public computers such as Internet cafes and access from mobile phones or PDAs.*



## Roads Ahead

As per *NASSCOM Indian IT – BPO Industry Factsheet, October 2010*, the beginning of the new decade heralds the slow, but steady end of the worst recession in the past 60 years. Global GDP, after declining by 1.1 per cent in 2009, was expected to increase by 3.1 per cent in 2010, and is expected 4.2 per cent in 2011, with developing economies growing thrice as fast as the developed economies.

Improving economic conditions signifying return of consumer confidence and renewal of business growth, is expected to drive IT spending going forward.

IT services was expected to grow by 2.4 per cent in 2010, and is expected 4.2 per cent in 2011 as companies coming out of recession harness the need for information technology to create competitive advantage. Organisation's now recognise IT's contribution to economic performance extending beyond managing expenditures. They expect IT to play a role in reducing enterprise costs, not merely with cost cutting but by changing business processes, workforce practices and information use. Movement toward SaaS and cloud computing, shared services, and more selective outsourcing will take firmer shape as near-term priorities to address constrained IT budgets.

According to *NASSCOM-McKinsey Report Predicts Robust Growth For Indian IT Services and IT Enabled Services Industry*, The Indian information technology sector continues to be one of the sunshine sectors of the Indian economy showing rapid growth and promise. The information technology (IT) sector In India is to grow by 4%-7% in FY 2008-2009 and is expected to attain a double-digit growth starting from April 2010.

The IT sector, in the next 10-12 years, will get bigger at a compounded annual growth rate of 14% – that is, it is estimated to jump from the \$50 billion in 2008 to around \$225 billion.



## **BUSINESS OVERVIEW**

We are a software development company having been incorporated on May 13, 2005, with an objective of developing solutions for the social, commercial and collaborative sphere. We presently operate from our corporate office situated in Mulund, Mumbai.

We are presently involved in research and development of NetAlter System by deploying the intellectual and knowledge innovations at our disposal. The NetAlter System comprises of a system, methods, computer programs, standards, infrastructure, search algorithm and a business method for an AI enabled Information Communication and Computation (ICC) framework operated by NetAlter Browser to present an alternative to the present cyberspace (denoted by World Wide Web) by engaging client/server as well peer to peer framework. NetAlter System is also determined to facilitate migration of existing client-server solutions to secured Peer to Peer platform. For NetAlter System, we have obtained registration for the Patent in respect of '**An Information Communication And Computation System**' with the Patent Office, Government of India. We have also filed applications for Patent in PCT, USA, Europe (EPO), Malaysia, New Zealand, China, Canada, Australia, Mexico, and Brazil for NetAlter System.

We are also engaged in developing and marketing social and business networking software products and its related tools and utilities. Our products comprises of Community Hotline, Community Online, Matrimonial Hotline, Matrimonial Online, Family Connect, Friend Connect, Contact Manager and Bhav2bahv. Our tools and utilities comprise of CD Wizard, CD Viewer, Email Manager and Web Manger.

### **Our Goal & Vision**

We are a software development company determined to bridge over the needs of the social and business networking community through more reliable, intellectual and knowledge innovative solutions. We believe that the value potential of information technology as a force multiplier is best achieved by developing innovative solutions.

### **We have set ourselves the following goals:**

- To be pioneer in alternative to cyberspace.
- Undertake continued research into the latest software, application and services technology.
- Form a consortium of developers and service providers who would like to capitalize on the innovative capabilities of NetAlter System and become our business partners.
- Make Information Technology easy to deploy and thus reduce the cost of access to information, communication and computing resources.

### **Product / Services Profile**

We are a software development company engaged in development of products and applications for various social and commercial needs on an individual as well as corporate basis. Having developed and patented our NetAlter System, we are also engaged in development of applications based on NetAlter System.

### **Business Process**

Our business process is similar to any software development process cycle which includes the conception of idea, developing a prototype, initiation of securing protection for intellectual property, launching and testing of prototype, debugging, commercial launch and licensing.

### **NetAlter System**

The NetAlter System is being developed as a P2P and client/server based system which is expected to emerge as a secure and trusted alternative to the world wide web. Once fully developed, this new system will be called "NetAlter" which we believe, will offer a more secure, trusted, spam and virus-free software and network for businesses and end-users.



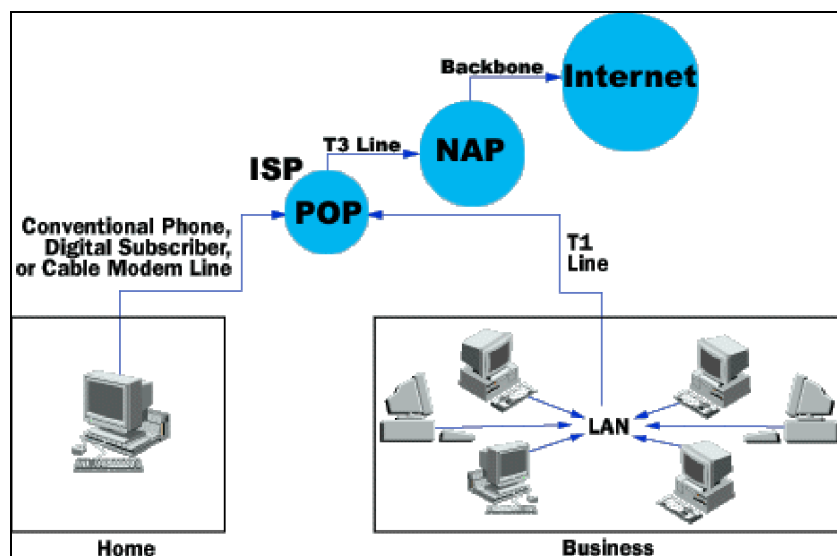
The present internet system offers limited privacy and security. Businesses are concerned about safety of intellectual property, piracy issues, bandwidth wastage, and commercial costs. NetAlter is being designed to offer an alternative framework to the existing world wide web by providing one of the most comprehensive system and environment for preventing piracy and spread of malicious content and robust protection for intellectual property rights.

#### *The present internet system and how it functions:*

Internet is a global collection of networks, both big and small. These networks connect together in many different ways to form a comprehensive interactive platform that we know as the Internet. In fact, the very name comes from this idea of interconnected networks.

Network Hierarchy - Every computer that is connected to the Internet is part of a network. For example, one may use a modem and dial a local number to connect to an **Internet Service Provider (ISP)**. At places of work or business, the computer may be part of a **local area network (LAN)**, but most likely still connect to the Internet using an ISP contracted with. When connected to the ISP, the Computer becomes part of their network. The ISP may then connect to a larger network and become part of their network. **The Internet is simply a network of networks.**

Most large communications companies have their own dedicated backbones connecting various regions. In each region, the company has a **Point of Presence (POP)**. The POP is a place for local users to access the company's network, often through a local phone number or dedicated line. There is no overall controlling network, instead, there are several high-level networks connecting to each other through **Network Access Points** or **NAPs**.



Example of an Internet Network - Assume that 'company A' is a large ISP. In each major city, 'company A' has a POP. The POP in each city is a rack full of modems that the ISP's customers dial into. 'company A' leases fibre optic lines from the telecom service provider to connect the POPs.

Assume that 'company B' is a corporate ISP. 'company B' possesses large buildings in major cities and various corporate locate their Internet server machines in these buildings. 'company B' is such a large company that it runs its own fibre optic lines between its buildings so that they are all interconnected.

In this arrangement, all of company A's customers can communicate with each other, and all of company B's customers can communicate with each other, but there is no way for company A's customers and company B's customers to intercommunicate. Therefore, 'company A' and 'company B' both agree to connect to NAPs in various cities, and traffic between the two companies flows between the networks at the NAPs.





In the real life, dozens of large Internet Service Providers interconnect at NAPs in various cities, and trillions of bytes of data flow between the individual networks at these points. The Internet is a collection of huge corporate networks that agree to intercommunicate with each other at the NAPs. In this way, every computer on the Internet is capable of connecting to every other computer.

Internet Protocol: The most prominent component of the Internet model is the Internet Protocol (IP) which provides addressing systems (IP addresses) for computers on the Internet. IP enables internetworking and essentially establishes the Internet itself. IP Version 4 (IPv4) is the initial version used on the first generation of the today's Internet and is still in dominant use. It was designed to address up to ~4.3 billion ( $10^9$ ) Internet hosts. However, the explosive growth of the Internet has led to IPv4 address exhaustion which is estimated to enter its final stage in approximately 2011. A new protocol version, IPv6, was developed in the mid 1990s which provides vastly larger addressing capabilities and more efficient routing of Internet traffic. IPv6 is currently in commercial deployment phase around the world.

The world-wide-web: The world wide web, abbreviated as www and commonly known as the Web, is a system of interlinked hypertext documents accessed via the Internet. With a web browser, one can view web pages that may contain text, images, videos, and other multimedia and navigate between them by using hyperlinks.

The terms Internet and world wide web are often used in every-day speech without much distinction. However, **the Internet and the world wide web are not one and the same**. The Internet is a global system of interconnected computer networks. In contrast, **the Web is one of the services that run on the Internet**. It is a collection of interconnected documents and other resources, linked by hyperlinks and URLs. In short, **the Web is an application running on the Internet**. Viewing a web page on the World Wide Web normally begins either by typing the URL of the page into a web browser, or by following a hyperlink to that page or resource. The web browser then initiates a series of communication messages, in the background, in order to fetch and display the requisite information or desired result.

First, the server-name portion of the URL is resolved into an IP address using the global, distributed Internet database known as the Domain Name System (DNS). This IP address is necessary to contact the Web server. The browser then requests the resource by sending an HTTP request to the Web server at that particular address. In the case of a typical web page, the HTML text of the page is requested first and parsed immediately by the web browser, which then makes additional requests for images and any other files that complete the page image. While receiving these files from the web server, browsers may progressively render the page onto the screen as specified by its HTML, Cascading Style Sheets (CSS), or other page composition languages. Any images and other resources are incorporated to produce the on-screen web page that the user sees.

#### Disadvantages of the present internet system:

The present users of internet based software and services face the following issues:

- Security of information and data
- privacy of actions performed on www
- Spread of virus, spam and hacking
- Online crimes defrauding business worth billions of dollars annually
- Protection for Intellectual Property Rights for products/services/content distributed online
- Global collaboration, Management and Standardization of coding of online application.
- Cost effective utilization of online resources and service delivery.

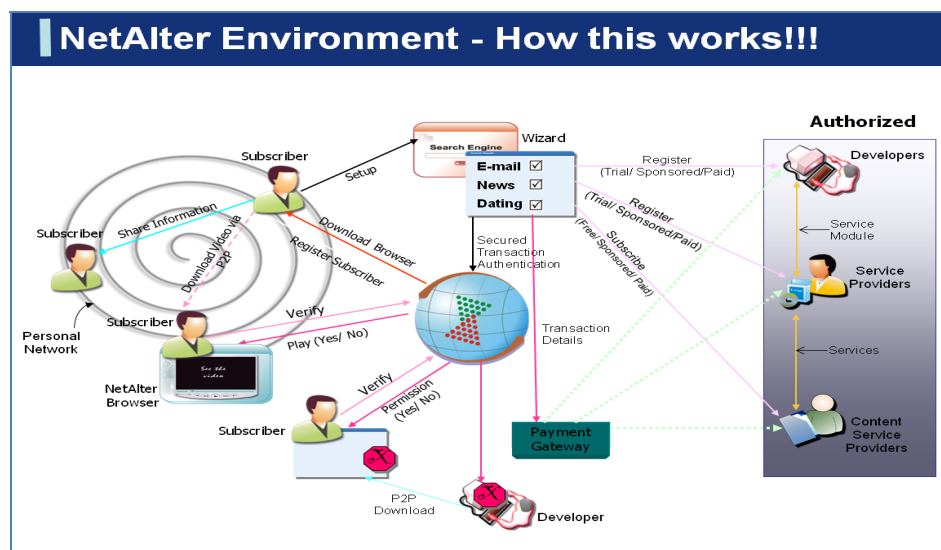


## How the NetAlter System would work:

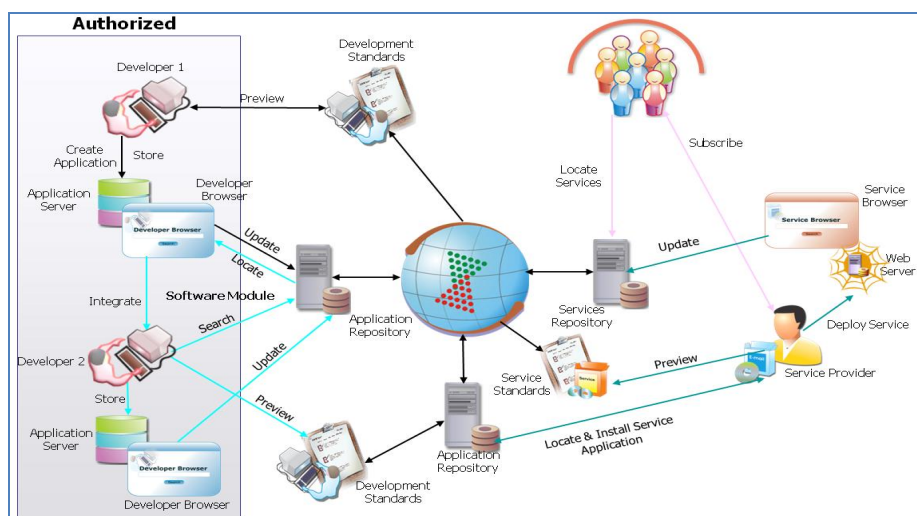
'NetAlter', the name finds its genesis as a concept of 'alternative to net', represented by www.

The NetAlter system is aimed at offering a comprehensive and secure framework and operating system for intercommunication and resource sharing among computers within the system.

NetAlter relates to system and method for universal distributed information computation and communication and more specifically to the service browser application, SOA infrastructure, internet alternate, grid computing infrastructure, peer to peer (P2P) communication, search algorithm, internet wide operating system, application management, developer's development platform and on demand application information, service and computing resources and its method of implementation. We are presently in the process of developing the software framework and the browser application which will implement this system and method.



## NetAlter Network





The internet is becoming a giant software platform. As with a standalone computer we need operating platform to run and manage stored resources, the internet with such abundance of software storage need operating system i.e. operating system for internet. Such an operating system unlike PC operating system is expected to work as a translator between software applications, peripheral devices and the PC's hardware, which further translates databases on the net. With these futuristic views of the usage of computer science and information technology, NetAlter provides such an operating system to manage information communication and computation (ICC) to form NetAlter ICC framework. With reference to limitations of existing framework (infrastructures), instead of development of such an operating system for unorganized internet network, NetAlter proposes a logical, clustered, flexible, auto-trusted ICC network development approach, wherein the said operating system for resource management is extended to form a browser application with active explorer for communication and computation operating platform.

The NetAlter Browser will provide integrated, Artificial Intelligent Search, Active Directory Explorer, container for deploying rich client applications, eCommerce and communication facilities such as Peer-to-Peer collaboration and sharing, enabling of Personal Networks, Grid Supercomputing, etc.

The NetAlter System is based on SOA infrastructure and uses both Client Server as well as Peer to Peer method for discovery of resources in its network. This enables applications to be seamlessly interfaced with web services and be vertically as well as horizontally scalable.

As the system forms a network of connected computing and information resources, these offer the possibility of creating a global grid with supercomputing capabilities.

NetAlter is innovative as it offers existing technologies in a single framework which otherwise have to be availed of separately.

NetAlter will also be the first browser to provide some of the cutting edge technologies such as P2P, Grid Computing, Multi AI Agents, Clustered Intelligent Deep Web Search, Wide Search and P2P Search canvassing through web pages, databases, servers, local personal computers and directories, thus covering all shared information available on the NetAlter network. It also enables the users to run applications and services based on globally enforceable standards.

### Objects of NetAlter

The main intentions for conceiving the idea of NetAlter system are to:

1. Build a holistic framework meant for convergence of prevailing communication and computation technologies for faster, reliable, secure and personalized, customizable Information Computation & Communication (ICC) framework.
2. Devise a universal system software application preferably identified as **NetAlter Service Browser** for management and functioning of the said ICC framework preferably identified as **NetAlter Framework**
3. Devise a system and method to implement artificial intelligence into the NetAlter system supplementing the automation part.
4. Make use of idle computer resources (CPU Cycles, HDD Storage, Attached devices like printer, Web Camera etc.) on the distributed computers while being acceptable to the public.
5. Engross service oriented feature into system whereby user's preference is given priority for every service being offered and become a people oriented system and framework.
6. Exploit and enjoy existing all functionalities of peer-to-peer (P2P) network in secured way.
7. Devise a system to exploit the cascading advantages where each one functionality does supports and add value to all other related functionality.
8. Devise a universally uniform interface for user-friendly operations to connect right people at right time for right information maintaining uniformity of services.
9. Bring into reality the visionary concept of semantic network framework development whereby causing automatic data retrieval more intelligently.
10. Support user centric framework creation wherein privacy of user in all contexts is preserved therein.



11. Devise a searching solution to locate peers and required information on the network at much faster speed with improved precision level from variety of multiple sources.
12. Build an system wherein security aspect of users at large should be taken care of by means of virus deterrent, spam and piracy free accountable framework.
13. Devise a system wherein all parties involved are identified on the network by means of universal unique id.
14. Foster networked community development with user-friendly system so as to foster information usage at the grass root level irrespective of digital equipment of the user.
15. Transform read only, partially informed internet framework to full feature NetAlter framework.
16. Fostering the use of personal portal via personal server for creation of personal network so as to define a interested peers personal network.
17. Remove most of the existing limitations of internet framework including its browser capabilities, ways & means of performing e-commerce transactions, search techniques.
18. Build up system wherein there is no flashy & wacky advertisements, no proprietary search engines as well as domain name free network whereby reducing the hype being made on IPR of domain name registration and protection of the same like trademark.
19. Devise a means to identify each of the active nodes in the network. Thus, to ensure security and accountability.
20. Foster the e-commerce operations within the framework supported with automated marketing of the same.

### WHAT NETALTER OFFERS

- Developing a Platform and Device Independent Browser which offers an integrated environment for securely and efficiently deploying and executing application and services. *Unauthorized software will not execute in the NetAlter browser.*
- Advanced Search Technology which enables deep web-databases searches, Wide Web-indexed data searches, Peer to Peer searches, Meta-data Searches, Semantic searches with post search process – sort, rank, compare, track, filter, follow – up, auto match operations. *This will provide end users more search options and higher search relevancy.*
- Implementing advanced technologies such as Service Oriented Architecture (SOA). P2P and Grid Computing that facilitates development of powerful applications which interface and integrate with other applications and domains. *This will offer more efficient management of online resources.*
- Single source distributed content such as personal profiles, identities and financial information on secured servers or local computers. *Will help protect user privacy and information.*
- Collaborative development environment conforming to application and services development standards and practices. *Create better standards of development and reduce duplication.*
- Comprehensive security policy which is enforceable globally across the network. *Offers possibility of centrally disabling of malicious code from every computing device where NetAlter is installed.*
- Single sources composite communication and collaboration services and applications which are highly interoperable. *More efficient ways of using communication and collaborative tools.*
- Visual and automated e-commerce, chain commerce and marketing eliminating intermediaries. *Encourage development of secured, single click online b2b, b2c and c2c applications and services.*
- Database based content storage, archival and search instead of plain text html format. *Easy storage and access of information even when offline.*
- Targeted advertisement engine and advertisement service module. *Renders spamming obsolete.*
- Licensing protocol that robustly prevents unauthorized copying or running of applications and services. *Robust protection for Intellectual Property.*
- One Source web services directory and searching, On-demand Web service Federation, Aggregation, Integration, Collaboration, Composition, Co-ordination, Work flow, Orchestration and Choreography. *Will help achieve low cost of development and ownership of online solutions.*



### **Present status of NetAlter system development**

We are now focused on developing the NetAlter System and our objective is to launch the NetAlter Network. Our next steps in this direction would be:

- Develop the Beta version of NetAlter Browser which will offer to create an alternative network
- Provide developers and service providers with a platform of developing trusted applications and services.
- Promotional offers to end users, to taste variety of secured and trusted Content and Applications
- Creation of NetAlter Infrastructure
- Creation of NetAlter Network and Search Engine
- Form the base for introduction of advanced features such as Trusted P2P Implementation, Secured Social and Personal Networking, Grid Computing, SOA, Device and Platform Independence Browser and AI Agents in the final version.
- Achieve user base of 10-25 million active users

### **Software Products Development**

Apart from the patented NetAlter system which we are developing, we have developed software products for social networking, matchmaking, friend-to-friend communication, business communication and other related utility with the aim of customized incorporation for the business needs of the organization. We have developed the following software products:

#### ***Community Hotline***

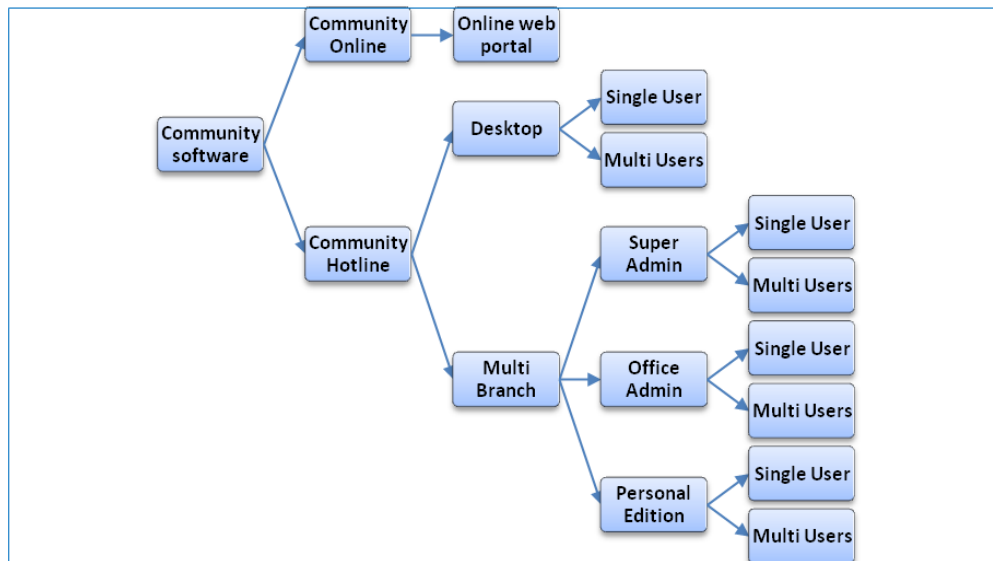
Community Hotline is social networking software solution developed keeping in mind thousands of Indian communities & their sub communities and groups. Community Hotline gives access to the community communication by removing geographical barriers. Community Hotline connects community people together who consecutively can interact for a common interest irrespective of geographical boundaries. Community member's information not only includes the member's details but also includes family details of the member. Community member's can share information of community members or group for matrimonial purpose also and this helps in reaching deserving and suitable groom or bride for themselves. As member's profile database is maintained and stored on central web server as well as also locally, it becomes easy to share information (with permission) with the bureaus or agencies and other member's within and outside community which in turn helps to advertise and publicize businesses and potential products. Companies selling products can get in touch with community bureaus to sell product at discounted rates which helps the advertiser in saving cost of advertising and also market its product. With the stored database it also becomes easy for community bureaus to locate any person with much ease.

Community Hotline is available in various editions so that members can match its requirement and then expend the product as per the requirement.

The software also has the add-on utility of CD Wizard and CD Viewer available to distribute the data on CD as required by the user.

*Community Hotline* is developed keeping in mind thousands of Indian communities and their sub communities and has the following salient features:

- Use minimum hardware and software resources and operate with or without internet connectivity.
- Access to all relevant information and features in both offline and online mode.
- Easy to use navigation features and minimum data-entry.
- Search tools for speedy and accurate delivery of results.
- Social Networking tools for community, family, personal and matchmaking.
- Features to facilitate storage and sharing of information.
- Interface to other domain and 3rd Party services and information.
- Connectivity to hardware such as scanners and printers
- Provide for transaction security and privacy of users.



Community Hotline is available in the following four editions;

#### Super Admin

The Super Admin name itself indicates that it is an edition with all the administrative rights of the available data. This software is installed at the head office of a community bureau and is connected to other branches via central web server for sharing community records. It has the power to allocate and control the rights of all the branch offices. It centrally monitors and keeps track of operation of all branches. Super admin and its branches or franchises can upload and download the member's profiles to and from the central web server.

#### Office Admin

The Office Admin edition is useful for the branch offices of the community bureau. Office Admin is controlled by Super Admin. It is also connected to a central web server for sharing the community members' records. Branches can view records of other branches as well as the head office. Branch office is connected to other branches and head office via central web server where all information is available. This edition has total control over all records collected at an office where it is installed.

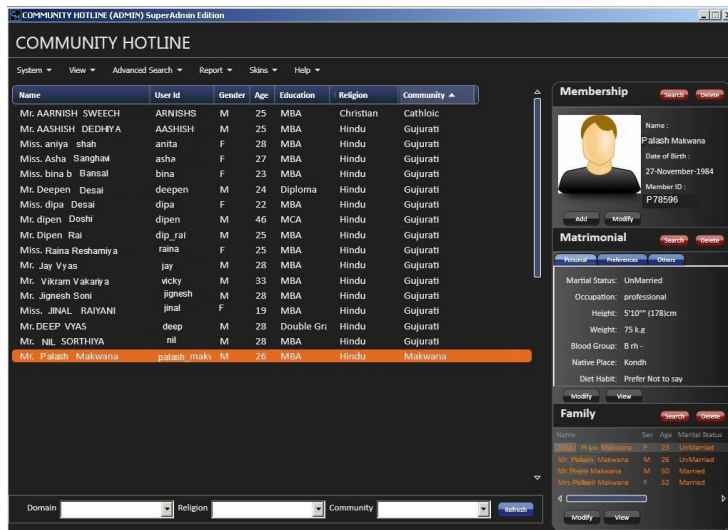
#### Personal Edition

The personal edition is useful for the client who opts to view records personally and independently. The personal edition user has the privilege to privately view & select the prospective profiles accrued from search results. It also has the power to download profiles based on search criteria. However, only single community profile is allowed to be created in personal edition. The records view in personal edition can be controlled by the Super Admin depending upon the requirement of the user.

#### Desktop Edition

Community Hotline Desktop Edition is useful for community bureaus or groups without franchises or branches offices. The desktop edition is equivalent to Super Admin Edition in terms of standard features. However it has local database server to store community records.





Screen Shot of Community Hotline

### Community Online

It is a web based solution, developed keeping in mind the thousands of Indian communities and their sub communities. Since Community Online is a web portal it can be operated from anywhere and anytime by communities and its members. It can integrate smoothly with all the editions of Community Hotline Multi editions. It provides an organization with a platform to connect with members who are not able to access local branches or franchises. Apart from the usual features of Community Hotline it also offers additional modules for advertisements, news, community poll, upcoming events, astrology, tours & travels, donors, exhibitions, festival celebration etc. It facilitates free or paid member registration. A Member can manage family and matrimonial profile, search bride or groom as the case may be from the registered members and furthermore send e-mail of partial or detailed profile too. It also helps to generate revenue to the community. Members can send their feedback about the services offered which can help in improving the services. This can also act as a good medium for interaction between the community members.



Screen Shot of Community Online

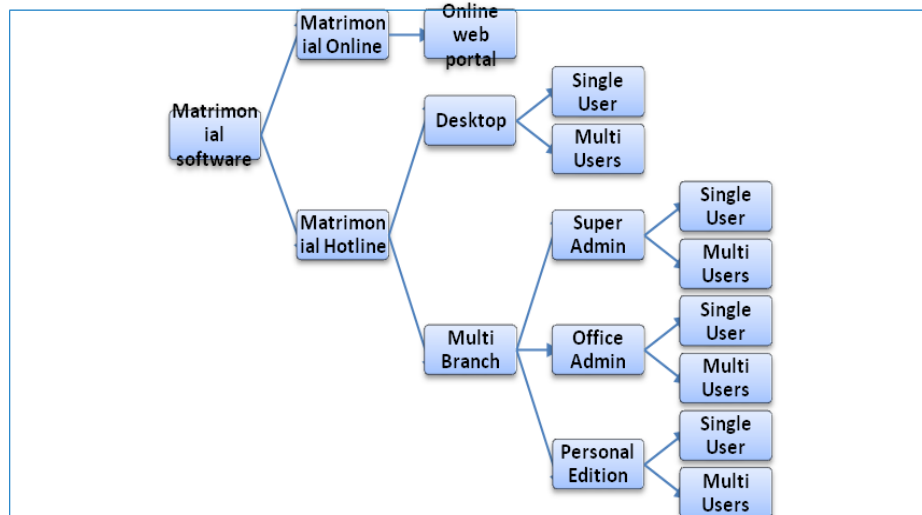


## Matrimonial Hotline

Matrimonial Hotline is software solution, developed keeping in mind matchmaking bureaus and organizations. It facilitates management of multiple branches for a large marriage bureau and at the same time it provides a platform for the small bureaus to unite under the single roof to share their data and achieve the maximum output of desired results. As member's profile database - which includes the member's details from matrimonial perspective - is maintained and stored on central web server as well as locally, it becomes easy for the bureaus to search the database with customized searches and find suitable groom or bride as per the member's preferences. Matrimonial Hotline is available in various editions so that member or bureau can match its requirement and then expand the product as per the requirement.

The software also has the add-on utility of CD Wizard and CD Viewer available if required by the client.

Matrimonial Hotline is also available in the four editions - Super Admin, Office Admin, Desktop Edition and Personal Edition - with functions similar as in the case of Community Hotline.



The screenshot shows the 'MATRIMONIAL HOTLINE (ADMIN) SuperAdmin Edition' interface. It features a table of member profiles with columns for Name, User Id, Gender, Age, Education, Domain, Religion, and Community. The table lists various members, including Mr. J M VYAS, Mr. J R SORATHIYA, and Mr. JAY M VYAS. On the right side, there is a 'Membership' section with a search bar and a 'Matrimonial' section with a search bar. Below these, there is a 'Matrimonial Graph' showing a bar chart with two bars labeled 'Male(22)' and 'FeMale(20)'.

Name	User Id	Gender	Age	Education	Domain	Religion	Community
Mr. J M VYAS	JAYROHIT	M	28	MBA	NETALTERDE	Hindu	Gujarati
Mr. J R SORATHIYA	jay_u_manu1f	M	33	MBA	NETALTERDE	Hindu	Gujarati
Mr. JA M VYAS	JAY123456	M	28	MBA	NETALTERDE	Hindu	Gujarati
Mr. JAY M VYAS	jayud9	M	28	Double Gr	NETALTERDE	Hindu	Gujarati
Mr. JAY R SORATHIYA	jay_man200f	M	28	MBA	NETALTERDE	Hindu	Gujarati
Mr. Jayanti L Makwana	jayanti_mak	M	26	MBA	NETALTERDE	Hindu	Gujarati
Mr. Jaydeep r gardi	jaydeep_jay2	M	30	MBA	NETALTERDE	Hindu	Gujarati
Mr. JAYESH M VYAS	jayeshyas2c	M	28	MBA	NETALTERDE	Hindu	Gujarati
Mr. JAYESH MARKANDRAI VV	jayeshyas	M	28	Doctor	NETALTERDE	Hindu	Gujarati
Mr. JAYESH R SORATHIYA	JAYMANOJ	M	26	MBA	NETALTERDE	Hindu	Gujarati
Mr. jayesh ramnikbhai patel	dikoo09	M	26	PGDCA	NETALTERDE	Hindu	Gujarati
Mr. jayesh ramnikbhai sorathi	jay_manoj20	M	26	Double Gr	NETALTERDE	Hindu	Gujarati
Mr. JAYU M VYAS	JAYU123	M	28	MBA	NETALTERDE	Hindu	Gujarati
Mr. Jignesh G Chavda	jig_br	M	26	BE,MBA	NETALTERDE	Hindu	Gujarati
Mr. jignesh g davda	jig2005	M	26	MBA	NETALTERDE	Hindu	Gujarati
Mr. Joffin Andrew Anderson	Joff_And	M	34	BMS	NETALTERDE	Christian	Roman
Mr. Mahesh R Kulkarni	Maheesh	M	29	MCA	NETALTERDE	Hindu	Marathi
Mr. Manoj M Gupta	ManojGupta	M	29	B-Tech	NETALTERDE	Hindu	Hindi
Mr. Markand Ramniklal Trives	markand	M	37	Bcom	NETALTERDE	Hindu	Gujarati
Mr. Nitesh Jashwantra Bawish	nitesh	M	34	Bcom	NETALTERDE	Hindu	Gujarati
Mr. Raphale Anthony Dawson	Raphale_Dav	M	30	BE	NETALTERDE	Christian	BCSL
Mr. Sham Anish Dave	Sham_AD	M	31	M.Sc.	NETALTERDE	Hindu	Maharashtrii
Mr. Shantanu Vasant Chavan	Shan_82	M	32	BE	NETALTERDE	Hindu	Maharashtrii
Ms. Neeraja Shantanu Kamath	Neerja_79	F	31	PGDBM	NETALTERDE	Hindu	Maharashtrii
Ms. Sheetal KirtiBahi Shah	Sheetal_30	F	28	M.Com	NETALTERDE	Hindu	Gujarati

Screen Shot of Matrimonial Hotline





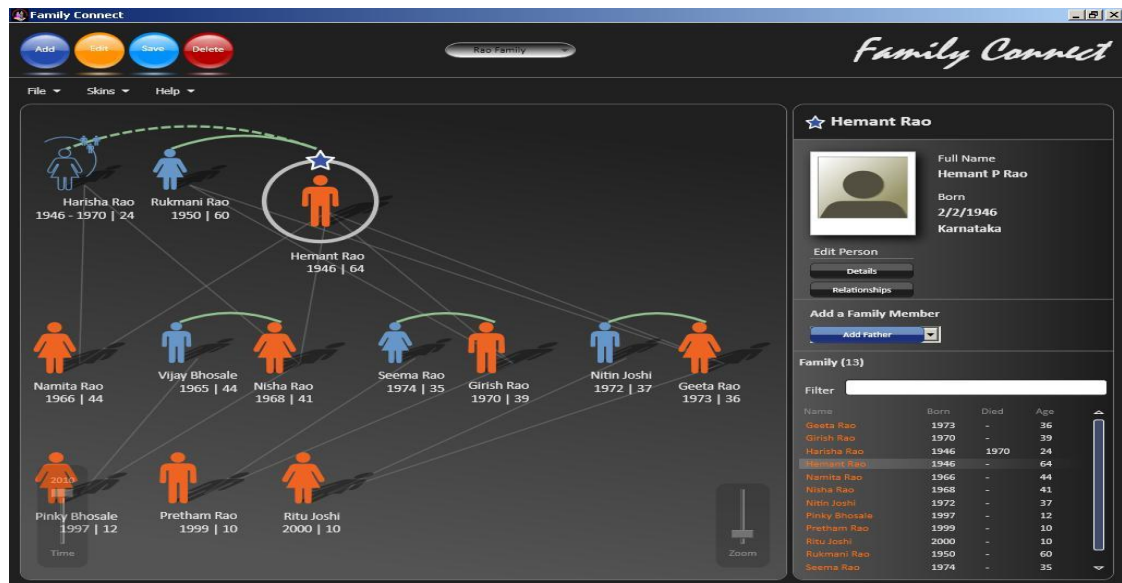
### Matrimonial Online

It is a web based solution that can be operated from anywhere and anytime by a matrimonial bureau, agency and its clients. It integrates smoothly with all the editions of Matrimonial Hotline Multi editions and provides an organization with a platform to connect with members who are not able to access local branches or franchises. Apart from the usual features of Matrimonial Hotline it also offers additional modules for advertisements, news, opinion poll, astrology, services, blog, shopping carts, site search, photo gallery, consultants, upcoming events, tours & travels, exhibitions, success stories, live chat, affiliates and also advertisement by the sponsors. It facilitates free or paid member registration. Member can manage matrimonial profile, search bride or groom as the case may be from the registered members with the customized search feature and furthermore send e-mail of partial or detailed profile too. Visitors to the website or the members can send their feedback about the services offered. This can greatly help in understanding the need of the registered members and visitors and can greatly help in improving the services.

Screen Shot of Matrimonial Online

### Family Connect

Family Connect is an easy to use product which enables user to create magnificent family trees in a simple, effective and organized way. Users can build a family tree representing family relationships in the form of a conventional hierarchical tree structure. The family node member profile can be added, searched, edited, updated and finally the family tree is created to show several generations of family history. It facilitates with the name of the family for whom the family tree has been created. Family tree consists of the head of the family details along with the family members and their relation details. Relationship of father, mother, brother, sister, spouse, son and daughter can only be added as a part of family member relation addition. Only one family tree is displayed at a time. Family Connect is enabled with timeline slider feature which allows the user to “move” through time and visualize the growth of the family tree. Family tree can be saved in various image formats and can also be shared with the other user or family member to view.



Screen Shot of Family Connect

### Contact Manager

Contact Manager is a business tool that efficiently stores, organizes and handles all type of contacts be it the personal, official, buyer, supplier, consumer or others. It is a solution for daily tasks of storage of contact information. Contact Manager simplifies the task of managing contacts, printing labels with printer selection facility and letter drafting for the contacts. Letters can be set in a pre defined format. Contact Manager is featured with the task of add, edit, search and delete contact details. It also has the facility of attaching the various drafts related to the contact along with the business card scanned copy.

The screenshot shows the 'Contact Manager' software interface. At the top, there are tabs for 'Home', 'Label Printing', and 'Letter Draft'. Below these, there are icons for 'Operations', 'Skins', 'Settings', 'Help', and 'Close'. A search filter is provided. The main area displays a table of contacts with columns for Name, Company, E-Mail Address, Mobile, Business Phone, and Home Phone.

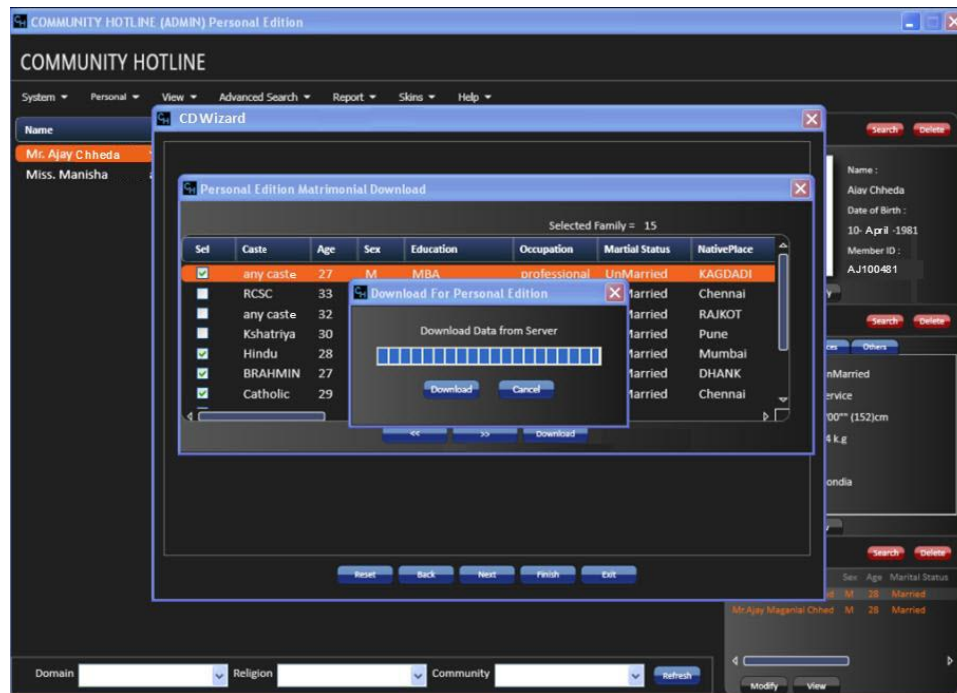
Name	Company	E-Mail Address	Mobile	Business Phone	Home Phone
Abdullah Khan	A 1 Travels Pvt Ltd	abdullahk@a1.in	745375743	623467, 24235	3437473
Dharamveer Khatri	Veenvani Catering Services	dharamk@veercs.in	873737377	373883, 53474	878787, 53434
Harry D'Souza	HMX Ads	harryd@hmxads.com	835473545	375637, 23856	347644, 23375
Nisha Soni	Shantinath Recruitment	nishas@sr.in	364634563	86546846	587697, 25785
Amruta Waghmare	DM Traders	amrutad@dm.in	783643567	3343434, 2346	9847865
Hitesh Agrawal	H & A Consulting Pvt. Ltd	hitesha@hacp.in	9467374945	5838393	8599393
Dinesh Dingre	D&D Constructions	dineshd@dd.in	84346865868	638435	46464698
Jignesh Bhatt	JB & Sons	jigneshb@jb.in	8446632647	39743443	39749723

Screen Shot of Contact Manager



### CD Wizard

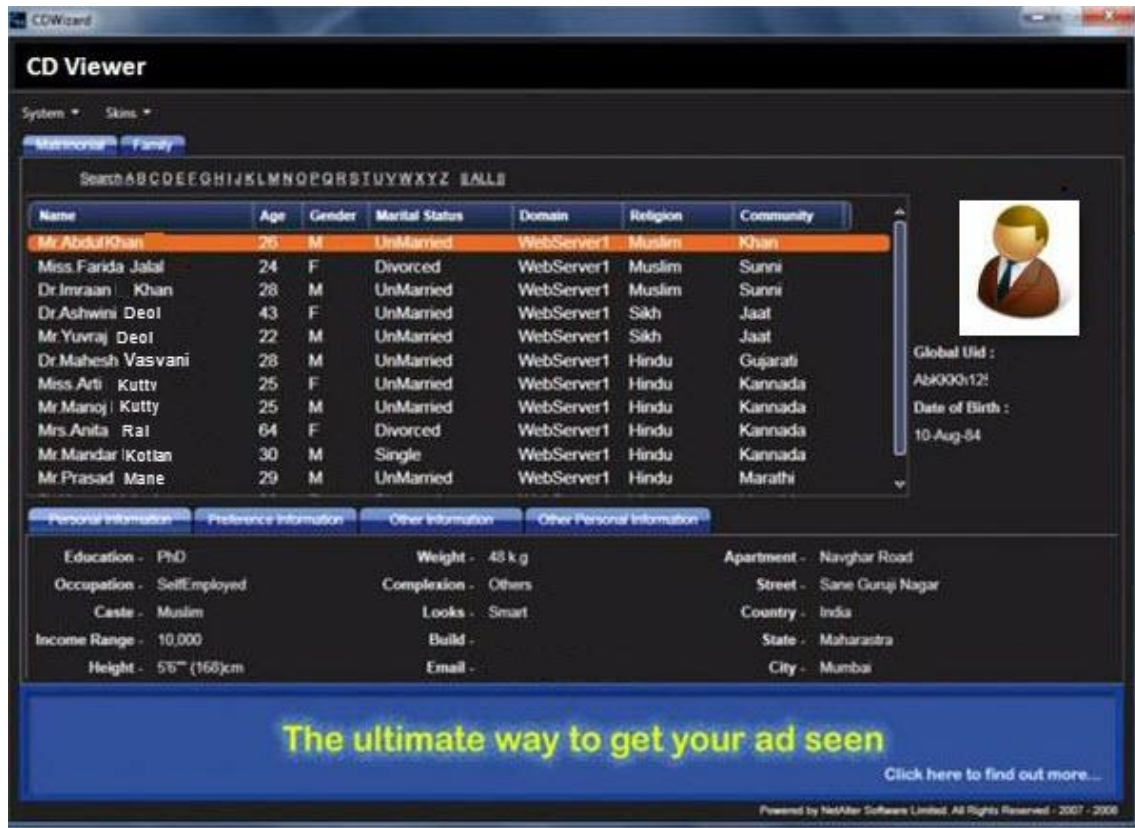
NetAlter Software Limited has developed an exclusive utility called CD Wizard for Community Hotline and Matrimonial Hotline for redistributing their data to applicants/other parties related to the organization or bureau. CD Wizard facility is a specially designed step by step process to create a database of selected records and transfer them to the specified directory to be further copied to a CD. This utility is so useful that users can perform a search to fetch records for a specific criterion and create a unique directory for reference easily with the help of CD Wizard. A CD serves as a backup media for storing the results of a search on the member records & profiles; this Backup CD can be then made available; either for the client's purpose or for the purpose of future reference.



Screen Shot of CD Wizard

### CD Viewer

NetAlter Software Limited has developed CD Viewer utility software to offer an effective medium for Community Hotline and Matrimonial Hotline users to advertise products directly to other members for marketing and advertising. It not only displays the detailed profiles of members in tabular format but also alphabetically lists all the records. The records viewed by the CD Viewer cannot be tampered with or edited. Space for placing third party advertisements is integrated into the CD Viewer software. Community and Matrimonial members use add-on utility CD Viewer in the Community and Matrimonial Hotline software as a cost effective medium to offer or advertise their own products directly to other members without wasting enormous capital on marketing and advertising. This would obviously be possible because the vast pool of member records contained in Community and Matrimonial Hotline can be efficiently used to advertise and market the potential products.



Screen Shot of CD Viewer

#### ***Our products under development:***

##### **Bhav2bhav .com**

Bhav2bhav is our upcoming e-commerce portal which is uniquely designed for the buyer to purchase the product at the lowest cost of the seller or service provider in a most trusted and secured manner wherein seller or service provider will be registered and authenticated individual or a company.

##### **Friend Connect© Version 3.0 Beta**

Friend Connect is social networking software that allows the users within a friend circle to communicate with each other through P2P connection. Aimed towards improved approach in peer to peer communication, this social networking software enables users within a friend circle to chat, share files and their family trees with each other

Our other upcoming products include Connect Club, Job Connect, Business Connect and Connect Customer. Our upcoming tools and utilities which can also be used as a product are Web Manager, E-Mail Manager and Doc Express.

#### **Product Customization**

We have developed certain software products in the social networking and its related tools and utilities. These products and tools are developed with the aim of customized incorporation for the business needs of the organization. The community and matrimonial software products are available as editions for different levels of bureaus, offices or agencies ranging from administrative head offices, branch offices or franchises, desktop edition to personal edition. We customize our product as per the requirement of the client so that it gives ease of use.



## **Website Development**

Current business arena primarily demands on the complete automation of all manual processes and anytime-anywhere access to services. To furnish this automation, we provide web based portal development services for effective placement of products and services to organizations. Today, a website is a medium of communication providing an endless possibility for business and growth. Web development services can range from developing the simplest static single page of plain text to the most complex web-based internet applications, or social network services. We develop website solutions to increase efficiency and competitive advantage of our clients. We provide custom effective, professional, high-impact web design and dynamic database enabled website development. We provide all kinds of web solution needed like flash websites, web application development, custom web development, e-commerce solutions and e-commerce web site design for organization.

## **IT Consulting**

NetAlter Software Limited provides IT consultancy for various businesses. Characteristics of consulting demand have irrevocably changed and the current business primarily demands complete automation of the all manual processes. We advise clients on purpose of information technology in their businesses and how to make best use of it.

## **Research & Development (R&D)**

In today's fast changing technology world R&D plays a vital role along with developing a product. Keeping this in mind we are constantly working on R&D for the existing and the future product in order to provide the end user with the best featured product. We are persistently undertaking research and development to deliver the innovative products to the end user. Currently we are into research and development of our patented NetAlter system.

We have published White Papers and conducted Case Studies on NetAlter Browser, Peer to Peer Networking, Myspace, Flock Browser and Disruptive Technologies.

## **Business Strategy**

We are focused on developing innovative solutions through R&D and continuous product development.

Our strategic focus is to develop our patented NetAlter System.

Our strategy includes development of other software in social and commercial sphere which can be exploited commercially under the existing computing environment and internet, as well as be used in a secure and advanced manner on NetAlter System.

The development of these individual products will provide us with the invaluable feedback of users which shall be used while designing similar features in NetAlter system. This strategy will also help us to generate revenues as well as provide us with an opportunity to strengthen our relations with various industry participants.

As a part of our business strategy, we intend to provide our patented NetAlter platform for development of various utilities and services on an outsourced basis while concentrating on the development of the NetAlter platform. This strategy is important from protection of our intellectual property; and will facilitate us in faster roll out of our feature filled NetAlter system. This is expected to generate greater interest on the launch of the system and will help us in achieving swift user growth.

Our product offering include advanced facilities and services like P2P, grid supercomputing etc. which we believe are novel and innovative and will attract a large user basis on an individual and group basis.

## **Customer Base**

As regards NetAlter system, once the development of NetAlter Service Browser is complete, Beta Version of this browser will be released.





Our customers will be the users of this browser and the developers and service providers who will offer software solutions and services on the NetAlter System.

For the immediate future, we see a potential market in licensing our technology to other developers and solutions providers in developing solutions and services based on the NetAlter System. These solutions and services could function independently as well as be integrated with the NetAlter Service Browser as and when it is launched.

Data Transportation is utility tool which allows transferring data from one medium to another and subsequently view the transferred data independently without software installation anytime anywhere. Data Transportation Utility comprises of CD Wizard and CD Viewer as a tool with Community Hotline and Matrimonial Hotline.

Our social and business networking products such as Community Hotline, Community Online, Matrimonial Hotline, Matrimonial Online, Friend Connect, Family Connect, Bhav2Bhav, Business Connect, Job Connect, Connect Customer, Connect Club and the tools and utilities will be useful to the social and business community at large and we expect the products' superior and secure features to attract larger number of users.

### **Our Competitors**

Our company' focus is on development of NetAlter system as an alternative to the present world wide web (www). This includes the following:

- www or world wide web
- Email and messaging solutions
- VoIP solutions
- Communication and Collaboration
- Application and Services
- Social and Business Networks
- Search and Directory
- E-Commerce
- Online Advertising
- Development

At present, users have to access the above using different online applications or websites e.g. Web browsers, Email and Messaging Clients, Portals, Search Engines etc.

NetAlter offers all the above solutions on a single platform i.e. NetAlter Browser Interface. It will offer users of these solutions a more secured and smarter alternative. At the moment, there are no competing products that offer an alternative to internet based solutions. Therefore NetAlter will be a pioneer in this direction as a single source single platform solution provider and the only competition it will face will be from Internet based solutions currently being provided under www. We believe that the future offers significant potential for NetAlter and we will be successful in offering a qualitatively superior online experience.

We face competition for some products we offer. Our software products are user friendly as well as equipped with powerful features. Our social networking software products in general help organizations large or small to avoid functional as well as process complications because we have designed them to handle majority of the required tasks efficiently.

We do not face any direct competition for our Community Hotline and Matrimonial Hotline software. One of the key differentiators of our products is capability to be accessed online as well as offline and even the preliminary view is restricted to the authorised users unlike other online portal based solutions.

Our business management software Contact Manager faces competition from other contact management software.



Our Family Connect software is a very unique product in its category and is very interactive in terms of its usability and user-centric features. Since we offer it as a separate software product users get software wholly dedicated to creating family trees with very powerful features. Our competitors in the product are Family Tree Maker, GRAMPS, Legacy Family Tree, Family Tree Builder, My Heritage, Ancestral Quest, Family Historian, GenoPro etc.

### **Market and Sales**

We expect to position our NetAlter System as “Independent, Secured and Smart alternative to the present world wide web providing advanced and intelligent solutions and services.” Since this is expected to create a completely new network, it offers virtually limitless possibilities for software and solutions providers including our company in delivering innovative solutions, covering every sector of present internet such as internet search, communication and computing. Thus we believe a substantial market opportunity exists within a more organized and structured network.

The main revenue sources for our company will be from the sale of products and licensing of the patent etc. There could be different ways in which the license could be applied and royalty accrued from this. One could be a single use license and other could be certain parts of the system. There would also be a license to use the system within the NetAlter framework and also outside it. Another potential source of revenue is in providing software consultancy in developing solutions similar to NetAlter or implementing the same within organizations.

Another source of revenue is the marketing and sale of existing solutions such as Community Hotline, Community Online, Matrimonial Hotline, Matrimonial Online, Friend Connect, Family Connect, Contact Manager and Web Manager. There is good demand for these solutions in the market at present.

Once the NetAlter application is developed and marketed, the NetAlter network is established. The growth of this network realizes the creation of a new market altogether and becomes the source for growth in revenue. With the deployment of more advanced features such as Peer to Peer (P2P) networking, Grid computing etc., the market which NetAlter System can tap into, broadens.

The Grid Computing market has started to take off with leading industry majors individually developing solutions for the same. Licensing parts of the NetAlter system to increase the efficiency of their proprietary solutions would offer another major potential source of revenue.

As we are in the IT industry, the details regarding capacity, capacity utilisation etc. are not applicable

### **Strategic, financial partners and collaborators**

At present, we do not have any strategic and financial partnership with any other entity. We have not entered into technical collaboration with any entity.

### **Our Employees**

We believe that our ability to develop innovative products and solutions will depend on our ability to attract, train, motivate and retain qualified and efficient personnel. We presently have a small team size of 25 personnel, as we are still in the initial stages of our product development process. We also initially would rely on outsourcing for developing certain modules for our NetAlter system as creating a huge infrastructure for one-time module development is not be commercially advisable.

However, we are building up the required in-house team for undertaking the critical product development activities. Our proposed structure of human resources is broadly as under:

Category	Sub-category	Designation / Activity	Nos.
Management	Senior Management	CTO (Chief Technical Officer)	1
		CEO (Chief Executive Officer)	1
		CFO (Chief Financial Officer)	1
	Middle Management	Head, Investment (Global & Local)	1
		CMO (Chief Marketing Officer)	1
		Project Manager – Development	1
		Head – Branding, Content & Communication	1
		Company Secretary	1
Development	.Net	Net Specialist	8
		Net Programmers	14
	.Net Mobile	Net Mobile Specialist	1
		Net Mobile Programmers	3
Testing	.Net and .Net Mobile	Specialist - Testing	1
		Test Engineer - .Net	2
		Test Engineer - .Net Mobile	1
Design	Designers	Design Specialist	1
		Designers	3
DBA	SQL Server, Oracle	Administrator	1
	My SQL, DB2	Administrator	1
Hardware	System & Network Support	Administrator	1
		Senior Engineers	2
		Engineers	2
Content & Communication	Technical Writer	Specialist - Technical Writing	1
		Specialist - Content Writing	1
		Technical Writers	2
PR, Branding and Communication	PR, Branding and Communication	Specialist (Events, Content, Communication)	1
		PR Executives	3
Sales and Marketing	Product Marketing	Specialist - International Product Mktg	1
		Specialist - Product Mktg (Local)	2
		Product Mktg Executives	7
	Market Research	Specialist - International Market Research	1
		Specialist - Market Research (Local)	1
		Market Research Executives	2
Customer Care and After Sales	Customer Care and After Sales	Lead - Client Relationship (Global - Local Based)	1
		Lead - Client Relationship (Local)	1
		Client Relationship Executives	5
	Product Support Team (Training, Commercial, Pricing, Support)	Executives (Local, Global)	5
Finance	Accounts and Finance	Senior Executive - Accounts & Finance	1
		Executives - Accounts & Finance	5
HR and Admin	HR, Payroll & Admin	Senior Executive - HR and Payroll	1
		Senior Executive - Admin	1
		Executives - HR, Payroll and Admin	2
<b>TOTAL</b>			93





We have in place an HR policy that provides for goals and objectives of employees, work schedule of employees, their leave policy, work culture, performance appraisal, training, non-discrimination, grievance redressal, work-place ethics etc.

#### Infrastructure:

We are presently operating from our office premises in Mulund, Mumbai which is adequately furnished and is equipped with presently required hardware and software infrastructure. The details of our present infrastructure are as given below:

Sr No	Item	Description	Nos
<b>Networking Active</b>			
1	Cisco Router	Cisco 1841 Router	1
2	Fortigate Firewall	Fortigate 100 A Firewall	1
3	Nortel Swiches	425 Baystack	2
4	Cisco Switches	Catalyst 2960	1
5	Dlink Switches	16 Port	2
6	Dlink Switches	8 Port	2
7	Linksys Router/Switches	4 Port	1
8	Wireless Access Router	Linksys	1
9	Dlink Modem	Dlink For MTNL Broadband	1
10	MROTEK Modem	MROTEK for Airtel ILL	1
11	LOOPTELICOM	LOOPTELICOM for VSNL ILL	1
12	KVM SwiTches	Master ViewMax CSI708A	
<b>Servers</b>			
1	HP Servers	HP Proliant DL 140 G3	2
<b>Desktop Computers</b>			
1	Pentium 4	845 motherboard	15
2	Core I7	Intel's Core I7 Processors	12
3	Dual Core	Intel's Pentium Dual Core	1
4	Core 2 Duo	Intel's Core 2 Duo	6
5	Extra CRT Monitors		5
<b>Laptops</b>			
1	HP	HP Compaq 6510b	1
2	IBM	IBM ThinkPad R31	1
<b>Printers</b>			
1	HP LaserJet	HP LaserJet 1000 Series	1
2	HP LaserJet	HP LaserJet 2014n	1
3	HP Colour	HP OffJet K550	1
4	HP All In One	M1136MPF	1
<b>IP Cameras</b>			
1	Dlink IP Camera	Dlink SecuriCam DCS-5300	2
<b>UPS &amp; Inverters</b>			
1	Single Server UPS	10 Minute Backup Time	2
2	Single Computer UPS	20 Minute Backup Time	11
3	2 KVA UPS	2 Hrs Backup Time	1
4	3 KVA UPS	2 Hrs Backup Time	1
5	5 KVA UPS	20 Minute Backup Time	1
<b>Scanner</b>			
1	HP Scanjet 3670		1
<b>Others</b>			
1	De Humidifer		3
2	Server Room Fire Alarm System		-
3	Office Fire Alarm System		-



We propose to suitably enhance our infrastructure to meet our requirements by acquiring additional hardware and software and other required instruments and equipments as detailed in the Chapter “Objects of the Issue” beginning on page no. 27.

### Details of Equipments proposed for the project

Our product development process both for NetAlter System as well as other software products would require hardware and software, besides other miscellaneous fixed assets. The estimated cost of such hardware and software requirements based on quotation given by M/s Orient Technologies Pvt Ltd. in September 2010 and December 2010, and Miscellaneous Fixed Assets is given in table below:

	FY 2011-12	FY 2012-13	(₹ in lakhs) Total
NetAlter Infrastructure	177.61	35.52	213.13
Extension of existing product line			
- Hardware	89.09	17.82	106.91
- Software	136.61	27.32	163.93
Miscellaneous Fixed Assets	10.00	-	10.00
	<b>413.31</b>	<b>80.66</b>	<b>493.97</b>

We have not placed orders for 100% of the aforesaid equipments aggregating to ₹ 493.97 lakhs. For more details about the equipments, please refer Chapter “Objects of the Issue” beginning on page no. 27.

### Our Intellectual Property






- Between 2004 and 2005, the NetAlter Patent was filed in India, USA, EPO, Malaysia, New Zealand, China, Canada, Australia, Mexico, Brazil and various other countries via PCT.
- The NetAlter Patent Application No.: 01279/MUM/2004 (Indian Patent Office). On 18th May 2006, we received the Intimation Letter of Grant from the Indian Patent Office. We received the certificate of grant for our NetAlter Patent from the Indian Patent Office on 19th December 2007. The Patent Grant Number is 212954.
- The NetAlter Patent Application No.: PCT/IN2005/000319 by WIPO/PCT. On 8th June 2006, NetAlter Patent was published by PCT (Publication No.: WO/2006/059343).
- The NetAlter Patent Application No.: 11/171520 in USA. On 27th July 2006, the Patent was published by USPTO (Publication No.: 20060165040).
- The NetAlter Patent Application No.:556161 in New Zealand. On 6th July 2007, the Patent was published by New Zealand IP office
- The NetAlter Patent Application No.:2005310887 in Australia. On 19th July 2007, the Patent was published by Australia IP office (WIPO Document.: : WO2006/059343)
- The NetAlter Patent Application No.: 05823787.6 in Europe. On June 8, 2006 the patent was published by EPO (Publication No.: EP1836662)
- The NetAlter Patent Application No.: CIPO (CA 2557528) in Canada.
- The NetAlter Patent Application No.: PI 0705852-7 in Brazil
- The NetAlter Patent Application No.: 200710197090 in China
- The NetAlter Patent Application No.: MX/a/2007/009207 in Mexico
- The NetAlter Patent Application No.: PI-20070970 in Malaysia
- In January 2008, we concluded our merger with WVSL as a result of which NSL has ownership to the following intellectual properties:
  - 22 Registered Trademark
  - 2 Trademark applications pending
  - 4 Copyrights
- NetAlter Patent supports multiple solutions and products.



- There are many technology claims in the patent. NetAlter patent is a Communication System, Method, Computer Program Products, Standards, SOA Infrastructure, Search Algorithm and a Business Method thereof for AI Enabled Information Communication and Computation (ICC) Framework (NetAlter) operated by NetAlter Operating System (NOS) in terms of NetAlter Service Browser (NSB) to device alternative to internet and enterprise & social communication framework engrossing universally distributed grid supercomputing and peer to peer framework.

- The table below outlines the current status of our intellectual property (Registered Trade Mark)

Sr. No.	Mark	Date of Application	Registration No.	Issuing Authority	Description of Class
1.	 NetAlter	15/02/2005	1338596	Registrar of Trade Marks, India	Class 9
2.	 NetAlter	15/02/2005	1338595	Registrar of Trade Marks, India	Class 35
3.	 NetAlter	15/02/2005	1338594	Registrar of Trade Marks, India	Class 36
4.	 NetAlter	15/02/2005	1338593	Registrar of Trade Marks, India	Class 41
5.	 NetAlter	15/02/2005	1338591	Registrar of Trade Marks, India	Class 42
6.	 Bhav2Bhav.com	31/03/2004	1275721	Registrar of Trade Marks, India	Class 42
7.	 Business Connect	31/03/2004	1275720	Registrar of Trade Marks, India	Class 9
8.	 Community Hotline	14/08/2003	1222965	Registrar of Trade Marks, India	Class 9
9.	 Community Online	14/08/2003	1222966	Registrar of Trade Marks, India	Class 9
10.	 Connect Customer	10/06/2004	1289227	Registrar of Trade Marks, India	Class 42
11.	 Doc Express	12/01/2004	1260642	Registrar of Trade Marks, India	Class 9
12.	 E-Mail Manager	15/02/2005	1338592	Registrar of Trade Marks, India	Class 9
13.	 Family Connect	26/03/2004	1275034	Registrar of Trade Marks, India	Class 9

14.	 Friend Connect	26/03/2004	1275032	Registrar of Trade Marks, India	Class 9
15.	 Job Connect	31/03/2004	1275719	Registrar of Trade Marks, India	Class 9
16.	 Matrimonial Hotline	04/08/2003	1219879	Registrar of Trade Marks, India	Class 9
17.	 Matrimonial Online	04/08/2003	1219880	Registrar of Trade Marks, India	Class 9
18.	 Web Manager	22/12/2003	1256852	Registrar of Trade Marks, India	Class 9
19.	 R Point	06/08/2004	1301025	Registrar of Trade Marks, India	Class 42
20.	 R Point	06/08/2004	1301018	Registrar of Trade Marks, India	Class 35
21.	 R Point	06/08/2004	1301020	Registrar of Trade Marks, India	Class 36
22.	 R Point	06/08/2004	1301021	Registrar of Trade Marks, India	Class 41
23.	 Connect Club	27/4/2010	1956388	Marked for examination	Class 9
24.	 Connect Club	27/4/2010	1956389	Marked for examination	Class 42

- The table below outlines the current status of our intellectual property (Copyright)

Sr. No.	Mark	Date of Application	Registration No.	Issuing Authority	Description of Class
1.	<b>Community<sup>©</sup> Hotline</b>	18/11/2004	SW-2198/2005	Deputy Registrar of Copyright	Software
2.	<b>Community<sup>©</sup> Online</b>	18/11/2004	SW-2196/2005	Deputy Registrar of Copyright	Software
3.	<b>Matrimonial<sup>©</sup> Hotline</b>	08/10/2003	SW-1764/2005	Deputy Registrar of Copyright	Software
4.	<b>Matrimonial<sup>©</sup> Online</b>	08/10/2003	SW-1758/2008	Deputy Registrar of Copyright	Software



### Patents

We have obtained registration for the Patent in respect of 'An Information Communication And Computation System' with the Patent Office, Government of India.

We have also filed for Patent in USA, Europe, Malaysia, New Zealand, China, Canada, Australia, Mexico, and Brazil for 'A method and system for institution of information communication and computation framework'. The Company's patent has also been published by the Patent Co-operation Treaty ("PCT").

We have the following patent which is registered with the Patent Office, Government of India:

Sr. No.	Patent No.	Title	Applicants	Inventors	Application No.	Filing Date	Publication Date
1.	212954	An Information Communication And Computation System	WVSL	Mr Rajesh C. Rathod and Yogesh C. Rathod	01279/MUM/2004	30/11/04	29/02/08

### Brief on Patent of NetAlter System

#### Patent Licensing Agreement

Mr. Yogesh Rathod and Mr. Rajesh Rathod are the inventors of the concept which is patented as "A SMART SYSTEM AND METHOD FOR INFORMATION COLLECTION, ORGANIZATION, INTEGRATION, and COLLABORATION AND DISTRIBUTION FOR DEVELOPMENT OF NETWORKED COMMUNITY BY SECURE MEANS OF TRUSTED LAYERED NETWORKING"

The inventors entered into an agreement dated 30/11/2004 exclusively assigning the rights, claim, title and interests to develop, manufacture, promote and distribute the said invention in India and rest of the world to WVSL. As a consequence, WVSL became the co-owner of the said technical knowhow and authorised to commercially exploit the same at its discretion. On the same day i.e. on 30/11/2004 WVSL applied for the patent registration of the invention titled "A SMART SYSTEM AND METHOD FOR INFORMATION COLLECTION, ORGANIZATION, INTEGRATION, COLLABORATION AND DISTRIBUTION FOR DEVELOPMENT OF NETWORKED COMMUNITY BY SECURE MEANS OF TRUSTED LAYERED NETWORKING" bearing application No. 01279/MUM/2004 with Indian Patent Office. This Patent got registered in the year 2007 vide the certificate of grant bearing Patent Grant Number 212954 received from Patent Office, Government of India, on 19th December 2007.

Our Company entered into a Patent Licensing Agreement with WVSL on 6<sup>th</sup> June, 2005 by virtue of which an exclusive license was granted by WVSL to the Company to manufacture, sell, develop, improve, test and market the licensed Patent.

The major features of the said Agreement are as follows:

- The original agreement provides for broad terms of consideration for the aforesaid license including a lump sum payment of ₹ 2,20,00,000/- (Rupees Two Crore Twenty Lakhs) by the Company to WVSL. The Company in this regard, shall also pay royalty to each of its two Promoters, Yogesh Chunilal Rathod (Inventor) and Rajesh Chunilal Rathod (Co- Inventor) at the rate of 3.5% of the gross turnover of the Company for a period of 20 years being the life span of the Patent.
- The agreement was modified by executing a Deed of Amendment on 1<sup>st</sup> April, 2009 by virtue of which, the Clause for payment of royalty by the Company to two of its Promoters was amended and replaced by a new Clause. As per the amendments made, in case of commercial utilisation of the patent, the aforementioned Promoters as the inventors are each entitled to receive, annually, a sum of ₹ 300,000 (Rupees Three Lakh only) or 1% of revenue generated from the said Patent No. 212954, directly or indirectly, whichever is higher, from the Company.



- (c) The agreement also provides for other rights accruing to the Company as well as action to be taken in the event of infringement of the licensed patent.

Now the aforesaid Patent rights stand transferred to our Company under the Scheme of Amalgamation of WVSL with our Company, as approved by the Hon'ble Bombay High Court in the year 2008.

For details please refer to the section titled "History and Other Corporate Matters" on page no. 97 of DRHP.

We have applied for patents in various countries / regions. The details of such applications and current status thereof, is mentioned below:

Sr. No	Applicant	Country	Filing date	Status	Granting Status
1	WVSPL	U.S.A	01/07/2005	Detailed action report dated 10/01/2008 received. Reply filed on 21/08/2008 – Final Office Action dated November 2, 2009 received and replied to.	Examination in process
2	WVSL	Malaysia	15/06/2007	Preliminary Examination report received on 27/06/2007. Request for Substantive Examination filed on 11-6-2009.	Examination in process
3	WVSL	Mexico	31/07/2007	Patent application amended in November 2008 - technical examination result awaited.	Examination in process
4	WVSL	China	06/12/2007	Filed request of examination and publication in September 2008	Request for examination and awaiting for examination
5	WVSL	Canada	24/08/2006	Filed request of examination and maintenance on 30/07/2008- Examination requested dated 28/8/2008 - last payment effected on 9/9/2009 and next payment due on 21/9/2010	Request for examination and awaiting for examination
6	WVSL	PCT	21/09/2005	Search Report received dated 24/02/2006	N.A
7	WVSL	Brazil	20/12/2007	3 <sup>rd</sup> Annuity paid on 17 Feb 2010 – Fast track substantive examination filed - next procedure to be followed is the request of examination of the case by December 20, 2010 at the cost of US\$ 929,00 - we need to give further instruction	Request for examination and awaiting for examination
8	WVSL	Australia	27/06/2007	Filed in June 2007 – Request for examination filed in October 2009	Examination in process
9	WVSL	New Zealand	27/06/2007	FILED IN June 2007 – Examination Report on September 17, 2009	Examination in process
10	WVSL	EPO	28/06/2007	AMENDED CLAIMS FILED IN APRIL 2008 – Fifth Annuity Fees paid in September 2009	Examination in process
11	WVSPL	India	30/11/2004	Granted Patent Number 212954	Granted



## Valuation

Valuation Consulting Limited, a BNP Paribas group company has issued a valuation report for the aforesaid Patent in May 2008 indicating the value of the Patent to be in the range of USD 530 million to USD 640 million. The said report has subsequently been updated in November 2010 by BNP Paribas Business Assets Valuation Limited (formerly Valuation Consulting Limited) wherein they have indicated the revised valuation to be in the order of USD 400 million. This revision in valuation is attributed to higher discount rate of 60% as against the range of 45 to 50% considered earlier on a revised market size of USD 935 Billion as against USD 635 Billion considered earlier.

## Insurance

We maintain insurance covering our assets and operations at levels that we believe to be appropriate for our business. We possess Standard Fire and Special Perils policy in respect of our equipments, furniture, fixtures & fittings, office equipments and machinery, interior decoration, electrical and power fittings and other office contents of every description, books and reference materials, literature etc. of every description against Earthquake, Fire & shocks, terrorism and house breaking.

We also have money insurance policy that covers cash in respect of money for payment of wages, salaries and other earning or for petty cash in direct transit from bank to our premises, secured in locked safe or strong room on the premises, personal custody, direct transit to and from bank, post office or any other transit and cheques provided for such cash covered while in transit against burglary, housebreaking and hold-up.

The details of Insurance policies taken from The Oriental Insurance Company Limited are:

Sr. No	Name of the Policy	Policy No	Policy tenure.	Insured	Features
1	Money Insurance Policy	123105/48/2011/1200	From 15.47 on 29/06/2010 to midnight 28/06/2011	NetAlter Software Limited	The policy covers Money for the payment of wages, salaries, petty cash, cash in transit, cheques, and other cash on the premises.
2	Standard Fire and Special Perils Policy	123105/11/2011/295	From 15.48 on 22/06/2010 to midnight 21/06/2011	NetAlter Software Limited	a) Fire b) Terrorism c) Earth Quake d) House Breaking

These insurance policies are reviewed periodically to ensure that the coverage is adequate. All these policies are in existence and premiums have been paid thereon.

## Property:

We do not own any property. However, we have acquired office premises on leave and license basis, details of which are as under:

Sr.No	Parties and date of Agreement	Licensed Premises and User	License Period
1.	Mrs. Premila A. Patel (Licensor) and the Company (Licensee) Dated November 16, 2008	Premises at 813, Nirmal Corporate Center, Nirmal Life Style, L.B.S. Marg, Mulund (West), Mumbai – 400080 admeasuring 525 sq. ft.  This Premises is used as the registered office of the Company.	For Period of 36 months commencing from October 15, 2008 to October 14, 2011



2.	Mrs. Jayshree R. Patel (Licensor) and the Company (Licensee) Dated November 16, 2008	Premises at 814, Nirmal Corporate Center, Nirmal Life Style, L.B.S.Marg, Mulund (West), Mumbai – 400080 admeasuring 525 sq. ft.  This Premises is used as the registered office of the Company.	For Period of 36 months commencing from October 15, 2008 to October 14, 2011
3.	Mr. Velji H. Patel, Mrs. Vimla N. Patel, Mrs. Usha R. Patel, Mrs. Bhagwati S. Patel (Licensors) and the Company (Licensee) Dated November 16, 2008	Premises at 622, Nirmal Corporate Center, Nirmal Life Style, L.B.S.Marg, Mulund (West), Mumbai – 400080 admeasuring 1510 sq. ft.  This Premises is used as the corporate office of the Company.	For Period of 36 months commencing from October 15, 2008 to October 14, 2011
4.	Mrs. Hansa R. Patel, Mr. Karsan M. Patel (Licensors) and the Company (Licensee) Dated November 16, 2008	Premises at 623, Nirmal Corporate Center, Nirmal Life Style, L.B.S.Marg, Mulund (West), Mumbai – 400080 admeasuring 1610 sq. ft.  This Premises is used as the corporate office of the Company.	For Period of 36 months commencing from October 15, 2008 to October 14, 2011

The aforesaid lease period of our registered office and corporate office is due to expire in mid-October 2011.

We propose to acquire about 5000 Sq. feet of office space in or around Mulund, Mumbai, which is proposed to be financed out of the present issue of shares. We have estimated a sum of ₹ 690 lakhs towards the cost of the office premises including registration and furnishing. These are our estimates and are calculated by providing for some margin of increase over presently prevailing rates in and around the said locality. We are yet to finalise the property and hence details of vendors cannot be furnished.

There are no material existing or anticipated transactions in relation to utilisation of the issue proceeds or project cost with Promoters, Directors, key management personnel, associates or group companies.





## **KEY INDUSTRY REGULATIONS AND POLICIES**

*The following description is a summary of the relevant regulations and policies as prescribed by the Government of India, Government of Maharashtra, and the respective bye laws framed by the local bodies in Mumbai and others incorporated under the laws of India. The information detailed in this chapter has been obtained from the various legislations and the bye laws of the respective local authorities that are available in the public domain. The regulations and policies set out below are not exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional advice.*

### **Information technology laws**

Information Technology Act, 2000 is principally based on the UNCITRAL model law. The object is to give effect to the resolution of the United Nations which recommended giving favourable consideration to the said model law while enacting or revising their laws so that uniformity of law, applicable to the alternatives to the paper based methods of communication and storage of information is achieved. Its other object is to promote efficient delivery of government services by means of reliable electronic records. It therefore provides for:

1. Legal recognition for transactions carried out by means of electronic data interchange and other means for electronic communication, commonly referred to as “electronic commerce”, which involve the use of alternatives to paper based methods of communication and storage of information;
2. Facilitating electronic filing of documents with the government agencies and for matters connected therewith or incidental thereto.

The Information Technology Act, 2000 regulates Information Technology i.e. it governs information storage, processing and communication. The use of modern means of communications such as E-mail and electronic data interchange has been rapidly increasing. However, the communication of legally significant information in the form of paperless messages may be hindered by legal obstacles to the use of such messages, or uncertainty to their legal effect and validity. The purpose of the Information Technology Act, 2000 is to remove such obstacles and to create a more secure legal environment for what has now become known as “electronic commerce”. The Information Technology Act, 2000 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. The Information Technology Act, 2000 also provides punishment for offences committed outside India if the act involves a computer system or computer network outside India.

The Information Technology Act, 2000 facilitates revolution of e-commerce, provides a legal framework to digital documents and helps in preventing cyber crimes. In a nutshell, the Information Technology Act, 2000, as amended by the Information Technology (Amendment) Act, 2008, and the rules prescribed thereunder provide for:

1. Legal recognition of electronic record;
2. Admissibility of electronic data/evidence in courts;
3. Data protection obligations in relation to sensitive information;
4. Legal acceptance of electronic signatures; and
5. Punishment for cyber obscenity and crimes including fraudulent use of computer systems, offensive and obscene communications, identity theft and cyber terrorism;
6. Establishment of a Cyber Regulatory Advisory Committee and a Cyber Regulatory Appellate Tribunal;
7. Regulatory control including provisions for interception, monitoring and decryption of information and blocking public access to any information.



## **Labour Laws**

### ***Bombay Shops and Establishments Act, 1948***

The conditions of service of employees of IT companies are inter alia regulated by the relevant shops and establishments law in which the IT unit is situated. This is a State specific legislation and each State has framed its own rules for the Act. The State Government can exempt any establishment from all or any provisions of this Act either permanently or for a specified period. Establishments are required to be registered under the provisions of local shops and establishments legislations applicable in the states in which such establishments are set up. The provisions of this legislation are applicable to all persons employed in an establishment, whether with or without wages, the only exception being that of the members of the employer's family.

The main objectives of the Shops and Establishments Act is to

- regulate the working & employment conditions of the workers employed in shops & establishments, including, commercial establishments.
- fix the number of working hours, rest intervals, overtime, holidays, leave and termination of service.

The Company having its registered office at Mumbai, Maharashtra the provisions of the Bombay Shops and Establishments Act, 1948 are applicable to the Company and the Company is registered under the Act.

The Bombay Shops and Establishments Act provides that any employee who is asked to work on any holiday including a National Holiday, is eligible for a compensatory holiday in addition to double the payment for the holiday on which he has worked.

### ***Employees Provident Fund and Miscellaneous Provisions Act, 1952***

Employees Provident Funds and Miscellaneous Provisions Act, 1952 ("EPFA") was introduced with the object to institute compulsory provident fund for the benefit of employees in factories and other establishments. The EPFA provides for the institution of provident funds and pension funds for employees in establishments where more than 20 persons are employed and factories specified in Schedule I of the EPFA. Under the EPFA, the Central Government has framed the "Employees Provident Fund Scheme", "Employees Deposit-linked Insurance Scheme" and the "Employees Family Pension Scheme". Liability is imposed on the employer and the employee to contribute to the funds mentioned above, in the manner specified in the statute. There is also a requirement to maintain prescribed records and registers and filing of forms with the concerned authorities. The EPFA also prescribes penalties for avoiding payments required to be made under the abovementioned schemes.

### ***Payment of Gratuity Act, 1972***

The Payment of Gratuity Act, 1972 provides for payment of gratuity to employees employed in factories, shops and other establishments who have put in a continuous service of five years, in the event of their superannuation, retirement, resignation, death or disablement due to accidents or diseases. The rule of 'five year continuous service' is however relaxed in case of death or disablement of an employee. Gratuity is calculated at the rate of 15 days wages for every completed year of service with the employer. Presently, an employer is obliged for a maximum gratuity payout of ₹ 350,000 for an employee.

### ***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, an employee in a factory or in any establishment where 20 or more persons are employed on any day during an accounting year, who has worked for at least 30 working days in a year is eligible to be paid a bonus. Contravention of the provisions of the Payment of Bonus Act, 1965 by a company is punishable with imprisonment or a fine, against persons in charge of, and responsible to the company for the conduct of the business of the company at the time of contravention.

### ***Contract Labour (Regulation and Abolition) Act, 1970***

The object of the Contract Labour (Regulation and Abolition) Act, 1970 is to prevent exploitation of contract labour and also to introduce better conditions of work. A workman is deemed to be employed as Contract Labour when he is hired in connection with the work of an establishment by or through a Contractor. Contract workmen are indirect employees. Contract Labour, by and large is not borne on pay roll nor is paid directly. The Contract Workmen are hired, supervised and remunerated by the Contractor, who in turn, is remunerated by the Establishment hiring the services of the Contractor.

### ***The Maternity Benefit Act, 1961***

The purpose of the Maternity Benefit Act, 1961 is to regulate the employment of pregnant women and to ensure that they get paid leave for a specified period during and after their pregnancy. It provides, inter alia, for payment of maternity benefits, medical bonus and enacts prohibitions on dismissal, reduction of wages paid to pregnant women, etc.

### ***Maharashtra State Tax on Profession, Trades, Callings and Employments Act, 1975***

The professional tax slabs in India are applicable to those citizens of India who are either involved in any profession or trade. The State Government of each State is empowered with the responsibility of structuring as well as formulating the respective professional tax criteria and is also required to collect funds through professional tax. The professional taxes are charged on the incomes of individuals, profits of business or gains in vocations. The professional tax is charged as per the List II of the Indian Constitution. The professional taxes are classified under various tax slabs in India. The State of Maharashtra has its own professional tax structure and tax will be levied on every person who exercises any profession or calling or is engaged in any trade or holds any appointment, public or private, or is employed in any manner in state is liable to pay the profession tax at the specified rate provided that no tax shall be payable by the person who have attained sixty five year of age and handicapped person with more than 40% disability or parent of a physically disabled or mentally retarded child. The tax payable in this Act by any person earning a salary or wage shall be deducted by his employer from the salary or wages payable to such person before such salary or wages is paid to him, and such employer shall, irrespective of whether such deduction has been made or not when the salary and wage is paid to such persons, be liable to pay tax on behalf of such person and employer has to obtain the registration from the assessing authority in the prescribed manner. Every person liable to pay tax under this Act (other than a person earning salary or wages, in respect of whom the tax is payable by the employer), shall obtain a certificate of enrolment from the assessing authority.

### ***Intellectual property***

#### ***Patent protection***

The 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 programs 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:

1. Technical applications of computer programs to industry; and
2. 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 not patentable), *inter alia*, by the existence of:

1. any earlier patent on such invention in any country;
2. prior publication of information relating to such invention;
3. an earlier product showing the same invention; or
4. 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. The Controller of Patents is required to obtain the prior consent of the Central Government before granting any such permission in respect of inventions relevant for defence purpose or atomic energy.

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 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.

An application under the PCT procedure is processed in two phases, i.e.:

1. an international phase wherein an international application is filed in the International Bureau; and
2. 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 months period.

### **Copyright protection**

The 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 favouring 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, copyright protection of a work lasts for a sixty years period following the demise 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:

1. 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;
2. 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;
3. 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
4. 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.

### **Trademarks**

The Trade Marks Act governs the statutory protection of trademarks in India.

Indian trademarks law permits registration of trademarks for goods and services. Certification trademarks and collective marks are also registrable under the Trade Marks 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 classes. Once granted, trademark registration is valid for ten years, unless cancelled. The registration can be renewed for further period of ten years. 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.

### **Trade secrets and confidential information**

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

### **Incentives**

#### **State level incentives, waivers and subsidies**

Most state governments in India have announced special promotional schemes offering various packages of tax, financial and other incentives and procedural waivers for the IT-ITES sector. Despite these schemes being made at the state government, there is a fair degree of uniformity across states, as they are mainly modelled on the basis of the schemes existing in other states, where the same had been successful. These schemes focus on the key issues of infrastructure, electronic governance, IT education and increased IT proliferation in the respective states.

#### **Incentives offered to promote IT-ITES in India**

To promote the growth of IT-ITES in India, the central and state governments have introduced a range of incentives, concessions, subsidies and simplification of procedural requirements for companies operating in India. These include relaxation of policies relating to inbound and outbound investments, relaxations under foreign exchange control, incentives for units located in a Domestic Tariff Area or under Export Oriented Units /Software Technology Parks /SEZs and Electronic Hardware Technology Park schemes; and state level incentives, waivers and subsidies.

#### **Relaxation of policies relating to inbound investments**

India's economic policies are designed to attract significant capital inflows into India on a sustained basis and to encourage technology collaborations between Indian and foreign entities.

The government has permitted up to 100 % foreign investments in the IT sector, through the automatic route. Accordingly, unlike some other sectors, a foreign investor is not required to seek active support of joint venture partners for investing in a new IT-ITES venture.





### **Incentives granted under IT Policy of Maharashtra from 2009**

The State of Maharashtra has formulated the Information Technology and Information Technology Enabled Services Policy, 2009. The salient features of the scheme of incentives are as follows:

1. Availability of 100% additional FSI for information technology parks on the payment of specified premium;
2. Availability of 100% additional FSI for support facilities in information technology parks on the payment of specified premium;
3. Permissibility of global FSI at layout level subject to compliance with specified guidelines;
4. Up to 30% of built up area in information technology parks may be used for specified financial services and upto 20% for support facilities while at least 50% of the built up area for information technology uses;
5. Eligible units covered will be exempt from payment of electricity duty;
6. 100% stamp duty exemptions in public information technology parks and 75% stamp duty exemption in private information technology parks;
7. 90% stamp duty exemption to information technology parks on merger, de-merger and re-constitution;
8. Work contract taxes for maintenance contracts for information technology parks will be levied at minimum rates and property tax will be levied at par with rates for residential property;
9. Information technology parks will be allowed in any zone;
10. Value added tax on information technology products will be charged at a specified minimum floor rate recommended by the concerned Empowered Committee at the Centre; and
11. IT-ITES units shall be exempt from octroi/ entry tax or other cess or tax levied in lieu of these.

### **Tax Related Legislations**

#### ***Value Added Tax, 2005***

Value Added Tax ("VAT") is charged on sale of goods in the States under the law enacted by each State in respect thereof. VAT is however, not chargeable on the value of services which do not involve a transfer of goods. VAT is a multi-point levy on each of the entities in the supply chain with the facility of setoff of input tax that is the tax paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. Only the value addition in the hands of each of the entities is subject to tax.

#### ***Income-tax Act, 1961***

The Income-tax Act, 1961 ("IT Act") is applicable to every company, whether domestic or foreign whose income is taxable under the provisions of this Act or Rules made there under depending upon its "Residential Status" and "Type of Income" involved. Every company assessable to income tax under the IT Act is required to comply with the provisions thereof, including those relating to Tax Deduction at Source, Advance Tax, Minimum Alternate Tax and like. Every such company is also required to file its returns by 31st October of each assessment year.

#### ***Service Tax***

Service tax is charged on 'taxable services' as defined in Chapter V of Finance Act, 1994, which requires a service provider of taxable services to collect service tax from the recipient of such services and pay such tax to the Government. According to Rule 6 of the Service Tax Rules, every assessee is required to pay service tax in TR 6 challan by the 5th of the month immediately following the month to which it relates.





Further, under Rule 7 (1) of Service Tax Rules, the company is required to file a half yearly return in Form ST 3 by the 25th of the month immediately following the half year to which the return relates.

### ***Customs Act, 1962***

The provisions of the Customs Act, 1962 and Rules made there under are applicable at the time of import of goods into India from a place outside India or at the time of export of goods out of India to a place outside India. Any Company requiring to import or export any goods is required to get itself registered and obtain an Importer Exporter Code (IEC) number.

### ***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.



## HISTORY AND OTHER CORPORATE MATTERS

### Our History,

Our Company was incorporated as NetAlter Software Limited on May 13, 2005 under the Companies Act, 1956 as a public limited company and obtained the Certificate of Commencement of Business on June 1, 2005 from ROC, Maharashtra, Mumbai.

We are a software company engaged in developing solutions for the social and collaborative sphere. At present, we are actively involved in research and development of applications based on NetAlter System.

We concluded amalgamation of WVSL with ourselves on January 18, 2008 pursuant to the approval by the Hon'ble Bombay High Court. Before amalgamating with our company, WVSL was carrying out the activities relating to IT Industry. It was incorporated in the year 2003 and started to develop various software products since inception. On the basis of the research and development of WVSL, till the date of amalgamation it was holding various Trademarks and Copyrights in its name. For undertaking business on competitive basis and also after considering the similar nature of business of our Company and WVSL, the decision of amalgamation was taken. Mr. Yogesh C Rathod and Mr. Rajesh C Rathod, being the co-inventors of the NetAlter System invention, entered into an Agreement with White Vision Software Private Limited on November 30, 2004, exclusively assigning the rights, claim, title and interests to develop, manufacture, promote and distribute the said invention in India and rest of the world. White Vision Software Private Limited applied for the patent registration of the invention titled "A SMART SYSTEM AND METHOD FOR INFORMATION COLLECTION, ORGANIZATION, INTEGRATION, COLLABORATION AND DISTRIBUTION FOR DEVELOPMENT OF NETWORKED COMMUNITY BY SECURE MEANS OF TRUSTED LAYERED NETWORKING" bearing application No. 01279/MUM/2004 dated 30<sup>th</sup> November, 2004. This Patent got registered in the year 2007 vide the certificate of grant bearing Patent Grant Number 212954 received from Patent Office, Govt. of India, Mumbai on December 19th December 2007.

### Changes in Registered Office

The registered office of our Company was changed from 3 & 4, Sai-Smruti, B. K. Tiwari Marg, behind Deep Mandir theatre, Mulund (W), Mumbai – 400 080 due to expiry of lease term of the premises, to 813 & 814, Nirmal Corporate Centre, Nirmal Lifestyle, LBS Marg, Mulund (W), Mumbai – 400 080 with effect from January 20, 2009 pursuant to a resolution of the Board dated January 20, 2009.

Apart from the Registered Office, our Company's operations are also conducted from its Corporate Office at 622 & 623, Nirmal Corporate Centre, Nirmal Life Style, L.B.S. Marg, Mulund (West), Mumbai – 400080.

### Key events and milestones

<b>Fiscal</b>	<b>Event</b>
2005	The Patent application for NetAlter System was filed in India, USA and 124 other countries via Patent Cooperation Treaty.
2006	Received the Intimation Letter of Grant from the Indian Patent Office.
2007	WVSL was granted Patent for NetAlter System in India.
2007	The Scheme of amalgamation between WVSL and Netalter Software Limited was approved; vide Shareholder's resolution dated August 18, 2007.
2008	Our amalgamation with WVSL was concluded on January 18, 2008 pursuant to the approval by the Hon'ble Bombay High Court
2008	Became owner of various registered Trademarks and Copyrights by virtue of amalgamation
2008	Patent valued by Atisreal Valuation Consulting – a BNP Paribas Company
2009	Commercial launch of software products like Matrimonial Online, Matrimonial Hotline, Community Online and Community Hotline.
2010	Patent valued by BNP Paribas Asset Valuation Company

Our company has 592 shareholders as on date of this Draft Red Herring Prospectus.



### Awards and Accreditations

Fiscal	Award/Accreditation
2007	The Red Herring Global declared us as one of the top 100 Tech Startup in the world and awarded "The Red Herring Global 100 Award"
2007	The Red Herring Magazine declared us as one of the 100 most Innovative companies in Asia and awarded "The Red Herring Asia 100 Award".
2006	Selected as one of the most innovative companies in Asia by Red Herring Magazine and shortlisted for the Red Herring 100 Asia 2006 awards

### Our main objects

Our main objects as contained in our Memorandum, the current version of which was approved by the shareholders of our Company on July 29, 2010 at the Company's fifth annual general meeting, are as follows:

*To carry on in India and abroad the business to develop, improve, design, analyse, licence, implement, support, invent, import, export, buy, sell, distribute, market, operate, franchise, fabricate, construct, develop, assemble, outsource, record, maintain, repair, service, convert, improve, procure, install, modify and or otherwise to deal in maintain and implement on commercial basis, a range of technologies and products including development of specialized system software and application software, state-of-the-art product development tools methodologies and processes and all kinds computer software, commercial packages, project devoted to E-Business and E-Commerce applications and standard business packages, developing and managing web-enabled IT infrastructure and implementation and support for client server applications and data processing, computer systems, internet, office systems, desktop publishing, communications including telecommunication and satellite communication, CAD/CAM/CIM/FEAM animation, operating systems, research & development, market research surveying and survey data analysis, recognition of management, financial management operation and to undertake turnkey software projects, enterprise management, ERP packages, research and real time applications, time sharing business applications, industrial engineering applications process and process control, computer education and promotion, and selection of personnel, recruitment system and placement in computer software and hardware, development software and hardware and to manufacture and deal in computer hardware, microprocessors, chips, hard disk drives, compact disk drives, floppy drives, monitors, CRTs, modems, PBX and telephone systems, communication products, printers, components, parts and peripherals, modulators, auxiliary instruments, electronic parts, equipments, computer data processing machines, tools, machines, systems, conveniences, spare parts, accessories, devices, components, fixtures of different capacities and models and other materials for information technology and telecommunication and program packages and including product specifications, technology evaluations and project management and such other products or things which may be considered either as an integral part of a computer system, or as an optional attachment or supplement thereto and or otherwise to provide complete hardware and software solutions for information and technology industry and render software professional services, consultancy service and technical assistance and to provide business process outsourcing services for industries and corporate communications.*

### Amendments to the Memorandum

Since incorporation, the following changes have been made to the Memorandum:

Date of shareholders approval	Amendment
June 30, 2005	The authorized capital of our company was increased from ₹ 1,00,00,000 comprising 1,00,00,000 Equity Shares of ₹ 1/- (Rupee One) each, to ₹ 4,50,00,000 comprising 1,50,00,000 Equity Shares of ₹ 1/- (Rupee One) each and 300,000, 12% Cumulative Redeemable Preference Shares of ₹ 100 (Rupees Hundred) each.
June 25, 2007	The authorized capital of the Company was re-classified from ₹ 4,50,00,000 comprising 1,50,00,000 Equity Shares of ₹ 1/- (Rupee One) each and 3,00,000 12% Cumulative Redeemable Preference Shares of ₹ 100 (Rupees Hundred) each to ₹ 4,50,00,000 comprising 4,50,00,000 Equity Shares of ₹ 1/- (Rupee One) each.



<b>Date of shareholders approval</b>	<b>Amendment</b>
December 24, 2009	The authorised share capital of ₹ 4,50,00,000/- divided into 4,50,00,000 Equity Shares of ₹ 1/- (Rupee One) each was increased to ₹ 16,00,00,000/- divided into 16,00,00,000 Equity Shares of ₹ 1/- (Rupee One) each.
April 9, 2010	The face value of the Equity Shares was consolidated from Equity Shares of ₹ 1/- (Rupee One) each to Equity Shares of ₹ 10/- (Rupees Ten) each and consequently the number of Equity Shares outstanding as on date are 1,04,19,400.

**Strategic or Financial Partners** - We do not have any strategic or financial partners.

**Shareholders' Agreements** - We do not have any agreements with the shareholders.

**Details of our Subsidiaries** - We do not have any Subsidiaries.

#### **Other Material Agreements**

##### **Patent Licensing Agreement**

Mr. Yogesh Rathod and Mr. Rajesh Rathod are the inventors of the concept which is patented as "A SMART SYSTEM AND METHOD FOR INFORMATION COLLECTION, ORGANIZATION, INTEGRATION, and COLLABORATION AND DISTRIBUTION FOR DEVELOPMENT OF NETWORKED COMMUNITY BY SECURE MEANS OF TRUSTED LAYERED NETWORKING"

The inventors entered into an agreement dated 30/11/2004 exclusively assigning the rights, claim, title and interests to develop, manufacture, promote and distribute the said invention in India and rest of the world to WVSL. As a consequence, WVSL became the co-owner of the said technical knowhow and authorised to commercially exploit the same at its discretion. On the same day i.e. on 30/11/2004 WVSL applied for the patent registration of the invention titled "A SMART SYSTEM AND METHOD FOR INFORMATION COLLECTION, ORGANIZATION, INTEGRATION, COLLABORATION AND DISTRIBUTION FOR DEVELOPMENT OF NETWORKED COMMUNITY BY SECURE MEANS OF TRUSTED LAYERED NETWORKING" bearing application No. 01279/MUM/2004 with Indian Patent Office. This Patent got registered in the year 2007 vide the certificate of grant bearing Patent Grant Number 212954 received from Patent Office, Government of India, on 19th December 2007.

Our Company entered into a Patent Licensing Agreement with WVSL on 6<sup>th</sup> June, 2005 by virtue of which an exclusive license was granted by WVSL to the Company to manufacture, sell, develop, improve, test and market the licensed Patent.

The major features of the said Agreement are as follows:

- The original agreement provides for broad terms of consideration for the aforesaid license including a lump sum payment of ₹ 2,20,00,000/- (Rupees Two Crore Twenty Lakhs) by the Company to WVSL. The Company in this regard, shall also pay royalty to each of its two Promoters, Yogesh Chunilal Rathod (Inventor) and Rajesh Chunilal Rathod (Co- Inventor) at the rate of 3.5% of the gross turnover of the Company for a period of 20 years being the life span of the Patent.
- The agreement was modified by executing a Deed of Amendment on 1<sup>st</sup> April, 2009 by virtue of which, the Clause for payment of royalty by the Company to two of its Promoters was amended and replaced by a new Clause. As per the amendments made, in case of commercial utilisation of the patent, the aforementioned Promoters as the inventors are each entitled to receive, annually, a sum of ₹ 300,000 (Rupees Three Lakh only) or 1% of revenue generated from the said Patent No. 212954, directly or indirectly, whichever is higher, from the Company.
- The agreement also provides for other rights accruing to the Company as well as action to be taken in



the event of infringement of the licensed patent.

WVSL and our company later on entered into a Scheme of Amalgamation, approved by Hon'ble Bombay High Court on 18<sup>th</sup> January, 2008. The brief details of which are as follows:

#### **Scheme of Amalgamation**

- (a) The Scheme of Amalgamation ("Scheme") entered into between WVSL and our Company, was approved by Hon'ble Bombay High Court on 18<sup>th</sup> January, 2008. As per the Scheme, with effect from 1<sup>st</sup> April 2007, the WVSL shall transfer their entire business undertaking as a going concern and all properties whether movable or immovable, real or personal, corporal or incorporeal, present or contingent including but without being limited to all assets, work in progress, current assets and debtors, investments, rights, claims and powers, authorities, allotments, approvals and consents, reserves, provisions, permits, ownerships rights, lease tenancy rights, incentives, claims, rehabilitation schemes, funds, quota rights, import quotas, licenses, registrations, contracts engagements, arrangements, brand, logos, intellectual property rights, etc. and debts, dues, duties and obligations including all income tax, excise duty, custom duty, sales tax, value added tax, service tax and other Government and Semi Government Liabilities to the Company. The agreements, contracts, deeds or arrangements to which WVSL is a party shall remain in force against the Company. Any legal proceeding against the WVSL shall be continued against the Company.
- (b) The Company, in consideration of the transfer, shall allot forty Equity Shares of ₹ 1/- (Rupee One) each, to all the Equity Shareholders of WVSL, whose names appear in the Register of Members, on a date to be fixed by the Board of the Company, for every one Equity Share of face value of ₹ 10/- (Rupees Ten) each held by the Shareholders of WVSL.



## OUR MANAGEMENT

### Board of Directors

Our Company's Articles of Association provide for appointment of minimum three and maximum twelve Directors. We currently have six Directors on our Board.

The following table sets forth details regarding our Board as on the date of this Draft Red Herring Prospectus:

<b>Name, Date of appointment, Father's/Husband's name, designation, DIN, address, Occupation and term.</b>	<b>Nationality</b>	<b>Age (in years)</b>	<b>Other Directorships/interests</b>
<b><i>Dr. Hitesh Khemchand Issrani</i></b> Date of Appointment - June 1, 2010 S/o Khemchand Issrani <i>Chairman &amp; Whole Time Director</i> DIN No.- 02041449 A/1202, Runwal Heights, L. B. S. Marg, Opposite Nirmal Life Style, Mulund (W), Mumbai – 400080, Maharashtra, India. Occupation-Professional Term- Expiring on March 31, 2011	Indian	31	Nil
<b><i>Mr. Rajesh Chunilal Rathod</i></b> Date of Appointment- May 13, 2005 S/o Chunilal Rathod <i>Managing Director</i> DIN No.- 00236164 1502/A, Mahavir Residency, Near Balrajeshwar Mandir, L.B.S.Road, Mulund (W), Mumbai 400080, Maharashtra, India. Occupation-Business Term : Expiring on June 30, 2014	Indian	39	Nil
<b><i>Mr. Nitin Harakhchand Gada</i></b> Date of appointment- March 1, 2009 S/o Harakhchand Gada <i>Executive Director</i> DIN No.- 00236048 Address: 2/7, Harisai Dham CHS, Plot No.153, Gandhi Nagar Dombivli (E) 421204, Maharashtra, India. Occupation-Business Liable to retire by rotation.	Indian	49	Nil
<b><i>Mr. Kirit Ravji Nagda</i></b> Date of appointment- September 5, 2006 S/o Ravji Nagda <i>Independent Director</i> DIN No.- 00458008 Address: B-11, Chitralekha Sane Guruji Nagar, Mulund (E), Mumbai - 400081, Maharashtra, India. Occupation-Professional Liable to retire by rotation.	Indian	39	Glamour Global Ltd.



<b>Name, Date of appointment, Father's/Husband's name, designation, DIN, address, Occupation and term.</b>	<b>Nationality</b>	<b>Age (in years)</b>	<b>Other Directorships/interests</b>
<b>Ms. Neha Rajen Gada</b> Date of appointment- August 12, 2008 W/o Rajen Gada <i>Independent Director</i> DIN No.- 01642373 A/704, Satguru Sharan 2, Sant Ramdas Marg, Mulund (E) Mumbai-400081, Maharashtra, India. Occupation-Professional Liable to retire by rotation.	Indian	34	<b>1. Directorships held:</b> Director in RSN Corporate Advisory Private Limited  <b>2. Proprietorship:</b> Neha Rajen Gada and Company
<b>Mr. Dinesh Kanji Patel</b> Date of appointment- June 1, 2010 S/o Kanji Patel <i>Independent Director</i> DIN No.- 03104495 1/5, Hingraj Bhavan, BPX Road No. 1, Mulund (W), Mumbai - 400080, Maharashtra, India. Occupation-Professional Liable to retire by rotation.	Indian	43	<b>Partnerships held:</b> M/s Ramesh K. Jain & Associates  <b>Proprietorship:</b> D.K. Patel and Company

None of the listed Companies in which the aforementioned Directors hold or have held Directorships, are/were suspended from being traded on the Bombay Stock Exchange Limited/National Stock Exchange of India Limited.

None of the listed Companies in which the aforementioned Directors hold or have held Directorships, are/were delisted from any of the Stock Exchanges in India.

#### **Family relationship between our Directors**

There is no family relationship between any of our Directors.

#### **Shareholding of the Directors**

<b>Name</b>	<b>Number of shares held</b>	<b>Percentage of Holding</b>
Hitesh Khemchand Issrani	--	--
Rajesh Chunilal Rathod	17,52,350	16.82%
Nitin Harakhchand Gada	282,200	2.71%
Kirit Ravji Nagda	13,000	0.12%
Neha Rajen Gada	2,725	0.03%
Dinesh Kanji Patel	12,500	0.12%

#### **Brief biographies of the Directors of Our Company**

**Dr. Hitesh Issrani**, aged 31 years, is the Chairman and Whole Time Director of our Company. He completed graduation in medical science in homeopathic medicine (BHMS) in the year 2001 and practised medicine for three years. He completed his Masters of Business Administration (MBA) with specialisation in Finance from Gujarat University in 2005. He joined Invest Mentor Securities Ltd as a business development executive and served for a period of one year. He later joined HSBC Invest Direct (then IL&FS Investsmart Securities Ltd) in 2006 as a Relationship Manager and was promoted to the post of Branch Manager. Later on he joined Way2wealth Brokers Pvt. Limited as a Regional Manager from April, 2008 onwards and continued his services with Way2Wealth Brokers till the time he joined NetAlter Software Limited in June 2010.





**Mr. Rajesh Rathod**, aged 39 years, is the Promoter and Managing Director of our Company. He holds a Masters Degree in Commerce (M.Com) from Mumbai University, Masters Diploma in Software Engineering (MDSE) from Aptech Mumbai and PACE Certificate and Diploma Computer Science from PACE University, New York. He has more than 16 years of experience in the IT industry. He was a freelance software developer till 2002 and developed / customised various software and utilities like Payroll, accounting packages etc. and was also engaged in IT consultancy services. He promoted WVSL in the year 2002. With his in-depth knowledge and experience in IT consulting and software development, he provides leadership, vision and strategic direction to our Company.

**Mrs. Neha Gada**, aged 34 years, is an independent Director of our Company. She holds a degree in Bachelors of commerce (B.com) and is a qualified Chartered Accountant from the Institute of Chartered Accountants of India. She has thirteen years of experience as a Chartered Accountant and has good experience in corporate laws & compliance. She has worked with various organisations like ICICI Bank limited for ...years and with Bombay Stock Exchange Limited for 7 years in compliance related roles. Currently, she is working as an independent consultant advising companies on SEBI and Stock Exchange related compliances matters

**Mr. Kirit Nagda**, aged 39 years, is an independent Director of our Company. He holds a degree in Bachelors of Commerce (B. Com) and also A.T.C. (Accounting Technician Certificate). He has wide experience in the areas of Income Tax / Sales Tax, Business Market Analysis, Financial Management and Accounting Matters. He also has experience in due diligence, deal structuring and other allied corporate consultancy services.

**Mr. Dinesh Patel**, aged 43 years, is an independent Director of our Company. He holds a bachelorComdegree in commerce (B.com) and is a qualified Chartered Accountant from the Institute of Chartered Accountants of India. He has his own Chartered Accountant firm and has been practicing in this field for more than 10 years.

**Mr. Nitin Gada**, aged 49 years, is the Promoter and Director of our Company. He has completed his HSC in Commerce. He is engaged in hospitality business and owns a restaurant in Dombivali, Mumbai for last twenty years.

#### **Remuneration of our Directors**

None of the Directors of our Company were paid any remuneration for the year 2009-10. Our Company in the Fifth Annual General Meeting dated July 29, 2010 vide shareholder's resolution approved remuneration of ₹ 125,000 (Rupees One Lac Twenty Five Thousand only) payable per month to Dr. Hitesh Issrani, Chairman and Whole time Director with effect from June 1, 2010 upto March 31, 2011.

The benefits other than remuneration payable for the year 2010-11 include sitting fees upto ₹ 5,000 per meeting to the Directors. Sitting fees is payable to all Directors except Mr. Hitesh Issrani. Additionally, Mr. Rajesh Rathod is entitled for minimum royalty fees of ₹ 3.0 lakhs.

#### **Details of borrowing powers of our Board**

The Borrowing Powers given to our Board is in conformity with Articles of Association of the Company as specified on Page No. 210 under Chapter "Main Provisions of Articles of Association".

#### **Interests of Directors**

All of our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other managerial remuneration and reimbursement of expenses payable to them under our Articles, and to the extent of remuneration paid to them for services rendered as an officer or employee of our Company.

Our Directors may also be regarded as interested in the Equity Shares, if any, held by them or that may be subscribed by or allotted to the companies, firms, trusts, in which they are interested as directors, members, partners, trustees and Promoters, pursuant to this Issue. All of our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.



Except as stated in “Related Party Disclosures” on page no. 124 and to the extent of shareholding in our Company, our Directors do not have any other interest in our business. We have not entered into any contracts for service with our Directors.

Our Directors and Promoters have no interest in any property acquired by our Company within two years prior to the date of this Draft Red Herring Prospectus.

Every Director of our Company and the officers of our Company shall be indemnified by our Company against any liability by reason of any contract entered into or act or deed done by him in his capacity as Director and it shall be the duty of the Directors to pay, out of the funds of our Company, all costs, losses and expenses (including travelling expenses) which any such Director, officer or employee may incur or become liable to by reason of any contract entered into or act or deed done by him as such Director, Manager, Secretary or officer or servant or in any way in the discharge of his duties.

Further, except statutory benefits upon termination of their employment in our company or retirements, no officer of our company, including our Directors and our key managerial personnel, are entitled to any benefits upon termination of employment.

#### **Change in the Directors during the last three years.**

<b>Name</b>	<b>Date of appointment</b>	<b>Date of cessation</b>	<b>Reason</b>
Arvind Kumar Ratanchand Jain	-	August 12, 2008	Resignation
Neha Rajen Gada	August 12, 2008	-	Appointment
Nitin Harakhchand Gada	March 1, 2009	-	Appointment
Yogesh Chunilal Rathod	-	March 1, 2009	Resignation
Dhirajlal Lakhamshi Shah	-	March 1, 2009	Resignation
Rakesh Tunaram Khetan	-	March 1, 2009	Resignation
Nikhil Pravin Dawda	March 1, 2009	-	Appointment
Nikhil Pravin Dawda	-	December 21, 2009	Resignation
Bharat Popatlal Gada	June 1, 2010	-	Appointment
Dinesh Kanji Patel	June 1, 2010	-	Appointment
Hitesh Khemchand Issrani	June 1, 2010	-	Appointment
Bharat Popatlal Gada	-	August 2, 2010	Resignation
Vijay Chunilal Rathod	-	November 15, 2010	Resignation

#### **Corporate governance**

We have complied with the Listing Agreement with respect to corporate governance especially with respect to broad basing of our Board, constituting committees such as Remuneration/Compensation Committee, Audit Committee and Shareholders’/Investors’ Grievance Committee. Further, the provisions of the listing agreement to be entered into with the Stock Exchanges with respect to corporate governance will be applicable to us immediately upon the listing of our Equity Shares on the Stock Exchanges. We have complied with such provisions, including with respect to the appointment of independent Directors on our Board and the constitution of committees of our Board. We have also adopted the Corporate Governance Code in accordance with Clause 49 of the Listing Agreements to be entered into with the Stock Exchanges prior to listing.

Our Company undertakes to take all necessary steps to comply with all the requirements of Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges.

Currently our Board has six Directors, of which the Chairman of the Board is an Executive Director. In compliance with the requirements of Clause 49 of the listing agreement, we have three executive Directors, and three non-executive Directors on our Board, of which, all are Independent Directors. Further, in compliance with Clause 49 of the Listing Agreement, the following Committees have been formed.



### ***Audit Committee***

An Audit Committee was re-constituted by the Board of Directors at its meeting held on 15<sup>th</sup> November, 2010 to ensure prudent financial and accounting practices, fiscal discipline, and transparency in financial reporting. Mr. Dinesh Patel, an Independent Director, is the Chairman of the Committee with Dr. Hitesh Issrani and Mr. Kirit Nagda as members. The terms of reference of the audit committee are as follows:

1. To oversee our Company's financial reporting process and the disclosure of its financial statements to ensure that the financial statements are correct, sufficient and credible;
2. To review, with the management, annual financial statements before submission to the Board for approval, with particular reference to:
  - i. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Sec. 217 of the Companies Act ;
  - ii. Changes, if any, in accounting policies and practices and reasons for the same;
  - iii. Major accounting entries involving estimates based on the exercise of judgment by management;
  - iv. Significant adjustments made in the financial statements arising out of audit findings;
  - v. Compliance with listing and other legal requirements relating to financial statements;
  - vi. Disclosure of any related party transactions; and
  - vii. Qualifications in the draft audit report.
3. To review, with the management, the quarterly financial statements before submission to the Board for approval;
4. To recommend to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditor and fixation of audit fees;
5. To grant approval of payment to statutory auditors for any other services rendered by the statutory auditors;
6. To hold discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
7. To review management letters / letters of internal control weaknesses issued by the statutory auditors;
8. To recommend appointment, removal and terms of remuneration of the Chief Internal Auditor;
9. To hold discussion with Internal Auditors any significant finds and follow up there on;
10. To review internal audit reports relating to internal control weaknesses;
11. To review, with the management, performance of statutory and internal auditors, and adequacy of internal control systems;
12. To review adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
13. To review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
14. To review financial and risk management policies;
15. To review report on compliance of laws and risk management, reports issued by Statutory / Internal Auditors;
16. To review management discussion and analysis of financial condition and results of operations;
17. To review statement of significant related party transactions (as defined by the audit committee), submitted by management;
18. To review substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors;
19. To review the functioning of the Whistle Blower mechanism; and
20. To carry out any other function as is mentioned in the terms of reference of the Audit Committee and entrusted by the Board.



The Audit Committee is empowered to do the following:

1. To investigate any activity within terms of reference;
2. To seek information from any employee;
3. To obtain outside legal professional advice; and
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

#### ***Remuneration Committee***

The Remuneration Committee of the Board of Directors was constituted vide the Board resolution dated October 4, 2007. The committee was reconstituted by a Board resolution dated 22<sup>nd</sup> June, 2010. Currently Mr. Kirit Nagda, an Independent Director, is the Chairman of the Committee with Ms. Neha Gada and Mr. Dinesh Patel, as members. The terms of reference of the Remuneration Committee are as follows:

1. To recommend to the Board about our Company's policy on specific remuneration packages for Executive Directors including pension rights and any compensation payment;
2. To advise Board in framing remuneration policy for key managerial persons of our Company from time to time; and
3. To attend to any other responsibility as may be entrusted by the Board to investigate any activity within terms of reference.

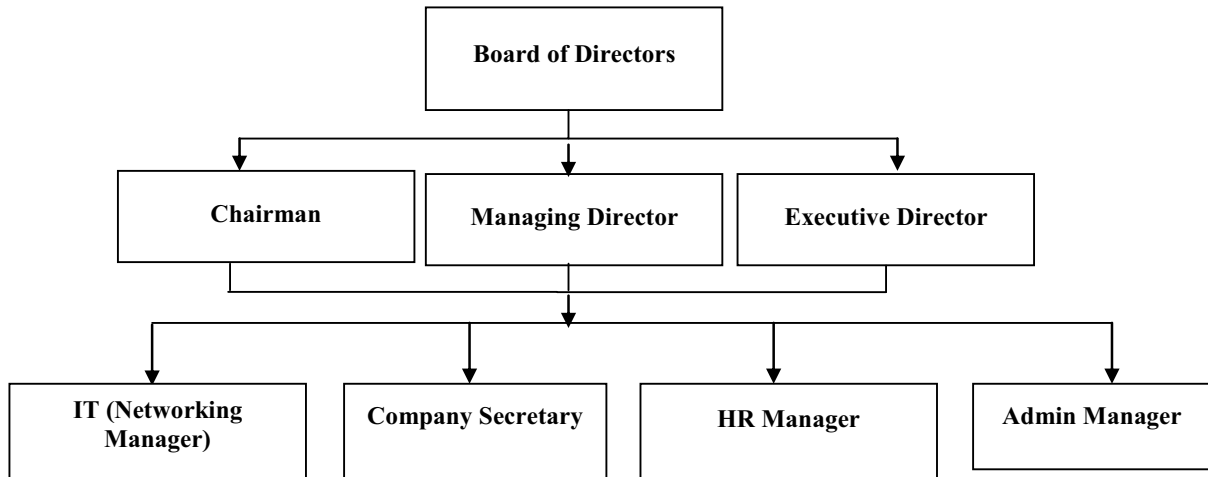
#### ***Shareholders'/Investors' Grievance Committee***

The Shareholders' Grievance Committee of the Board of Directors was constituted by the Board resolution dated 22<sup>nd</sup> June, 2010. Mrs. Neha Gada, an Independent Director, is the Chairperson of the Committee with Dr. Hitesh Issrani and Mr. Dinesh Patel, as members. The terms of reference of the Remuneration Committee are as follows:

1. Power to oversee, inter-alia, transfer/transmission of shares and other related issue,
2. Redressal of shareholders'/ investors' complaints relating to transfer of shares, non receipt of Balance Sheet, non-receipt of declared dividends, etc.
3. To monitor the resolution of all types of shareholders/investors grievances and queries periodically,
4. Any other power specifically assigned by the Board of Directors of the Company from time to time by way of resolution passed by it in a duly conducted Meeting



### Managerial organisational structure



### Key Managerial Personnel (KMP)

Name	Designation
Dr. Hitesh Issrani	Chairman & Whole Time Director
Mr. Rajesh Rathod	Managing Director
Mr. Nitin Gada	Director
Mrs. Anita Raina	HR – Admin Manager
Mr. Narendra Vishwakarma	IT System Administrator

Mrs. Anita Raina is a MBA and completed her BE in Instrumentation. She has over 7 years of experience in the Administration and has worked with NIIT, New Delhi; S. N Das Gupta College, Jammu and M & M Technologies before joining our Company on December 1, 2009.

Mr Narendra Vishwakarma holds Bachelor's Degree of Engineering in Electronics & Telecommunication from Pune University. He has over 8 years of experience in the IT Industry and joined our Company on April 3, 2006.

For details on Dr. Hitesh Issrani, please refer Chapter "Our Management" appearing on page no. 101 of this DRHP. For details of Mr. Rajesh Rathod and Mr. Nitin Gada, please refer Chapter "Our Promoters, Promoter Group and Group Companies" appearing on page no. 110 of this DRHP.



### Changes in the key management personnel in the last 3 years

Sr. No.	Name of the KMP	Designation/ functional responsibility	Date of joining (dd/mm/yy)	Date of leaving (dd/mm/yy)	Reason
1.	Mr. Yogesh Rathod	Chairman & Whole Time Director	N.A.	01/04/2008	Resignation from the Chairmanship
2.	Mr. Yogesh Rathod	Whole Time Director	N.A.	01/03/2009	Resignation from the Board of Directors
3.	Mr. Dhirajlal Shah	Director	N.A.	01/03/2009	Resignation from the Board of Directors
4.	Mr. Nitin Gada	Director	01/03/2009	N.A.	Appointment
5.	Dr. Hitesh Issrani	Additional Director	01/06/2010	N.A.	Appointment
6.	Dr. Hitesh Issrani	Chairman & Whole Time Director	Confirmed by members on 29/07/2010 w.e.f. 01/06/2010	N.A.	Appointment
7.	Mrs. Anita Raina	HR – Admin Manager	01/12/2009	N.A.	Appointment
8.	Mr. Gurudatt Shenoy	VP – Communication PR	02/01/2006	12/02/2009	Resignation
9.	Mr. Vijay Rathod	Whole Time Director (w.e.f. 01/07/2006)	13/05/2005	01/04/2007	Resignation from Whole Time Directorship
10.	Mr. Vijay Rathod	Whole Time Director	01/04/2008	N.A.	Appointment as Whole Time Director
11.	Mr. Vijay Rathod	Whole Time Director	N.A.	01/06/2010	Resignation from Whole Time Directorship
12.	Mr. Vijay Rathod	Director	N.A.	15/11/2010	Resignation

### Shareholding of our Key Managerial Personnel

Name	Number of shares held	Percentage of Holding
Hitesh Khemchand Issrani	--	--
Rajesh Chunilal Rathod	17,52,350	16.82%
Nitin Harakhchand Gada	282,200	2.71%

### Bonus or profit sharing plan of the Key Managerial Personnel

There is no bonus or profit sharing plan for our Key Managerial Personnel except with regards to their respective shareholding benefits like Dividend, Voting Powers etc

**Interest of Key Managerial Personnel**

The key managerial personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business and to the extent of Equity Shares held by them in our Company.

None of our key managerial personnel except Mr. Rajesh Rathod (Royalty towards utilisation of Patent as per Patent License Agreement) has been paid any consideration of any nature from our Company, other than their remuneration.







**Payment or benefit to officers of our Company**

Except as stated in this Draft Red Herring Prospectus, no amount or benefit has been paid or given or is intended to be paid or given to any of our Company's employees including the Key Management Personnel and our Directors. None of the beneficiaries of loans and advances and sundry debtors are related to the Directors of our Company.



## OUR PROMOTERS, PROMOTER GROUP AND GROUP COMPANIES

The Promoters of our Company are:

	Name & Address	Identity Proof
	<b>Rajesh Chunilal Rathod</b> 1502/A Mahir Residency Near Balrajeshwar Mandir LBS Road, Mulund (West) Mumbai – 400 080. Maharashtra	PAN: ACVPR3675B Voter ID card: Not available Driving License Number: Not available Passport No.: F9136569
	<b>Yogesh Chunilal Rathod</b> 1502/A Mahir Residency Near Balrajeshwar Mandir LBS Road, Mulund (West) Mumbai – 400 080. Maharashtra	PAN: ADFPR8165B Voter ID card: Not available Driving License Number: Not available Passport No.: F9136572
	<b>Vijay Chunilal Rathod</b> 1502/A Mahir Residency Near Balrajeshwar Mandir LBS Road, Mulund (West) Mumbai – 400 080. Maharashtra	PAN: ADFPR8166C Voter ID card: Not available Driving License Number: Not available Passport No.: A5479299
	<b>Dhirajlal Lakhamshi Shah</b> 603/A Bawa Towers Narayan Nagar, V N Purav Marg Sion-Chunabhatti, Mumbai – 400 022. Maharashtra	PAN: ANQPS1646F Voter ID card: Not available Driving License Number: MH0320090054893 Passport No.: E6999165
	<b>Nitin Harakhchand Gada</b> 2/7 Harisai Dham, Plot No. 253 Gandhi Nagar, Dombivli (E) – 421 204 Maharashtra	PAN: AAXPG6172E Voter ID card: Not available Driving License Number: MH05/291/C1632 Passport No.: G3849065
	<b>Vanita Dhirajlal Shah</b> 603/A Bawa Towers Narayan Nagar, V N Purav Marg Sion-Chunabhatti, Mumbai – 400 022. Maharashtra	PAN: AAPPS5245Q Voter ID card: Not available Driving License Number: Not available Passport No.: J1584078



### **Brief Profile of Promoters**

**Mr. Rajesh Chunilal Rathod**, aged 39 years, is the Promoter and Managing Director of our Company. He holds a Masters Degree in Commerce (M.Com) from Mumbai University, Masters Diploma in Software Engineering (MDSE) from Aptech Mumbai and PACE Certificate and Diploma Computer Science from PACE University, New York. He has more than 16 years of experience in the IT industry. He was a freelance software developer till 2002 and developed / customised various software and utilities like Payroll, accounting packages etc. and was also engaged in IT consultancy services. He promoted WVSL in the year 2002. With his in-depth knowledge and experience in IT consulting and software development, he provides leadership, vision and strategic direction to our Company.

**Mr. Yogesh Chunilal Rathod**, aged 36 years, is a Promoter of our Company. He holds a Masters Degree in Commerce (M.Com) from Mumbai University, Masters Diploma in Software Engineering (MDSE) from Aptech Mumbai and PACE Certificate and Diploma Computer Science from PACE University, New York. He has 15 years of experience in IT industry. He is one of the inventors of the concept and invention of the patented “NetAlter System” along with Mr Rajesh Rathod. He was a freelance software developer for 7 years till 2002. In the year 2002, he co-promoted WVSL and has been engaged in development of NetAlter System and other software products. He is also a Promoter of our Company and continues to play key role in development of applications and utilities based on NetAlter System.

**Mr. Vijay Chunilal Rathod**, aged 46 years, a matriculate, has more than eight years of experience in Information Technology (IT) as a co-Promoter of WVSL. He was an independent accounts and finance consultant for 20 years till 2002. His vast experience in accounting and general management has contributed to the growth of the Company.

**Mr. Dhirajlal Lakhamshi Shah** aged 55 years, a matriculate working as a commission agent dealing in supply of papers and packing materials for the past 20 years. He was also actively associated with WVSL (now merged with our Company).

**Mr. Nitin Harakchand Gada**, aged 49 years, an undergraduate, has an experience of 21 years in Hotel Business. He has held a position of Director for more than 5 years in WVSL (now merged with our Company).

**Mrs. Vanita Dhirajlal Shah** aged 49 years, is a matriculate. She has been engaged into investments and trading for the past 10 years.

We confirm that the Permanent Account Numbers and Passport Numbers of our Promoters have been submitted to the BSE and NSE at the time of filing this Draft Red Herring Prospectus with them.

### **Interest of our Promoters**

Our Promoters are interested in our Company to the extent that they have promoted our Company, their shareholding in our Company and to extent of them being Directors of our Company. For further interest, of our Directors, see Chapter on “Our Management” beginning on page no. 101.

### **Common pursuits**

At present, the Promoters / any member of Promoter Group do not have interest in any venture that is involved in any activities similar to those conducted by our Company. However, we shall adopt the necessary procedures and practices as permitted by law to address any conflict situations, as and when they may arise. For further details please refer to the “Promoter Group And Group Companies” on page no. 112.



### Confirmations

Further, our Promoters have further confirmed that they have not been declared as wilful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past and no proceedings pertaining to such penalties are pending against them.

Additionally, none of our Promoters have been restrained from accessing the capital markets for any reasons by the SEBI or any other authorities.

Further, none of the Promoters was or is a Promoter, Director or person in control of any other company which is debarred from accessing the capital market under any order or directions made by the Board.

### Payment or benefit to Promoters

Except as stated in this Draft Red Herring Prospectus including in “Related Party Disclosures” on page no. 124, no amount or benefit has been paid or given to any Promoter within the two years preceding the date of filing of this Draft Red Herring Prospectus and no such amount or benefit is intended to be paid.

### Promoters other interest

Mr. Nitin H. Gada is Karta of Nitin Harakchand Gada HUF.

Mr. Dhirajlal L. Shah is Karta of Dhirajlal Lakhamshi Shah HUF.

## PROMOTER GROUP AND GROUP COMPANIES

Our Company do not have any Subsidiary, Group Company or Joint Venture except as follows:

Kootol Software Limited (“Group Company”) was incorporated on 4<sup>th</sup> February, 2010 under the Companies Act, 1956 as a Public Limited Company and it obtained the Certificate of Commencement of Business on 24<sup>th</sup> February, 2010 from ROC, Gujrat. It is mainly promoted for the purpose of Software development by following Seven Promoters:

1. Mr. Yogesh Chunilal Rathod
2. Mrs. Amita Yogesh Rathod
3. Mr. Vijay Chunilal Rathod
4. Mr. Anil Chunilal Rathod
5. Ms. Shardaben Chunilal Rathod
6. Mrs. Panna Vijay Rathod
7. Mrs. Trupti Rajesh Rathod

### A. DETAILS OF INCORPORATION OF GROUP COMPANY:

Sr. No.	Particulars	Details
1.	Date of Incorporation	February 4, 2010
2.	CIN	U72900GJ2010PLC059413
3.	PAN	AADCK8587G
4.	Registered Office	1st Floor, Shreeji Complex, Opp. Jalaram Petrol Pump, Near Swaminarayan Temple, Kalawad Road, Rajkot – 360001, Gujarat, India
5.	Nature of Business	Software Development



## B. MAIN OBJECT OF GROUP COMPANY:

To carry on in India and abroad the business to develop and provide worldwide online portals, web sites, applications, real time search engine, universal desktop search system and services including search, communication, broadcasting, messaging, micro blogging, advertising networks, developers networks, social networks and researching, designing, developing, testing, licensing, distributing, selling and providing enterprise and online, mobile and smart client applications and services, manufacturing smart device including mobile and customised devices and provide, acquire and obtain all types of patents, patent rights, patent licenses, patent marketing rights, patent's licenses, sub licenses, cross licenses to or from third parties in the field of computer Software and Hardware.

Kootol Software Limited is yet to commence business operations.

## C. BOARD OF DIRECTORS OF GROUP COMPANY:

Sr. No.	Name of Directors	Designation
1.	Mr. Vijay Chunilal Rathod	Director
2.	Mr. Yogesh Chunilal Rathod	Director
3.	Mrs. Amita Yogesh Rathod	Director

## D. SHAREHOLDING PATTERN OF GROUP COMPANY:

Sr. No.	Name of the Shareholder	No. of Equity Shares	% of Shareholding
1.	Mr. Vijay Rathod	100	0.02
2.	Mr. Yogesh Rathod	4,99,400	99.88
3.	Mr. Anil Rathod	100	0.02
4.	Mrs. Amita Rathod	100	0.02
5.	Mrs. Panna Rathod	100	0.02
6.	Ms. Trupti Rathod	100	0.02
7.	Ms. Shardaben Rathod	100	0.02
	<b>TOTAL</b>	<b>5,00,000</b>	<b>100</b>

## E. BRIEF FINANCIALS OF GROUP COMPANY:

(₹ in Lakhs)

Particulars	31.3.2010 (Audited)
Share Capital (FV ₹ 1/-)	5.00
Reserves (Excluding Revaluation Reserve)	0.00
Net Worth	(0.71)
Sales	0.00
PAT	(5.71)
EPS (Per Share) (₹)	(7.58)
NAV Per Share (₹)	(0.14)



**F. OTHER DETAILS OF GROUP COMPANY:**

- The Group Company has not become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 or is not under winding up
- The Group Company incurred a loss in the immediately preceding financial year as it has not started any commercial activity.
- There are no defaults in meeting any statutory/bank/institutional dues
- No proceedings have been initiated for economic offences against this Company.
- No proceedings have been initiated by SEBI or other regulatory authorities for violation of any Securities laws against this company.



## **CURRENCY OF PRESENTATION**

In this Draft Red Herring Prospectus, unless the context otherwise requires, all references to the word “Lakh” or “Lacs”, means “One hundred thousand” and the word “million” means “Ten Lacs” and the word “Crore” means “ten million” and the word “billion” means “One thousand million and the word “trillion” means “One thousand billion”. In this Red Herring Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding off.

Throughout this Draft Red Herring Prospectus, all the figures have been expressed in Lacs of Rupees, except when stated otherwise. All references to “Rupees” and “Rs.” in this Draft Red Herring Prospectus are to the legal currency of India. All references to “US\$”, “USD” or “US Dollars” are to United States Dollars, the official currency of the United States of America..



## **DIVIDEND POLICY**

The declaration and payment of dividends will be recommended by our Board of Directors and approved by our shareholders, in their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial position. In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under the loan or financing arrangements we may enter into to finance our various projects and also the fund requirements for our projects.

No dividend is declared by the Company in the past 3 years.





## VII - FINANCIAL INFORMATION

### AUDITORS' REPORT AND FINANCIAL INFORMATION OF OUR COMPANY

#### The Board of Directors,

A. (a) We have examined the annexed financial information of **NetAlter Software Limited** ("the Company"), for the year ended 31<sup>st</sup> March 2006 , 31<sup>st</sup> March 2007, 31<sup>st</sup> March 2008, 31<sup>st</sup> March 2009, 31<sup>st</sup> March, 2010 and for the quarter ended 30<sup>th</sup> June, 2010, being the last date up to which the Financial Statements of the Company have been made up. The Financial Statements for the year ended on 31<sup>st</sup> March, 2010 and for the quarter ended on 30<sup>th</sup> June, 2010 have been audited by us. The accounts for the other years have been audited by the other Auditor whose reports have been furnished to us and we have relied on the same. The financial statements for the quarter ended on 30<sup>th</sup> June, 2010 are approved by the Board of Directors of the Company for the purpose of disclosure in the DRHP / RHP / Prospectus (herein after referred as "Offer Document") of the company, in connection with the Issue of Equity Shares of the Company (herein after referred to as 'the Issue').

(b) In accordance with the requirements of

- (i) Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');
- (ii) The Issue of Capital and Disclosure Requirement Regulations ('ICDR') 2009 issued by the Securities and Exchange Board of India ('SEBI') in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments and
- (iii) Our terms of reference with the Company dated 02/08/2010 requesting us to carry out work, proposed to be included in the Offer Document of the company in connection with the Offer Document as aforesaid,

We report that the restated assets and liabilities of the Company as at, March 31, 2006, March 31, 2007, March 31, 2008, March 31, 2009, March 31, 2010 and June 30, 2010 are as set out in Annexure I to this report after making such adjustments / restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies as appearing in Annexure III.

We report that the restated profits of the Company for the financial years ended March 31, 2009, March 31, 2010 and for the quarter ended on June 30, 2010 are as set out in Annexure II to this report. These profits have been arrived at after charging all expenses including depreciation and after making such adjustments / restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies and Notes to Accounts appearing in Annexure III to this report. Profit & Loss Account for the years ended on March 31, 2006, March 31, 2007 and March 31, 2008 were not prepared since the Company had not commenced any commercial activity.

B. We have examined the following restated financial information relating to the Company proposed to be included in the Offer Document, as approved by you and annexed to this report.

- (i) Statement of Cash Flow as appearing in Annexure IV to this report;
- (ii) Statement of Accounting Ratios as appearing in Annexure V to this report;



- (iii) Statement of Investment as appearing in Annexure VI to this report;
- (iv) Statement of Sundry Debtors as appearing in Annexure VII to this report;
- (v) Statement of Loans and Advances as appearing in Annexure VIII to this report;
- (vi) Statement of Other Income as appearing in Annexure IX to this report;
- (vii) Statement of Tax Shelters as appearing in Annexure X to this report;
- (viii) Segment wise Financial Statements as per Annexure XI to this report;
- (ix) Details of Unsecured Loan as appearing on Annexure XII to this report;
- (x) Details of Contingent Liabilities as appearing in Annexure XIII to this report;
- (xi) Details of Secured Loans as appearing in Annexure XIV to this report;
- (xii) Capitalization Statement as at June 30, 2010 as appearing in Annexure XV to this report;

C. (a) In our opinion the financial information of the Company as stated in Para A and B above read with Significant Accounting Policies enclosed in Annexure III to this report, after making adjustments / restatements and regroupings as considered appropriate and subject to certain matters as stated in Notes to the Accounts, has been prepared in accordance with Part II of Schedule II of the Act and the ICDR Regulations.

(b) This report is intended solely for your information and for inclusion in the Offer Document in connection with the specific Issue of Equity Shares of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Rajendra & Co.  
Chartered Accountants  
(Firm Registration No. 108355W)

Akshay R. Shah  
Partner

Membership No. 103316

Mumbai  
Dated: 6<sup>th</sup> December, 2010



# ANNEXURE-I

## STATEMENT OF ASSETS AND LIABILITIES (AS RESTATED)

(₹ in Lacs)

Sr. No.	Particulars	As at March 31,					Quarter Ended June 2010
		2006	2007	2008	2009	2010	
<b>A.</b>	<b>Fixed Assets</b>						
	Gross Block	220.79	225.75	830.56	1,023.35	1,044.33	1,060.68
	Less : Depreciation	-	0.86	31.74	65.56	118.69	131.26
	<b>Net Block</b>	<b>220.79</b>	<b>224.89</b>	<b>798.81</b>	<b>957.79</b>	<b>925.64</b>	<b>929.42</b>
	Less : Revaluation Reserve	-	-	(170.00)	(170.00)	(170.00)	(170.00)
	Net Block after adjustment for Revaluation Reserve	220.79	224.89	628.81	787.79	755.64	759.42
	Capital Work In Progress	51.84	233.60	27.41	46.54	191.47	216.75
	<b>TOTAL</b>	<b>272.63</b>	<b>458.49</b>	<b>656.22</b>	<b>834.33</b>	<b>947.11</b>	<b>976.17</b>
<b>B.</b>	<b>Investments</b>	-	-	-	-	-	-
<b>C.</b>	<b>Current Assets, Loans &amp; Advances</b>						
	Inventories	-	-	0.86	0.86	0.86	0.86
	Sundry Debtors	-	-	-	26.00	57.40	44.20
	Cash and Bank Balance	19.16	27.54	9.51	8.84	15.38	10.84
	Loans & Advances	28.57	68.62	88.47	57.69	42.31	51.08
	<b>TOTAL</b>	<b>47.73</b>	<b>96.16</b>	<b>98.84</b>	<b>93.40</b>	<b>115.95</b>	<b>106.98</b>
<b>D.</b>	<b>Liabilities &amp; Provisions</b>						
	Secured Loans	-	-	-	-	-	-
	Unsecured Loans	23.07	25.56	22.39	128.06	-	-
	Deferred Tax Liability	-	-	1.94	1.94	-	-
	Current Liabilities & Provisions	6.75	62.14	6.05	35.18	12.10	28.99
	<b>TOTAL</b>	<b>29.82</b>	<b>87.70</b>	<b>30.38</b>	<b>165.18</b>	<b>12.10</b>	<b>28.99</b>
<b>E.</b>	<b>Net Worth (A+B+C-D=E)</b>	<b>290.54</b>	<b>466.95</b>	<b>724.68</b>	<b>762.55</b>	<b>1,050.96</b>	<b>1,054.16</b>
<b>F.</b>	<b>Represented by</b>						
	Share Capital	100.30	101.13	174.30	204.39	1,041.94	1,041.94
	Share Application Money	35.85	46.55	7.30	-	-	-
	Reserves & Surplus	158.70	323.82	720.53	734.12	183.49	186.31
	Less : Revaluation Reserve	-	-	(170.00)	(170.00)	(170.00)	(170.00)
	Reserves (Net of Revaluation Reserve)	-	-	550.53	564.12	13.49	16.31
	Miscellaneous Expenditure (To the extent not W/off)	(4.31)	(4.55)	(7.45)	(5.96)	(4.47)	(4.09)
	<b>Net Worth</b>	<b>290.54</b>	<b>466.95</b>	<b>724.68</b>	<b>762.55</b>	<b>1,050.96</b>	<b>1,054.16</b>



## ANNEXURE-II

### STATEMENT OF PROFIT AND LOSS ACCOUNT (AS RESTATED)

(₹ in Lacs)

Sr. No.	Particulars	As at March 31,					Quarter Ended June 2010
		2006	2007	2008	2009	2010	
<b>A.</b>	<b>Income</b>						
I.	<b>Sales :</b>						
	a. Software Products (Net of VAT)	-	-	-	25.59	60.05	16.00
II.	Other Income	-	-	-	-	0.07	-
III.	(Increase)/Decrease in Stock	-	-	-	-	-	-
	<b>Total Income (I+II+III)</b>	-	-	-	<b>25.59</b>	<b>60.12</b>	<b>16.00</b>
<b>B.</b>	<b>Expenditure</b>						
I.	Personnel Expenses	-	-	-	3.77	5.88	1.79
II.	Administration and Other Expenses	-	-	-	15.16	17.72	3.22
	<b>Total Expenditure (I+II)</b>	-	-	-	<b>18.93</b>	<b>23.60</b>	<b>5.01</b>
<b>C.</b>	<b>Net Profit before Interest Depreciation ,Tax and Extraordinary Items (EBITDA)</b>	-	-	-	<b>6.66</b>	<b>36.52</b>	<b>10.99</b>
	Financial Expenses	-	-	-	-	-	-
	Depreciation & Amortisation	-	-	-	4.24	30.54	7.56
	<b>Profit Before Tax</b>	-	-	-	<b>2.42</b>	<b>5.98</b>	<b>3.43</b>
	Provision for Taxation:						
	Current Tax	-	-	-	0.83	1.00	0.60
	Deferred Tax	-	-	-	-	(1.94)	-
	Fringe Benefit Tax	-	-	-	0.33	-	-
<b>D.</b>	<b>Net Profit after Tax But before Extra Ordinary Items</b>	-	-	-	<b>1.26</b>	<b>6.92</b>	<b>2.83</b>
	Add/(Less) : Excess Income Tax Provision Made in Last Years	-	-	-	-	-	-
	<b>Net Profit as per restated Profit and Loss Account</b>	-	-	-	<b>1.26</b>	<b>6.92</b>	<b>2.83</b>



## STATEMENT ON ADJUSTMENTS TO AUDITED FINANCIAL STATEMENTS

(₹ in Lacs)

Particulars	As at March 31,					Quarter Ended June 2010
	2006	2007	2008	2009	2010	
Net Profit Before Tax as per Audited Financial Statements	-	-	-	1.26	6.92	2.83
<b>Less /(Add):</b>						
<i>Prior period Expenses</i>	-	-	-	-	-	-
<i>Prior period Income</i>	-	-	-	-	-	-
Net Profit Before Tax as per Restatement	-	-	-	1.26	6.92	2.83
Profit as per restated Profit and Loss Account	-	-	-	1.26	6.92	2.83

## NOTES TO STATEMENT ON ADJUSTMENTS TO AUDITED FINANCIAL STATEMENTS

### **Revaluation Reserve:**

As required by the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009, for the purpose of this statement, Revaluation reserve is netted off from the Reserves and accordingly, an equivalent amount has been reduced from Net Block of Fixed Assets.

### **Material Regroupings:**

Appropriate adjustments have been made, wherever required, by a reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the financial statements for the year ended March 31, 2010.

### **Presentation of Project Development Expenditure:**

The same has been correctly grouped under Capital Work in Progress.

### **Presentation of Share Application Money:**

The same has been correctly classified as a separate item in respective years. In the Audited Accounts, the same was included under Share Capital.

Appropriate adjustments have been made, wherever required, by a reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the financial statements for the year ended March 31, 2010.



## **ANNEXURE –III: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**

### **NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS:**

#### **1. SIGNIFICANT ACCOUNTING POLICIES :**

##### **i) Basis of Accounting:**

The Financial Statements are prepared under the Historical Costs convention, except for certain fixed assets which are revalued in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956.

##### **ii) Use of Estimates:**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

##### **iii) Fixed Assets:**

###### **Tangible Assets:**

Fixed Assets are stated at cost of acquisition, net of recoverable taxes, if any, less accumulated depreciation. All costs, including financing cost till the commencement of the commercial use are capitalised.

###### **Intangible Assets:**

- a. Intangible assets are stated at cost of acquisition, including amount added on revaluation, less accumulated depreciation.
- b. Software products – which are developed in house, are recorded at cost of development less amortization. Cost includes Personnel, administrative, depreciation and other costs, which are technically evaluated by the management, and capitalized to the extent they are relatable to the cost of the products.

##### **iv) Depreciation:**

###### **Tangible Assets:**

Depreciation on tangible assets have been provided on Written Down Value Method at the rates and in the manner prescribed in the Schedule XIV of the Companies Act, 1956.

###### **Intangible Assets:**

Cost of intangible asset is amortised over a period of five years on a straight line basis. Amortisation starts from the year during which the first sale of the product takes place using the underlying intangible assets.

##### **v) Provision for Taxation:**

- a. Provision for current tax is made after taking into consideration benefits admissible under the Income Tax Act, 1961.



- b. Deferred tax resulting from timing difference between books and taxable profit is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. The deferred tax assets is recognized and carried forward only to the extent that there is reasonable certainty that the assets will be realized in future.

vi) **Inventories:**

Inventory is valued at cost or net realizable value, whichever is lower.

vii) **Impairment of Assets:**

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to Profit & Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

viii) **Employee Benefits:**

Leave Encashment, being short term employee benefits are recognized as an expense at the undiscounted amount in the Profit & Loss Account of the year in which the related service is rendered.

Post employment and other long term employee benefits are recognized as expense in the Profit & Loss Account for the year in which the Employee has rendered Services. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques.

ix) **Borrowing Costs:**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to Profit & Loss Account.

x) **Provisions and Contingencies:**

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

xi) **Revenue Recognition:**

Revenue is recognized only when it can be readily measured and it is reasonable to expect ultimate collection. Sales are adjusted for VAT collected on Sales.

xii) **Research and Development Expenses:**

Research costs are expensed as incurred. Software product development costs are expensed as incurred unless technical and commercial feasibility of the product is demonstrated, future economic benefits are probable and the Company has an intention and ability to complete and use or sell the software, and that these costs can be measured reliably.





xiii) **Miscellaneous Expenditure:**

Preliminary Expenses and amalgamation Expenses are written off over a period of five years.

**2. NOTES TO ACCOUNTS:**

1. In the opinion of the Board, the Current Assets, Loans and Advances are approximately of the values stated if they are realized in the ordinary course of business and adequate provisions are made for all known liabilities, including depreciation.
2. Balances of Debtors, Creditors, Loans and Advances and Deposits are subject to confirmations.
3. Auditors Remuneration:

(₹ in Lacs)

Particulars	For the year ended March 31,					Quarter Ended June 2010
	2006	2007	2008	2009	2010	
For Statutory Audit	0.07	0.17	0.39	0.19	0.28	0.17
For Tax Audit	-	-	-	-	0.11	-
For Other Services	-	-	-	-	0.08	-
<b>Total</b>	<b>0.07</b>	<b>0.17</b>	<b>0.39</b>	<b>0.19</b>	<b>0.47</b>	<b>0.17</b>

4. During the period ended on June 30, 2010, no product was fully developed so no cost is added to Software Products. This being a technical matter, the auditors have relied upon management certificate.
5. Provisions for Retirement Benefits, for the purpose of this Interim Accounts i.e. 30<sup>th</sup> June, 2010 have been made based on the Management Estimates of the same. Actuarial valuation will be done at the year end, and hence disclosure, as required AS-15 "Employee Benefits" is not given.

**6. Directors Remuneration:**

Remuneration payable to Dr. Hitesh Issrani for the Month of June, 2010 is amounting to ₹ 1,15,806/-(Rupees One Lac Fifteen Thousand Eight Hundred and Six only).

**7. Related Party Disclosures:**

As per Accounting Standard AS -18, the disclosure of transactions with the related party as defined in the Accounting Standard is as under:



## A. List of Related Parties

<b>Directors and Key Management Personnel (KMP)</b>					
<b>March 31,2006</b>	<b>March 31,2007</b>	<b>March 31,2008</b>	<b>March 31,2009</b>	<b>March 31,2010</b>	<b>Quarter Ended June, 2010</b>
Mr.Yogesh Rathod	Mr.Yogesh Rathod	Mr.Yogesh Rathod	Mr. Rajesh Rathod	Mr. Rajesh Rathod	Mr. Rajesh Rathod
Mr. Rajesh Rathod	Mr. Rajesh Rathod	Mr. Rajesh Rathod	Mr. Vijay Rathod	Mr. Vijay Rathod	Mr. Vijay Rathod
Mr. Vijay Rathod	Mr. Vijay Rathod	Mr. Vijay Rathod	Mr. Nitin Gada (Appointed w. e. f. 01/03/2009)	Mr. Nitin Gada	Dr. Hitesh Issrani (Appointed w. e. f. 01/06/2010)
Mr. Dhirajlal Shah	Mr. Dhirajlal Shah	Mr. Dhirajlal Shah	Mr.Yogesh Rathod (Till 01/03/2009)	N.A.	Mr. Nitin Gada
N.A.	N.A.	N.A.	Mr. Dhirajlal Shah (Till 01/03/2009)	N.A.	N.A.

<b>Independent Directors</b>					
<b>March 31,2006</b>	<b>March 31,2007</b>	<b>March 31,2008</b>	<b>March 31,2009</b>	<b>March 31,2010</b>	<b>Quarter Ended June, 2010</b>
N.A.	Mr.Rakesh Khetan (Appointed w. e. f. 05/09/2006)	Mr.Rakesh Khetan	Mr. Nikhil Dawda (Appointed w. e. f. 01/03/2009)	Mrs. Neha Gada	Mr.Dinesh Patel (Appointed w. e. f. 01/06/2010)
N.A.	Mr. Kirit Nagda (Appointed w. e. f. 05/09/2006)	Mr. Kirit Nagda	Mrs. Neha Gada (Appointed w. e. f. 12/08/2008)	Mr. Kirit Nagda	Mr. Bharat Gada (Appointed w. e. f. 01/06/2010)
N.A.	Mr. Arvind Jain (Appointed w. e. f. 05/09/2006)	Mr. Arvind Jain	Mr. Kirit Nagda	Mr. Nikhil Dawda (Cess. 21/12/2009)	Mr. Kirit Nagda
N.A.	N.A.	N.A.	Mr.Rakesh Khetan (Till 01/03/2009)	N.A.	Mrs. Neha Gada
N.A.	N.A.	N.A.	Mr. Arvind Jain (Till 12/08/2008)	N.A.	N.A.

<b>Relative of Key Management Personnel</b>					
<b>March 31,2006</b>	<b>March 31,2007</b>	<b>March 31,2008</b>	<b>March 31,2009</b>	<b>March 31,2010</b>	<b>Quarter Ended June, 2010</b>
Mrs. Panna Rathod	Mrs. Panna Rathod	Mrs. Panna Rathod	Mrs. Panna Rathod	Mrs. Panna Rathod	Mrs. Panna Rathod
N.A.	N.A.	N.A.	Mr.Yogesh Rathod (w. e. f. 01/03/2009)	Mr.Yogesh Rathod	Mr.Yogesh Rathod



Persons Having Substantial Interest					
March 31,2006	March 31,2007	March 31,2008	March 31,2009	March 31,2010	Quarter Ended June, 2010
N.A.	N.A.	Mr. Dhirajlal Shah	N.A.	N.A.	N.A.

Enterprises under Significant Influence of Key management Personnel or their Relatives					
March 31,2006	March 31,2007	March 31,2008	March 31,2009	March 31,2010	Quarter Ended June, 2010
White Vision Software Ltd.	White Vision Software Ltd.	White Vision Software Ltd.	N.A.	N.A.	N.A.

Subsidiary Company					
March 31,2006	March 31,2007	March 31,2008	March 31,2009	March 31,2010	Quarter Ended June, 2010
NIL					

Related Party	Relationship	Nature of Transaction	(₹ in Lacs)					
			As at March 31,					Quarter Ended June 2010
			2006	2007	2008	2009	2010	
Mr. Rajesh Rathod	Director & Key Mgt. Personnel	Payment of Royalty	-	-	-	-	3.00	0.75
		Interest Paid	-	-	0.39	4.21	5.78	-
		Director's Remuneration	-	12.00	9.00	-	-	-
		Director's Sitting Fees	-	-	-	-	0.16	0.10
		Loan Taken	3.00	7.64	13.20	86.65	24.15	-
		Repayment of Loan	3.00	7.64	13.20	13.80	97.00	-
Mr. Vijay Rathod	Director & Key Mgt. Personnel	Interest Paid	-	-	0.22	1.40	1.72	-
		Director's Sitting Fees	-	-	-	-	0.16	0.10
		Director's Remuneration	-	6.00	-	-	-	-
		Loan Taken	-	2.90	7.50	32.50	7.50	-
		Repayment of Loan	-	2.90	7.50	9.53	30.47	-
Mr. Kirit Nagda	Independent Director	Interest Paid	-	0.11	0.13	0.03	0.01	-
		Director Sitting Fees	-	-	-	-	0.16	0.10
		Loan Taken	1.00	0.11	0.13	0.03	0.01	-
		Repayment of Loan	-	-	1.00	-	0.28	-
Mr. Nitin Gada	Director & Key Mgt. Personnel	Director's Sitting Fees	-	-	-	-	0.16	0.10

Mrs. Neha Gada	Independent Director	Director Sitting Fees	-	-	-	-	0.12	0.10
Mr. Yogesh Rathod	Director & Key Mgt. Personnel	Payment of Royalty	-	-	-	-	3.00	0.75
		Director's Remuneration	-	12.00	9.00	-	-	-
		Interest Paid	-	-	0.08	0.23	0.16	-
		Loan Taken	-	6.15	4.70	10.50	-	-
		Repayment of Loan	-	6.15	4.70	8.30	2.20	-
Mrs. Panna Rathod	Relative of Key Mgt. Personnel	Loan Taken	-	-	1.00	-	-	-
		Repayment of Loan	-	-	1.00	-	-	-
		Interest Paid	-	-	0.03	-	-	-
Mr. Dhirajlal Shah	Director / person having substantial Interest	Interest Paid	-	0.38	-	0.06	0.04	-
		Loan Taken	-	5.00	0.54	-	-	-
		Repayment of Loan	-	5.00	-	-	0.54	-
		Director Sitting Fees	-	-	-	-	-	-
Mr. Dinesh Patel	Independent Director	Director Sitting Fees	-	-	-	-	-	0.05
Mr. Bharat Gada	Independent Director	Director Sitting Fees	-	-	-	-	-	0.05
Dr. Hitesh Issrani	Director & Key Mgt. Personnel	Director Remuneration	-	-	-	-	-	1.16
White Vision Software Ltd.	Enterprises under Significant Influence of Key management Personnel or their Relatives	Interest Paid	-	-	0.15	-	-	-
		Loan Taken	-	-	2.00	-	-	-
		Repayment of Loan	-	-	2.00	-	-	-
		Patent Purchase	220.00	-	-	-	-	-
		Computer Hire Charges	-	3.00	-	-	-	-

Related Party Transactions for the Financial Year ended on 31st March, 2006, 2007, 2008, and 2009, were not part of the Audited Financial Statements for those years.

#### 8. Detail of Employee benefits:

As required under the Accounting Standard AS – 15 “Employee Benefits” issued by the Institute of Chartered Accountants of India, the Company has, during the financial year 2009-10, made provision for Gratuity Liability based on the Actuarial Valuation. Disclosure as required under this Accounting Standard is as under:

Defined Benefit Plan: (Not Funded)

The present value of obligation in respect of Gratuity is determined based on the actuarial valuation using the Projected Unit Credit Method.



(₹ in Lacs)

Particulars	For the year ended March 31,					Quarter Ended June 2010
	2006	2007	2008	2009	2010	
<b>I. Acturial Assumptions</b>						
Mortality Rate	-	-	-	-	8%	-
Interest / Discount Rate	-	-	-	-	10%	-
<b>II. Change in the Present Value of Obligation</b>						
Present value of Obligation at the beginning of the period	-	-	-	-	1.73	-
Interest Cost	-	-	-	-	0.14	
Current Service Cost	-	-	-	-	0.90	-
Actuarial (Gain)/ Loss on Obligation	-	-	-	-	(0.55)	-
<b>Present Value of Obligation at the end of the Year</b>	-	-	-	-	<b>2.22</b>	-
<b>III. Change in Fair Value of Plan Assets</b>						
Change in Fair Value of Plan Assets	-	-	-	-	-	-
<b>IV. Fair Value of Plan Assets</b>						
Fair Value of the Plan Assets as at the beginning of the period	-	-	-	-	-	-
Actual return on plan assets / Contribution / Benefits paid	-	-	-	-	-	-
Fair Value if Plan Assets at the end of the year	-	-	-	-	-	-
Funded Status	-	-	-	-	(2.22)	-
<b>V. Experience History</b>						
(Gain) / Loss on obligation due to change in assumption	-	-	-	-	-	-
Experience (gain) / Loss on obligation	-	-	-	-	(0.55)	-
Actual Gain / (Loss) on plan assets	-	-	-	-	-	-

(₹ in Lacs)

Particulars	For the year ended March 31,					Quarter Ended June 2010
	2006	2007	2008	2009	2010	
<b>VI. Actuarial Gain / Loss recognised</b>						
Actuarial Gain / (Loss) for the period (Obligation)	-	-	-	-	0.55	-
Acturial Gain / (Loss) for the period (Plan Assets)	-	-	-	-	0.00	-
Total Gain / (Loss) recognised for the period	-	-	-	-	0.55	
<b>VII. Past Service Cost Recognised</b>						
Past Service Cost Recognised	-	-	-	-	-	-
<b>VIII. Amount to be recognised in the Balance Sheet</b>						
Present value of obligation at the end of the period	-	-	-	-	2.22	-
Fair value of the Plan assets at the end of the period	-	-	-	-	-	-
Funded Status	-	-	-	-	(2.22)	-
Unrecognised – Past services – non – vested Benefits	-	-	-	-	-	-
Net Asset (Liability) recognised in the Balance Sheet	-	-	-	-	(2.22)	-
<b>IX. Expenses recognised in the Statement of Profit &amp; Loss Account</b>						
Current Service Cost	-	-	-	-	0.90	-
Interest Cost	-	-	-	-	0.14	-
Net Acturial (Gain) / Loss recognised for the period	-	-	-	-	(0.55)	-
Liability in respect of Past Services	-	-	-	-	1.73	-
Expenses recognised in the Statement of Profit & Loss Account	-	-	-	-	2.22	-
<b>X. Movement in the Liability Recognised in the Balance Sheet</b>						
Opening Net Liability	-	-	-	-	1.73	-
Expenses as above	-	-	-	-	0.48	-
Contributions Paid	-	-	-	-	-	-
Closing Net liability	-	-	-	-	2.22	-

9. Previous years figures have been re-grouped / re-arranged wherever necessary.



### 10. Earning in Foreign Currencies

(₹ in Lacs)

Particulars	For the year ended March 31,					Quarter Ended June 2010
	2006	2007	2008	2009	2010	
Foreign Travel	-	-	-	-	-	-
Others	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-

### 11. Expenditure / outgoings in Foreign Currencies

(₹ in Lacs)

Particulars	For the year ended March 31,					Quarter Ended June 2010
	2006	2007	2008	2009	2010	
Foreign Travel	-	3.89	8.06	-	-	-
Others	-	-	-	-	-	-
<b>Total</b>	-	3.89	8.06	-	-	-

### 12. Project Development Expenditure

(Included under Capital Work in Progress)

(₹ in Lacs)

Particulars	For the year ended March 31,					Quarter Ended June 2010
	2006	2007	2008	2009	2010	
Opening Balance	-	12.15	139.15	27.41	46.54	180.28
Add: Current Year Expenses	12.15	127.19	148.26	139.13	133.74	36.47
Less: Capitalized During the year	-	-	260.00	120.00	-	-
Less: Interest Received	-	0.19	-	-	-	-
<b>Closing Balance</b>	<b>12.15</b>	<b>139.15</b>	<b>27.41</b>	<b>46.54</b>	<b>180.28</b>	<b>216.75</b>

### 13. Earnings Per Share

(₹ in Lacs)

Particulars	For the year ended March 31,					Quarter Ended June 2010
	2006	2007	2008	2009	2010	
No. of the Shares at the beginning of the year	-	-	-	1,743,040	2,043,880	10,419,400
No. of the Shares at the end of the year	-	-	-	2,043,880	10,419,400	10,419,400
Weighted Average Number of Equity Shares at the end of the Year (A)	-	-	-	9,429,449	10,293,920	10,419,400
Net Profit after Tax Attributable for equity shareholders (₹ in Lacs) (B)	-	-	-	1.26	6.92	2.83
Earnings per Share (in ₹) (Face Value: ₹ 1/- each) (Basic & Diluted) (C = B/A) (After adjusting for Bonus Shares issued in the ratio of 4 :	-	-	-	0.013	0.067	0.027



1, i. e 4 Bonus Shares for 1 Share held, and after considering consolidation of Shares from the face value of ₹ 1 to ₹ 10)						
--	--	--	--	--	--	--

#### 14. Remuneration to Directors:

(₹ in Lacs)

Particulars	For the year ended March 31,					Quarter Ended June 2010
	2006	2007	2008	2009	2010	
Basic Salary	-	30.00	18.00	-	-	1.16
Taxable Allowances	-	-	-	-	-	-
<b>Total</b>	-	<b>30.00</b>	<b>18.00</b>	-	-	<b>1.16</b>

#### 15. Production Capacities and Turnover:

##### (i) Production Capacity

(₹ in Lacs)

Particulars	For the year ended March 31,					Quarter Ended June 2010
	2006	2007	2008	2009	2010	
Licensed Capacity	NA	NA	NA	NA	NA	NA
Installed Capacity	NA	NA	NA	NA	NA	NA

##### (ii) Turnover

(₹ in Lacs)

Class of Goods	Unit	Sales Value(Net)*	
		Qty	Value
<b>Year 2005-06</b>			
Software Products	Nos.	-	-
<b>Total</b>		-	-
<b>Year 2006-2007</b>			
Software Products	Nos.	-	-
<b>Total</b>		-	-
<b>Year 2007-2008</b>			
Software Products	Nos.	-	-
<b>Total</b>		-	-
<b>Year 2008-2009</b>			
Software Products	Nos.	5,056	25.59
<b>Total</b>		<b>5,056</b>	<b>25.59</b>
<b>Year 2009-2010</b>			
Software Products	Nos.	2,494	60.05
<b>Total</b>		<b>2,494</b>	<b>60.05</b>





<b>Year 2010-June 2010</b>				
Software Products	Nos.		1471	16.00
<b>Total</b>			<b>1471</b>	<b>16.00</b>

\* Sales Value (Net) of Software Products excludes Vat on Sales

## 16. Raw Material Consumption

(i) Raw Material Consumptions Indigenous & Imported

Particulars	For the year ended March 31,	(₹ in Lacs)	
		Qty. ( In Kgs)	Amount
Not Applicable	2006	-	-
	2007	-	-
	2008	-	-
	2009	-	-
	2010	-	-
	Till June 2010	-	-

## 17. C.I.F. Value of Imports

Particulars	For the year ended March 31,					Quarter Ended June 2010
	2006	2007	2008	2009	2010	
Capital Goods	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-

## 18. Detail of Interest paid to Directors on Unsecured Loans

Particulars	For the year ended March 31,					Quarter Ended June 2010
	2006	2007	2008	2009	2010	
Interest paid	0.00	0.50	0.82	5.64	7.52	-
<b>Total</b>	<b>0.00</b>	<b>0.50</b>	<b>0.82</b>	<b>5.64</b>	<b>7.52</b>	-



### 19. Disclosures Relating to SSI /MSMED Act, 2006

The Company has no dues to suppliers under Small Scale industries (SSI) and MSMED Act, 2006 the details for each year is as follows:

As at	Particulars
March 31, 2006 March 31, 2007	There are no Small Scale Industrial Undertakings to whom the company owes a sum which is outstanding for more than 30 days at the Balance Sheet date.
March 31, 2008 March 31, 2009	
March 31, 2010 June, 30, 2010	There are no Small Scale Industrial Undertakings and/or Micro and Small Enterprises to whom the company owes a sum which is outstanding for more than 45 days at the Balance Sheet date.
	The information as required to be disclosed has been determined to the extent such parties have been identified on the basis of information available with the company

### 20. Interest on borrowed fund capitalized

(₹ in Lacs)

Particulars	As at March 31,					Quarter Ended June 2010
	2006	2007	2008	2009	2010	
Interest Amount	0.08	3.71	5.20	8.53	9.43	-
<b>Total</b>	<b>0.08</b>	<b>3.71</b>	<b>5.20</b>	<b>8.53</b>	<b>9.43</b>	<b>-</b>

### 21. Dividend Paid

(₹ in Lacs)

Particulars	As at March 31,					Quarter Ended June 2010
	2006	2007	2008	2009	2010	
Share Capital (₹ in Lacs)	100.30	101.13	174.30	204.39	1041.94	1041.94
Dividend %	-	-	-	-	-	-
Dividend Paid	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 22. Estimated amount of Contract remaining to be executed on capital account

(₹ in Lacs)

Particulars	As at March 31,					Quarter Ended June 2010
	2006	2007	2008	2009	2010	
Estimated Amount of Service Contracts	-	-	-	-	-	-
Estimated Amount of Capital Contracts	-	-	-	-	-	-



### 23. Major components of Deferred Tax Assets and Deferred Tax Liabilities

(₹ in Lacs)

Particulars	As at March 31,					Quarter Ended June 2010
	2006	2007	2008	2009	2010	
<b>Opening Balance:</b>	-	-	-	1.94	-	-
<b>(A) Deferred Tax Liabilities:</b>						
Difference Between book and tax depreciation	-	-	1.94	-	-	-
<b>(B) Deferred Tax Assets:</b>						
Disallowances under Income Tax Act	-	-	-	-	-	-
<b>I Deferred Tax Liabilities (Net):</b>	-	-	1.94	1.94	-	-

### 24. Exchange Difference Gain / (Loss) on account of fluctuations in foreign currency rates

(₹ in Lacs)

Particulars	As at March 31,					Quarter Ended June 2010
	2006	2007	2008	2009	2010	
Exchange differences Gain/(Loss) recognised in Profit & Loss Account	-	-	-	-	-	-

25. During the Financial Year 2009-2010, the Company had issued Bonus Shares in the ratio of 4: 1, i. e 4 Bonus Shares for Every Shares held on the record date. The bonus Shares were issued by utilising Securities Premium.

26. During the quarter ended on June 30, 2010, the Equity Shares of the Company of the face value ₹ 1 have been consolidated into Equity Shares of ₹ 10 Each. Accordingly, Earning per Shares have been recalculated considering the revised Face Value of ₹ 10.

27. Note on Merger of White Vision:

- The scheme of Amalgamation has been approved by the Hon. High Court, Mumbai for Amalgamation of M/s, White Vision Software Ltd. (Transferor Co.) with M/s. NetAlter Software Ltd. (Transferee Co.) from the appointed date (i.e. 01.04.2007). In accordance with the approval of Hon. High Court Mumbai to the scheme of Amalgamation the said transferor company has been deemed to have carried on the business after appointed date, on behalf of company and profits earned or losses incurred on behalf of company and also that all assets and liabilities of the said transferor company rest with the company (Transferee Co.) from the appointed date. The accounting treatments have been accordingly on a going concern basis, rendered and the balance sheet of the company have been drawn up in conformity with the scheme of Amalgamation approved by Hon. High Court, Mumbai.
- In consideration of transfer and vesting of the undertaking of Transferor Company in terms of scheme of Amalgamation the company (Transferee Co.) has issued 40 Equity Shares of ₹ 1/- each



- against 1 Equity Share of ₹ 10/- each of Transferor Company to the shareholders of Transferor Company.
- c) The difference of ₹ 27.29 Lacs between the amount represented by the Share Capital issued now by the company (Transferee Co.) i.e. ₹ 80 Lacs and the amount of purchase consideration of ₹ 52.70 Lacs is accounted for as goodwill on Amalgamation.
- d) The Amalgamation has been accounted for under “The Purchase Value Method” as prescribed by Accounting Standard – 14 “Accounting for Amalgamation” issued by the Institute of Chartered Accountants of India.
- e) The expenses incurred on Amalgamation have been shown as the Amalgamation expenses under head Miscellaneous Expenditure and will be written off over a period of 5 years.
- f) All the Net Assets of the value of ₹ 52.70 Lacs of White Vision Software Ltd. stands transferred to and vested into the company. Accordingly, Net Assets of the value are transferred as follows.

Particulars	Amount (₹ in Lacs)
<b>ASSETS</b>	
Fixed Assets including Capital Work in Progress	7.80
Investment	7.97
Inventory	0.86
Net Current Assets	52.40
Goodwill	27.29
<b>TOTAL (A)</b>	<b>96.32</b>
<b>LIABILITIES</b>	
Deferred Tax Liability	1.94
Unsecured Loan	14.38
<b>TOTAL (B)</b>	<b>16.32</b>
<b>NET (A) - (B)</b>	<b>80.00</b>
<b>ADJUSTED AGAINST</b>	
Equity Share Capital ( 8,000,000 Equity Shares of ₹ 1/- each)	<b>80.00</b>

#### ANNEXURE-IV STATEMENT OF CASH FLOW

(₹ in Lacs)

Sr No.	Particulars	As at March 31,					Quarter Ended June 2010
		2006	2007	2008	2009	2010	
<b>A.</b>	<b>Cash Flow From Operating Activities:</b>						
	<b>Net Profit Before Tax and Extra ordinary Items</b>	-	-	-	2.42	5.98	3.43
	<b>Adjustment for:</b>						
	Depreciation /Amortisation	-	-	-	33.82	53.38	12.57
	Interest Expense	-	-	-	-	-	-
	Interest Income	-	-	-	-	-	-
	Preliminary Expenditure written off	-	-	-	1.17	1.17	0.29

	Merger Expenses Written off	-	-	-	0.32	0.32	0.08
	Profit on sale of Assets	-	-	-	-	(0.07)	-
	Impairment Loss	-	-	-	-	-	-
	Extra Ordinary Items-Gratuity Provision	-	-	-	-	2.22	0.45
	<b>Operating Profit Before Working Capital Changes</b>	-	-	-	<b>37.73</b>	<b>63.00</b>	<b>16.82</b>
	<b>Adjustment for Changes of Working Capital</b>						
	Decrease/(Increase) in Inventories	-	-	-	-	-	-
	Decrease/(Increase) in Trade & Other Receivables	(28.57)	(40.06)	(32.55)	4.78	(16.02)	4.43
	Increase/(Decrease) in Trade and Other Payables	6.65	55.38	(56.01)	29.39	23.37	15.84
	<b>Cash Generated From Operations</b>	<b>(21.92)</b>	<b>15.33</b>	<b>(88.56)</b>	<b>71.89</b>	<b>23.60</b>	<b>37.09</b>
	Income Tax Paid	-	-	(0.92)	(0.50)	(1.16)	-
	<b>Net Cash Generated From Operating Activities</b>	<b>(21.92)</b>	<b>15.33</b>	<b>(89.48)</b>	<b>71.39</b>	<b>22.44</b>	<b>37.09</b>
B.	<b>Cash Flow From Investing Activities</b>						
	Acquisition of Fixed Assets	(272.46)	(182.15)	(171.21)	(204.32)	(168.33)	(41.62)
	Purchase of Investment	-	-	-	-	-	-
	Interest Received	-	-	-	-	-	-
	Sale of Fixed Assets	-	-	-	-	0.48	-
	Preliminary Expenses incurred during the year	-	-	-	-	-	-
	<b>Net Cash Used in Investing Activities</b>	<b>(272.4)</b>	<b>(182.15)</b>	<b>(171.21)</b>	<b>(204.32)</b>	<b>(167.85)</b>	<b>(41.62)</b>
C.	<b>Cash Flow From Financing Activities</b>						
	Increase in Share Capital (including Premium)	294.85	176.65	268.60	35.11	280.00	-
	Repayment of Term Loan	-	-	-	-	-	-
	(Repayment of) / Borrowing from Unsecured Loan	23.07	2.49	(17.55)	105.67	(128.06)	-
	Preliminary Expenses incurred	(4.31)	(0.24)	(2.91)	-	-	-
	Interest paid	(0.07)	(3.70)	(5.48)	(8.52)	-	-
	Dividend Paid	-	-	-	-	-	-
	<b>Net Cash used in Financing Activities</b>	<b>313.54</b>	<b>175.20</b>	<b>242.66</b>	<b>132.26</b>	<b>151.94</b>	<b>-</b>
	<b>Net Increase /(Decrease) in Cash and Cash Equivalents</b>	<b>19.16</b>	<b>8.38</b>	<b>(18.03)</b>	<b>(0.67)</b>	<b>6.53</b>	<b>(4.53)</b>
	<b>Cash &amp; Cash Equivalents at the beginning of the year</b>	<b>-</b>	<b>19.16</b>	<b>27.54</b>	<b>9.51</b>	<b>8.84</b>	<b>15.38</b>
	<b>Cash &amp; Cash Equivalents at the end of the year</b>	<b>19.16</b>	<b>27.54</b>	<b>9.51</b>	<b>8.84</b>	<b>15.38</b>	<b>10.84</b>



**ANNEXURE – V**  
**ACCOUNTING RATIOS**

(I)

Particulars	For the year ended March 31,					Quarter Ended June 2010
	2006	2007	2008	2009	2010	
Earnings Per Share (EPS) (₹) (F.V. ₹ 10/-)	-	-	-	0.013	0.067	0.027
Return on Net Worth (%)	-	-	-	0.165	0.658	0.268 (Not Annualised)
Net Asset Value Per Share of ₹ 10 each	28.967	46.173	41.576	37.309	10.087	10.117

(II)

Particulars	For the year ended March 31,					Quarter Ended June 2010
	2006	2007	2008	2009	2010	
Weighted Average Number of Equity Shares at the end of the Year [A]	-	-	-	94,29,449	10,293,920	10,419,400
Net Profit after Tax available for equity shareholders (₹ in Lacs) [B]	-	-	-	1.26	6.92	2.83
Earning per share (In ₹) [C = B/A]	-	-	-	0.013	0.067	0.027
Net Worth (₹ In Lacs)	<b>290.54</b>	<b>466.95</b>	<b>724.68</b>	<b>762.55</b>	<b>1050.96</b>	<b>1054.16</b>

**Formulas used for the purpose of above accounting ratios:**

Earnings Per Share	=	$\frac{\text{Net Profit after Tax available for Equity Shareholders Excluding Extra Ordinary Items}}{\text{Weighted average number of equity shares outstanding during the year}}$
Return on Net Worth	=	$\frac{\text{Net Profit after Tax available for Equity Shareholders Excluding Extra Ordinary Items}}{\text{Net Worth}}$
Net Assets Value per Share	=	$\frac{\text{Net Worth}}{\text{Number of Equity Shares outstanding at the end of the year}}$
Net Worth	=	Share Capital + Reserve and Surplus (Excluding Revaluation Reserve) - Miscellaneous Expenses



**ANNEXURE – VI**  
**DETAILS OF INVESTMENTS**

(₹ in Lacs)

Particulars	As at March 31,					Quarter Ended June 2010
	2006	2007	2008	2009	2010	
	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-

**ANNEXURE – VII**  
**DETAILS OF SUNDRY DEBTORS**

(₹ in Lacs)

Particulars	As at March 31,					Quarter Ended June 2010
	2006	2007	2008	2009	2010	
<b>Considered Good</b>						
More than Six Months	-	-	-	-	-	-
Less than Six Months	-	-	-	26.00	57.40	44.20
<b>Total</b>	-	-	-	<b>26.00</b>	<b>57.40</b>	<b>44.20</b>

**ANNEXURE – VIII**  
**LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)**

(₹ in Lacs)

Particulars	As at March 31,					Quarter Ended June, 2010
	2006	2007	2008	2009	2010	
Advances Recoverable in cash or in kind or for value to be received	18.48	58.63	71.50	39.33	25.85	34.72
Advance payment of taxes	0.08	0.08	5.09	5.09	5.02	5.02
Deposits	10.01	10.02	11.88	13.27	11.44	11.34
<b>Total</b>	<b>28.57</b>	<b>68.73</b>	<b>88.47</b>	<b>57.69</b>	<b>42.31</b>	<b>51.08</b>

There are no beneficiaries of Loans and Advances of the company, who are in any way related to the Promoter/Directors of the Company.

**ANNEXURE – IX**  
**DETAILS OF OTHER INCOME**

(₹ in Lacs)

Particulars	As at March 31,					Quarter Ended June 2010
	2006	2007	2008	2009	2010	
Profit on Sale of Assets	-	-	-	-	0.069	-
Misc. Income	-	-	-	0.002	-	-
<b>Total</b>	-	-	-	<b>0.002</b>	<b>0.069</b>	-



**ANNEXURE – X**  
**STATEMENT OF TAX SHELTERS**

(₹ in Lacs)

Particulars		For the year ended March 31,					Quarter Ended June 2010
		2006	2007	2008	2009	2010	
<b>Profit before Tax as per restatement</b>	<b>A</b>	-	-	-	2.42	5.98	3.43
<b>Tax Rate</b>	<b>B</b>	33.99%	33.99%	33.99%	30.90%	30.90%	30.90%
<b>Tax at Income Tax Rate (A* B)</b>	<b>C</b>	-	-	-	0.75	1.85	1.06
<b>Permanent Differences</b>							
Disallowances and Misc. Adjustments		-	-	-	0.06	8.20	7.56
<b>Total</b>	<b>D</b>	-	-	-	0.06	8.20	7.56
<b>Timing Differences</b>							
Difference between Tax Depreciation and Book Depreciation		-	-	-	(0.15)	(45.39)	(13.74)
Other Adjustments		-	-	-	-	2.15	0
<b>Total</b>	<b>E</b>	-	-	-	(0.15)	(43.24)	(13.74)
<b>Net Adjustment (D+ E)</b>	<b>F</b>	-	-	-	(0.09)	(35.04)	(6.18)
<b>Tax Expenses / (Savings) thereon (F*B)</b>	<b>G</b>	-	-	-	(0.03)	(10.83)	(1.91)
<b>TOTAL TAXATION (G-C)</b>		-	-	-	0.72	(8.98)	(0.85)
Brought forward Loss Adjusted		-	-	-	-	-	-
<b>Actual Tax Liability (Including Interest)</b>		-	-	-	0.82	1.00	0.60

The company has paid tax as per the provisions of Section 115JB – i. e. Minimum Alternate Tax of the Income Tax Act, 1961 for the financial year 2009-2010. And for the Quarter ended on 30<sup>th</sup> June, 2010 also, Tax Liability is based on the provisions of Section 115JB.

**ANNEXURE – XI**  
**SEGMENT INFORMATION**

**Primary Segment:** The Company has identified “Software Products” as the only primary reportable business segment.

**Geographical Segment:**

(₹ in Lacs)

Particulars	As at March 31,					Quarter Ended June 2010
	2006	2007	2008	2009	2010	
Domestic	-	-	-	25.59	60.05	16.00
Export	-	-	-	-	-	-
<b>Total</b>	-	-	-	25.59	60.05	16.00





**ANNEXURE – XII**  
**DETAILS OF UNSECURED LOAN**

(₹ in Lacs)

Particulars	As at March 31,					Quarter Ended June 2010
	2006	2007	2008	2009	2010	
From Directors/Promoters / Shareholders	23.07	25.56	22.39	128.06	-	-
<b>Total</b>	<b>23.07</b>	<b>25.56</b>	<b>22.39</b>	<b>128.06</b>	<b>-</b>	<b>-</b>

**ANNEXURE – XIII**  
**DETAILS OF CONTINGENT LIABILITIES**

(₹ in Lacs)

Particulars	As at March 31,					Quarter Ended June 2010
	2006	2007	2008	2009	2010	
<b>Liabilities Disputed</b>	-	-	-	-	-	-

**ANNEXURE – XIV**  
**DETAILS OF SECURED LOAN**

Particulars	As at March 31,					Quarter Ended June 2010
	2006	2007	2008	2009	2010	
<b>Total</b>	-	-	-	-	-	-

**ANNEXURE – XV**  
**CAPITALIZATION STATEMENT**

(₹ in Lacs)

Particulars		Pre Issue as at 30.06.10	Post Issue (Refer Note below)
<b>Debt</b>			
Short Term Debt (a)		0.00	(*)
Long Term Debt (b)		0.00	(*)
<b>Total Debt</b>	<b>A</b>	<b>0.00</b>	<b>(*)</b>
<b>Shareholder's Funds</b>			
Equity Share Capital		1041.94	(*)
Reserves & Surplus - As restated			(*)
Profit & Loss Account		11.00	
Share Premium		5.31	
Less: Miscellaneous Expenditure to the extent not written off		(4.09)	(*)
<b>Total Shareholder's Funds</b>	<b>B</b>	<b>1,054.16</b>	<b>(*)</b>
<b>Debt – Equity Ratio</b>	<b>A/B</b>	<b>0.00</b>	<b>(*)</b>

Note: Issue price will be decided in accordance with Book Building process in consultation with the Merchant Bankers to the Issue. Therefore these figures will be worked out at a later point of time.



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

*The following discussion of our financial condition and results of operations should be read in conjunction with our audited financial statements as of and for the years ended March 31, 2006, 2007, 2008, 2009 and 2010 and for the quarter ended June 30, 2010, prepared in accordance with the Companies Act and Indian GAAP and restated in accordance with the ICDR Regulations, including the schedules, annexure and notes thereto and the reports thereon, included in the section titled "Financial Information" beginning on page no. 117 of this Draft Red Herring Prospectus. Unless otherwise stated, the financial information used in this section is derived from our audited consolidated financial statements, as restated.*

*Indian GAAP differs in certain material respects from U.S. GAAP and IFRS. We have not attempted to quantify the impact of IFRS or U.S. GAAP on the financial data included in this Draft Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to those under U.S. GAAP or IFRS. Accordingly, the degree to which the Indian GAAP financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with the Companies Act, Indian GAAP and ICDR Regulations.*

*This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the sections titled "Risk Factors" and "Forward Looking Statements" beginning on page nos. XIV and page XIII, respectively. In this section, unless the context otherwise requires, a reference to "our Company" is a reference to NetAlter Software Limited and a reference to "we", "us" and "our" refers to NetAlter Software Limited and its subsidiaries and joint venture companies, on a consolidated basis.*

### Overview

We are a software development company having been incorporated on 13<sup>th</sup> May 2005, with an objective of developing solutions for the social, commercial and collaborative sphere. We presently operate from our corporate office situated in Mulund, Mumbai.

We are presently involved in research and development of NetAlter System by deploying the intellectual and knowledge innovations at our disposal. The NetAlter System comprises of a system, methods, computer programs, standards, infrastructure, search algorithm and a business method for an AI enabled Information Communication and Computation (ICC) framework operated by NetAlter Browser to present an alternative to the present cyberspace (denoted by World Wide Web) by engaging client/server as well peer to peer framework. NetAlter System is also determined to facilitate migration of existing client-server solutions to secured Peer to Peer platform. For NetAlter System, we have obtained registration for the Patent in respect of 'An Information Communication And Computation System' with the Patent Office, Government of India. We have also filed applications for Patent in PCT, USA, Europe (EPO), Malaysia, New Zealand, China, Canada, Australia, Mexico, and Brazil for NetAlter System.

We are also engaged in developing and marketing social and business networking software products and its related tools and utilities. Our products comprises of Community Hotline, Community Online, Matrimonial Hotline, Matrimonial Online, Family Connect, Friend Connect, Contact Manager and Bhav2bahv. Our tools and utilities comprise of CD Wizard, CD Viewer, Email Manager and Web Manger.



The overview of the financial performance of our company based on re-stated audited financial information:

(₹ In lakhs)

Particulars	Period ended 30/06/2010	FY 2010	FY 2009
Sales	16.00	60.05	25.59
Total Income	16.00	60.12	25.59
Net Expenditure	5.01	23.60	18.93
Net expenditure as % of total income	31.31%	39.25%	73.97%
EBITDA	10.99	36.52	6.66
EBITDA % margin	68.69%	60.74%	26.03%
PBT	3.43	5.98	2.42
PBT % margin	21.44%	9.95%	9.46%
PAT	2.83	6.92	1.26
PAT % margin	17.68%	11.51%	4.92%
Networth	1,054.16	1,050.96	762.55
EPS (₹) on face value of ₹ 10 per Equity Share	0.03	0.07	0.01
Return on Networth	0.27%	0.66%	0.17%

Note: Our Company has commenced commercial operations from FY 2009.

#### Significant Developments Subsequent to Last Financial year which can affect operation of our Company

Except as stated in this Draft Red Hearing Prospectus, to our knowledge, no circumstances has arisen or developed since last financial year of reporting restated financial information as disclosed in the offer document which materially or adversely affect or likely to affect the trading or profitability of our company, or the value of our company's assets or our ability to pay its liabilities within the next twelve months.

#### Factors Affecting Results of Operations

Our financials conditions and results are dependents on the following factors:

##### 1. General Economic Conditions

Our financial condition is affected by the general economic condition prevailing in the country. The Indian economy has witnessed a robust growth over a period of time. Our operations are dependent on the demand from our customers which is linked to the economic condition of country and growth of the IT Industry. India was a latecomer to the Internet. The reasons were low PC penetration, lack of infrastructure and high Internet costs. This scenario has changed and Internet usage has increased significantly. We believe that the sustained growth in Internet usage in India and worldwide will offer opportunities for introduction of our products.

##### 2. Proposed project

As described in the Section "Objects of the Issue" on page no. 27, we are actively engaged in research and development of our patented NetAlter System which comprises of a system, methods, computer program, standards, infrastructure, search algorithm and a business method for an AI enabled Information Communication and Computation (ICC) framework operated by NetAlter Service Browser to devise an alternative to the present world wide web by engaging universally distributed grid, supercomputing and peer to peer framework.

The successful completion of the project is a major factor which will significantly impact our operations in the coming years. Further, being a new concept, the success of the project also depends on the acceptance of the products by the prospective users.



### 3. Availability of skilled and experienced manpower

Our ability to successfully complete the development of NetAlter system and other software products depends largely on our ability to attract, train, motivate and retain highly skilled software professionals, including managers and other mid-level professionals. The attrition rates in the industry in which we operate have been high due to a highly competitive skilled labour market in India

### 4. Competition

The NetAlter System being developed by the Company is based on the P2P and client/server based system and currently face no competition from any other product in the market. However, going forward similar or more advanced technologies and products having more acceptability may be developed, which may pose a competition to the NetAlter System. NetAlter System will also face competition in the form of Internet based solutions.

### 5. Technology

The software and information technology market is characterised by rapid technological changes, evolving industry standards, changing consumer preferences and new product and service introductions. Our future success will depend on our ability to anticipate these advances and develop new product/service offerings to meet consumers' needs.

## DISCUSSION ON THE RESULTS OF OPERATIONS

The following discussion is based on our restated financial statements for FY 2010 and for FY 2009 as we commenced our commercial operations in FY 2009.

The summary statement of profit & losses, as restated is as under:

Particulars	As on March 31		As on March 31	
	2010	% of total income	2009	% of total income
<b>INCOME</b>				
Sales – of main Activities of the Company	60.05	99.88%	25.59	100.00%
Other Income	0.07	0.12%	-	
<b>Total Income</b>	<b>60.12</b>	<b>100.00%</b>	<b>25.59</b>	<b>100.00%</b>
<b>EXPENDITURE</b>				
Personnel Expenditure	5.88	9.78%	3.77	14.73%
Administration & Other Expenses	17.72	29.47%	15.16	59.24%
<b>Total Expenditure</b>	<b>23.60</b>	<b>39.25%</b>	<b>18.93</b>	<b>73.97%</b>
Net Profit before taxes and extra-ordinary items (EBITDA)	36.52	60.75%	6.66	26.03%
Financial Expenses	-	-	-	-
Depreciation & Amortisation	30.54	50.80%	4.24	16.57%
Profit Before Tax	5.98	9.95%	2.42	9.46%
Provision for Tax				
- Current Tax	1.00	1.66%	0.83	3.24%
- Deferred Tax	(1.94)	(3.23%)	-	-
<b>Net Profit after tax</b>	<b>6.92</b>	<b>11.51%</b>	<b>1.26</b>	<b>4.92%</b>



### **COMPARISON OF FINANCIAL PERFORMANCE OF FY2010 AND FY2009**

We have launched a few of our products on limited scale since FY 2009 and our main product, the NetAlter System is still under development. As FY 2010 was only the second year of our commercial operations and the scale of operations being low, no fixed trend in financial performance can be established. As such, the year-on-year comparison of financial performance given below may not lead to any meaningful conclusion.

#### **Sales due to main activities of our Company**

As shown in summary of financial statements, Sales due to products of our company have witnessed an increase from ₹ 25.59 lakhs in FY 2009 to ₹ 60.05 lakhs in FY 2010, registering a growth of 134.66%.

#### **Other Income**

Our Company generated other income to the tune of ₹ 0.07 lakhs during the FY 2010 on account of sale of assets.

#### **Personnel Expenses**

The personnel cost has increased from ₹ 3.77 Lakhs in FY 2009 to ₹ 5.88 Lakhs in FY2010.

#### **Administrative and other Expenses**

The administrative and other expenses have increased from ₹ 15.16 Lakh in FY 2009 to ₹ 17.72 Lakh in FY 2010.

#### **Depreciation and Amortization**

The expenses under the head of depreciation and amortization have increased from ₹ 4.24 Lakh in FY 2009 to ₹ 30.54 Lakh in FY 2010 mainly on account of full year depreciation charged on software products in FY 2010.

#### **Profit After Tax**

The profit of our company has increased from ₹ 1.26 Lakhs in FY2009 to ₹ 6.92 Lakhs in FY2010.

### **INFORMATION AS PER SCHEDULE VIII PART A (1X) (E) OF THE SEBI ICDR REGULATIONS**

#### **1. Unusual or infrequent events or transactions**

Other than as stated in the section titled "Financial Information" beginning on page no. 117 of this Draft Red Herring Prospectus, there have been no unusual or infrequent transactions that have taken place during the last three years.

#### **2. Significant economic changes that materially affected or are likely to affect income from continuing operations**

Other than as mentioned under "Factors Affecting Our Results of Operations" in Chapter on "Management's Discussion and Analysis of Financial Condition & Results of Operations" beginning on page no. 141 of this Draft Red Herring Prospectus, we believe that there are not any other significant economic changes that materially affected or are likely to affect income from continuing operations.



**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**

Other than as described in this Draft Red Herring Prospectus, particularly in “Risk Factors”, “Business Overview” and “Management’s Discussion and Analysis of Financial Conditions and Results of Operations” on page nos XIV, 63 and 141 respectively, of this Draft Red Herring Prospectus, to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on our 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 price that will cause a material change are known.**

Other than as described in “Risk Factors”, “Business Overview” and “Management’s Discussion and Analysis of Financial Conditions and Results of Operations” on page nos XIV, 63 and 141 respectively, of this Draft Red Herring Prospectus, there are no relationships between costs and income that have or had or are expected to have a material adverse impact on our operations and finances.

**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 prices**

We have launched a few of our products on limited scale since FY 2009 and our main product, the NetAlter System is still under development. As FY 2010 was only the second year of our commercial operations and the scale of operations being low, no fixed trend in financial performance can be established.

**6. Total turnover of each major industry segment in which the issuer company operates.**

We are part of the IT and IT Enabled Services Industry. However our product offerings are in niche area of social and business networking for which no authentic industry data is currently available.

**7. Status of any publicly announced new products or business segment.**

Except as disclosed in “Business Overview” on page no. 63 of this Draft Red Herring Prospectus, our Company has not publicly announced any new products.

**8. The extent to which the business is seasonal**

We believe that our business is not subject to any form of seasonality.

**9. Any significant dependence on a single or few suppliers or customers**

We have launched a few of our products on limited scale since FY 2009 and our main product, the NetAlter System is still under development. As such, a significant dependence or otherwise on single or few customers or suppliers cannot be established at this stage.

**10. Competitive Conditions**

Competitive conditions are described under “Risk Factors”, “Industry Overview”, “Business Overview” and “Management’s Discussion and Analysis of Financial Conditions and Results of Operations”



## SECTION VIII – LEGAL AND OTHER REGULATORY INFORMATION

### **OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS**

*There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware), litigation, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company, our Directors or our Promoters. Except as stated below there are no defaults, non-payment of statutory dues, overdues to banks/financial institutions/small scale undertaking(s), defaults against banks/financial institutions/small scale undertaking(s), defaults in dues payable to holders of any debentures, bonds or fixed deposits or arrears on preference shares issued by our Company, our Directors or our Promoter, no disciplinary action has been taken by SEBI or any stock exchanges against Company, our Directors, our Promoters, Group Entities, our Subsidiaries that would result in a material adverse effect on our consolidated business taken as a whole.*

*Further, except as disclosed hereunder our Company, our Directors, our Promoters have not been declared as wilful defaulters by the RBI or any government authority and there have been no violations of securities laws in the past or pending against them.*

#### ***Outstanding litigation involving our Company***

##### ***A. Pending litigation against our Company***

*Nil*

##### ***B. Pending litigation against by our Company***

*Nil*

##### ***C. Details of past cases in which penalties were imposed on our Company by the authorities concerned***

###### **Penalty under the Maharashtra Value Added Tax Act, 2002**

The Company received a notice dated 10<sup>th</sup> November, 2009 for non-filing of returns for the period October 1, 2008 to March 31, 2009 as prescribed under Section 20 of the Maharashtra Value Added Tax Act, 2002. Subsequently a penalty of ₹ 5,000/- under Section 29(8) of the Maharashtra Value Added Tax Act, 2002 was levied vide notice dated 26<sup>th</sup> February, 2010 by the Sales Tax Department. The requisite returns were filed and the penalty was paid on April 19, 2010.

##### ***D. Proceedings initiated against our Company for economic offences***

There are no proceedings initiated against our Company for any economic offences

##### ***E. Adverse findings against our company as regards compliance with the securities laws***

There are no adverse findings against our Company as regards compliance with securities laws



**F. Outstanding dues to small scale undertaking(s) or any other creditors**

The name(s) of the small scale undertaking(s) or any other creditors to whom our Company owes a sum exceeding ₹ 1 lakh which is outstanding more than thirty days as on December 23, 2010, are as under :

Sr. No.	Name of Party	Particulars	Amount (₹)
1	Hansa Rahul Patel	Rent	257,193
2	Jayshree Ramesh Patel	Rent	167,737
3	Karsan Mavji Patel	Rent	257,203
4	Premila Amrut Patel	Rent	167,737
5	Bhagwati Shantilal Patel	Rent	120,611
6	Usha Ramesh Patel	Rent	120,613
7	Velji Hansraj Patel	Rent	120,614
8	Vimal Navin Patel	Rent	120,611
9	Axis Software Pvt. Ltd.	Purchase of Time Attendance Machine	148,342
		Total	1,480,661

**Outstanding litigation involving our Promoters and group companies**

**A. Pending litigation against our Promoters/group companies**

Nil

**B. Non-payment of Statutory dues by promoters**

Some of our promoters have outstanding undisputed income tax liability to be paid, in respect of past financial years, the details of which are as under (as on December 22, 2010) :

(Amount in ₹)

Name	AY 2007-08	AY 2008-09	AY 2009-10	AY 2010-11	TOTAL
Mr. Rajesh C. Rathod	2,94,040	4,48,290	8,13,240	6,04,810	21,60,380
Mr. Yogesh C. Rathod	-	-	5,20,820	-	5,20,820
Mr. Vijay C. Rathod	-	-	3,12,240	2,64,670	5,76,910

**C. Pending litigation against by our Promoters/group companies**

Nil

**D. Details of past cases in which penalties were imposed on our promoters/group companies by the authorities concerned**

Nil

**Outstanding litigation involving our Directors**

Nil

**Material developments occurring after the last Balance Sheet date**

Except as disclosed in the Section title "Management Discussion and Analysis of Financial Conditions and Result of Operations" on Page No. 141, there are no material developments which would affect the business and operations of our Company.

**Adverse Events**

There has been no adverse event affecting the operations of our company, occurring within one year prior to the date of filing of the Draft Red Herring Prospectus with SEBI.





## **GOVERNMENT AND OTHER STATUTORY APPROVALS**

*In view of the approvals listed below, we can undertake this Issue and our current business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to be undertaken in respect of the Issue or continue our business activities. Unless otherwise stated, these approvals are all valid as of the date of this Draft Red Herring Prospectus.*

*We have received the necessary consents, licenses, permissions and approvals from the Government and various governmental agencies required for our present business and except as mentioned below, no further major approvals are required for carrying on our present business.*

### **Approvals related to the Issue**

1. In Principle approval dated [●] from the NSE.
2. In Principle approval dated [●] from the BSE.

#### ***A. Company specific approvals***

1. Certificate of incorporation for our Company, issued by the Assistant Registrar of Companies, Maharashtra at Mumbai certifying that NetAlter Software Limited was incorporated under the Companies Act, 1956 as a public limited company on May 13, 2005. The Corporate Identity number (CIN) of our Company is U72200MH2005PLC153295.
2. Certificate of Commencement of Business for our Company, issued on June 1, 2005 by the Assistant Registrar of Companies, Maharashtra at Mumbai, bearing certificate number 11-153295 certifying that NetAlter Software Limited is entitled to commence business.

#### ***B. Taxation related approvals and licenses***

1. Our Company has obtained registration under the Maharashtra Value Added Tax Act, 2002, bearing VAT TIN number 27490586868V with effect from 23<sup>rd</sup> January, 2007.
2. Our Company has been allotted Service Tax registration number AACCN1053BSD001 by the office of the Deputy Commissioner of Central Excise: Service Tax, Mumbai-IV.
3. Our Company has obtained registration under Section 5(1) of the Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975 and has been allotted registration number PT/R/1/1/35/4270 by the concerned authority in Mumbai with effect from January 29, 2007.
4. Our Company has obtained enrolment under Section 5(2) or 5(2A) of the Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975 and has been allotted Professional Tax Code number PT/E/1/1/35/18/855 vide Certificate of Enrolment by the concerned authority in Mumbai with effect from January 23, 2007.

#### ***C. Labour law registration***

1. Our Company's establishment has been brought within the purview of Employees' Provident Fund and Miscellaneous provisions Act, 1952 vide allotment of code number M.H/THN/203257. Our Company's establishment has been classified as an establishment engaged in manufacture, marketing, servicing and usage of a computer with effect from April 5, 2010.

#### ***D. General approvals***

1. Our Company has also been granted IEC Number 0305030477 vide Certificate of Importer – Exporter Code (IEC) dated 22<sup>nd</sup> July, 2005.



2. Our Company has obtained **PAN being AACCN1053B** from the Income Tax Department, Government of India.
3. Our Company has obtained Tax Deduction Account Number (TAN) being MUMN12692B by Income Tax Authority which was confirmed on September 23, 2009.

***E. Municipal approvals***

Our Company has obtained Registration Certificate of Establishment, bearing Registration Number 760040557 by the Inspector under the Bombay Shops and Establishment Act, 1948 with effect from March 1, 2008.

***F. Registration of foreign branches***

Our Company does not have any branches outside India.

***G. Miscellaneous approvals***

Our Company has entered into an agreement with NSDL dated 24<sup>th</sup> July, 2007 for the purpose of admission of Equity Shares of the Company into NSDL.

Our Company has entered into an agreement with CDSL dated 17<sup>th</sup> July, 2008 for the purpose of admission of Equity Shares of the Company into CDSL.

***H. Pending applications***

Our Company has been granted the Service Tax registration number by the office of the Deputy Commissioner of Central Excise, Service Tax, but it has not yet not been granted the Certificate of Registration.



## **OTHER REGULATORY AND STATUTORY DISCLOSURES**

### **Authority for the Issue**

#### ***Authority from our Company***

The Issue has been authorised by a resolution of the Board dated June 22, 2010. The shareholders have authorised the Issue by a special resolution passed pursuant to Section 81(1A) of the Companies Act at the Annual General Meeting of our Company held on July 29, 2010.

### **Prohibition by SEBI**

Neither our Company nor our Promoters, Promoter Group, Directors, persons in control of our Company are debarred from accessing the capital market under any order or directions made by SEBI.

Neither our Promoters, Directors nor persons in control of our Company was or also is a Promoter, Director or person in control of any other company which is debarred from accessing the capital market under any order or directions made by SEBI.

None of our Directors are associated with the securities market in any manner.

### **Current and Past Directorships**

None of the Directors of our Company currently hold any Directorship in any listed company whose shares have been / were suspended from being traded on the Bombay Stock Exchange Limited / National Stock Exchange of India Limited during the past 5 years. None of the Directors of our Company have held any Directorship in the past in any listed company whose shares were suspended from being traded on the Bombay Stock Exchange Limited / National Stock Exchange of India Limited during the past 5 years.

None of the Directors of our Company currently hold any Directorship in any listed company which has been delisted from any stock exchange. None of the Directors of our Company have held any Directorship in the past in any listed company which has been delisted from any stock exchange.

### **Prohibition by RBI**

Our Company, our Directors, Promoters, the Promoter Group/Group Company and companies in which the Directors are Directors have not been declared as wilful defaulters by RBI or any other governmental authorities.

### **Eligibility for the Issue**

Our Company is eligible for the Issue in accordance with Regulation 26(2) of the SEBI ICDR Regulations and the issuer undertakes to make the Issue through Book Building Process in accordance with SEBI ICDR Regulations

Further, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will be allotted shall not be less than 1,000; otherwise the entire application money will be refunded forthwith. In case of delay, if any, in refund our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

This Issue is being made in compliance with Rule 19(2)(b) of SCRR wherein not less than 25% of the Post Issue Paid up Capital shall be offered for subscription to the public through Red Herring Prospectus.



#### **Disclaimer Clause of SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, BEING, ARIHANT CAPITAL MARKET LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AS IN FORCE FOR THE TIME BEING AS THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGE THEIR RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, ARIHANT CAPITAL MARKET LIMITED, HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED DECEMBER 27, 2010 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:**

**WE, THE LEAD MERCHANT BANKER(S) TO THE ABOVE MENTIONED FORTHCOMING ISSUE, STATE AND CONFIRM AS FOLLOWS:**

- (1) “WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION 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 COMPANY, 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 COMPANY, WE CONFIRM THAT:**
  - (a) THE DRAFT RED HERRING PROSPECTUS FILED WITH THE SEBI 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 SEBI, 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 SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.
- (4) WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFILL 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 SEBI 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 COMPANY ALONG WITH THE PROCEEDS OF THE ISSUE – *Not applicable*
- (8) WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY 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 WILL BE 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 DRAFT RED HERRING PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION - *Noted for Compliance*
- (10) WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT MODE ONLY



- (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:
- (a) AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND
  - (b) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE SEBI 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 COMPANY, 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 DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER SECTION 63 AND SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BRLM ANY IRREGULARITIES OR LAPSES IN THE OFFER DOCUMENT.

All legal requirements pertaining to the Issue will be complied with at the time of filing of the Red Herring Prospectus with the Registrar of Companies, Maharashtra in terms of Section 60B of the Companies Act. All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the Registrar of Companies, Maharashtra in terms of Sections 56, 60 and 60B of the Companies Act.

#### **Caution - Disclaimer from our Company and the BRLM**

Our Company, our Directors and the BRLM accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our web site [www.netalter.com](http://www.netalter.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 Agreement dated December 6, 2010, entered into among the BRLM and our Company and the Underwriting Agreement to be entered into between the Underwriters and our Company.



All information shall be made available by us and the BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centers or elsewhere.

Our Company, the BRLM and the Underwriters shall not be liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

The BRLM and their respective associates and affiliates may engage in transactions with, and perform services for, our Company and our, affiliates or associates in the ordinary course of business and have engaged, or may in future engage, in commercial banking and investment banking transactions with our Company and our, affiliates or associates for which they have received, and may in future receive, compensation.

Investors that bid in the Issue will be required to confirm and will be deemed to have represented to our Company, the Underwriters and their respective Directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not Issue, sell, pledge, or transfer the Equity Shares of our Company to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the Underwriters and their respective Directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

#### **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, Hindu Undivided Families (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), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other trust law and who are authorised under their constitution to hold and invest in shares, Public financial institutions as specified in Section 4A of the Companies Act, venture capital funds registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of ₹ 250 million and pension funds with minimum corpus of ₹ 250 million, and to non-residents including FVCIs, multilateral and bilateral institutions, FIIs registered with SEBI and eligible NRIs provided that they are eligible under all applicable laws and regulations to hold Equity Shares of our Company. This Draft Red Herring Prospectus does not, however, constitute an offer to sell or 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 Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai, Maharashtra, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been submitted to SEBI. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

**The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the U.S. Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A under the U.S.**





**Securities Act, in transactions exempt from the registration requirements of the U.S. Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the U.S. Securities Act.**

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

#### **Disclaimer Clause of the NSE**

As required, a copy of the Draft Red Herring Prospectus will be submitted to NSE. The Disclaimer Clause as intimated by NSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the ROC filing.

#### **Disclaimer Clause of BSE**

As required, a copy of the Draft Red Herring Prospectus will be submitted to BSE. The Disclaimer Clause as intimated by BSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the ROC filing.

#### **Filing**

A copy of the Draft Red Herring Prospectus will be filed with SEBI at Corporation Finance Department, Plot No.C4-A,'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, 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 at the Office of the Registrar of Companies, Ministry of Corporate Affairs, Everest 5<sup>th</sup> Floor, 100 Marine Drive, Mumbai-400020.

#### **Listing**

Applications will be made to the BSE and NSE for permission to deal in and for an official quotation of our Equity Shares. [●] will be the Designated Stock Exchange with which the basis of Allotment will be finalised.

If the permissions to deal in and for an official quotation of our Equity Shares are not granted by any of the Stock Exchanges, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Draft Red Herring Prospectus. If such money is not repaid within 15 days from the Bid/Issue Closing Date, whichever is earlier, then our Company and every Director of our Company who is an officer in default shall, on and from such expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within seven working days of finalisation of the basis of allotment for the Issue.





## **Impersonation**

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

*“Any person who:*

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or*
- (b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,*

*shall be punishable with imprisonment for a term which may extend to five years.”*

## **Consents**

Necessary consents for the issue have been obtained from the Directors, the Company Secretary and Compliance Officer, the auditors, the legal advisors, the Bankers to our Company, the Book Running Lead Managers and the Registrar to the Issue to act in their respective capacities.

Necessary consents will also be obtained from the Bankers to the Issue, the IPO Grading Agency, Syndicate Members and Underwriters.

These consents would be filed along with a copy of the Red Herring Prospectus with the ROC as required under Section 60 and 60B of the Companies Act along with confirmation that such consents have not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the ROC.

Consent has been obtained from NASSCOM and comScore Inc. for usage of their data under “Industry Overview” appearing in the offer document.

BNP Paribas Asset Valuation Limited has issued a valuation report in respect of Patented NetAlter System owned by our Company. They have given their consent for use of the report in connection with the offer document.

In accordance with the Companies Act and the SEBI ICDR Regulations, M/s. Rajendra & Co., Chartered Accountants, our Company’s Statutory Auditors have given their written consent to the inclusion of their report in the form and context in which it appears in the Draft Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of the red Herring Prospectus for registration with ROC.

## **Expert Opinion**

Except the report of [●] in respect of the IPO grading of this Issue annexed with the Red Herring Prospectus and except as stated in this Draft Red Herring Prospectus, we have not obtained any expert opinions.

[●], the IPO grading agency engaged by our Company for the purpose of obtaining IPO grading in respect of this Issue, have given their written consent as experts to the inclusion of their report in the form and context in which they will appear in the Red Herring Prospectus and such consents and reports will not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus to the Registrar of Companies.

## **Expenses of the Issue**

The total expenses of the Issue are estimated to be approximately ₹ [●] lakhs. The expenses of this Issue include, among others, underwriting and management fees, SCSB’s commission/ fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees.



The estimated Issue expenses are as under:

S. No.	Activity Expense	Amount* (₹ Lakhs)	Percentage of Total Estimated Issue Expenditure*	Percentage of Issue Size*
1	Fees of the Lead Manager	[•]	[•]	[•]
2	Fees to the Bankers to Issue	[•]	[•]	[•]
3	Underwriting commission, brokerage and selling commission	[•]	[•]	[•]
4	Advertising and marketing expenses, printing and stationery, distribution, postage etc.	[•]	[•]	[•]
5	Registrar to the Issue	[•]	[•]	[•]
6	Other expenses (Grading Agency, Legal Advisors, Auditors and other Advisors etc.)	[•]	[•]	[•]
	<b>Total Estimated Issue Expenditure</b>	[•]	[•]	[•]

*\*To be completed after finalization of the Issue Price*

#### **Fees Payable to the BRLM and the Syndicate Members**

[•]

#### **Fees Payable to the Registrar to the Issue**

[•]

#### **Underwriting commission, brokerage and selling commission on Previous Issues**

Since this is the initial public offer of our 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.

#### **Previous Rights and Public Issues**

Our Company has not made any Public Issue or Rights Issue to public in India or abroad since inception.

#### **Previous issues of shares otherwise than for cash**

Except as stated in “Capital Structure” on page no. 17, our Company has not made any previous issues of shares for consideration otherwise than for cash.

#### **Previous public or rights issues by companies under the same management**

No company under the same management as our Company (within the meaning of Section 370(1)(B) of the Companies Act, 1956) has made any capital issue during the last 3 years.

#### **Performance vis-a-vis objects in respect of previous public/rights issues**

Our Company/group company has not made any public issue or rights issue to public in the past.



### **Outstanding Debentures, Bond Issues, or Preference Shares**

Our Company has no outstanding debentures, bonds or preference shares.

### **Stock Market Data for the Equity Shares**

This being an initial public offering of our Company, the Equity Shares of our Company are not listed on any stock exchange.

### **Purchase of property**

Except as stated in “Objects of the Issue” on page no. 27, there is no property which has been purchased or acquired or is proposed to be purchased or acquired which is to be paid for wholly or partly from the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of this Draft Red Herring Prospectus, other than property, in respect of which:

1. The contract for the purchase or acquisition was entered into in the ordinary course of business, nor was the contract entered into in contemplation of the Issue, nor is the issue contemplated in consequence of the contract; or
2. The amount of the purchase money is not material.

Except as stated in this Draft Red Herring Prospectus, our Company has not purchased any property in which any of its Promoters and/or Directors, have any direct or indirect interest in any payment made thereunder.

### **Mechanism for Redressal of Investor Grievances**

The agreement between the Registrar to the Issue and our Company provides for retention of records with the Registrar to the Issue for a period of at least six months from the last date of despatch of the letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidders.

### **Disposal of Investor Grievances**

Our Company or the Registrar to the Issue or the SCSB in case of ASBA Bidders shall redress routine investor grievances within seven business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has also appointed, Mrs. Anushka Matkar Company Secretary of our Company as the Compliance Officer for this Issue and he may be contacted in case of any pre-Issue or post-Issue related problems, at 813 & 814, Nirmal Corporate Center, L.B.S. Marg, Mulund (West), Mumbai – 400080. Tel : 022-25928553 / 25915994.

Our Company has not received any investor complaints during the three years preceding the filing of the Draft Red Herring Prospectus with SEBI. Further, no investor complaints are pending as on the date of filing the Draft Red Herring Prospectus with SEBI.

**Change in Auditors**

M/s Pravin Shah & Associates, Chartered Accountants retired as Auditors in the AGM held on December 24, 2009 and expressed their inability to continue as auditors citing personal reasons. Vide shareholder's resolution passed in the Annual General Meeting held on December 24, 2009 M/s Rajendra & Co., Chartered Accountants were appointed as the Statutory Auditors of our Company.

**Capitalisation of Reserves or Profits**

Our Company has not capitalised its reserves or profits since its incorporation, except as stated under the section "Capital Structure" appearing on page no. 17 in this Draft Red Herring Prospectus.

**Revaluation of Assets**

Our Company has not re-valued its assets in the last five years except as stated under the section "Financial Information" appearing on page no. 117 in this Draft Red Herring Prospectus



## SECTION IX: ISSUE RELATED INFORMATION

### TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, the Memorandum and Articles of Association of our Company, conditions of RBI approval, if any, the terms of the Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus, Bid cum Application Form, ASBA Bid cum Application Form, the Revision Form, the Confirmation of Allocation Note ("CAN"), the Listing Agreement with the Stock Exchanges and other terms and conditions as may be incorporated in the Allotment advice, and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, GoI, Stock Exchanges, RBI, ROC, FIPB 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, Memorandum and Articles of Association and shall rank *pari passu* in all respects with the other existing shares of our Company including in respect of the rights to receive dividends. The Allottees of the Equity Shares in the Issue shall be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, see the chapter titled "*Main Provisions of the Articles of Association*" on page no. 199 of the Draft Red Herring Prospectus.

#### Mode of payment of dividend

We shall pay dividend to our shareholders as per the provisions of the Companies Act, the Articles and the Listing Agreement.

#### Face Value and Issue Price

The face value of each Equity Share is ₹ 10. The Floor Price of the Equity Shares is ₹ [●] per Equity Share and the Cap Price is ₹ [●] per Equity Share. At any given point of time there shall be only one denomination of Equity Shares, subject to applicable law. The Issue Price is [●] times the Face Value of the Equity Shares.

#### Price Band

The Price Band shall be from ₹ [●] to ₹ [●] per Equity Share of face value of ₹ 10 each.

#### Compliance with SEBI Rules and Regulations

Our Company shall comply with all applicable disclosure and accounting norms as specified by SEBI from time to time.

#### Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders of our Company shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation subject to any statutory and other preferential claims being satisfied;
- Right of free transferability of Equity Shares; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act the terms of the Listing Agreement executed with the Stock Exchanges, and the Memorandum and Articles of Association of our Company.



For a detailed description of the main provisions of the Articles of Association such as those dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and / or consolidation / splitting, please refer to the chapter titled “*Main Provisions of the Articles of Association*” on page no. 199 of the Draft Red Herring Prospectus.

### **Market Lot**

Under section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form. In terms of existing SEBI (ICDR) Regulations, the trading in the Equity Shares shall only be in dematerialized form for all investors. Since trading of the Equity Shares is in dematerialized mode, the tradable lot is one Equity Share. Allocation and Allotment of Equity Shares through the Issue will be done only in electronic form, in multiple of one Equity Share, subject to a minimum allotment of [●] Equity Shares. For details of allocation and allotment, please refer to the chapter titled “*Issue Procedure*” on page no. 167 of the Draft Red Herring Prospectus.

### **Joint Holders**

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint-tenants with benefits of survivorship.

### **Jurisdiction**

Exclusive jurisdiction for the purpose of the Issue is with the competent courts/authorities in Mumbai, India.

### **Nomination Facility to the Investor**

In accordance with section 109A of the Companies Act, the sole or first bidder, along with other joint bidder, may nominate any one person in whom, in the event of the death of sole bidder or in case of joint bidders, death of all the bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale / transfer / alienation of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Company’s Registered Office or to our Registrar and Transfer Agents.

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

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

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other 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 mode, there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.**



### **Bidding Period**

Bidders may submit their Bids only in the Bidding Period. The Bid/Issue Opening Date is [●] and the Bid/Issue Closing Date is [●].

### **Minimum Subscription**

If we do not receive the minimum subscription of 90% of the Issue through the Draft Herring Prospectus including devolvment of Underwriters within 60 days from the date of closure of the Issue, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after our Company becomes liable to pay the amount, our Company shall pay interest as prescribed under section 73 of the Companies Act.

Further, in accordance with Clause 26(4) of the SEBI (ICDR) Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will be allotted will be not less than 1,000.

### **Withdrawal of the Issue**

Our Company, in consultation with the BRLM reserves the right not to proceed with the Issue at any time, after the Bid / Issue Opening Date, but before Allotment of Equity Shares. In such an event our Company would issue a public notice in the newspapers, in which the pre Issue advertisements were published within two days of the Bid / Issue Closing Date providing reasons for not proceeding with the Issue. Our Company shall also promptly inform the same to the Stock Exchanges on which our Equity Shares are proposed to be listed. Any further issue of Equity Shares by our Company shall be in compliance with applicable laws. If the Issue is withdrawn after the Bid / Issue Closing date, our Company shall be required to file a fresh offer document with SEBI. The BRLM, through the Registrar to the Offer, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one day from the day of receipt of such notification.

Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment and (ii) the final ROC approval of the Prospectus after it is filed with the ROC.

### **Arrangement for disposal of odd lot**

The Equity Shares will be traded in dematerialized form only and therefore the marketable lot is one (1) Equity Share. Hence, there is no possibility of any odd lots.

### **Application by Eligible NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI**

**As per the extant policy of the Government of India, OCBs cannot participate in the Issue.** The current provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, there exists a general permission for the NRIs, FIIs and FVCIs registered with SEBI to invest in shares of Indian companies by way of subscription in an IPO. However, such investments would be subject to other investment restrictions under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, RBI and / or SEBI regulations as may be applicable to such investors. It is to be distinctly understood that there is no reservation for NRIs, FIIs or FCVIs registered with SEBI, applicants will be treated on the same basis with other categories for the purpose of allocation.

The allotment of the Equity Shares to Non-Residents shall be subject to the conditions, if any, as may be prescribed by the Government of India/RBI while granting such approvals.

**The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act). The Equity Shares shall be sold only outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.**



**The above information is given for the benefit of the Bidders. The Bidders are advised to make their own enquiries about the limits applicable to them. Our Company and the BRLM do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company and the BRLM are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.**

#### **Restriction 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 Draft Red Herring Prospectus and in the Articles of Association of our Company. For further details refer to chapter titled *“Main Provisions of the Articles of Association”* on page no. 199 of the Draft Red Herring Prospectus.

Pursuant to the existing regulations, OCBs are not eligible to participate in the Issue. Further, NRIs who are not Eligible NRIs are not permitted to participate in the Issue. Equity Shares acquired by Eligible NRIs can be only sold to any other person eligible to acquire the same in accordance with all applicable laws, rules and regulations.

Sub accounts of FIIs registered with SEBI, being foreign corporate or foreign individuals are not eligible to participate in the Issue in the QIB Portion.

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

**The Equity Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the “Securities Act”), and may not be offered or sold within the United States (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Equity Shares are being offered and sold only outside the United States in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur.**

#### **Issue of Equity Shares in dematerialized form in the Issue**

In accordance with the SEBI (ICDR) Regulations, Equity Shares will be issued, transferred and Allotment shall be made only in the dematerialized form to the Allottees. Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.





## ISSUE STRUCTURE

The present Issue is of 39,00,000 Equity Shares of ₹ 10 each for cash at a price of ₹ [●] per Equity Share (including a share premium of ₹ [●] per Equity Share) aggregating to ₹ [●] lakhs. The Issue will constitute 27.24% of the post Issue paid-up capital of our Company. Our Company is considering a Pre-IPO Placement of up to 3,00,000 Equity Shares aggregating up to ₹ 450 lakhs with various investors. If the Pre-IPO Placement is completed the Issue size offered to the public would be reduced by the extent of such Pre-IPO Placement, subject to a minimum Issue size of 25% of the post Issue paid-up equity share capital of our Company. The Equity Shares allotted under the Pre - IPO Placement, if completed, shall be subject to a lock - in period of one (1) year from the date of the Allotment pursuant to the Issue.

The Issue is being made through the 100% Book Building Process. This Issue is being made in compliance with Rule 19(2)(b) of SCRR wherein not less than 25% of the Post Issue Paid up Capital shall be offered for subscription to the public through Red Herring Prospectus.

Particulars	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for allocation.	Not less than [●] Equity Shares (of which [qu Equity Shares shall be available for allocation to Mutual Funds).	Not more than [●] Equity Shares or Issue size less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation. *	Not more than [●] Equity Shares or Issue size less allocation to QIB Bidders and Non Institutional Bidders shall be available for allocation.*
Percentage of Issue Size available for Allotment/ Allocation*.	Atleast 50% of the Issue (of which 5% shall be available for allocation to Mutual Funds). Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund reservation will be available to QIBs.	Not more than 15% of the Issue or the Issue less allocation to the QIB Bidders and Retail Individual Bidders shall be available for allocation. *	Not more than 35% of the Issue or the Issue less allocation to the QIB Bidders and Non Institutional Bidders shall be available for allocation.*
Basis of proportionate Allotment/Allocation if respective category is oversubscribed**.	Proportionate as follows: a) Equity Shares shall be allocated on a proportionate basis to Mutual Funds; and b) The balance Equity Shares shall be allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds ₹ 2,00,000.	Such number of Equity Shares that the Bid Amount exceeds ₹ 2,00,000.	[●] Equity Shares
Maximum Bid	Not exceeding the size of the Issue subject to applicable limits.	Not exceeding the size of the Issue subject to applicable limits.	Such number of Equity Shares whereby Bid Amount does not exceed ₹ 2,00,000.

Mode of Allotment	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.
Allotment Lot	[●] Equity Shares and in multiples of one thereafter	[●] Equity Shares and in multiples of one thereafter	[●] Equity Shares and in multiples of one thereafter
Trading Lot/ Market Lot	One Equity Share.	One Equity Share.	One Equity Share.
Who can Bid	A mutual fund, venture capital fund and foreign venture capital investor registered with SEBI; a foreign institutional investor and sub- account (other than a sub- account which is a foreign corporate or foreign individual), registered with SEBI; 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 start industrial development corporation; an insurance company registered with the Insurance Regulatory and Development Authority (IRDA); provident funds with minimum corpus of ₹ 2500 lakhs; pension funds with minimum corpus of ₹ 2500 lakhs; 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; and Insurance funds set up and managed by army, navy or air force of the Union of India.	Resident Indian individuals, eligible NRIs, HUF, applying through their Karta, minors applying through their natural guardian companies, corporate bodies, scientific institution, societies, trust, sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals.	Resident Indian individuals (including HUF, applying through their Karta, minors applying through their natural guardian) and Eligible NRIs applying for Equity Shares such that the Bid Amount does not exceed ₹ 2,00,000 in value.
Terms of Payment	Bid Amount shall be payable at the time of submissions of Bid cum Application Form to the BRLM and submission of ASBA Form to SCSB.	Bid Amount shall be payable at the time of submissions of Bid cum Application Form to the Syndicate Members and submission of ASBA Form to SCSB.	Bid Amount shall be payable at the time of submissions of Bid cum Application Form to the Syndicate Members and submission of ASBA Form to SCSB.



Margin Amount	In case of ASBA bidders, the SCSB shall be authorised to block the bid amount mentioned in the ASBA Form.	In case of ASBA bidders, the SCSB shall be authorised to block the bid amount mentioned in the ASBA Form.	In case of ASBA bidders, the SCSB shall be authorised to block the bid amount mentioned in the ASBA Form.
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\* *Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in Non- Institutional and Retail Individual categories would be allowed to be met with spill over from any other categories, at the sole discretion of our Company, the BRLM, the Designated Stock Exchange and subject to applicable provisions of SEBI (ICDR) Regulations. If at least 50% of the Present Issue cannot be allocated to QIBs, then the entire application money shall be refunded forthwith.*

\*\* *If the aggregate demand by Mutual Funds 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 allocated proportionately to the QIB Bidders in proportion to their Bids.*

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



## ISSUE PROCEDURE

This section applies to all Bidders. Please note that all Bidders can participate in the Issue through the ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedure applicable to Bidders other than the ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all Bidders are required to make the full Bid Amount or instruct the relevant SCSB to block the full Bid Amount along with the application.

### Book Building Procedure

The Issue is being made through a 100% Book Building Process wherein not less than 50% of the Issue shall be available for allocation to Qualified Institutional Buyers on a proportionate basis. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for Allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not more than 15% of the Issue would be available for allocation to Non-Institutional Bidders and not more than 35% of the Issue would be available for allocation to Retail Individual Bidders on a proportionate basis, subject to valid bids being received from them at or above the Issue Price. This Issue is being made in compliance with Rule 19(2)(b) of SCRR, wherein not less than 25% of the Post Issue Paid up Capital shall be offered for subscription to the public through Red Herring Prospectus.

All Bidders other than ASBA Bidders are required to submit their Bids through the Syndicate. ASBA Bidders are required to submit their Bids to the SCSBs. Bids by QIBs will only have to be submitted through the BRLM or its affiliates or the Syndicate Members. The QIBs who bid through the ASBA process shall submit their Bids to the designated branch of the SCSBs and should intimate the BRLM.

Members of the Syndicate or the sub Syndicate may procure ASBA Bid cum Application Forms from ASBA Bidders and submit it to the SCSBs. The Syndicate or sub Syndicate Members who acquire such ASBA Bid cum Application Forms will upload the Bids and other relevant details of such ASBA Bid cum Application Form in the bidding platform provided by the Stock Exchanges. The SCSBs shall carry out further action for such ASBA Bid cum Application Form such as signature verification, blocking of funds etc and forwarding of such ASBA Bid cum Form to the Registrar.

**Investors should note that the Equity Shares will be allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including the DP ID Numbers and the beneficiary account number, shall be treated as incomplete and rejected. Bid cum Application Forms which do not have the details of the Bidders' PAN, (other than Bids made on behalf of the Central and the State Governments, residents of the state of Sikkim and officials appointed by the courts) shall be treated as incomplete and are liable to be rejected. Bidders will not have the option of being allotted Equity Shares in physical form. The Equity Shares on allotment shall be traded only in the dematerialised segment of the Stock Exchanges.**

### Bid cum Application Form

Bidders (other than the ASBA Bidders) are required to submit their Bids through the Syndicate. Bids by QIBs will only have to be submitted through the BRLM or its affiliates or the Syndicate Members. Such Bidders shall only use the Bid cum Application Form bearing the stamp of the BRLM or Syndicate Member for making a Bid in terms of the Draft Red Herring Prospectus.

ASBA Bidders shall submit an ASBA Bid cum Application Form either in physical or electronic form to the SCSB authorising it to block the funds that are available in the bank account specified in such ASBA Bid cum Application Form. The QIBs who bid through the ASBA process shall submit their Bids to the designated branch of the SCSBs and should intimate the BRLM. Members of the Syndicate or the sub Syndicate may procure ASBA Bid cum Application Forms from ASBA Bidders and submit it to the SCSBs.



The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN and filing of the Prospectus with the ROC, the Bid cum Application Form shall be considered as the application form. Upon completion and submission the Bid cum Application Form to the Syndicate (and in the case of an ASBA Bid cum Application form, to the SCSB or a Syndicate / sub Syndicate Member) the Bidder is deemed to have authorized us 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 SEBI and / or 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 the various categories is as follows:

Category	Colour of Bid cum Application Form
Resident Indians and Eligible NRIs applying on a non-repatriation basis	White
Eligible NRIs, FIIs or Foreign Venture Capital Funds, registered Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis	Blue
<b>ASBA Bidders</b>	
Residential ASBA Bidders	Green
Non-resident ASBA Bidders	Green

#### Who can Bid?

- Indian nationals resident in India who are not minor, in single or joint names (not more than three);
- Hindu Undivided Families (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 the Karta 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 equity shares;
- Mutual Funds registered with SEBI;
- Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and SEBI regulations, as applicable);
- Multilateral and bilateral development financial institution;
- Venture capital funds registered with SEBI;
- Foreign venture capital investors registered with SEBI subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
- FIIs and sub-accounts registered with SEBI other than a sub-account which is a foreign corporate or foreign individual subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non-Institutional Bidders category;
- State Industrial Development Corporations; Insurance companies registered with the Insurance Regulatory and Development Authority;
- Provident funds with a minimum corpus of ₹ 2,500 lakhs and who are authorized under their constitution to hold and invest in equity shares;
- Pension funds a with minimum corpus of ₹ 2,500 lakhs and who are authorized under their constitution to hold and invest in equity shares;
- National Investment Fund set up by resolution F. No. 2/3/2005-DDII dated November 23, 2005 of the GoI published in the Gazette of India;
- Trusts / societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts and who are authorized under their respective constitutions to hold and invest in equity shares;
- Eligible NRIs on a repatriation basis or on a non-repatriation basis subject to applicable local laws. NRIs other than Eligible NRIs are not eligible to participate in the Issue;
- Scientific and / or industrial research organizations authorized under their constitution to invest in equity shares;
- Insurance funds set up and managed by army, navy or air force of the Union of India; and
- Any other QIBs permitted to invest, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue.



**As per the existing regulations, OCBs are not eligible to participate in the Issue.**

**Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.**

#### **Participation by associates and affiliates of BRLM and Syndicate Members**

The BRLM and the Syndicate Members shall not be entitled to subscribe to the Issue in any manner except towards fulfilling their underwriting obligations. Associates and affiliates of the BRLM and the Syndicate Members may subscribe for Equity Shares in the Issue, including in the Net QIB Portion and Non-Institutional Portion as may be applicable to such Bidder, where the allocation is on a proportionate basis. Such bidding and subscription may be on their own account or their clients.

#### **Bids by Mutual Funds**

*As per the current regulations, the following restrictions are applicable for investments by Mutual Funds:*

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than [•] Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the Net QIB Portion, after excluding the allocation in the Mutual Fund Portion.

**No mutual fund scheme shall invest more than 10% of its net asset value in the equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights. These limits would have to be adhered to by the mutual funds for investment in the Issue. In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.**

#### **Bids by Eligible NRIs**

Bid cum Application Forms have been made available for Eligible NRIs at the Registered Office of our Company, BRLM with Syndicate Members and with select Syndicate Members.

Eligible NRIs may please note that only such applications as are accompanied by payment in free foreign exchange or by debit to their Non Resident External Account (NRE Account) / Foreign Currency Non Resident Account (FCNR Account) shall be considered for Allotment under the Eligible NRI category on repatriable basis. The NRIs who intend to make payment through Non Resident Ordinary Account (NRO Account), that is, on non repatriation basis accounts shall use the Bid cum Application Form meant for resident Indians and shall not use the forms meant for Eligible NRIs.

#### **Bids by FIIs**

*As per the current regulations, the following restrictions are applicable for investments by FIIs:*

The Issue of Equity Shares to a single FII should not exceed 10% of the post-Issue paid-up capital of our Company. In respect of a FII investing in Equity Shares of our Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of our Company or 5% of our total issued capital in case such sub-account is a foreign corporate or foreign individual.



In accordance with the foreign investment limits, the aggregate FII holding in our company cannot exceed 24% of our total issued capital. With the approval of the Board of Directors and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as on this date, no such resolution has been recommended to our shareholders for adoption.

A sub account of a FII which is a foreign corporate or foreign individual shall not be considered to be a Qualified Institutional Buyer, as defined under the SEBI Regulations, for the Issue.

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 (the “**SEBI FII Regulations**”), an FII or its sub-account may issue, deal or hold, offshore derivative instruments (defined under the SEBI FII Regulations as any instrument, by whatever name called, which is issued overseas by an FII against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with ‘know your client’ norms. The FII or sub-account is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI FII Regulations. Associates and affiliates of the underwriters including the BRLM and the Syndicate Members that are FIIs may issue offshore derivative instruments against Equity Shares Allotted to them in the Issue. Any such offshore derivative instrument does not constitute any obligation of, claim on or an interest in our Company.

#### **Bids by 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 *inter alia* 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 should not exceed 25% of its corpus. However, venture capital funds or foreign venture capital investors may invest not more than 33.33% of their respective investible funds in various prescribed instruments, including in initial public offers.

**The above information is given for the benefit of the Bidders. Our Company and the Book Running Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Draft Red Herring Prospectus. Bidders are advised to make their own independent investigations and 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 the Draft Red Herring Prospectus.**

#### **Maximum and Minimum Bid Size**

**For Retail Individual Bidders:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed ₹ 2,00,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed ₹ 2,00,000. Where the Bid Amount is over ₹ 2,00,000 due to a revision in the Bid or a revision in the Price Band or upon exercise of the option to Bid at the Cut-off Price, the Bid would be considered for allocation under the Non-Institutional Portion. The Cut-off Price option is given only to Retail Individual Bidders indicating their agreement to Bid and to acquire the Equity Shares at the Issue Price as determined at the end of the Book Building Process.

**For Non-Institutional Bidders and QIBs Bidders:** The Bid must be for a minimum of such Equity Shares such that the Bid Amount exceeds ₹ 2,00,000 and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by the regulatory or statutory authorities governing them. Under the SEBI (ICDR) Regulations, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date, as applicable and is required to pay the entire Bid Amount upon submission of Bid.

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than ₹ 2,00,000 to be considered for allocation in the Non-Institutional Portion. In case the Bid Amount





reduces to ₹ 2,00,000 or less due to a revision in the Bids or a revision in the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Non-Institutional Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIB Bidders are not allowed to Bid at the Cut-off Price.

#### **Information for Bidders**

1. Our Company and the BRLM shall declare the Bid / Issue Opening Date and the Bid / Issue Closing Date in the Red Herring Prospectus to be registered with the ROC and also publish the same in two national daily newspapers (one each in English and Hindi) and in one regional daily newspaper with wide circulation, where the Registered Office of our Company is situated. This advertisement shall be in the prescribed format.
2. Our Company will file the Red Herring Prospectus with the ROC at least three days prior to the Bid / Issue Opening Date.
3. The Syndicate and the SCSBs, as applicable, will circulate copies of the the Bid cum Application Form to potential investors and at the request of the potential investors, copies of the Red Herring Prospectus. The SCSBs shall ensure that the abridged prospectus is made available on its website.
4. Any Bidder (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 Registered Office or from the members of the Syndicate or the SCSBs.
5. Eligible Bidders who are interested in subscribing to the Equity Shares should approach the members of the Syndicate or the SCSBs (as applicable) to register their Bid. Bidders can also approach the Designated Branch of the SCSBs to register their Bids under the ASBA process.
6. The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms (other than the ASBA Bid cum Application Form) should bear the stamp of the BRLM or Syndicate Member otherwise they will be rejected. Bids by ASBA Bidders shall be accepted by the Designated Branches of the SCSBs or the members of the Syndicate or sub Syndicate in accordance with the SEBI (ICDR) Regulations and any circulars issued by SEBI in this regard.
7. Pursuant to SEBI circular number CIR/CFD/DIL/8/2010 dated October 12, 2010, the Syndicate and / or sub Syndicate Members shall be entitled for selling commission for ASBA Bid cum Application Forms procured by them in the same manner as a Bid cum Application Form. SCSBs shall be entitled to per form processing fee for ASBA Bid cum Application Forms procured by member of the Syndicate and / or sub Syndicate and submitted with the SCSBs. For ASBA Bid cum Application Forms procured directly by the SCSBs, they would be entitled for selling commission only and no processing fee shall be paid to them.

#### **Method and Process of Bidding**

1. Our Company in consultation with the BRLM shall decide the Price Band and the minimum Bid lot size for the Issue and the same shall be advertised in one English national daily newspaper, one Hindi national daily newspaper and one regional daily newspaper with wide circulation, where the Registered Office of our Company is situated, at least two Working Days prior to the Bid / Issue Opening Date. This advertisement, subject to the provisions of Section 66 of the Companies Act, shall be in the format prescribed in Schedule XIII of the SEBI (ICDR) Regulations. The Price Band and the minimum Bid lot for the Issue will be decided by our Company in consultation with the BRLM including the relevant financial ratios computed for both the Cap Price and Floor Price. The Syndicate and the SCSBs shall accept Bids from the Bidders during the Bid / Issue Period.
2. The Bid / Issue Period shall be a minimum of three Working Days and not exceeding ten Working Days (including the days for which the Issue is open in case of revision in Price Band). In case the Price Band is revised, the revised Price Band and Bidding Period will be published in one English national daily, one Hindi national daily and one regional daily newspaper with wide circulation, where the Registered Office of our





Company is situated and the Bid / Issue Period may be extended, if required, by an additional three Working Days, subject to the total Bid / Issue Period not exceeding ten Working Days. Any revision in the Price Band and the revised Bid / Issue Period, if applicable, will be published in two national newspapers (one each in English and Hindi) and one regional daily newspaper with wide circulation, where the Registered Office of our Company is situated, and also by indicating the change on the website of the BRLM and at the terminals of the members of the Syndicate.

3. Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled “**Bids at different price levels**” below) and specify the demand (i.e. the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid price, will become automatically invalid.
3. The Bidder cannot Bid on another Bid cum Application Form after his or her Bids on one Bid cum Application Form have been submitted to any member of the Syndicate or the SCSBs. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate or SCSBs 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 the Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph titled “**Build up of the Book and Revision of Bids**”.
4. The members of the Syndicate / SCSBs 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.
5. During the Bid / Issue Period, Bidders (other than QIBs) may approach any of the member of the Syndicate to submit their Bid. The member of the Syndicate shall accept Bids from all the Bidders and shall have the right to vet the Bids in accordance with the terms of the Syndicate Agreement and the Draft Red Herring Prospectus. Bidders who wish to use the ASBA process should approach the Designated Branches of the SCSBs to register their Bids.
6. Along with the Bid cum Application Form, all Bidders (other than ASBA Bidders) will make payment in the manner described under the paragraph titled “Payment Instructions” on page no. 184.
7. Members of the Syndicate or the sub Syndicate may procure ASBA Bid cum Application Forms from ASBA Bidders and submit it to the SCSBs. The Syndicate or sub Syndicate Members who acquire such ASBA Bid cum Application Forms will upload the Bids and other relevant details of such ASBA Bid cum Application Form in the bidding platform provided by the Stock Exchanges. The SCSBs shall carry out further action for such ASBA Bid cum Application Form such as signature verification, blocking of funds etc and forwarding of such ASBA Bid cum Form to the Registrar.
8. If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchanges.
9. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form and will enter each Bid option into the electronic bidding system as a separate Bid and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Bidder on request.



### **Bids at different price levels and revision of Bids**

The Bidders can Bid at any price within the Price Band, in multiples of ₹ 1. The Price Band and the minimum Bid lot size for the Issue shall be decided by our Company, in consultation with the BRLM, and advertised in three daily newspapers (one in English, one in Hindi, and in one regional daily newspaper, with wide circulation, where the Registered Office of our Company is situated,) at least two Working Days prior to the Bid / Issue Opening Date.

1. In accordance with SEBI (ICDR) Regulations, our Company, in consultation with the BRLM, reserves the right to revise the Price Band during the Bid / Issue Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in the Price Band shall not exceed 20% on the either side i.e. the Floor Price can move up or down to the extent of 20% of the Floor Price disclosed at least two Working Days prior to the Bid / Issue Opening Date and the Cap Price will be revised accordingly.
2. Our Company in consultation with the BRLM can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.
4. Bidders can Bid at any price within the Price Band. Bidders have 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 ₹ 2,00,000 may bid at the Cut-off Price. However, bidding at the Cut-off Price is prohibited for QIBs and Non-Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.
5. Retail Individual Bidders who Bid at the Cut-off Price agree that they shall acquire the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-off Price shall deposit the Bid Amount based on the Cap Price. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders who Bid at the 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 Refund Account(s). In case of ASBA Bidder bidding at Cut-off Price, the ASBA Bidders shall instruct the SCSBs to block amount based on the Cap Price.
6. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had bid at Cut-Off Price could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band, with the members of the Syndicate or the SCSBs to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds ₹ 2,00,000, the Bid will be considered for allocation under the Non Institutional Bidders category in terms of the Draft Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off.
7. In case of a downward revision in the Price Band, 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 Refund Account(s) or unblocked by the SCSBs, as applicable.
8. Our Company, in consultation with the BRLM, shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ [•] to ₹ [•].

IN ACCORDANCE WITH THE SEBI (ICDR) REGULATIONS, EQUITY SHARES WILL BE ISSUED, TRANSFERRED AND ALLOTMENT SHALL BE MADE ONLY IN THE DEMATERIALIZED FORM TO THE ALLOTTEES. ALLOTTEES WILL HAVE THE OPTION TO RE-MATERIALISE THE EQUITY SHARES, IF THEY SO DESIRE, AS PER THE PROVISIONS OF THE COMPANIES ACT AND THE DEPOSITORIES ACT 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 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.

The trading of the Equity Shares of our Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges. 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 the relevant laws, rules, regulations, guidelines and approvals.

#### **Escrow Mechanism, terms of payment and payment into the Escrow Accounts**

For details of the escrow mechanism and payment instructions, please refer to paragraph titled “*Payment Instructions*” on page no. 184 of the Draft Red Herring Prospectus.

#### **Electronic Registration of Bids**

1. The members of the Syndicate or sub Syndicate and the SCSBs will register the Bids using the online facilities of the Stock Exchanges. The Syndicate or sub Syndicate Members who acquire such ASBA Bid cum Application Forms will upload the Bids and other relevant details of such ASBA Bid cum Application Form in the bidding platform provided by the Stock Exchanges. The SCSBs shall carry out further action for such ASBA Bid cum Application Form such as signature verification, blocking of funds etc and forwarding of such ASBA Bid cum Form to the Registrar. There will be at least one online connectivity to each city where a stock exchange is located in India and where the Bids are being accepted. The BRLM, our Company and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by the members of the Syndicate or sub Syndicate and the SCSBs, (ii) the Bids uploaded by the members of the Syndicate or sub Syndicate and the SCSBs, (iii) the Bids accepted but not uploaded by the members of the Syndicate and the SCSBs or (iv) with respect to ASBA Bids, Bids accepted and uploaded without blocking funds in the ASBA Accounts. However, the respective member of the Syndicate and / or the SCSBs shall be responsible for any errors in the Bid details uploaded by them. It shall be presumed that for the Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant ASBA Account.
2. The Stock Exchanges 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, their authorized agents and the SCSBs during the Bid / Issue Period. The Syndicate Member and the Designated Branches can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download 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 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 BRLM on a regular basis. Bidders are cautioned that a high inflow of bids typically experienced on the last day of the bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such Bids that could not be uploaded will not be considered for allocation. Bids will only be accepted on working days, i.e., Monday to Friday (excluding any public holiday).
3. The aggregate demand and price for Bids registered on the electronic facilities of NSE and BSE will be downloaded on a regular basis, consolidated and displayed online at all bidding centers. A graphical representation of the consolidated demand and price would be made available at the bidding centers and the websites of the Stock Exchanges during the Bid / Issue Period along with category wise details.
4. At the time of registering each Bid (other than the ASBA Bidder), the member of the Syndicate shall enter the following details of the Bidder in the online system:
  - Name of the Bidder(s): 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 such as Individual, corporate, NRI, FII or Mutual Fund, etc.;
- Numbers of Equity Shares Bid for;
- Bid Amount;
- Price option;
- Cheque amount;
- Cheque number;
- Bid cum Application Form number;
- Depository Participant identification number and Client identification number of the demat account of the Bidder; and
- PAN, except for Bids on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts.

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 electronic bidding system:

- Name of the Bidder(s);
- ASBA Bid cum Application Form Number;
- PAN (of First Bidder if more than one Bidder);
- Investor Category and Sub-Category:

Retail	Non-Institutional	QIBs
(No sub category)	<ul style="list-style-type: none"> <li>- Individual</li> <li>- Corporate</li> <li>- Other</li> </ul>	<ul style="list-style-type: none"> <li>- Mutual Funds;</li> <li>- Financial Institutions;</li> <li>- Insurance companies;</li> <li>- FIIs other than corporate and individual sub accounts;</li> <li>- Sub accounts</li> <li>- Others</li> </ul>

- DP ID and client identification number;
- Quantity;
- Price;
- Bank account number;
- Cheque number; and
- Cheque amount.



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 request and obtain the TRS from the member of 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 either by the BRLM or the Syndicate Member 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, bidding in the Net QIB Portion, the BRLM or Syndicate Members can reject the Bids at the time of accepting the Bid provided that the reason for such rejection is provided in writing. Bids under the Non-Institutional Portion and Bids under the Retail Individual Portion would not be rejected except on the technical grounds listed in the Draft Red Herring Prospectus. 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 SCSB shall have no right to reject Bids except on technical grounds.
8. It is to be distinctly understood that 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 the BRLM 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, our Promoter, our 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 the Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.
9. Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation / Allotment. The members of the Syndicate will be given up to one day after the Bid / Issue Closing Date to verify DP ID and client identification number uploaded in the online IPO system during the Bid / Issue Period after which the data will be sent to the Registrar to the Issue for reconciliation. In case of discrepancy of data between BSE or NSE and the members of the Syndicate or the Designated Branches of the SCSBs, the decision of our Company, in consultation with the BRLM and the Registrar to the Issue, shall be final and binding on all concerned.

#### **Build Up of the Book and Revision of Bids**

1. Bids, registered by various Bidders through the members of the Syndicate and SCSBs, shall be electronically transmitted to the BSE or NSE mainframe on a regular basis.
2. The book gets built up at various price levels. This information will be available with the BRLM on a regular basis.
3. During the Bidding 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.
4. Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form. Apart from mentioning the revised options in the Revision Form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed, in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate and the Designated Branches of the SCSBs.



5. The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) of the Bid, the Bidders will have to use the services of the same members of the Syndicate or the SCSB through whom the Bidder had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.
6. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had Bid at Cut-off Price could either (i) revise their Bid or (ii) shall make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed ₹ 2,00,000 if the Bidder wants to continue to Bid at the Cut-off Price), with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹ 2,00,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the Draft Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.
7. 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 Refund Account.
8. Our Company in consultation with the BRLM, shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 5000 to ₹ 7000.
9. 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 the Red Herring Prospectus. With respect to the ASBA Bids, if revision of the Bids results in an incremental amount, the relevant SCSB shall block the additional Bid amount. In case of Bids, other than ASBA Bids, the members of the Syndicate shall collect the payment in the form of cheque or demand draft if any, to be paid on account of upward revision of the Bid at the time of one or more revisions. In such cases, the members of the Syndicate will revise the earlier Bid details with the revised Bid and provide the cheque or demand draft number of the new payment instrument in the electronic book. The Registrar to the Issue will reconcile the Bid data and consider the revised Bid data for preparing the Basis of Allotment.
10. When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the member of the Syndicate or SCSBs, as applicable. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.
11. The Syndicate Members may modify selected fields (viz. DP ID and client identification number) in the Bid details already uploaded upto one day post the Bid / Issue Closing Period.

#### **Price Discovery and Allocation**

After the Bid / Issue Closing Date, the BRLM will analyze the demand generated at various price levels and discuss pricing strategy with our Company. Our Company, in consultation with BRLM, shall finalise the Issue Price, the number of Equity Shares to be allotted and the allocation to successful Bidders.

1. Not less than 50% of the Issue (including 5% of Net QIB Portion specifically reserved for Mutual Funds) would be available for allocation on a proportionate basis to QIBs after consultation with the Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
2. Not more than 15% and not more than 35% of the Issue, would be available for allocation on a proportionate basis to Non-Institutional Bidders and Retail Individual Bidders, respectively, in consultation with the Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.





3. Undersubscription, if any, in Non-Institutional and Retail Individual Investors category would be allowed to be met with spill over from any of the other categories at the discretion of our Company in consultation with the BRLM. However, if the aggregate demand by Mutual Funds is less than [•]Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the Net QIB Portion and be allocated proportionately to the QIB Bidders. In the event that the aggregate demand in the Net QIB Portion has not been met, the entire application money shall be refunded forthwith.
4. Allocation to Eligible NRIs or FIIs or FVCIs registered with SEBI, multilateral and bilateral development financial institutions applying on repatriation basis will be subject to applicable laws, rules, regulations, guidelines and approvals.
5. Our Company reserves the right to cancel the Issue any time after the Bid / Issue Closing Date but before Allotment and the reasons thereof shall be given as a public notice within two days of the cancellation of the Bid / Issue Closing Date. The public notice will be issued in the same newspapers where the statutory pre-Issue advertisements had appeared. Further the Stock Exchanges will also be informed promptly.
6. In terms of SEBI (ICDR) Regulations, QIB Bidders bidding in the Net QIB Portion shall not be allowed to withdraw their Bid after the Bid / Issue Closing Date.
7. The Basis of Allotment details shall be put up on the website of the Registrar to the Issue.

#### **Signing of Underwriting Agreement and ROC Filing**

1. Our Company, the BRLM and the Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price and allocation(s) to the Bidders.
2. After signing the Underwriting Agreement, our Company and the Book Running Lead Manager would update and file the updated Red Herring Prospectus with ROC, which then would be termed the 'Prospectus'. The Prospectus will contain details of the Issue Price, Issue Size, underwriting arrangements and will be complete in all material respects.

#### **Filing with the ROC**

We will file a copy of the Red Herring Prospectus and Prospectus with the ROC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

#### **Pre-Issue Advertisement**

Subject to Section 66 of the Companies Act, our Company shall, after registering the Red Herring Prospectus with the ROC, publish a pre-Issue advertisement, in the form prescribed by the SEBI (ICDR) Regulations, in one English language national daily newspaper, one Hindi language national daily newspaper and one regional language newspaper with wide circulation, where the Registered Office of our Company is situated.

#### **Advertisement regarding Issue Price and Prospectus**

A statutory advertisement will be issued by our Company after the filing of the Prospectus with the ROC in an English national daily newspaper, a Hindi national daily newspaper and a regional daily newspaper, each with wide circulation, where the Registered Office of our Company 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 Red Herring Prospectus and the Prospectus will be included in such statutory advertisement.



### **Issuance of Confirmation of Allocation Note (“CAN”)**

1. Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the BRLM and Syndicate Members a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the Basis of Allotment by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the Basis of Allotment for the Retail and Non-Institutional Bidders. However, Bidders should note that our Company shall ensure that (i) the Allotment of the Equity Shares and (ii) the instructions by our Company for the demat credit of the Equity Shares, to all Bidders in the Issue shall be done on the same date.
2. The Registrar to the Issue will then dispatch the CAN to the Bidders who have been allocated Equity Shares in the Issue. The dispatch of the CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for the Allotment to such Bidder.
3. The Issuance of CAN shall be deemed a valid, binding and irrevocable contract for the Allotment of Equity Shares to such Bidder.
4. Bidders who have been allocated Equity Shares and who have already paid the Bid Amount into the Escrow Account(s) at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of his or her cheque or demand draft paid into the Escrow Account(s). The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder.

The Issuance of CAN shall be deemed a valid, binding and irrevocable contract for the allotment of equity shares to such bidders.

*Allotment Reconciliation and Revised CANs*” as set forth below.

### **Notice to QIBs bidding in the Net QIB Portion: Allotment Reconciliation and Revised CANs**

QIBs bidding in the Net QIB Portion will be sent a CAN, indicating the number of Equity Shares that may be allocated to them after the final Basis of Allotment, as approved by the Designated Stock Exchange and reflected in the reconciled physical book prepared by the Registrar to the Issue. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN, if any) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. Any revised CAN, if issued, will supersede in its entirety the earlier CAN.

### **Designated Date and Allotment of Equity Shares**

- Our Company will ensure that (i) Allotment of Equity Shares; and (ii) credit to the successful Bidder’s depository account will be completed within 12 working days of the Bid / Issue Closing Date.
- As per SEBI (ICDR) Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, in the manner stated in the Depositories Act.

**Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue.**

### **General Instructions Do’s:**

- a) Check if you are eligible to apply;
- b) Read all the instructions carefully and complete the Bid cum Application Form;





- 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 the BRLM or Syndicate Member or with respect to ASBA Bidders ensure that your Bid is submitted at a Designated Branch of the SCSB where the ASBA Bidder or the person whose bank account will be utilised by the ASBA Bidder for bidding has a bank account. Members of the Syndicate or the sub Syndicate may procure ASBA Bid cum Application Forms from ASBA Bidders and submit it to the SCSBs;
- e) With respect to Bids by ASBA Bidders ensure that the ASBA Bid cum Application Form is signed by the account holder in case the applicant is not the account holder. Ensure that you have mentioned the correct bank account number in the ASBA Bid cum Application Form;
- f) Ensure that you have requested for and received a TRS for all your Bid options;
- g) Ensure that you have funds equal to the Bid Amount in your bank account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch of the SCSB;
- h) Instruct your respective banks to not release the funds blocked in the bank account under the ASBA process;
- i) Ensure that the full Bid Amount is paid for the Bids submitted to the members of the Syndicate and funds equivalent to the Bid Amount are blocked in case of any Bids submitted through the SCSBs;
- j) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- k) Ensure that the Bid is within the Price Band;
- l) Ensure that you mention your PAN allotted under the IT Act with the Bid cum Application Form, except for Bids on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts;
- m) Ensure that the Demographic Details (as defined hereinbelow) are updated, true and correct in all respects.
- n) 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 Floor Price or higher than the Cap Price;
- c) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the member of the Syndicate or the SCSB, as applicable;
- d) Do not pay the Bid Amount in cash, by money order or by postal order;
- e) Do not provide your GIR Number instead of your PAN number.
- f) Do not send Bid cum Application Forms by post; instead submit the same to members of the Syndicate or the SCSBs, as applicable;
- g) Do not Bid at the Cut-off price (for QIBs and Non-Institutional Bidders);



- h) Do not Bid for a Bid Amount exceeding ₹ 1,00,000 (for Bids by Retail Individual Bidders);
- i) 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; and
- j) Do not submit Bid accompanied with stock invest.

#### **Instructions for completing the Bid cum Application Form**

Bidders can obtain Bid cum Application Forms and / or Revision Forms from any of the members of the Syndicate or from our Registered Office. **ASBA Bid cum Application Forms can be obtained from the Designated Branches of the SCSBs. ASBA Bid cum Application Forms shall also be available at the website of the respective stock exchanges at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com).**

#### **Bids and Revisions of Bids**

Bids and revision to Bids must be made in the following manner:

1. On the Bid cum Application Form or the Revision Form, as applicable (blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In a single name or joint names (not more than three and in the same order as their Depository Participant details).
3. Bids on a repatriation basis shall be in the names of individuals, or in the name of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

Bids by Eligible NRIs for a Bid Amount of up to ₹ 2,00,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than ₹ 2,00,000 would be considered under Non-Institutional Portion for the purposes of allocation.

As per the existing policy of the Government of India, OCBs are not permitted to participate in the Issue.

There is no reservation for Eligible NRIs and FIIs and all applicants will be treated on the same basis with other categories for the purpose of allocation.

The Information provided by the Bidders will be uploaded in the online IPO system by the members of the Syndicate and SCSBs, as the case may be, and the electronic data will be used to make allocation / Allotment. Please ensure that the details are correct are legible. Please ensure that:

The Bids from the Retail Individual Bidders must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid amount of ₹ 2,00,000.

For Non-Institutional and QIB Bidders, bidding under the Net QIB Portion, Bids must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds ₹ 2,00,000 and in multiples of [●] Equity Shares thereafter. All individual Bidders whose maximum Bid Amount exceeds Rs 2,00,000 would be considered under this category. Bids cannot be made for more than the Issue Size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under the applicable laws or regulations.

In single name or in joint names (not more than three and in the same order as their Depository Participant details).

Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.



### **Bidder's Depository Account and Bank Account Details**

Bidders should note that on the basis of the PAN of the sole / First Bidder, Depository Participant's name, Depository Participant's 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 category, age, address, Bidders bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These Bank Account details would be used for giving refunds (including through physical refund warrants, direct credit, NECS, NEFT and RTGS) to the Bidders or unblocking the ASBA account. 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 dispatch / credit of refunds to Bidders at the Bidders sole risk and neither the BRLM or our Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form. **IT IS MANDATORY FOR ALL**

**THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.**

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs / allocation advice and making refunds as per the modes disclosed and the Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purposes by the Registrar to the Issue. Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants and ensure that they are true and correct. By signing the Bid cum Application Form, the Bidder would have deemed to authorize the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

**Refund orders (where refunds are not being made electronically) / allocation advice / CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Such communication 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 (other than ASBA Bidders) 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 Bidder's sole risk and neither our Company, the Registrar to the Issue, 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 liable to pay any interest for such delay.**

In case no corresponding record is available with the Depositories that matches three parameters, namely, PAN of the sole / First Bidder, the DP ID and the beneficiary's identity, then such Bids are liable to be rejected.

### **Bids under Power of Attorney**

In case of Bids (including ASBA Bids) made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, FIIs, Mutual Funds, insurance companies and provident funds and pension funds, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum and articles of association and / or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.



In addition to the above, certain additional documents are required to be submitted by the following entities:

- a) With respect to Bids by FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form.
- b) With respect to Bids by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form.
- c) With respect to Bids made by provident funds with a minimum corpus of ₹ 2,500 lakhs (subject to applicable law) and pension funds with a minimum corpus of ₹ 2,500 lakhs, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund / pension fund must be lodged along with the Bid cum Application Form. 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 Bid cum Application Form, subject to such terms and conditions that our Company and the BRLM may deem fit. Our Company in our absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar to the Issue to use the Demographic Details given on the Bid cum Application Form (and not those obtained from the Depository of the Bidder) for the purpose of printing particulars on the refund order and mailing of the refund order / CANs / allocation advice. In such cases, the Registrar to the Issue shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

**Bids by Non-Residents, NRIs, FIIs and Foreign Venture Capital Investors registered with SEBI on a repatriation basis.**

Bids and revision to Bids must be made in the following manner:

- On the Bid cum Application Form or the Revision Form, as applicable, and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- In a single name or joint names (not more than three and in the same order as their Depository Participant Details).
- Bids on a repatriation basis shall be in the names of individuals, or in the name of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees. Bids by Eligible NRIs for a Bid Amount of up to ₹ 2,00,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than ₹ 2,00,000 would be considered under Non-Institutional Portion for the purposes of allocation.

**Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.**

**As per the existing policy of the Government of India, OCBs are not permitted to participate in the Issue.**

**There is no reservation for Eligible NRIs and FIIs and all Bidders will be treated on the same basis with other categories for the purpose of allocation.**



### **Payment Instructions Escrow Mechanism for Bidders other than ASBA Bidders**

Our Company and the BRLM shall open Escrow Accounts with one or more Escrow Collection Bank(s) in whose favor the Bidders shall make out the cheque or demand draft in respect of their Bid and / or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the Escrow Account. The Escrow Collection Bank(s) will act in terms of the Red Herring Prospectus and an Escrow Agreement to be entered into amongst our Company, the BRLM, Escrow Collection Bank(s) and Registrar to the Issue. The monies in the Escrow Account shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Bank(s) shall transfer the monies from the Escrow Account to the Public Issue Account with the Bankers to the Issue as per the terms of the Escrow Agreement. The balance amount after transfer to the Public Issue account shall be transferred to the Refund Account. Payments of refunds to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Escrow Collection Bank(s), our Company, Registrar to the Issue and BRLM to facilitate collection 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 receipt of instructions from the Registrar to the Issue to unblock the Bid Amount. 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.

### **Payment into Escrow Account for Bidders other than ASBA Bidders:**

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:

All Bidders would be required to pay the full Bid Amount at the time of the submission of the Bid cum Application Form.

1. QIB, Non-Institutional Bidders and Retail Individual 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 members of the Syndicate, as applicable. If the payment is not made favouring the Escrow Account along with the Bid cum Application Form, the Bid of the Bidder shall be liable to be rejected.
2. The payment instruments for payment into the Escrow Account should be drawn in favor of:
  - In case of Resident QIB Bidders: **"Escrow Account – NetAlter Public Issue - QIB - R"**;
  - In case of Non-Resident QIB Bidders: **"Escrow Account –NetAlter Public Issue - QIB - NR"**;
  - In case of Resident Retail and Non Institutional Bidders: **"Escrow Account–NetAlter- Public Issue - R"**;
  - In case of Non Resident Retail and Non Institutional Bidders: **"Escrow Account – NetAlter - Public Issue NR"**;
3. In case of bids by NRIs applying on a repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in the NRE Accounts or the 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 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 the NRE Account or the FCNR Account as the case maybe.

4. 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 NRE Accounts or 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 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 the NRE or FCNR or NRO Account as the case maybe.
5. In case of Bids by FIIs, the payment should be made out of funds held in Special Non Resident Rupee Account (the 'SPNR Account') along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting the SPNR Account.
6. Where a Bidder has been allocated a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Accounts.
7. The monies deposited in the Escrow Account will be held for the benefit of the Bidders (other than ASBA Bidders) till the Designated Date.
8. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Banker to the Issue.
9. No later than 12 working days from the Bid / Issue Closing Date, the Refund Bank shall 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 to the successful Bidders 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 / stock invest / money orders / postal orders will not be accepted.
10. Bidders are advised to mention the number of the Bid cum Application Form on the reverse of the cheque / demand draft to avoid misuse of instruments submitted along with the Bid cum Application Form.
11. In case clear funds are not available in the Escrow Accounts as per final certificates from the Escrow Collection Bank(s), such Bids are liable to be rejected.

#### **Payment by Stock invest**

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42 / 24.47.00 / 2003-04 dated November 05, 2003, the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of bid money has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

#### **Payment by cash / money order**

Payment through cash / money order shall not be accepted in the Issue.



### **Submission of Bid cum Application Form**

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid. With respect to ASBA Bidders, the ASBA Bid cum Application Form or the ASBA Revision Form shall be submitted to the Designated Branches of the SCSBs.

No separate receipts shall be issued for the money payable on the submission of the Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

### **Other Instructions**

#### *Joint Bids in the case of Individuals*

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments / refunds will be made out in favour of the First Bidder. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

#### *Multiple Bids*

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same. Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories. It is clarified, however, that 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 multiple Bids.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

- All Bids will be checked for common PAN and Bids with common PAN will be accumulated and taken to a separate process file which would serve as a multiple master. In this master, a check will be carried out for the same PAN. In cases where the PAN is different, the same will be deleted from this master.
- The Bids will be scrutinized for 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.

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 will not be treated as multiple Bids provided that the Bids clearly indicates the scheme for which the Bid has been made. ASBA Bids made by duplicate copies of the same ASBA Bid cum Application Form (i.e. two ASBA Bid cum Application Forms bearing the same unique identification number) shall be treated as multiple Bids and shall be rejected.

### **Permanent Account Number (“PAN”)**

The Bidders or in the case of Bids made in joint names, each of the Bidder, should mention his or her Permanent Account Number (PAN) allotted under the I.T. Act. In accordance with the SEBI Guidelines, the PAN would be the sole identification number for the participants transacting in the securities market, irrespective of the amount of transaction. Any Bid cum Application Form without the PAN is 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





This requirement is not applicable to Bids received on behalf of the Central and State Governments, from residents of the state of Sikkim and from officials appointed by the courts

### **Right to Reject Bids**

In case of QIB Bidders, bidding under the Net QIB Portion, our 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 on technical grounds. Consequent refunds shall be made by RTGS / NEFT / NECS / direct credit / cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk. With respect to ASBA Bids, the Designated Branches of the SCSBs 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.

### **Grounds for Technical Rejections**

Bidders are advised to note that Bids are liable to be rejected among others on the following technical grounds:

- 1) Amount paid does not tally with the highest number of Equity Shares Bid for. With respect to ASBA Bids, the amounts mentioned in the ASBA Bid cum Application Form does not tally with the amount payable for the value of the Equity Shares Bid for;
- 2) 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; 3) Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors, insane persons;
- 4) Age of the First Bidder not given;
- 5) PAN number not stated and GIR Number given instead of PAN number, except for Bids on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts;
- 6) Bids for lower number of Equity Shares than specified for that category of investors;
- 7) Bids at a price less than the Floor Price;
- 8) Bids at a price more than the Cap Price;
- 9) Submission of more than five ASBA Bid cum Application forms per bank account;
- 10) Bids at Cut-off price by Non-Institutional and QIB Bidders;
- 11) Bids for number of Equity Shares which are not in multiples of [●];
- 12) Category not ticked;
- 13) Multiple bids as defined in the Draft Red Herring Prospectus;
- 14) In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- 15) Bids accompanied by stock invest / money order / postal order / cash;
- 16) Signature of sole and / or joint bidders missing. With respect to ASBA Bids, the Bid cum Application form not being signed by the account holders, if the account holder is different from the Bidder;





- 17) Bid cum Application Form does not have the stamp of the BRLM or Syndicate Member;
- 18) ASBA Bid cum Application Form does not have the stamp of the SCSB, except for ASBA Bid cum Application Forms downloaded from the websites of the Stock Exchanges, in which case the ASBA Bid Cum Application Forms shall bear an unique application number;
- 19) Bids by QIBs not submitted through the BRLM / Syndicate Members or in case of ASBA Bids for QIBs, not intimated to the BRLM / Syndicate Members;
- 20) Bid cum Application Form does not have Bidder's depository account details;
- 21) In case no corresponding record is available with the Depository that matches the three parameters namely, PAN of the sole name of the Bidder, DP ID and beneficiary's account number;
- 22) Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Form, Bid / Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Form;
- 23) With respect to ASBA Bids, inadequate funds in the bank account to block the Bid Amount specified in the ASBA Bid cum Application Form at the time of blocking such Bid Amount in the bank account;
- 24) Bids for amounts greater than the maximum permissible amounts prescribed by the regulations. For further details, please refer to the paragraph titled "Maximum and Minimum Bid Size" on page no. 170
- 25) Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Bank(s);
- 26) Bids by persons in the United States other than in reliance of Regulations S of the Securities Act;
- 27) Bids by any person outside India if not in compliance with applicable foreign and Indian Laws;
- 28) Bids not uploaded on the terminals of the Stock Exchanges;
- 29) Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- 30) Bids by OCBs;
- 31) In case the DP ID, client identification number and PAN mentioned in the Bid Cum Application Form and entered into the electronic bidding system of the Stock Exchanges by the members of the Syndicate do not match with the DP ID, client identification number and PAN available in the records with the depositories. Non-submissions of bank account details in the space provided in the application form;
- 32) ASBA Applications made by using duplicate copy of ASBA Bid cum Application Form downloaded from the website of the Stock Exchanges (i.e. two ASBA Bid cum Application Forms bearing the same unique identification number);
- 33) Bids or revision thereof by QIB Bidders and Non-Institutional Bidders where the Bid amount is in excess of ₹ 2,00,000 uploaded after 4.00 p.m. on the Bid / Issue Closing Date; and
- 34) Bids by NRIs not disclosing their residential status.

#### **Basis of Allotment**

##### For Retail Individual Bidders



Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.

The Issue size less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

If the aggregate demand in this category is less than or equal to [●]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 not less than [●] Equity Shares and in multiples of [●] Equity Shares thereafter. For the method of proportionate Basis of Allotment, please refer below.

#### For Non-Institutional Bidders

Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.

The Issue Size less Allotment to QIBs and Retail Portion shall be available for Allotment to Non-Institutional Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price. \_ If the aggregate demand in this category is less than or equal to [●] 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 not less than [●] Equity Shares and in multiples of [●] Equity Shares thereafter. For the method of proportionate Basis of Allotment please refer below.

#### For Qualified Institutional Bidders in the Net QIB Portion

Bids received from the QIB Bidders bidding in the Net QIB Portion 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 Net 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 Net QIB Portion shall be determined as follows:
  - i. In the event that Mutual Fund Bids exceeds 5% of the Net QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the Net QIB Portion.
  - ii. In the event that the aggregate demand from Mutual Funds is less than 5% of the Net 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 for Allotment to all QIB Bidders as set out in (b) below;
- b) In the second instance Allotment to all QIBs bidding in the Net QIB portion shall be determined as follows:
  - i. Under subscription below 5% of the Net QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.



- ii. In the event that the oversubscription in the Net QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the Net QIB Portion.
- iii. 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.

The aggregate Allotment available for allocation to QIB Bidders bidding in the Net QIB Portion shall not be more than [•] Equity Shares.

#### **Method of proportionate Basis of Allotment in the Issue**

In the event of the Issue being over-subscribed, we shall finalise the Basis of Allotment in consultation with the Designated Stock Exchange. The executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that the Basis of Allotment is finalised in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

- a) Bidders will be categorised according to the number of Equity Shares applied for;
- b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio;
- c) Number of Equity Shares to be Allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
- d) In all Bids where the proportionate Allotment is less than [•] Equity Shares per Bidder, the Allotment shall be made as follows:
  - i. Each successful Bidder shall be allotted a minimum of [•] Equity Shares; and
  - ii. The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.
- e) If the proportionate Allotment to a Bidder is a number that is more than [•] but is not a multiple of one (which is the marketable lot), the number in excess of the multiple of one would be rounded off to the higher multiple of one if that number is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower multiple of one. All Bidders in such categories would be Allotted Equity Shares 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.



### Illustration of Allotment to QIBs and Mutual Funds (“MF”) in the Net QIB Portion A.

#### A. Issue

S.No.	Particulars	Issue Details
1	Issue size	20,000 lac equity shares
2	Allocation to QIB (50%)	10,000 lac equity shares
3	Anchor Investor Portion*	3,000 lac equity shares
4	Portion available to QIBs other than Anchor Investors [(20 minus (3))]	7,000 lac equity shares
	Of which:	
	a. Allocation to MF 50%	350 lac equity shares
	b. Balance for all QIBs including MFs	6,650 lac equity shares
5.	No. of QIB applicants	10
6	No. of shares applied for	50,000 lac equity shares

\* The provision for investments by Anchor Investors does not apply to this Issue.

#### B. Details of QIB Bids

S.No.	Type of QIB bidders#	No. of shares bid for (in lakhs)
1	A1	5,000
2	A2	2,000
3	A3	13,000
4	A4	5,000
5.	A5	5,000
6	MF1	4,000
7	MF2	4,000
8	MF3	4,000
9	MF4	8,000
10	MF5	2,000
	Total	2,000

# A1-A5: (QIB bidders other than MFs), MF1-MF5 (QIB bidders which are Mutual Funds)

#### C. Details of Allotment to QIB Bidders/Applicants

Type of QIB bidders	Shares of bid for	Application of 350 lakhs Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 6,650 lakhs Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	(II)	(III)	(IV)	(V)
A1	500	0	665	0
A2	200	0	266	0
A3	1,300	0	1,729	0
A4	500	0	665	0
A1	500	0	665	0
MF1	400	70	532	602
MF2	400	70	532	602
MF3	800	140	1,064	1,204
MF4	200	35	266	301
MF5	200	35	266	301
	<b>5,000</b>	<b>350</b>	<b>6,650</b>	<b>3,010</b>



Please note:

1. The illustration presumes compliance with the requirements specified in the Draft Red Herring Prospectus in the chapter titled “**Issue Structure**” on page no. 164 of the Draft Red Herring Prospectus.
2. Out of 7,000 lakhs shares allocated to QIBs, 350 lakhs (i.e. 5%) will be allocated on proportionate basis among 5 Mutual Fund applicants who applied for 2,000 lakhs shares in QIB category.
3. The balance 6,650 lakhs shares (i.e. 7,000 - 350 (available for MFs)) will be allocated on proportionate basis among 10 QIB applicants who applied for 5,000 lakhs shares (including 5 MF applicants who applied for 2,000 lakhs shares).
4. The figures in the fourth column titled “Allocation of balance 6,650 lakhs shares to QIBs proportionately” in the above illustration are arrived as under:
  - For QIBs other than Mutual Funds (A1 to A5)= No. of shares bid for (i.e. in column II) X 665 / 4,965;
  - For Mutual Funds (MF1 to MF5)= [(No. of shares bid for (i.e. in column II of the table above) less Equity Shares allotted ( i.e., column III of the table above)] X 79.80/495.80; and
  - The numerator and denominator for arriving at allocation of 6,650 lakhs shares to the 10 QIBs are reduced by 350 lakhs shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

#### **Equity Shares in Dematerialized Form with NSDL or CDSL**

As per the provisions of Section 68B of the Companies Act, the Equity Shares in the Issue shall be allotted only in a dematerialized form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). In this context, two agreements have been signed among us, the respective Depositories and the Registrar to the Issue:

- a tripartite agreement dated July 24, 2007 with NSDL, our Company and Registrar to the Issue;
- a tripartite agreement dated July 17, 2008 with CDSL, our Company and Registrar to the Issue.

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 Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
- The Bidder must necessarily fill in the details (including the beneficiary account number and DP ID) appearing in the Bid cum Application Form or Revision Form.
- Equity Shares allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
- 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.
- 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.



- 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 their Depository Participant.
- It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- The trading of the Equity Shares of our Company would be only be in dematerialized form only for all investors.

### **Communications**

All future communications in connection with Bids made in the Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of Bid form, name and address of the member of the Syndicate or the Designated Branch of the SCSBs where the Bid was submitted and cheque or draft number and issuing bank thereof or with respect to ASBA Bids, bank account number in which the amount equivalent to the Bid Amount was blocked.

**Bidders can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, credit of allotted Equity Shares in the respective beneficiary accounts, refund orders etc. In case of ASBA Bids submitted to the Designated Branches of the SCSBs, the Bidders can contact the Designated Branches of the SCSBs.**

### **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.”***



## PAYMENT OF REFUND

Bidders other than ASBA Bidders must note that on the basis of the names of the Bidders, Depository Participant's name, DP ID, beneficiary account number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. Hence Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in dispatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither our Company, the Registrar to the Issue, Escrow Collection Bank(s), Bankers to the Issue nor the BRLM shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

### Mode of making refunds

The payment of refund, if any, for Bidders other than ASBA Bidders would be done through various modes in the following order of preference:

**Direct Credit** – Applicants having bank accounts with the Refund Bank (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 our Company.

**NECS** – Payment of refund would be done through NECS for applicants having an account at any of the centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the centres where such facility is made available, except where the applicant, being eligible, opts to receive refund through direct credit or RTGS.

**RTGS** – Applicants having a bank account at any of the centres where such facility is available and whose refund amount exceeds ₹ 50 lakh, has 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 / NECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

**NEFT** – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. 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. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in the sections. 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 up to ₹ 1,500 and through Speed Post / Registered Post for refund orders of ₹ 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Bank(s) and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.



### **Mode of making refunds for ASBA Bidders**

In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 working days of the Bid / Issue Closing Date.

### **Disposal of Applications and Application Moneys**

With respect to Bidders other than ASBA Bidders, our Company shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within 12 working days of the Bid / Issue Closing Date.

In case of applicants who receive refunds through NECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 12 working days from the Bid / Issue Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through this mode within 12 working days of Bid / Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

Our 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 12 working days of the Bid / Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, our Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialised form, including the credit of Allotted Equity Shares to the beneficiary accounts of the Depository Participants, within 12 working days of the Bid / Issue Closing Date;
- With respect to Bidders other than ASBA Bidders, dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 12 working days of the Bid / Issue Closing Date would be ensured. With respect to the ASBA Bidders, instructions for unblocking of the ASBA Bidder's Bank Account shall be made within 12 working days from the Bid / Issue Closing Date.

Our Company shall pay interest at 15% p.a. for any delay beyond the 15 days from the Bid / Issue Closing Date 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 15 days after the Bid / Issue Closing Date or the date of refusal by the Stock Exchange(s), whichever is earlier. If such money is not repaid within 15 days after the Bid / Issue Closing Date, our Company and every officer in default shall be liable to repay the money with interest at the rate of 15% as prescribed under section 73 of the Companies Act.

### **Letters of Allotment or Refund Orders or instructions to the SCSBs**

We shall give credit to the beneficiary account with Depository Participants within 12 working days from the Bid / Issue Closing Date. Applicants residing at the centres where clearing houses are managed by the RBI, will get refunds through NECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and / or RTGS. Our Company shall ensure dispatch of refund orders, if any, of value up to ₹ 1,500, by "Under Certificate of Posting", and shall dispatch refund orders above ₹ 1,500, if any, by registered post or speed post at the





sole or First Bidder's sole risk within 12 working days of the Bid / Issue Closing Date. Bidders 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 12 working days of the Bid / Issue Closing Date. In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSBs to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 working days of the Bid / Issue Closing Date.

**Interest in case of delay in dispatch of Allotment Letters or Refund Orders / instruction to SCSBs by the Registrar to the Issue**

Our Company agrees that the Allotment of Equity Shares in the Issue shall be made not later than 12 working days of the Bid / Issue Closing Date. Our Company further agrees that it shall pay interest at the rate of 15% p.a. if the Allotment letters or refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given in the disclosed manner within 12 working days from the Bid / Issue Closing Date or instructions to SCSBs to unblock funds in the ASBA Accounts shall be given within 12 working days of the Bid / Issue Closing Date, as the case may be.

Our 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.

**Undertaking by our Company**

Our Company undertakes the following that:

- the complaints received in respect of the Issue shall be attended to expeditiously and satisfactorily;
- all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed within 12 working days of the Bid / Issue Closing Date;
- the funds required for making refunds as per the modes disclosed or dispatch of Allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by us;
- where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 12 working days of the Bid / Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- Instructions to SCSBs to unblock funds in the ASBA Accounts shall be given within the timelines specified by law;
- the instruction for electronic credit of Equity Shares / refund orders / intimation about the refund to non-resident Indians shall be completed within the specified time;
- no further Issue of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.; except as stated in chapter titled 'Capital Structure' on page no. 17 of this Draft Red Herring Prospectus.
- adequate arrangements shall be made to collect all ASBA Bid cum Application Forms and to consider them similar to non-ASBA applications while finalizing the Basis of Allotment;



- the certificates of the securities/ refund orders to the Eligible NRIs shall be despatched within specified time; and
- 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.

### **Withdrawal of the Issue**

Our Company, in consultation with the BRLM reserves the right not to proceed with the Issue at any time, after the Bid / Issue Opening Date, but before the Allotment of Equity Shares. In such an event our Company would issue a public notice in the newspapers, in which the pre Issue advertisements were published within two days of the Bid / Issue Closing Date, providing reasons for not proceeding with the Issue. Our Company shall also promptly inform the same to the Stock Exchanges on which our Equity Shares are proposed to be listed. Any further issue of Equity Shares by our Company shall be in compliance with applicable laws. If the Issue is withdrawn after the Bid / Issue Closing date, our Company shall be required to file a fresh offer document with SEBI. The BRLM, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one day from the day of receipt of such notification. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment and (ii) the final ROC approval of the Prospectus after it is filed with the ROC.

### **Utilization of the Issue proceeds**

The Board of Directors of our Company certifies that:

- a) all monies received out of the Issue 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;
- b) details of all monies utilized out of the Issue referred above shall be disclosed and continue to be disclosed till the time any part of the Issue proceeds remains unutilized under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised;
- c) Details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested; and
- d) Our Company shall comply with the requirements of Clause 49 of the Listing Agreement in relation to the disclosure and monitoring of the utilisation of the proceeds of the Issue.

Our Company shall not have recourse to the Issue Proceeds until the approval, for listing and trading of the Equity Shares from all the Stock Exchanges where listing is sought, has been received.

### **RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES**

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 (the “**Industrial Policy**”) of the GoI and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. FIIs are permitted to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.



The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment (“FDI”) Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI/ RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

*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 occur after the date of the Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.*



## **SECTION X:**

### **DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION**

#### **MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION**

Capitalised terms used in this section have the meaning given to such terms in the Articles of Association of our Company.

Pursuant to the SEBI (ICDR) Regulations, the main provisions of the Articles of Association of the Company are detailed below:

#### **CAPITAL AND INCREASE AND REDUCTION OF CAPITAL**

3. (a) The Authorized Share Capital of the Company is 16,00,00,000/- (Rupees Sixteen Crores Only) divided into 1,60,00,000 (One Crore Sixty Lakhs) Equity Shares of ₹ 10/- (Rupee Ten Only) each.”

(b) Minimum paid up Capital of the Company shall be ₹ 5,00,000 (Rupees Five Lakhs Only).

4. The Company in General Meeting may, from time to time, increase the capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. Subject to the provisions of the Act, any shares, of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting resolving upon the creation thereof, shall direct, and if no direction be given, such terms and conditions as the Directors shall determine, and in particular, such shares may be issued with a preferential or qualified rights to dividends, and in the distribution of assets of the Company, and with a right of voting at general meetings of the Company in conformity with Sections 87 and 88 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the provisions of Section 97 of the Act.

5. Where it is proposed to increase the subscribed capital of the Company by allotment of further shares, then such further shares, shall be offered to persons who, at the date of the offer, are holders of the Ordinary Shares of the company, in proportion, as nearly as circumstances admit, to the capital paid-up on those shares at that date, and such offer shall be made in accordance with the provisions of Section 81 of the Act, Provided that notwithstanding anything hereinbefore contained, the further shares aforesaid may be offered to any persons, whether or not those persons include the persons who, at the date of the offer, are holder of the Ordinary Shares of the Company, in any manner whatsoever,

(a) if a Special Resolution to that effect is passed by the Company in General Meeting, or

(b) where no such Special Resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be ) in favour of the proposal contained in the Resolution move in that General Meeting (including the casting vote if any, of the chairman) by members who, being entitled so to do, vote in person or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by member so entitled and voting and the Central Government is satisfied on an application made by the Board of Directors in that behalf, that the proposal is most beneficial to the Company.

6. (a) Except so far as otherwise provided, the conditions of issue of shares by these presents, any capital raised by the creation of new shares, shall be considered as part of the existing capital, and shall be subject to the



provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer, and transmission voting and otherwise.

- (b) With the previous authority of the Company in General Meeting and sanction of the Company Law Board and upon otherwise complying its Section 79 of the Act, the Board may issue at discount shares of a class already issued

7. Subject to the provisions of, Section 80 of Act, the Company shall have the power to issue preference shares which at the option of the Company are liable to be redeemed and the resolution authorizing such issue shall prescribe the manner, terms and conditions of redemption

8. On the issue of Redeemable Preference Shares under the provisions of Articles 7 hereof, the following provisions shall take effect:-

- (a) no such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of the redemption:
- (b) no such shares shall be redeemed unless they are fully paid
- (c) where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called 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.

9. Notwithstanding anything contained in the Articles of Association of the Company and subject to and to the extent permissible in accordance with the applicable provisions of the Act (including any statutory modifications and/or amendments or reenactment thereof) or Rules thereunder or Guideline issued by any statutory authority like Department of Company Affairs (D CA), Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI), Company Law Board (CLB), etc. the Company may issue shares with differential rights as to dividend, voting or otherwise.

10. The Company may (subject to the provisions of Sections 80, 100 to 105 both inclusive, of the Act) from time to time by Special Resolution reduce its capital, any Capital Redemption Reserve Account or Share Premium Account in any manner for the time being authorised by law, and in particular capital may be paid off on the footing that it may be called upon against or otherwise. This Article is not to derogate from any power the Company would have if it were omitted.

11. Subject to the provisions of Section 94 of the Act, the Company in General Meeting may from time to time sub-divide or consolidate its shares, or any of them, and the resolution whereby any share sub-divided, may determine that, as between the holders of the shares resulting from such sub-division, one or more of such shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the others or other. Subject as aforesaid, the Company in General Meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

12. Whenever the Capital is divided into different classes of shares, all or any of the rights and privileges attached to each class may subject to the provisions of Sections 106 and 107 of the Act, be modified, commuted, affected or abrogated or dealt with by agreement between the Company and any person purporting to contract on behalf of that class, provided such agreement is ratified in writing by holders of at least three-fourths in nominal value of the issued shares of the class or is confirmed by a resolution passed at a separate General Meeting of, the holders of Shares of that class and supported by the votes of the holders of at least three-fourths of those shares, and all the provisions hereinafter contained as to general meetings, shall mutatis mutandis apply to every such meeting,



so that the quorum thereof shall be members present in person or by proxy and holding three-fourths of the nominal amount of the issued shares of the class. This Article is not to derogate from any power the Company would have if it were omitted.

#### **AUTHORISING COMPANY TO BUY BACK ITS OWN SHARES**

13. The Company shall have the power to purchase any of its shares whether or not they are redeemable and may make payment out of capital in respect of such purchase, subject to and to the extent permissible in accordance with the applicable provisions of the Act (including any statutory modification or amendment to or re-enactment thereof) or guidelines issued by any other statutory authorities like DCAJSEBJ/RBIJCLB.

#### **SHARE AND CERTIFICATES**

14. The Company shall cause to be kept a Register and Index of members in accordance with Sections 150 and 151 of the Act. Company shall be entitled to keep in any State or Country outside India a branch Register of members resident in that State or Country.

15. The Shares in the Capital shall be progressively numbered according to their several denominations and except in the manner herein before mentioned, no share shall be sub divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.

16. (a) Where at any time after expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation whichever is earlier, it is proposed to increase, the subscribed capital of the company by allotment of further shares, whether out of unissued share capital or out of increased share capital, then such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company, in proportion as nearly as circumstances admit, to the capital paid-up on these shares at the date. Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined. After the expiry of the time specified in the notice aforesaid 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 may dispose of them in such manner as they think most beneficial to the Company

(b) Notwithstanding anything contained in the preceding sub-clause, the Company may-

(i) by a special resolution; 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 that general meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do vote in person, or where proxies are allowed, by proxy, exceed the votes if any, cast against the proposal by members so entitled to 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.

(c) Notwithstanding anything contained in sub-clause (a) above, but subject however to section 81 (3) of the Act, the Company may increase its subscribed capital on exercise of an option attached to the debentures issued or loans raised by the Company to convert such debenture or loans into shares, or to subscribe for shares in the Company.

17. Subject to the provisions of these Articles and of the Act, the shares shall be under the control of the Directors, who may allot or otherwise dispose of the same to such person/s on such terms and conditions and at such times as the Directors think fit and subject to the sanction of the Company in General Meeting with full power to give any person the option to call for or be allotted shares of any class of the Company either (subject to provisions of Sections 78 and 79 of the Act) at a premium or at par or at a discount and for such time and for such consideration



as the Directors think fit. The Board of Directors shall cause to be made the return as to allotment provided for in Section 75 of the Act.

18. In addition to and without derogating from the powers for that purpose conferred on the Board under Articles 15 and 16, the Company in General Meeting may, subject to the provisions of Section 81 of the Act, determine that any shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to such person (whether members or not) in such proportion and on such condition and either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at a discount with full power to give any person (whether a member or not) the option to call for or be allotted shares of any class of the Company either (subject to compliance with the provisions of Sections 78 and 79 of the Act) at a premium or at a discount, such option being exercisable at such times and for such consideration as may be directed by such General Meeting of the Company in General Meeting, the Company may make any other provisions whatsoever for the issue, allotment or disposal of any shares.

19. Any application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts shares and whose name is on the Register shall for the purposes of these Articles, be a member.

20. The money (if any) which the Board shall, on the allotment of any share being made by them required or direct to be paid by way of deposit, call or otherwise in respect of any shares allotted by them shall immediately on the insertion of the name of the allottee in the Register of Members as the name of the holder of such shares, become a debt due to and recoverable by the company from the allottee thereof, and shall be paid by him accordingly.

21. Every member, or his heirs, executors or administrators members 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 or fix for the payment thereof.

22. (a) Every member or allottee of shares shall be entitled, without payment, to receive one certificate specifying the name of the person in whose favour it is issued, the shares to which it relates and the amount paid-up thereon. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons or requisite value save in case of issues against letters of acceptance or of renunciation or in case of issue of bonus shares. Every such certificate shall be, issued under the seal of the Company which shall be affixed in the presence of two Directors or persons acting on behalf of the Directors under a duly registered power of attorney and the Secretary or some other person appointed by the Board for the purpose, and two Directors or their attorneys and the Secretary or other persons shall sign the share certificate, provided that if the composition of the Board permits it, at least one of the aforesaid two Directors shall be a person other than a Managing or whole-time Director. The particulars of every share certificate issued shall be entered in the Register of Members against the name of the person, to whom it has been issued, indicating the date of the issue.

(b) Any two or more joint allottees of a share shall, for the purpose of this Article, be treated as single member, and the certificate of any share, which may be the subject of joint ownership, may be delivered to such first named joint owner further certificate the Board shall be entitled, but shall not be bound it prescribe a charge not exceeding rupee one. The Company shall comply with the provisions of Section 113 of the Act.

(c) A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography but not by means of a rubber stamp, provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.

23. (a) No certificate of any share or shares shall be issued either in exchange for which they are sub-divided or consolidated or in replacement of those which are defaced, torn or old, decrepit, worn out or where the pages on the reverse for recording transfers have been fully utilized, unless, the certificate in lieu of which it is used is surrendered to the Company.





- (b) When a new share certificate has been issued in pursuance of clause (a) of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is issued in lieu of share certificate No.....sub-divided/replaced/on consolidation of shares.
- (c) If a share certificate is lost or destroyed, a new certificate in lieu thereof shall be issued only with the prior consent of the Board and on such terms, if any, as to evidence and indemnity, as to payment of out-of-pocket expenses incurred by the company in investigating evidence, as the Board thinks fit.
- (d) When a new share certificate has been issued in pursuance of clause (c) of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is "duplicate issued in lieu of share certificate No..... The word "Duplicate "shall be stamped or punched in bold letters across the face of the share certificate
- (e) Where a new share certificate has been issued in pursuance of clause (a) or clause (c) of this Article, particulars of every such share certificate shall be entered in a Register of Renewed and Duplicate Certificates indicating against the names of the persons to whom the certificate is issued, the number and date of issue of the share certificate in lieu of which the new certificate is issued, and the necessary changes be indicated in the Register of Members by suitable cross reference in the "Remarks" column(f) All blank forms to be issued for issue of share certificate shall be printed and the printing shall be done only on the authority of a resolution of the Board. The blank forms shall be consecutively machine numbered and the forms and the blocks and engravings relating to the printing of such forms shall be kept in the custody of the Secretary or of such other person as the Board may appoint for the purpose, and the Secretary or of such other person as aforesaid shall be responsible for rendering an account of these forms to the Board
- (g) The Managing Director of the Company for the time being or, if the Company has no Managing Director, every Director of the Company shall be responsible for the maintenance, preservation and safe custody of all books and documents relating to the issue of share certificates except the blank forms of share certificates referred to in Sub- Article (f).
- (h) All books referred to in sub-article (g) shall be preserved in good order permanently.

24. If any share stands in the names of two or more persons the person first named in the register shall as regards receipt of dividends or bonus or service of notice and all or any other matter connected with the Company, except voting at meetings be deemed the sole holder thereof, but the joint holders of the share, shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such shares for all incidents thereof according to the Company's regulations.

25. Except as ordered by a Court of competent jurisdiction, or as by law required, the Company shall not be bound to recognize any equitable, contingent, future or partial interest in any share, or (except provided) any rights in respect of a share other than absolute rights thereto, in accordance with these Articles, in the person from time to time registered as the holder thereof, but the Board shall be at liberty at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

26. None of the funds of the Company shall be applied for the purchase of any shares of the Company, and it shall not give any financial assistance for or in connection with the purchase or subscription of any shares in the company or in its holding Company, save as provided by Section 77A of the Act.

#### **UNDERWRITING AND BROKERAGE**

27. Subject to the provisions of Section 76 of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares in or debentures of the Company, but such commission shall not exceed the rate which is given in the Companies Act Such commission may be satisfied by payment of cash or by allotment of fully or partly paid shares or partly in one way and partly in the other.





28. The Company may pay a reasonable sum for brokerage.

## **CALLS**

29. The Board may, from time to time subject to the terms on which shares may have been issued and subject to the conditions of allotment by a resolution passed at a meeting of the Board (and not by circular resolution) make such call as it thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively, and each member shall pay the amount of every call so made on him to the persona and at the time and place appointed by the Board. A call may be payable by installments.

30. Fifteen days' notice in writing of any call shall be given by the Company specifying the time and place of payment, and the person or persons to whom such call shall be paid

31. A call shall be deemed to have been made at the time when the resolution authorizing such call was passed at a meeting of the Board.

32. A call may be revoked or postponed at the discretion of the Board

33. The Joint-holders of a share shall be jointly and severally liable to pay all calls in respect thereof

34. The Board may, from time to time at its discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the members who from residence at a distance or other cause, the Board may deem fairly entitled to such extension, but no member shall be entitled to such extension save as a member of grace and favour

35. If any 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 to 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 obligatory for the Board to demand or recover any interest from any such member

36. Any sum, which may be the terms of issue of share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall for the purposes of these Articles be deemed to be a call duly made and payable, on the date on which by the terms of issue, the same becomes payable and in case of non-payment, all the relevant provisions of these Articles, as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

37. On the trial or hearing of any action or suit brought by the Company against any member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the member in respect of whose shares the money is sought to be recovered, appears entered on the Register of members as the holder, at or subsequently to the date at which the money is sought to be recovered, is alleged to have become due on the shares in respect of which such money is sought to be recovered in the Minute Book; and that notice of such call was duly given to the member or his representative used in pursuance of these Articles and that it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of Directors was present at the Board at which any call was made nor that the meeting at which any call was made duly convened or constituted nor any other matters whatsoever, but the proof of the matter aforesaid shall be conclusive evidence of the debt.

38. Neither the receipt by the Company of a portion of any money which shall from time to time be due from any member to the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided.

39. (a) The Board may, if it thinks fit agree to and receive from any member willing to advance the same, all of calls may or any part of the amounts of his respective shares beyond the sums actually called up and upon



the moneys so paid in advance or upon such moneys thereof, from time to time and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares on account of which such advances are made, the. Board may pay or allow interest, at such rate as the member paying the sum in advance and the Board agrees upon. The Board may agree to repay at any time an amount so advanced or may at any time repay the same upon giving to the member three months notice in writing. Provided that moneys paid in advance of calls on any shares may carry interest but shall not confer a right to dividend or to participate in profit.

- (b) No member paying any such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him until the same would but for such payment become presently payable

## **LIEN**

40. The Company shall have a first and paramount lien upon all the shares (other than fully paid-up shares) 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 or not) called or payable at a fixed time in respect of such shares and no equitable interest in any shares shall be created except upon the footing, and upon the condition that Article 24 hereof is to have full effect. Any such lien shall extend to all dividends from time to time declared in respect of such shares Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares.

41. For the purpose of enforcing such lien, the Board may sell the shares subject thereto in such manner as 'they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and may authorise one of their members to execute a transfer thereof on behalf of and in the name of such member. No sale shall be made until such period as aforesaid shall have arrived, and until notice in writing of the intention to sell shall have been served on such member or his representatives and default shall have been made by him or them in payment, fulfillment, or discharge of such debts, liabilities or engagements for fourteen days' after such notice.

42. The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable 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 the persons entitled to the shares at the date of the sale.

## **FORFEITURE OF' SHARES**

43. If any member fails to pay any call or installment on or before the day appointed for the payment of the same, the Board may at any time thereafter during such member require him to pay the same, together with interest at such rate as the Board decide.

44. The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time, and at the place appointed the shares in respect of which such call was made or installment is payable will be liable to be forfeited.

45. If the requisitions of any such notice as aforesaid be not complied with, any shares in respect of which such notice has been given may, at any time thereafter, before payment of all calls or installments, interest and expenses, due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of forfeited shares and not actually paid before the forfeiture.

46. When any shares shall have been so forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof, shall forthwith be made in any manner invalidated, by any omission or neglect to give such notice or to make any such entry as aforesaid.



47. Any share so forfeited shall be deemed to be the property of the Company, and the Board may sell, re-allot or otherwise dispose of the same in such manner as it thinks fit.

48. The Board may, at any time before any share so forfeited shall have been sold, reallocated, or otherwise disposed of; annul the forfeiture there of upon such condition as it thinks fit.

49. A person whose share has been forfeited shall cease to be a member in respect of the forfeited share, but shall notwithstanding, remain liable to pay, and shall forthwith pay to the Company, all calls, or installments, interest and expenses, owing upon or in respect of such share at the time of the forfeiture, together with interest thereon, from the time of forfeiture until payment, at such rate as the Board may determine, and the Board may enforce the payment thereof, or any part thereof, without any deduction or allowance for the value for the shares at the time of forfeiture, but shall not be under any obligation to do so.

50. The forfeiture of a share shall involve extinction, at the time of the forfeiture, of all interest in all claims and demands against the Company in respect of the share and all other rights, incidental to the share except only such of those rights as by these Articles are expressly saved.

51. A duly verified declaration in writing that the declarant is a Director of the Company, and that certain shares in the Company have been duly forfeited on a date state in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and such declaration and the receipt of the company for the consideration, if any, given for the shares on the sale or, disposition thereof shall constitute a good title to such shares, and the person to whom any such share is sold shall be registered as the member in respect of such share and shall not be bound to see to the application of the purchase-money, nor shall his title to such share be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposition

52. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a duplicate certificate or certificates in respect of the said shares to the person or persons, entitled thereto

## **TRANSFER AND TRANSMISSION OF SHARES**

53. The Company shall keep a book to be called the "Register of Transfers" and therein shall be fairly and directly entered particulars of every transfer or transmission of any share

54. The instrument of transfer shall be in writing and all the provisions of section 108 of the Act shall be duly complied with in respect of all transfers of shares and the registration thereof

55. Every such instrument of transfer shall be executed both by the transferor and the transferee and attested and the transferor shall be deemed to remain the holder of such share until the name of the transferee shall have been entered in the Register of Members in respect thereof.

56. The Board shall have power on giving seven days' previous notice by advertisement in some newspaper circulating in the district in which the registered office of the Company is situated to close the transfer books, the Register of Members or Register of Debenture holders at such time, or times and for such period or periods, not exceeding thirty days at a time and not exceeding the aggregate forty-five days in each year as it may deem expedient

57. Subject to the provisions of Section 111 of the Act, or any Statutory modification thereof for the time being in force, the Board of Directors may at its own absolute and uncontrolled discretion and by giving reasons decline to register or acknowledge any transfer of shares (notwithstanding the proposed transferee be already a Member), but



in such case it shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and the transferor notice of the refusal to register such transfer, provided that registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any of the person or persons, indebted to the Company on any account whatsoever, except where the Company has lien on shares.

58. In the case of the death of any one or more of the persons named in the Register as the joint holders of any share, the survivor or survivors shall be the only person/s recognized by the Company as having any title to or interest in such share, but nothing therein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person.

59. The executors or administrators or holders of Succession Certificates or the legal representatives of a deceased member (not being one of two or more joint-holders) shall be the only person recognised by the Company as having any title to the shares registered in the name of such member, and the Company shall not be bound to recognise such executors or administrators or holders of a Succession Certificate or the legal representatives unless such executors or administrative representatives shall have first obtained probate or letters of Administration or succession certificate, and under Article 61 register the name of any person, who claims to be absolutely entitled to the shares standing in the name of a deceased member as a member.

60. No share shall in any circumstances be transferred to any infant, insolvent or persons of unsound mind.

61. Subject to the provisions of Articles 57 and 58, any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any member, or the marriage of a female member, or by any lawful means other than by a transfer in accordance with these presents, may with the consent of Board of Directors (which it shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of his title, as the Board of Directors thinks sufficient, either be registered himself as the holder of the shares or elect to have some person nominated by him and approved by the Board of Directors, registered as such holder, provided nevertheless that if such person shall elect to have him nominee registered he shall testify the election by executing to his nominee an instrument of transfer in accordance with the provisions herein contained and, until he does so, he shall not be freed from any liability in respect of the shares This Article is referred to in these Articles as the Transmission Article.

62. A person entitled to a share by transmission shall, subject to the right of the Directors to retain such dividends or money as hereinafter provided, be entitled to receive, and any may give discharge for any dividends or other moneys payable in respect of the shares.

63. Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Board of Directors may require to prove the title of the transferor, his right to transfer the shares and generally under and subject to such conditions and regulations as the board of Directors shall from time to time prescribe, and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board of Directors

64. Prior to the registration of a transfer, the certificate or certificates of the share or shares to be transferred must be delivered to the Company along with (same as provided in Section 108 of the Act) a properly stamped and executed instrument of transfer.

65. No fees shall be payable to the Company, in respect of the transfer or transmission of any number of shares in the Company.

66. The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any 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 haying or claiming any equitable right title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice, or referred thereto, in any. book or the Company, and the Company shall not be bound or required to regard or attend or give effect to any notice which



may be given to it of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Board of Directors shall so think fit.

## **DEMATERIALISATION OF SECURITIES**

67. 1) For the purpose of this Article:

“SEBI” means the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992.

“Depositories Act” means the Depositories Act, 1996, including any statutory modifications or reenactment thereof for the time being in force.

“Depository” means a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992.

“Bye-laws” means bye-laws made by a Depository under Section 26 of the Depositories Act.

“Beneficial Owner” means a person whose name is recorded as such with a Depository.

“Member” means the duly registered holder from time to time of the shares of, the Company and includes every person whose name is entered as a Beneficial Owner in the records of the Depository.

“Participant” means a person registered as such under section 12 (1A). of the Securities and Exchange Board of India Act, 1992.

“Record” includes the records maintained in the form of books or stored in Computer or in such other form as may be determined by regulations made by SEBI in relation to the Depositories Act.

“Regulations” means the regulations made by SEBI

“Security” means such security as may be specified by SEBI

Words imparting the singular number only include the plural number and vice versa.

Words imparting persons include corporations.

Words and expressions used and not defined in the Act but defined in the Depositories Act, shall, have the same meanings respectively assigned to them in that Act.,

- 2) Either the company or the investor may exercise an option to issue, deal in, hold the securities. (including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialised, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereto, shall be governed by the provisions of the Depositories Act, as amended from time to time or any statutory modification thereto or re-enactment thereof.
- 3) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its existing securities, dematerialize its securities held in the Depositories and/or offer its fresh securities in a dematerialised form pursuant to the Depositories Act, and the rules framed thereunder, if any.
- 4) Every person subscribing to or holding securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository.



If a person opts to hold his security with Depository, the company shall intimate such Depository the details of allotment of the security, and on receipt of the information, the Depository shall enter in its records the name of the allottees as the Beneficial Owner of the security.

- 5) All securities held by a Depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act, shall apply to a Depository in respect of the securities held by it on behalf of the Beneficial Owner.
- 6) (a) Notwithstanding anything to the contrary contained in the Act, or these Articles, a Depository shall be deemed to be registered owner, for the purpose of effecting transfer of ownership of security on behalf of the Beneficial Owner.  
  
(b) Save as otherwise provided in (a) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the security held by it.  
  
(c) Every person holding securities of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a member of the Company. The Beneficial Owner of 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.
- 7) Except as ordered by a Court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or where the name appears as the Beneficial Owner of shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognize any benami trust or equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has express or implied notice thereof, but the Board shall be entitled at their sole discretion to register any share in the joint names of any two or more persons or the survivors of them.
- 8) Every Depository shall furnish to the Company information about the transfer of securities in the, name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.
- 9) Upon receipt of certificate of securities on surrender by a person who has entered into an agreement with the Depository through a Participant, the Company shall cancel such a person certificate and substitute in its records the name of Depository as the registered owner in respect of the said securities and shall also inform the Depository accordingly.
- 10) If a Beneficial Owner seeks to opt out of a Depository in respect of any security, the Beneficial Owner shall inform the Depository accordingly.

The Depository shall on receipt of information as above make appropriate entries in its records and shall inform the Company.

The Company shall within thirty (30) days of the receipt of intimation from the Depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or, the transferee, as the case may be.

- 11) 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.



- 12) Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien or shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares in physical form subject to the provisions of the Depository Act.
- 13) 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
- 14) The shares in the capital shall be numbered progressively according to their several denominations provided, however, that the provision relating to progressive numbering shall not apply to the shares of the Company which are dematerialized or may be dematerialized in future or issued in future in dematerialized form. Except in the manner hereinbefore mentioned, no share shall be sub-divided. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished.
- 15) The Company shall cause to keep a Register and index of Members and a Register and index of Debenture holders in accordance with Sections 151 and 152 of the Act respectively, and the depositories Act, with details of shares and debentures held in material and dematerialised forms in any media as may be permitted by law including in any form of electronic media. The Register and index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act, shall be deemed to be Register and index of Members and Register and index of Debenture holders, as the case may be, for the purpose of the Act. The Company shall have the power to keep in any state or country outside India a branch Register of Members resident in that state or country.
- 16) The Company shall keep a Register of Transfers and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any share held in material form.

## **COPIES OF MEMORANDUM AND ARTICLES**

### **TO BE SENT TO MEMBERS.**

68. Copies of the Memorandum and Articles of Association of the Company and of other documents referred to in Section 39 of the Act shall be sent by the Board to every Member at his request, within 7 days of the request, on payment of rupee one for each copy

## **BORROWING POWERS**

69. The Board may, from time to time at its discretion subject to the provisions of Sections 292 and 372A of the Act, raise or borrow, either from the Directors or from elsewhere and secure the payment of any sum or sums of money for the purpose of the Company, provided that the Board shall not without the sanction of the Company in General Meeting borrow any sum of money which together with money borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate for the time being of the paid up capital of the Company and its free reserves, that is to say, reserves not set aside for any specific purpose. 70. The Board may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit, and in particular by the issue of bonds, perpetual or redeemable, debentures or debenture-stock, or any mortgage, 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.

71. Any debentures, debenture-stock, bonds or other securities may be issued at a discount, premium or otherwise and with any special appointment of Directors and otherwise debentures, debenture-stock, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued, Debenture, debenture- stock, bonds or other securities with a right of conversion into shares or allotment of shares shall be made only with sanction of the Company in General Meeting.





72. Same as provided in Section 108 of the Act no transfer of debentures shall be registered unless a proper instrument of transfer duly stamped and executed by the transferor and transferee has been delivered to the Company together with the certificate or certificates of the debentures.

73. If the Board refuses to register transfer of any debentures the company shall, within one 'month from the date on which the instrument of transfer was lodged with the Company send to the transferee and to the transferor notice of the refusal.

74. The Board shall cause a proper Register to be kept in accordance with the provisions of Section 143 of the Act of all mortgages, debentures and charges specifically affecting the property of the Company, and shall cause the requirements of Sections 118, 125 and 127 to 144 (both inclusive) of the Act in that behalf to be duly complied with, so far as they fail to be complied with by the Board

75. The Company shall if at any time it issues debentures, keep a Register and Index of Debenture holders in accordance with Section 152 of the Act. The Company shall have the power to keep in any state or Country outside India a branch Register of Debenture-holders resident in that State or country.

## **CONVERSION OF SHARES INTO STOCK AND**

### **RECONVERSION**

76. The Company in General Meeting may convert any paid- up shares into stock, and when any shares shall have been converted into stock, the several holders of such stock may henceforth transfer their respective interest therein, or any part of such interest, in the same manner and subject to the same regulations as, and subject to which shares from which the stock arose might have been transferred, if no such conversion had taken place or as near thereto as circumstance will admit. The company may at any time reconvert any stock into paid-up shares of any denomination.

77. The holders of stock shall, according to the amount of stock held by them have the same rights, privileges and advantages as regards dividends, voting at meeting of the Company and matters as if they held the shares from which the stock arose, but no such privileges or advantages (except participation in the Dividends and profits of the Company and in the assets at the time of winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

## **MEETINGS OF MEMBERS**

78. The Company shall in each year hold a General Meeting Annual as its Annual General Meeting in addition to any other meetings in that year All General Meetings other than Annual General Meeting shall be Extra-ordinary General Meetings The first Annual General Meeting shall be held within eighteen months from the date of incorporation of the Company and the next Annual General Meeting shall be held within six months after the expiry of the financial year in which the first Annual General Meeting was held and thereafter an Annual General Meeting of the company shall be held within six months after the expiry of each financial year, provided that not more than fifteen months shall lapse between the date of one Annual General Meeting and that of the next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under provisions of Section 166 (1) of the Act to extend the time within which any Annual General Meeting may be held. Every Annual General Meeting shall be called for at a time during business hours, on a, day that is not a public holiday, and shall be held at the office of the. Company or at some other place within the city in which the office of the Company is situated, as the Board may determine and the Notices calling the Meeting shall specify it as the Annual General Meeting. The Company may in any one Annual General Meeting fix the time for its Subsequent Annual General Meetings. Every member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall be entitled to attend and to be heard at any General Meeting which he attends on any part of the business, which concerns him as Auditor. At every Annual General Meeting of the Company there shall be laid on the table the Directors' Report (if not already incorporated, in the Audited Statement of Accounts), the proxy Register with proxies and the Register open and accessible during the continuance of the meeting. The Board shall





cause to be prepared the Annual List of Members, Summary of the Share Capital, Balance Sheet and Profit & Loss Account and forward the same to the Registrar in accordance with Sections 159, 161 and 220 of the Act.

79 The Board may, whenever it thinks fit, call an Extra ordinary General Meeting and it shall do so upon a requisition in writing by any member or members holding in the aggregate not less than one-tenth of such of paid-up capital as at the date carries the right of voting in regard to the matter in respect of which the requisition has been made

80. Any valid requisition so made by members must state the object or objects of the meeting proposed to be called, and must be signed by the requisitionists and be deposited at the office provided that such requisition may consist of several documents in loose from each signed by one or more requisitionists.

81. Upon the receipt of any such requisition the Board shall forthwith call an Extraordinary General Meeting, and if they do not proceed within twenty-one days from the date of the requisition being deposited at the office to cause a meeting to be called on a day not later than forty-five days from the date of deposit of the requisition, the requisitionist, or such of their number as represent either a majority in value of the paid -up share capital held by all of them or not less than one-tenth of the, paid-up share capital of the Company as is referred to in Section 169 (4) of the Act, which ever is less, may themselves call the meeting, but in either case, any meeting so called shall be held within three months from the date of the delivery of the requisition as aforesaid.

82. Any meeting called under the foregoing Articles by the requisitionists shall be called in the same manner, as nearly as possible, as that in which meeting are to be called by the Board

83 Twenty-one days' notice at least of every General Meeting, Annual or Extraordinary, and by whomsoever called, specifying the day, place and hour of meeting, and the general nature of the business to be transacted' thereat, shall be given in the manner hereinafter provided,' to such persons as are under these Articles entitled to receive notice from the Company. Provided that in the case of an Annual General Meeting with the Consent in writing of all the members entitled to vote thereat and in the case of any other meeting, with the consent of members holding not less than 95 percent of such part of the paid up share capital of the company as gives a right to vote at the meeting may be conveyed by a shorter notice. In the case of any Annual General Meeting, if any business other than,

- (i) the consideration of the accounts, balance sheets and reports of the board of Directors and auditors,'
- (ii) the declaration of dividend,
- (iii) the appointment of Directors in place of those retiring,
- (iv) the appointment of and fixing of the remuneration of the auditors,

is to be transacted, and in the case of the any other meeting, in any event there shall be annexed to the notice of the Meeting a statement setting out all material facts concerning each such item of business including, in particular, the nature of concern or interest, if any, therein of every Director, and the Manager (if any) where any such item of special business related to or affects any other Company, the extent of shareholding interest in other Company of every Director and the Manager, if any, of the Company shall also be set out in the statement if the extent of such shareholding interest is not less than twenty percent of the paid up share capital of that other company, where any item of the business consists of the according of approval to any document by the meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.

84. The accidental omission to give any such notice as aforesaid to any of the members, or the non-receipt thereof, shall not invalidate any resolution passed at any such meeting.

85. No General Meeting, Annual or Extraordinary, shall be competent to enter upon, discuss or transact any business has not been mentioned in the notice or notices upon which it was convened

86. Five members present in person shall be quorum for a General Meeting



87. A body corporate being a member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act.

88. If, at the expiration of half an hour from the time appointed for holding a meeting of the Company, if quorum shall not be present, the meeting, if convened by or upon the requisition of members shall stand dissolved, but in any other case, the meeting shall stand adjourned to the same day in the next week or, if that day is a public holiday, at the same time and place, or to such other day and at such other time and place in the city in which the office of the Company as for the time being situate, as the Board may determine and if at such adjourned meeting a quorum is not present at the expiration of half an hour from the time appointed for holding the meeting, the members present shall be quorum and may transact the business for which the meeting was called.

89. The Chairman (if any) of the Board shall be entitled to take the chair at every General Meeting, whether Annual or Extraordinary. If there be no such Chairman of the Board, or if at any meetings he shall not be present within fifteen minutes of the time appointed for holding such meeting, or if he shall be unable or unwilling to take the chair, then the directors present may choose one of their members to be the Chairman of the meetings. If no director be present or if all the directors present decline to take the chair, then the Members present shall elect one of their members to be Chairman.

90. No business shall be discussed at any General Meeting except the election of a chairman, while the Chair is vacant, 91. The chairman with the consent of the members may adjourn any meeting from time to time and from place to place in the city in which it is held but, no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

92. At any General Meeting a Resolution put to vote at the Meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result on a show of hands), demanded:

- (a) by the Chairman of the Meeting; or
- (b) by the Member or Members present in person or by proxy and holding shares in the Company which confer a power to vote on the Resolution being not less than one-tenth of the total voting power in respect of the Resolution; or
- (c) by any Member or Members present in person or by proxy and holding shares in the company on which an aggregate sum of Fifty Thousand Rupees has been paid up; or
- (d) by any Member or Members present in person or by proxy and holding shares in the Company conferring a right to vote on the resolution being shares on which an aggregate sum has been paid up which is not less than one-tenth of the total sum paid on all the shares conferring that right.

Unless a poll be so demanded, a declaration by the chairman of the meeting that a resolution has, on a show of hands, been carried unanimously or by a particular majority, or lost or not carried by a particular majority and an entry to that effect in the book containing the minutes of the proceedings of the Meeting of the company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against that resolution.

The demand for a poll may be withdrawn at any time by the person or persons who made the demand”.

93. In the case of an equality of votes, the Chairman shall both on a show of ends and at a poll (if any) have a casting vote in addition to the vote or votes to which he may be entitled as a member.

94. If a poll is demanded as aforesaid the same shall, subject to Article 92 be taken at such time (not later than forty-eight hours from the time when the demand was made) and place in the city or town in which the office of the Company is for the time being situate and either at once or after an interval or adjournment or otherwise, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn at any time by the person or persons who made the demand.



95. Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinize the vote given on the Poll and to report thereon to him. One of the scrutineers so appointed shall always be a member (not being an officer or employee of the Company) present at the meeting provided such a member is available and willing to be appointed. The Chairman shall have power at any time before the result of the poll is declared to remove a scrutineers from office and fill vacancies in the office of scrutineers arising from each removal Or from any other cause.

96. Any poll duly demanded on the election of Chairman of meeting or on any question of adjournment, shall be taken at the meeting forthwith.

97. The demand for a poll except on the questions of the election of the Chairman and of an adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

### **VOTES OF MEMBERS**

98. No member shall be entitled to vote either personally or by proxy, at any General Meeting or meeting of class of shareholders either upon show of hands or upon a poll in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or, in regard to which the Company has exercised any right of lien.

99. Subject to the provisions of these Articles and without prejudice to any Special privileges or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the Capital of the Company, every member not disqualified by the last preceding Article shall be entitled to be present, and to speak and vote at such meeting, and on show of hands every member present in person shall have one vote and upon a poll the voting rights of every member present in person or by proxy shall be in proportion to his shares of the paid-up equity share capital of the Company provided, however if any preference shareholder be present at any meeting of the Company, save as provided in clause (b) of sub-section (2) of Section 87, he shall have a right to vote only on resolutions placed before the meeting which directly affect the rights attached to his preference shares.

100. On a poll taken at meeting of the Company a member entitled to more than one vote or his proxy or other person entitled to vote for him, as the case may be, need not if he votes, use all his votes or cast in the same way all the votes he used.

101. A member of unsound mind or in respect of whom an order has been made by any Court having jurisdiction in lunacy may vote whether on a show of hands or on a poll, by his committee or other legal guardian and any such committee or guardian may on poll vote by proxy, if any member be a minor the vote in respect of his share or shares shall be by his guardian or any one of his guardian if more than one to be selected in case of dispute by the Chairman of the meeting.

102. If there be joint holders of any shares, any one of such person may vote at any meeting or may appoint another person (whether a member or not) as his proxy in respect of such shares, as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at the meeting and, if more than one of such joint holders be present at any meeting, that one of the said persons so present whose name stands higher on the Register shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint holders shall be entitled to be present at the meeting, several executors or administrators of a deceased member in whose name shares stand shall for the purpose of these Articles to be deemed joint holders thereof.

103. Subject to the provisions of these Articles, votes may be given either personally or by proxy. A body corporate being a member may vote either by a proxy or by a representative duly authorized in accordance with Section 187 of the Act and such representative shall be entitled to exercise the same rights and powers including the rights to vote by proxy on behalf of the body corporate which he represents as the body could exercise if it were an individual member.



104. Any person entitled under Article 61 to transfer any share may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares provided that atleast forty eight hours before the time for holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote he shall satisfy the Directors of his right to transfer such shares and give such indemnity (if any) as the Directors may require or the Directors shall have previously admitted his right to vote at such meeting in respect thereof.
105. Every proxy (whether a member or not) shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a corporation under the common seal of such corporation or be signed by an officer or any attorney duly authorized by it, and any Committee or guardian may appoint such proxy. The proxy so appointed shall not have any right to speak at the meetings.
106. An instrument of proxy may appoint a proxy either for the purpose of particular meeting specified in the instrument and any adjournment thereof or it may appoint for the purpose of every meeting of the Company, or of every meeting to be held before a date specified in the instrument and every adjournment of any such meeting
107. A member present by proxy shall be entitled to vote only on a poll.
108. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or notrially certified copy of that power or authority shall be deposited at the office not later than forty-eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid. No instrument of appointing a proxy shall be valid after the expiration of twelve months from the date of its execution.
109. Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances admit, be in any of the forms set out in Schedule 1X of the Act.
110. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the proxy or any power of attorney under which such proxy was signed or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death or insanity, revocation or transfer shall have been received at the office before the meeting.
111. No objection shall be made to the validity of any vote except at any meeting or poll at which such vote shall be tendered and every vote whether given personally or by proxy, not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever.
112. The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of poll shall be the sole judge of the validity of every vote tendered at poll.
- 113.(1) The Company shall cause minutes of all proceedings of every General Meeting to be kept by making within thirty days of the conclusion of every such meeting concerned, entries thereof in books kept for that purpose with their pages consecutively numbered.
- (2) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of such meeting in such books shall be dated and signed by the Chairman of the same meeting within the aforesaid period of thirty days or in the event of the death or inability of that Chairman within that period by a Director duly authorized by the Board for the purpose.
- (3) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise. (4) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.
- (5) All appointments of Officers made at any meeting aforesaid shall be included in the minutes of the meetings.



- (6) Nothing herein contained shall require or be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting.

- (a) is or could reasonably be regarded as defamatory of any person, or
- (b) is irrelevant or immaterial to the proceeding, or
- (c) is detrimental to the interest of the Company.

The Chairman of the meeting shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the aforesaid grounds.

- (7) Any such minutes shall be evidence of the proceedings recorded therein.
- (8) The book containing that minutes of proceedings of General Meetings shall be kept at the office of the company and shall be open during business hours for such periods not being less in the aggregate than two hours in each day as the Directors determine, to the inspection by any member without charge.

## **DIRECTORS**

114. a) Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors including Debenture, alternate and Corporation Directors, (if any) shall not be less than three nor more than twelve. The Company in General Meeting may from time to time increase or reduce the number of Directors within the limits fixed by this Article.

- b) The first Directors of the Company shall be:

- 1. MR. RAJESH CHUNILAL RATHOD
- 2. MR. YOGESH CHUNILAL RATHOD
- 3. MR. VIJAY CHUNILAL RATHOD
- 4. MR. DHIRAJLAL LAKHAMSHI SHAH

115. If at any time the company obtains any loans or any assistance in connection therewith by way of guarantee or otherwise from any person firm, body corporate, local authority or public body (hereinafter called "the institution") or if any time the Company issues any shares, debentures and enters into any contract or arrangement with the institution whereby the institution subscribes for or underwrites the issue of the Company's shares or debentures or provides any assistance to the Company in any manner and it is a term of the relative loan, assistance, contract or agreement that the institution shall have the right to appoint one or more Directors at the Board of the Company, then subject to the provisions of Section 225 of the Act and subject to the terms and conditions of such loan, assistance, contract or arrangement the institution shall be entitled to appoint one or more Director or Directors, as the case may be, to the Board of the company and to remove from office any Director so appointed and to appoint another in his place or in the place of Director so appointed who resigns or otherwise vacates his office. Any such appointment or removal shall be made in writing and shall be served at the office of the Company. The Director or Directors so appointed shall neither be required to hold any qualification share nor be liable to retire by rotation and shall continue in office for so long as the relative loan, assistance, contract or arrangement as the case may be subsists.

116. If it is provided by the Trust Deed, securing or otherwise in connection with any issue of debentures of the Company, that any person or persons shall have power to nominate a Director of the company, then in the case of any and every such issue of Debenture, the person or persons having such power may exercise such power from time to time and appoint a Director accordingly, any Director. A Debenture Director may be removed from office at any time by the person or persons in whom for the time being is vested the power under which he was appointed and



another Director may be appointed in his place. A debenture director shall not be appointed in his place. A debenture director shall not be liable to retire by rotation. A Debenture director shall not be bound to hold any qualification shares.

117. The Board may appoint an Alternate Director to act for a Director (hereinafter called “the Original Director”) during his absence for a period of not less than three months from the State in which the meetings of the Board are ordinarily held. An alternate Director appointed under this Article shall not hold office for a period longer than that permissible to the original Director in whose place he has been appointed and shall vacate office if the original Director of office of the original Director are determined before he so returns to that state. If the terms and any provisions in the Act or in these Articles for his automatic reappointment of any retiring Director in default of another appointment shall apply to the original Director and not to the Alternate Director.

118. Subject to the provisions of Sections 260 and 264 of the Act, the Board shall have power at any time and from time to time to appoint any other qualified person to be an Additional Director, but so that the total number of Directors shall not, at any time exceed the maximum fixed under Article 114(a). Any such additional Director shall hold office only up to the date of the next Annual General Meeting.

119. Until otherwise determined by the Company in General Meeting, a Director shall not be required to hold any shares in the, capital of the Company as his qualification.

120. Without prejudice to the restrictions imposed by Section 226 of the Act, a Director who is required to hold qualification shares may act as a Director before acquiring such shares but shall, if he is not already qualified, obtain his qualification, and every Director other than a Director appointed by the Central or a State Government shall file with the Company a declaration specifying the qualification shares held by him within two months from his appointment as a Director.

121. Subject to the provisions of Sections 262, 264 and 284(6) of the Act, the Board shall have, power at any time and from time to time to appoint any other qualified person to be a Director to fill a casual vacancy. Any person so appointed shall hold office only up to the date to which the director in whose place he is appointed would have held office if it has not been vacated by him.

122. (1) Subject to the provisions of the Act, a Managing Director or Managing Directors, who is in the whole-time employment of the Company may be paid remuneration either by way of a monthly or at a specified percentage of the net profits of the Company or partly by one way and partly by the other.

(2) Subject to the provisions of the Act, a Director who is neither in the whole-time employment nor a Managing Director, may be paid remuneration either:

- (i) by way of monthly, quarterly or annual payment ‘with the approval of the Central Government, or
- (ii) by way of commission if the Company by a special resolution authorized such payment, or
- (iii) the fee payable to a Director (including a Managing or wholetime Director, if any), for attending a meeting of the Board of Committee thereof shall be not more than the amount prescribed by the Act or such other sum as the company in General Meeting may from time to time determine.

123. The Board may allow and pay to any Director who is not a bonafide resident of the place where the meetings of the Board are ordinarily held and who shall come to such place for the purpose of attending any meeting, such sum as the Board may consider a fair compensation for travelling, boarding, lodging and other expenses, in addition to his fee for attending such meeting, as above specified; and if any Director be called upon to go or resided out of the ordinary place of his residence on the Company’s Business, he shall be entitled to be repaid and reimbursed any travelling or other expenses incurred in connection with business of the Company.

124. The continuing Directors may act notwithstanding any vacancy in their body but if, and so long as their number is reduced may below the minimum number fixed by the Article 114 hereof, the continuing Directors not



being less than two, may act for the purpose of increasing the number of directors to the number or for summoning a General Meeting but no other purpose.

125. (1) the office of a Director shall ipso facto be vacated if:-

- (a) he fails to obtain within the time specified in sub-section (1) of Section 270 of the Act, or at any time thereafter ceases to hold the share qualification, if any, necessary for his appointment; or
- (b) he is found to be of unsound mind by a Court of competent jurisdiction; or
- (c) he applied to be adjudicated an insolvent; or
- (d) he is adjudged an insolvent; or
- (e) he is convicted by a Court in India of any offence and is sentenced in respect thereof to imprisonment for not less than six months; or
- (f) he failed to pay any calls in respect of shares of. the Company held by him, whether alone or jointly with others, within six months from the last date fixed for the payment of the call; or
- (g) he is absent from three consecutive meetings of the Board or from all meetings of the Board for a continuous period of three months, whichever is the longer, without obtaining leave of absence from board; or
- (h) he or any firm of which he is a partner or any private Company of which he is a director accepts a loan or any guarantee or security for a loan from the company in contravention of section 295 of the Act, or
- (i) he acts in contravention of Section 299 of the Act; or
- (j) he be removed from office in pursuance of Section 203 of the Act; or
- (k) by notice in writing to the company he resigns his office; or
- (l) any office or place of profit under the company or under any subsidiary of the Company is held in contravention of Section 314 of the Act and by operation of that Section he is deemed to vacate office.

(2) Notwithstanding any matter or thing in sub-clauses (d), (e) and (j) of clause (1), the dis—qualification referred to in those sub-clauses shall not take effect:

- (a) for thirty days from the date of adjudication, sentence or order; or
- (b) where an appeal or petition is preferred within thirty days aforesaid against the adjudication, sentence or conviction resulting in the sentence, or order until the expiry of seven days from the date on which such appeal or petition is disposed of; or
- (c) where within seven days aforesaid any further appeal or petition is preferred in respect of the adjudication, sentence, conviction or order, the appeal or petition, if allowed, would result in the removal of the disqualification until such further appeal, or petition is disposed off

126. (1) A Director or his. relative, a firm in which such Director or relative is a partner, or any other partner in such firm or a private company of which Director is a member may enter into any contract with the Company for the sale, purchase or supply of any goods, materials, or services or for underwriting the subscription of any shares in, or debentures, of the Company, provided that the sanction of the Board is obtained before or





within three months of the date on which the contract is entered into in accordance with Section 297 of the Act.

(2) No sanction shall, however be necessary for

- (a) any purchase of goods and materials from the company, or the sale of the goods or materials to the company, by any such director relative, firm, partner or private Company as aforesaid for cash at prevailing market prices; or
- (b) any contract or contracts between the company on one side and any such director, relative, firm, partner or Company on the other for sale, purchase or supply of any goods, materials and services in which either the company or the Director, relative, firm, partner or private company, as the case may be, regularly trades or does business, where the value of the goods and materials or cost of such services does not exceed ₹ 5,000/- in the aggregate in any year comprised in the period of the contract or contracts.

Provided that in circumstances of urgent necessity, a director, relative, firm, partner or private company as aforesaid may without obtaining the consent of the Board enter into any such contract with the Company for the sale, purchase or supply of any goods, materials or service even if the value of such goods or the cost of such services exceeds ₹ 5,000/- in the aggregate in any year comprised in the period of the contract or contracts at a meeting within three months of the date on which the contract was entered into.

127. A Director of the Company who is in any way, whether directly or indirectly concerned or interested in a contract or proposed contract or arrangement entered into or to be entered into by or on behalf of the company, shall disclose the nature of his concern or interest at a meeting of the Board in the manner provided in Section 299 (2) of the Act; provided that it shall not be necessary for a Director to disclose his concern or interest in any contract or arrangement entered into or to be entered into with any other company where any of the directors of the Company or two or more of them together holds or hold not more than two percent of the paid-up share capital in any such other company.

128. A General Notice given to the Board by the Directors, to the effect that he is a Director or member of a specified body corporate, or is a partner of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice, be entered into with that body corporate or firm shall be deemed to be a sufficient disclosure of concern or interest in relating to any contract or arrangement so made. Any such general notice shall expire at the end of the financial year in which it is given but may be renewed for a further period of one financial year at a time by a fresh notice given in the 1st month of the financial year in which it would have otherwise expired. No such general notice and no renewal thereof, shall be of effect, unless it is given at a meeting of the Board or the director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.

129. No Director shall as direct to take any part in the discussion of, or vote on any contract or arrangement entered into by or on behalf of the company, if he is in any way, whether directly or indirectly concerned or interested in such contract or arrangement not shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote; and if he does vote, his vote shall be void; provided however, that nothing herein contained shall apply to;

- (a) any contract of indemnity against any loss which the directors or any one or more of them, may suffer by reason of becoming or being sureties or surety for the Company.
- (b) any contract or arrangement entered into or to be entered into with a public company or a private company which is a subsidiary of a public company in which the interest of the Director consists solely:
  - (i) in his being:





- (a) a director of Such company, and
- (b) the holder of not more than shares of such number of value therein as is requisite to qualify him for appointment as a Director thereof, he having been nominated as such Directors by the Company.

Or

- (ii) in his being a member holding not more than 2% of its paid-up share capital.

130. The Company shall keep a Register in accordance with Section 301 (1) and shall within the time specified in the section enter therein such of the particulars as may be relevant having regard to the application there to of Section 297 of Section 299 of the Act as the case may be. The Register aforesaid shall also specify, in relation to each Director of the company the names of the bodies corporate and firms of which notice has been given by him under Article 127. The Register shall be kept at the office of the Company and shall, be open to inspection at such office, and extracts may be taken therefrom and copies thereof in same manner, and on payment of the same fee as in the case of the Register of Members of the Company and the provisions of Section 163 of the Act shall apply accordingly.

131. A Director may be or become a director of any company promoted by the company or in which it may be interested as a vendor, share holder, otherwise, and no such Director shall be accountable for any benefits received as Director or shareholder of such Company except in so far as Section 309 (6) or Section 314 of the Act may be applicable.

132. At every annual General Meeting of the Company, one- third of such of the directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three, the number nearest to one-third shall retire from office.

133. Subject to Section 256 (2) of the Act, the Directors to retire by rotation under Article 132 at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on the same day, those who are to retire, shall in default of, and subject to any agreement among themselves, be determined by lot.

134. A retiring Director shall be eligible for re-election.

135. Subject to Sections 258 of the Act, the Company at the General Meeting at which a Director retires in manner aforesaid may fill up the vacated office by electing a person thereto.

136.(a) If the place of the retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy the meeting shall stand adjourned until the same day in the next week, at the same time and place.

(b) If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been reappointed at the adjourned meeting, unless:

- (i) at that meeting or at the previous meeting the resolution for the reappointment of such Director has been put to the meeting and lost;
- (ii) the retiring director has, by a notice in writing addressed to the company or its Board expressed his unwillingness to be so reappointed;
- (iii) he is not qualified or is disqualified for appointment,



- (iv) a resolution whether special or ordinary, is required for the appointment or reappointment by virtue of any provisions of the Act; or
- (v) the provisions of sub-section (2) of Section 263 of the Act are applicable to the case.

137. Subject to Section 259 of the Act, the Company may, by ordinary Resolution, from time to time, increase or reduce the number of Directors and may alter their qualifications and the Company may (subject to the provisions of Section 284 of the Act) remove any Director before the expiration of his period of office and appoint another qualified person in his place. The person so appointed shall hold office during such time as the Director in whose place he is appointed would have held the same if he had not been removed.

138. (1) No person not being a retiring Director, shall be eligible for appointment to the office of Director at any General meeting unless he or some member intending to propose him has, not less than fourteen days before the meeting left at the office of the company a notice in writing under his hand signifying his candidature for the office of Director or the intention of such member to propose him as a candidate for that office.

(2) Every person (other than a director retiring by rotation or otherwise or a person who has left at the office of the company a notice under Section 257 of the Act signifying his candidature for the office of a Director) proposed as candidate for the office of a Director shall sign and file with the Company, the consent in writing to act as a Director if appointed.

(3) A person other than a Director reappointed after retirement by rotation or immediately on the expiry of his term of office, or an additional or Alternate Director, or a person filling a casual vacancy in the office of a Director under Section 262 of the Act, appointed as a Director or reappointed as an Additional or Alternate Director, immediately on the expiry of his term of office, shall not act as a director of the Company unless he has within thirty days of his appointment signed and filed with the Registrar his consent in writing to act as such Director.

139. (a) The Company shall keep at its office Register containing the particulars of its Directors, Managers, Secretaries and other person mentioned in Section 303 of the Act, and shall otherwise comply with the provisions of the said Section in all respects

(b) The Company shall in respect of each of its Directors also keep at its office a Register, as required by Section 307 of the Act, and shall otherwise duly comply with the provisions of the said section in all respect.

140. (a) Every Director (including a person deemed to be a Director by virtue of the Explanation to sub-section (1) of Section 303 of the Act) or Managing Director, Manager, or Secretary of the Company, shall within twenty days of his appointment to any of the above offices in any other body corporate disclose to the Company the particulars relating to his office in the other body corporate which are required to be specified under sub-section (1) of Section 303 of the Act.

(b) Every Director and every person deemed to be a Director of the Company by virtue of sub-Section (10) of Section 307 of the Act, shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with the provision of that Section.

## **REMOVAL OF DIRECTORS**

141. (1) The Company may (subject to the provisions of Section 284 and other applicable provisions of the Act and these Articles) remove any Director before the expiry of his period of office.

(2) Special notice as provided by Section 190 of the Act shall be given of any resolution to remove a Director under this Article or to appoint some other person in place of a Director so removed at the meeting at which he is removed.



- (3) On receipt of notice of a resolution to remove a Director under this article, the Company shall forthwith send a copy thereof to the Director concerned and the Director (whether or not he is a member of the Company) shall be entitled to be heard on the resolution at the meeting.
- (4) Where notice -is given of a resolution to remove a Director under this Article and the director concerned makes with respect thereto representations in writing to the Company (not exceeding a reasonable length) he requests their notification to members of the Company, the company shall, unless the representations are received by it too late for it to do so (a) in the notice of the resolutions given to members of the company state the fact of the representations having been made, and (b) send a copy of the representations to every member of the company, and if a copy of the representation is not sent as aforesaid because they were received too late or because of the company's default, the Director may (without prejudice to his right to be heard orally) require that the representations shall be read out at the meeting, provided that copies o the representations need not be sent or read out at the meeting if on the application either of the Company or of another person who claims to be aggrieved, the Court is satisfied that the rights conferred by this sub-clause are being abused to secure needless publicity for defamatory matter.
- (5) A vacancy created by the removal of a Director under this Article may, if he had been appointed, by the company in General Meeting or by the Board in pursuance of Article 121 or Section 262 of the Act be filled by the appointment of another Director instead by the meeting at which he is removed, Provided special notice of the intended appointment has been given under sub clause (2) hereof. A Director so appointed shall hold office until the date up to which his predecessor would have held office if he had not been removed as aforesaid.
- (6) If the vacancy is not filled under sub-clause (5), it may be filled as a casual vacancy in accordance with the provisions, in so far as they are applicable, of Article 121 or Section 262 of the Act and all the provisions of that Section shall apply accordingly.
- (7) A Director who was removed from office under this Article shall not be reappointed as a Director by the Board of Directors.
- (8) Nothing contained in this Article shall be taken:-
  - (a) as depriving a person removed thereunder of any compensation or damages payable to him in respect of the termination of his appointment as director or of any appointment terminating with that as Director, or
  - (b) as from any power to remove a Director which may exist apart from this Article

## **MANAGING DIRECTOR**

142. Subject to the provisions of the Act and of the Articles, the Board shall have power to appoint from time to time any of its members as Managing Director or Managing Directors of the Company for fixed term not exceeding five years at a time and upon such terms and conditions as the Board thinks fit and subject to the provision of Article 143 the Board may by resolution vest in such Managing Director or Managing Directors such of the powers hereby vested in the Board generally as it thinks fit, and such powers may be made exercisable for such period or periods, and upon such conditions and subject to such restrictions as it may determine. The remuneration of a Managing Director may be by way of monthly payment, fee for each meeting or participation in profits, or by any or all these modes, or any other mode not expressly prohibited by the Act.

143. The Managing Director or Managing Directors shall not exercise the powers to:

- a) make calls on share holders in respect of money unpaid on the shares in the Company,



- (b) issue debentures; and except to the extent mentioned in the resolution passed at the Board meeting under Section 292 of the Act, shall also not exercise the powers to:
  - (i) borrow money, otherwise than on debentures,
  - (ii) invest in the funds of the company and
  - (iii) make loans

144. The Company shall not appoint or employ, or continue the appointment or employment of a person as its Managing or whole-time Director who:-

- (a) is an undischarged insolvent, or has at any time been adjudged as insolvent;
- (b) suspends, or has at any time suspended, payment to his creditors, or makes, or has at any time made a composition with them; or
- (c) is, or has at any time been convicted by a court of an offence involving moral turpitude.

145. A Managing Director shall not while he continues to hold that office be subject to the retirement by rotation, in accordance with Article 132. If he ceases to hold the office of Director, he shall ipso facto and immediately cease to be a Managing Director.

## **PROCEEDINGS OF THE MEETINGS OF**

### **BOARD OF DIRECTORS**

146. The Directors may meet together as a Board for the disposal of business from time to time, and shall so meet at least once in every three months and at least four such meetings shall be held in every year. The Directors may adjourn and otherwise regulate their meetings as they think fit.

147. Notice of every meeting of the Board shall be given in writing to every Director for the time being in India, and at his usual address in India to every other Director.

148. The Secretary shall, as and when directed by the Directors to do so, convene a meeting of the Board by giving a notice in writing to every other Director.

149. The Board shall appoint a Chairman of its meetings and determine the period for which he is to hold office. If no Chairman is appointed or if at any meeting of the Board the Chairman is not present within five minutes after the time appointed for holding the same, the Directors present shall choose some one of them to be Chairman of such meeting.

150. The quorum for a meeting of the Board shall be determined from time to time in accordance with the provisions of Section 287 of the Act. If a quorum shall not be present within fifteen minutes from the time appointed for holding a meeting of the Board, it shall be adjourned until such date and time as the Chairman of the Board shall appoint.

151. A Meeting of the Board at which a quorum be present shall be competent to exercise all or any of the authorities, powers and discretions by or under these Articles for the time being vested in or exercisable by the Board.

152. Subject to the provisions of Sections 316, 317 (4) and 386 of the Act, questions arising at any meeting shall be decided by a majority of votes, and in case of any equality of votes, the Chairman shall have a second or casting vote.



153. The Board may subject to the provisions of the Act, from time to time and at any time delegate any of its powers it thinks fit, and may from time to time revoke such delegation. Any Committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

154. The meetings and proceedings of such Committee consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board so far as the same are applicable thereto, and are not superseded by any regulations made by the Board under the Article 153.

155. Save in those case where a resolution is required by Sections 262, 292, 297, 316, 372A and 386 of the Act, to be passed at a meeting of the Board, a resolution shall be valid and effectual as if it had been passed at a meeting of the Board or committee of the board, as the case may be, duly called and constituted, if a draft thereof in writing is circulated, together with the necessary papers, if any, to all the directors, or to all the members of the Committee of the board as the case may be, then in India (not being less in number than the quorum fixed for a meeting of the Board or Committee as the case may be) and to all other Directors or members of the Committee at their usual address in India and has been approved by such of them as are then in India or by majority of them as are entitled to vote on the resolution.

156. All acts done by any meeting of the Board or by a Committee of the Board or by any person acting as a Director shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Director or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, and was qualified to be a Director and had not vacated his office or his appointment had not been terminated; provided that nothing in this Article shall be deemed to give validity to acts done by a director after his appointment has been shown to the Company to be invalid or to have been terminated.

157. (1) The Company shall cause minutes of all proceedings of every meeting of the Board and Committee thereof to be kept by making within thirty days of the conclusion of every such meeting entries thereof in book kept for that purpose with their pages consecutively numbered.

(2) Each page of every such book shall be initialed or signed and the last page of the record of proceeding of each meeting in such book shall be dated and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting

(3) In no case shall the minutes of proceedings of a meeting be attached to any such book as aforesaid by pasting or otherwise

(4) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat

(5) All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meetings

(6) The minutes shall also contain :

(a) The name of the Directors present at the meeting, and

(b) in the case of each resolution passed at the meeting the names of the Directors, if any, dissenting from or not concurring in the resolution

(7) Nothing contained in sub-clauses (1) to (6) shall be deemed to require the inclusion in any such minutes of any matter which, in the opinion of the Chairman of the meeting,

(a) is, or could reasonably be regarded defamatory of any person,



(b) is irrelevant or immaterial to the proceedings; or

(c) is detrimental to the interest of the Company

The Chairman shall exercise an absolute discretion with regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in this sub-clause.

(8) Minutes of meetings kept in accordance with the aforesaid provisions shall be evidence of the proceedings recorded therein.

158. The Board may exercise all such powers of the Company and do all such acts, and things as are not, by the Act, or any other Act, or by the Memorandum, or by the Articles of the Company, required to be exercised by the Company in General Meeting subject nevertheless to these Articles, to the provisions of the Act, or any other Act and to such regulations being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by the Company in General Meeting but no regulations made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made. Provided that the Board shall not, except with the consent of the Company in General Meeting:

- (a) sell, lease or otherwise dispose of the whole, or substantially the whole of the undertaking of the Company, or where the Company owns more than one undertaking, of the whole, or substantially the whole of any such undertaking;
- (b) remit, or give time for the repayment of any debt due by a Director;
- (c) invest otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition of any such undertaking as is referred to in clause (a), or of any premises or properties used for, any such undertaking and without which at cannot be carried on or can be earned on only with difficulty or only after a considerable time,
- (d) borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purposes. Provided further that the powers specified in Section 292 of the Act shall subject to these Articles, be exercised only at meetings of the Board, unless the same be delegated to the extent therein stated; or
- (e) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amount the aggregate of which will, in any financial year, exceed fifty thousand rupees or five percent of its average net profits as determined in accordance with the provisions in Sections 349 and 350 of the Act during the three financial years immediately preceding, whichever is greater.

159. Without prejudice to the general powers conferred by the last preceding Article and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Articles, it is hereby declared that the Directors shall have the following powers, that is to say, power:

- (1) To pay the costs, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company;
- (2) To pay any charge out of capital amount of the Company and commission or interest lawfully payable thereout under the provisions of Sections 76 and 208 of the Act;
- (3) Subject to Sections 292 and 297 of the Act, to purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorised to acquire for such price or consideration and generally on such terms and conditions as they may think fit; and in any such



purchase or otherwise acquisition, to accept such title as the Directors may believe or may be advised to be reasonably satisfactory;

- (4) At their discretion and subject to the provisions of the Act to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially, in case of shares, bonds, debentures, mortgages, or other securities of the Company, and such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon, and any such bonds, debentures, mortgages or other securities may be either specially charged upon all or any part of the property of the Company and is uncalled capital or not so charged;
- (5) To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the firm being or in such manner as they may think fit,
- (6) To accept from any members, as far as may be permissible by law, a surrender of his shares or any part thereof, on such terms and conditions as shall be agreed;
- (7) To appoint any person to accept and hold in trust for the Company any property belonging to the Company, in which it is interested, or for any other purposes; and execute and do all such deeds and things as may be required in relation to any trust,' and to provide for the remuneration of such trustee or trustees;
- (8) To institute, conduct, defend, compound, or abandon any legal proceedings by or against the Company or its officers, or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts due, and of any claim or demands by or against the Company and to refer any differences to arbitration, and observe and perform any awards made thereon;
- (9) To act on behalf of the Company in all matters relating to bankrupts and insolvents;
- (10) To make and give receipts, releases, and other discharge for moneys payable to the Company and for the claims and demands of the Company;
- (11) Subject to the provisions of Sections 292, 295 and 372A of the Act, to invest and deal with any moneys of the Company not immediately required for the purposes thereof upon such security (not being shares of this Company), or without security and in such manner as they think fit, and from time to time vary or realize such investments save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name,
- (12) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company, such mortgages of the Company's property (present and future) as they think fit, and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon;
- (13) To determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividends, warrants, releases, contracts, and documents and to give the necessary authority for such purpose;
- (14) To distribute by way of bonus amongst the staff of the Company, share or shares in the profits of the Company, and to give to any officer or other persons employed by the Company a commission on the profits of any particular business or transaction; and to charge such bonus or commission as part of the working expenses of the Company;



- (15) To provide for the welfare of Directors, or ex Directors or employees or ex-employees of the Company and their wives, widows and families or the dependents or connections of such persons, by building or contributing to the building of houses, dwellings or by grants of money, pension, gratuities, allowances, bonus or other payments, or by creating and from time to time subscribing or contributing to, provident and other' associations, institutions, funds or trusts and by providing or subscribing or contributing towards places of instructions and, recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit, and to subscribe or contribute or otherwise to assist or to 'guarantee money to charitable, benevolent, religious, scientific, national or other, institutions or objects which shall have any moral or other claim to support or aid by the Company, either by reason or locality of operation, or of public and general utility or otherwise;
- (16) Before recommending any dividend, to set aside out of the profits of the Company such sums as they may think proper for depreciation to depreciation fund, or to an Insurance Fund, or as a Reserve Fund, or sinking fund or any special fund to meet contingencies or to repay debentures or Debenture-stock, or for special dividends or for equalizing dividends or for repairing, improving extending and maintaining any of the property of the Company and for such other purpose (including the purposes referred to in the preceding clause), as the Board may, in their absolute discretion, think conducive to the interest of the Company, and subject to Section 292 of the Act, to invest the several, sums so set aside or so much thereof as required to be invested, upon such investments (other than shares of the Company) as they may think fit, and from time to time to deal with and vary such investments and dispose of and apply and expend all or any part thereof for the benefit of the Company in such manner and for such purpose as the Board in their absolute discretion think conducive to the interest of the Company, notwithstanding that the matters to which the Board apply or upon which they expend the same, or any part thereof, may be matters to or upon which the capital moneys of the Company might rightly be applied or expended; and to divide the Reserve Fund into such special Funds as the Board may think fit, with full power to transfer the whole or any portion of a Reserve Fund or division of a Reserve Fund to another Reserve Fund or division of a Reserve Fund and with full power to employ the assets constituting all or any of the above funds, including the Depreciation, fund, in the business of the Company or in the purchase or repayment of Debentures or Debenture-stock and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with power however to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board-may think proper;
- (17) To appoint, and at their discretion remove or suspend such general managers, secretaries, assistants, supervisors, clerks, agents and servants of permanent, temporary or special services, as they may from time to time think fit and to determine their powers and duties, and fix their salaries or emoluments or remuneration, and to require security in such instances and to such amounts as they may think fit. Also from time to time provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit, and the provisions contained in the four next following sub-clauses shall be without prejudice to the general powers conferred by this sub-clause;
- (18) To comply with requirements of any local law which in their opinion it shall, in the interests of the Company, be necessary or expedient to comply with;
- (19) From time to time and at any time to establish any local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any persons to be members of such local Boards and to fix their remuneration;
- (20) Subject to Section 292 of the Act, from time to time and at any time, to delegate to any person so appointed any of the powers, authorities and discretion for the time being vested in the Board, other than their power to make calls or to make loans or borrow moneys, and to authorize the Members for the time being of any such Local Board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation may be





made on such terms and subject to such conditions as the Board may think fit, and the Board may at any time remove any person so appointed, and may annul or vary any such delegation;

- (21) At any time and from time to time by power of Attorney under the Seal of the Company, to appoint any person or persons to be the Attorney or attorneys of the Company, for such purposes and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls and excluding also, except in their limits authorized by the Board, the power to make loans and borrow moneys) and for such period and subject to such conditions as the Board may from time to time think fit; and any such appointment may (if the Board thinks fit) be made in favour of the members or any of the Members of any Local Board, established as aforesaid or in favour of any company, or the shareholders, Directors, nominees, or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly by the Board any such Power of Attorney may contain such power for the protection or convenience of persons dealing with such attorneys as the Board may think fit, and may contain powers enabling any such delegates or attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them,
- (22) Subject to Sections 294 and 297 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company to enter into all such contracts, and execute and do all such acts, deeds, and things in the name and on behalf of the Company as they may consider expedient;
- (23) From time to time to make, vary and repeal by-law or the regulation of the business of the Company, its officer and servants.

## **DIVIDENDS**

163. The profits of the Company subject to any special rights relating thereto created or authorized to be created by these Articles, and subject to the provisions, of these Articles, shall be divisible among the members in proportion to the amount of capital paid-up on the shares held by them respectively.

164. The Company in General Meeting may declare dividends to be paid to members according to their respective rights, but no dividends shall exceed the amount recommended by the board, but the Company in General Meeting may declare a smaller dividend.

165. No dividend shall be declared or paid otherwise than out of the profits of the financial year arrived at after providing for depreciation in accordance with the provisions of Section 205 of the Act or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both, provided that;

- (a) if the company has not provided for depreciation for any previous financial year or years, it shall, before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of the financial year or years;
- (b) if the Company has incurred any loss in any previous financial year or years, the amount of the loss or any amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the year for which the dividend is proposed to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with provisions of sub-section (2) of Section 205 of the Act, or against both.

166. The Board may, from time to time, pay to the members such interim dividend as in their judgement the position of the Company justifies.



167. Where capital is paid in advance of calls, such capital may carry interest but shall not in respect thereof confer a right to dividend or participate in privates

168. All dividends shall be apportioned and paid pro—portionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the Dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly.

169. The Board may retain the dividends payable upon shares in respect of which any person is under the Article 61 entitled to become a member or which any person under that Article is entitled to transfer; until such a person shall become a member, in respect of such shares or shall duly transfer the same.

170. Any one of several persons who are registered as the joint-holders of any share may give effectual receipts for all dividend or bonus and payments on account of dividends or bonus or other moneys payable in respect of such shares.

171. No member shall be entitled to receive payments of any interest or dividend in respect of his share or shares, while any money may be due or owing from him to the Company in respect of such share or shares or otherwise however, either alone or jointly with any other person or persons and the Board may deduct from the interest or dividend payable to any member all sums of money so due from him to the Company.

172. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

173. Unless otherwise directed, any dividend may be paid by cheque or warrant or by a payslip or receipt having the force of a cheque or warrant sent through the post to the registered address of the member or person entitled or in case of joint-holders, to the one first named in the Register in respect of the joint-holdings. Every such cheque to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant or payslip or receipt lost in transmission, or for any dividend lost to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the forged signature of any pay slip or receipt or the fraudulent recovery of the dividend by any other means.

174. No unclaimed dividend shall be forfeited by the Board and the Company shall comply with the provision of section 205 A of the Act in respect of all unclaimed or unpassed dividend.

175. Any General Meeting declaring a dividend may, on the recommendation of the Directors, make a call on the members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend and the dividend may, if so arranged between the Company and the member, be set off against the calls.

## **CAPITALISATION OF RESERVES**

176. Any General Meeting may resolve that any moneys investments, or other assets forming part of the undivided profits of the Company standing to the credit of the Reserves, or any Capital Redemption Reserve Fund, or in the hands of the Company and available for dividend or representing premiums received on the issue of share and standing to the credit of the Share Premium Account be capitalised and distributed amongst such of the members as would be entitled to receive the same if distributed by way of dividend and in the same proportions of the footing that they become entitled thereto as capital and that all or any part of such capitalised fund be applied on behalf of such members in paying up in fully any unissued shares, debentures or debenture-stock of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares, and that such distribution or payment shall be accepted by such members in full satisfaction of their interest in the said capitalized sum. Provided that any sum standing to the credit of a Share Premium Account or a Capital Redemption Reserve Fund may, for the purposes of this Article, only be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares.



177. A General Meeting may resolve that any surplus money arising from the realisation of any capital assets of the Company or any investments representing the Same, or any other undistributed profits of the Company not subject to charge for income tax, be distributed among the members on the footing that they receive the same as capital

178. For the purpose of giving effect to any resolution under the two last preceding Articles hereof the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient and in particular may issue fractional certificates, and may fix the value for distribution of any specific assets, and may determine that cash payment, shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest such cash or specific assets in trustees upon such trusts for the persons entitled to the dividend or capitalised fund as may seem expedient to the Board. Where requisite, a proper contract shall be filed in accordance with Section 75 of the Act, and the Board may appoint any person to sign such contract on behalf of the person entitled to the dividend or capitalised fund, and such appointment shall be effective

#### **ACCOUNTS.**

179. (1) The Company shall keep at the office or at such other place in India as the Board thinks fit, proper books of Account in accordance with Section 209 of the Act, with respect to:

- (a) All sums of moneys received and expended by the Company and the matters in respect of which the receipts and expenditure take place.
  - (b) All sales, and purchases of goods by the Company.
  - (c) The Assets and Liabilities of the Company.
- (2) Where the Board decides to keep all or any of the Books of Accounts at any place other than the office of the company, the Company shall within seven days of the decision file with the Registrar a notice in writing giving the full address of that other place.
- (3) The Company shall preserve in good order the Books of Account relating to period of not less than eight years preceding the current year together with the vouchers relevant to any entry in such books of Account.
- (4) Where the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with this Article if proper Books of Account relating to the transactions effected at the branch office are kept at the branch office and proper summarized return made up to date at intervals of not more than three months are sent by the branch office to the Company at its office or other place in India, at which the company's Books of Account are kept as aforesaid.
- (5) The Books of Account shall give a true and fair view of the state of affairs of the Company or branch office, as the case may be, and explain its transaction. The Books of Account and other books and papers shall be open to inspection by any Directors during business hours.

180. The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the company or any of them shall be open to the inspection of members not being Directors and no member (not being a Director) shall have any right of inspecting any account or books or document of the Company except as conferred by law or authorised by the Board.

181. The Directors shall from time to time, in accordance with Sections 210, 211, 212, 215, 216 and 217 of the Act, cause to be laid before the company in General Meeting, such Balance to Sheets, Profit & Loss Accounts and reports as are required by these Sections.

182. A copy of every Balance Sheet and profit and loss account (including the Auditors Report and every other document required by law to be annexed or attached to the Balance Sheet) or a Statement containing salient features



of such documents if the prescribed form, as laid down under Section 219 of the Companies Act, 1956 as the Company may deem fit, shall not less than twenty-one days before the Meeting at which the Balance Sheet and the profit and loss Account are to be laid before the Members, be sent to every person entitled thereto pursuant to the provisions of the Section 219 of the Companies Act, 1956 provided this Article shall not require a copy of the documents to be sent to any person of whose address the Company is not aware of or to more than one of the joint holders of any shares.

## **AUDIT**

183. Auditors shall be appointed and their rights and duties be regulated in accordance with Sections 224 to 233 of the Act

184. The first Auditor or auditors of the company shall be appointed by the board within one month of the date of registration of the company and the Auditor or Auditors so appointed shall hold office until the conclusion of the first annual general meeting provided that the Company may, at a General Meeting remove any such auditor or all such auditors and appoint in his or their place any other person or persons who have been nominated for appointment by any member of the Company and of whose nomination notice has been given to the members of the Company not less than fourteen days before the date of the meeting provided further that if the Board fails to exercise its powers under this Article, the Company in General Meeting may appoint the first Auditor or Auditors.

## **DOCUMENTS AND NOTICES.**

185. (a) A document or notice may be served or given by the Company on any member either personally or sending it by post to him to his registered address. If he has no registered address in India, to the address, if any, in India supplied by him to the Company for serving documents of notice on him.

(b) Where a document or notice is sent by post, service of the documents or notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the document or notice, provided that where a member has intimated to the Company in advance that documents or notices should be sent to him under a certificate of posting or by registered post with or without acknowledgment due and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the documents or notice shall not be the manner intimated by the member and; such service shall be deemed to have been effected in the case of Notice of a meeting, at the expiration of forty eight hours after the letter containing the document or notice is posted and in any other case at the time at which the letter would be delivered in the ordinary course of post

186 A document or notice advertised in a news paper circulating in the neighbourhood of the office shall, be duly served or sent on the day on which the advertisement appears on or to every member who has no registered address in India and has not supplied to the Company any address within India for serving of documents or the sending of notices to him.

187 A document or notice may be served or given by the Company on or given to the joint-holders of a share by serving or giving the document or notice on the joint-holder named first in the Register of members in respect of the share.

188. A document or notice may be served or given by the Company on the person entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a prepaid letter addressed to them by name or by the title of representatives of the deceased or assignee of the insolvent or by any like description, at the address (if any) in India supplied for the purpose by the persons claiming to be entitled, or (until such an address has been so supplied) by serving the document or notice in any manner in which the same might have been given if the death or insolvency had not occurred.

189 Document or notices of every General Meeting shall be served or given in the same hereinbefore authorised on or to (a) every member, (b) every person entitled to a share in consequence of the death or insolvency of a member, and (c) the Auditor or Auditors for the time being of the Company.



190. Every person whom by operation of law, transfer or other means whatsoever, shall become entitled to any share, shall be bound by every document or notice, in respect of such shares, previously to his name and address being entered on the Register of members, shall have been duly served on or given to the person from whom he derives his title to such share.

191. Any document or notice to be served or given by the Company may be signed by a director or some person duly authorized by the Board of directors for such purpose and the signatures thereto may be written printed or lithographed.

192. All documents or notices to be served or given, by members on or to the Company or any office thereof shall be served or given by sending it to the Company or officer at the office by post under a certificate of posting or by registered post, or by leaving it at the office.

### **RECONSTRUCTION**

193. On any sale of the undertaking of the company the Board or the Liquidators on a winding-up may, if authorised by a Special Resolution accept fully paid or partly paid-up shares, debentures or securities of any other company whether incorporated in India or in part of the property of the Company and the Board (if the profits of the Company permit) or the Liquidators (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 the cash, shares or other securities benefits or property otherwise than in accordance with the strict legal right of the member or contributories of the company and for the valuation of any such securities or property at such price and in 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 the course of being wound up, such statutory right (if any) under Section 44 of the Act as are incapable of being varied/excluded by these Articles.

### **WINDING UP**

194. The Liquidator on any winding-up (whether voluntary, under supervision or compulsory) may, with the sanction of any preference share capital, divide among the contributories in specie 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 as the Liquidator, with the like sanction shall think fit.

### **INDEMNITY AND RESPONSIBILITY**

195. Every officer or Agent for the time being of the Company shall be indemnified out of the assets of the Company against all liability incurred by him in defending any proceedings, whether civil or criminal in which judgement is given in his favour or in which he is acquitted or discharged or in connection with any application under Section 633 of Act, in which relief is granted to him by the Court.

### **SECRECY**

196. Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the Company shall, if so required by the Directors, before entering upon his duties, sign a declaration pledging himself to observe strict secrecy regarding all customers and the state of account with individuals and in matters relating thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required to do so by the Board as by Court of Law and except so far as be necessary in order to comply with any of the provisions of these presents constituted.



## SECTION XI:

### OTHER INFORMATION

#### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of the Draft Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which have been attached to the copy of the Draft Red Herring Prospectus, delivered to the Registrar of Companies, Mumbai for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company between 10.00 am to 4.00 pm on Working Days from the date of the Draft Red Herring Prospectus until the Bid / Issue Closing Date.

##### *Material Contracts*

1. Agreement dated December 6, 2010 between our Company and the BRLM regarding their appointment as Book Running Lead Manager
2. Memorandum of Understanding dated September 28, 2010 executed between our Company and the Registrar to the Issue.
3. Escrow Agreement dated [●] among our Company, the BRLM, Escrow Collection Bank and the Registrar to the Issue.
4. Syndicate Agreement dated [●] among our Company, the BRLM and the Syndicate Members.
5. Underwriting Agreement dated [●] among our Company, the BRLM and the Syndicate Members.
6. Copy of Leave and Licence Agreements dated November 16, 2008 entered in respect of Registered and Corporate Office of our Company.
7. Assignment Agreement dated November 30, 2004 between Mr. Rajesh Chunilal Rathod, Mr. Yogesh Chunilal Rathod and White Vision Software Private Limited in respect of assignment of Patent rights
8. Patent Licence Agreement dated June 6, 2005 between White Vision Software Limited and our Company for assignment of Patent rights.
9. Deed of Rectification for Assignment Agreement dated July 12, 2005, between Mr. Rajesh Chunilal Rathod, Mr. Yogesh Chunilal Rathod and White Vision Software Limited in respect of rectification of Assignment Agreement dated November 30, 2004.
10. Deed of Rectification for Patent Licence Agreement dated July 12, 2005, between Mr. Rajesh Chunilal Rathod, Mr. Yogesh Chunilal Rathod and White Vision Software Limited in respect of rectification of Patent Licence Agreement dated June 6, 2005.
11. Deed of Amendment to Patent License Agreement dated April 1, 2009 between Mr. Rajesh Chunilal Rathod, Mr. Yogesh Chunilal Rathod and our Company in respect of change in terms of Royalty payments
12. Tripartite agreement between NSDL, our Company and the Registrar to the Issue dated July 24, 2007
13. Tripartite agreement between CDSL, our Company and the Registrar to the Issue dated July 17, 2008



### ***Material Documents***

1. Memorandum and Articles of Association of our Company, as amended.
2. Certificate of incorporation dated May 13, 2005 and certificates for the subsequent name changes.
3. Resolution of the Board of Directors dated June 22, 2010 authorising the Issue.
4. Resolution under Section 81(1A) of Companies Act, 1956, passed by the Shareholders at their Annual General Meeting held on July 29, 2010 in relation to the Issue and other related matters.
5. Auditor's report dated December 6, 2010 on the restated financial statements of our Company
6. Statement of Tax Benefits dated December 6, 2010 issued by the Auditors of our Company
7. Consents of the Auditors for inclusion of their report on restated financials in the form and context in which they appear in the Draft Red Herring Prospectus.
8. Consents of the BRLM, Syndicate Members, Registrar to the Issue, Banker to the Issue, Legal Advisor to the Issue, Directors, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
9. Copies of the Annual Reports of our Company for the last 5 Years and the audited accounts for the 3 months ended June 30, 2010.
10. Order of Hon'ble Bombay High Court dated January 18, 2008 approving the Scheme of Amalgamation of WVSL and our Company.
11. Certificate of Grant of Patent bearing Number 212954 dated December 19, 2007 issued by Government of India, Patent Office in respect of the NetAlter System
12. Patent applications made to US Patent Office, PCT, EPO, Patent Offices in Malaysia, Australia, Mexico, Brazil, China, New Zealand and Canada in respect of NetAlter System
13. Certificates of Trademark Registration issued by Registrar of Trade Marks, India, in respect of 22 Trade Marks of our Company
14. Applications in respect of 4 Copyrights and 2 Trade Marks
15. Valuation Report dated November 15, 2010 issued by BNP Paribas Business Assets Valuation Limited and Valuation Report of May 2008 by Valuation Consulting Limited (a BNP Paribas group company), in respect of valuation of patented NetAlter System.
16. In-principle listing approvals dated [●] and [●] from the NSE and the BSE respectively.
17. Due diligence certificate dated December 27, 2010 to SEBI from the BRLM.
18. SEBI observation letter [●] dated [●].
19. IPO Grading report dated [●] by [●].

Any of the contracts or documents mentioned in the Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the applicable laws.





NETALTER SOFTWARE LIMITED

## SECTION XII – DECLARATION

We, the Directors of the Company, declare and certify that all relevant provisions of the Companies Act, 1956, and the guidelines issued by the GoI or the regulations issued by Securities and Exchange Board of India, applicable, as the case may be, have been complied with and no statement made in the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules made thereunder or regulations issued, as the case may be, and that all approvals and permissions required to carry on our business have been obtained, are currently valid and have been complied with. We further certify that all the statements in the Draft Red Herring Prospectus are true and correct.

Signed by all the Directors:

Hitesh Issrani  
Whole-time Director and Chairman

Rajesh Rathod  
Managing Director

Nitin Gada  
Director

Kirit Nagda  
Director

Neha Gada  
Director

Neha Gada

Dinesh Patel  
Director

Signed by the Compliance Officer  
Anushka Matkar

Place : MUMBAI

Date : December 27, 2010



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